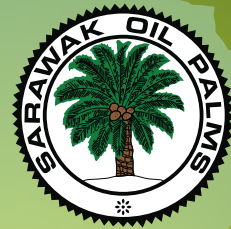


Building a Sustainable Future

Sarawak Oil Palms Berhad (7949-M)



SARAWAK OIL PALMS BERHAD (7949-M)
No.124-126, Jalan Bendahara
98000 Miri, Sarawak

Annual Report 2014



Annual Report
▶ 2014



Downstream – Refinery

Downstream – Refinery



CONTENTS

- 4 Five Years Financial Record
- 5 Five Years Crop Record
- 6 Five Years Statistical Highlights
- 7 Corporate Information
- 8 Profile of Board of Directors
- 11 Profile of Group Chief Executive Officer
- 14 Chairman's Statement / Pernyataan Pengerusi
- 18 Photo Gallery
- 20 Corporate Social Responsibility
- 22 Statement on Corporate Governance
- 27 Statement on Risk Management and Internal Control
- 29 Group Audit And Risk Management Committee Report/ Laporan Jawatankuasa Audit Dan Pengurusan Risiko
- 35 Statement on Directors' Responsibility
- 36 Additional Compliances Information
- 39 Financial Statements
- 130 Notice of Annual General Meeting
- 132 Statement Accompanying Notice
Form of Proxy



GROUP
HIGHLIGHTS



4
Five Years Financial Record

5
Five Years Crop Record

7
Corporate Information

8-11
Profile of Board of Directors

11
Profile of Group Chief Executive Officer



FIVE YEARS FINANCIAL RECORD

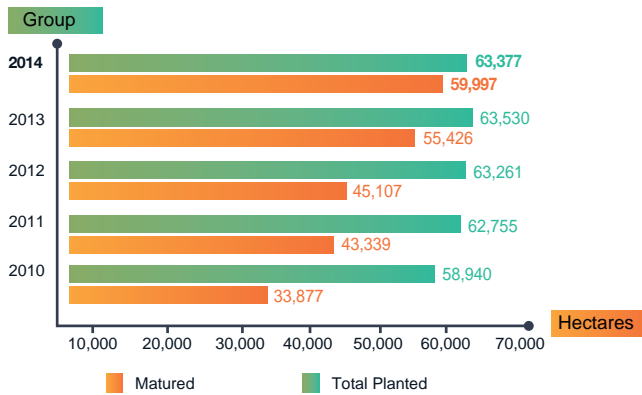
	Group				
	2010 RM '000	2011 RM '000	2012 RM '000	2013 RM '000	2014 RM '000
RESULTS					
Turnover	728,158	1,166,949	1,314,943	1,711,402	2,874,718
Profit before taxation	222,135	361,984	213,935	139,631	160,136
Profit after taxation	164,282	266,202	163,602	100,636	123,399
Total Shareholders' Fund	974,156	1,217,615	1,363,961	1,231,619	1,330,724
Total assets	1,664,661	2,049,715	2,480,635	2,467,148	2,719,927
Total borrowing	305,447	418,783	644,554	825,636	931,424
Issued & paid -up capital	431,086	434,477	436,548	438,253	439,498
Dividend (Net of tax)	9,659	13,005	16,360	19,693	21,963
FINANCIAL STATISTICS					
Profit before taxation / turnover (%)	30.5	31.0	16.3	8.2	5.6
Gross Dividend (sen / share)	4.0	5.0	6.0	6.0	5.0
Net Earnings per share of RM 1 each (sen) – Basic	35.3	55.9	36.0	21.0	26.3
Net Earnings per share of RM 1 each (sen) – Diluted	34.6	54.7	35.5	20.7	26.0
Net tangible assets per share of RM 1 each (RM)	2.26	2.80	3.12	2.80	3.03

FIVE YEARS CROP RECORD

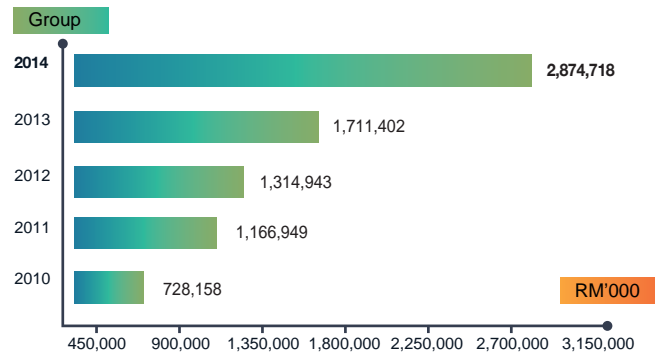
PLANTED HECTARAGE, PRODUCTION AND PRODUCE PRICES					
	2010 Ha	2011 Ha	2012 Ha	2013 Ha	2014 Ha
OIL PALMS					
Mature	33,877	43,339	45,107	55,426	59,997
Immature	25,063	19,416	18,154	8,104	3,380
Total	58,940	62,755	63,261	63,530	63,377
Reserves, Unplanted, Building sites, etc	13,713	9,898	9,392	9,123	9,276
Total Area Under Lease	72,653	72,653	72,653	72,653	72,653
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
FFB CROP					
Estate Crop	673,260	839,785	887,425	959,499	1,049,076
Outside Crop	462,949	665,514	798,106	853,066	770,991
	1,136,209	1,505,299	1,685,531	1,812,565	1,820,067
Crude Palm Oil (Produced)	238,204	310,760	347,548	364,600	367,015
Palm Kernels (Produced)	49,182	63,834	73,871	78,712	79,606
YIELD PER HECTARE					
Tonnes FFB / Mature palms	19.87	21.25	18.21	17.09	17.50
Crude Palm Oil / FFB	21.23%	21.57%	20.67%	20.14%	20.26%
Palm Kernels / FFB	4.38%	4.37%	4.39%	4.35%	4.39%
AVERAGE SELLING PRICES					
Refined palm products (RM/mt FOB Basis)	-	-	2,702	2,410	2,510
Crude Palm Oil (RM/mt delivered basis)	2,673	3,232	2,788	2,278	2,370
Palm Kernel Oil (RM/mt FOB Basis)	-	-	2,306	2,555	3,387
Palm Kernel Cake (RM/mt FOB Basis)	-	-	512	473	495
Palm Kernels (RM/mt delivered basis)	1,786	2,177	1,464	1,310	1,503

5 YEARS STATISTICAL HIGHLIGHTS

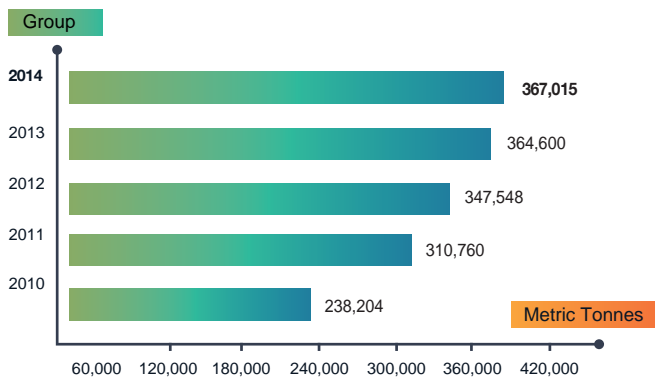
AREA PLANTED



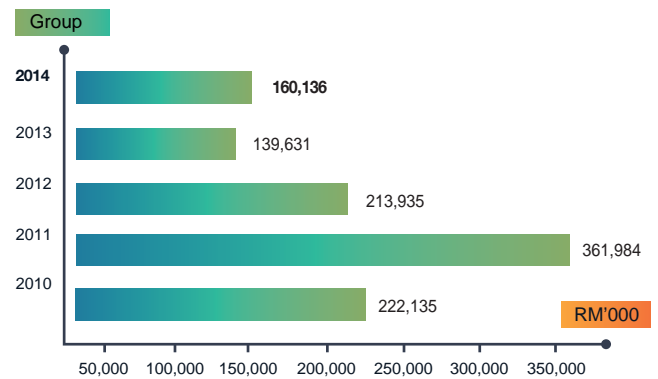
REVENUE



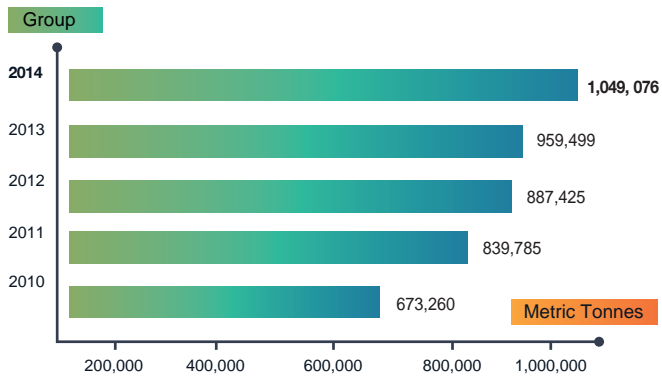
CRUDE PALM OIL PRODUCED INCLUDING OUTGROWERS



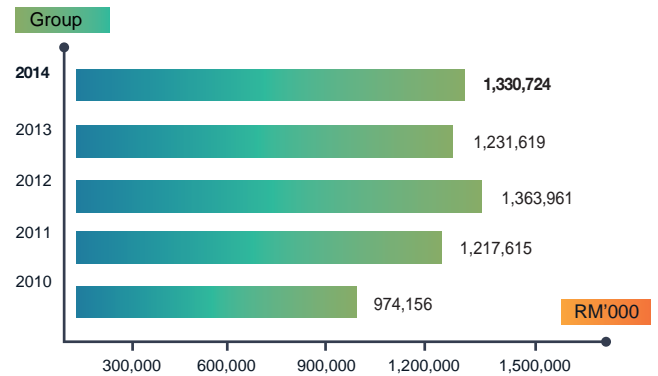
PROFIT BEFORE TAXATION



FRESH FRUIT BUNCHES HARVESTED



SHAREHOLDER FUND



CORPORATE INFORMATION

Tan Sri Datuk Ling Chiong Ho
(Group Executive Chairman)

Ling Chiong Sing

Ling Lu Kuang

Tang Tiong Ing

Hasbi Bin Suhaili

Gerald Rentap Jabu

Fong Tshu Kwong
(Resigned on 31 March 2014)

Dr. Lai Yew Hock, Dominic

Wong Ngie Yong

Kamri Bin Ramlee

Fong Yoo Kaw @ Fong Yee Kow, Victor
(Appointed on 28 April 2014)

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE

Fong Tshu Kwong
(Resigned on 31 March 2014)
Chairman
Independent Non-Executive

Fong Yoo Kaw @ Fong Yee Kow, Victor
(Appointed on 28 April 2014)
Chairman
Independent Non-Executive

Tang Tiong Ing
Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Wong Ngie Yong
Independent Non-Executive

NOMINATION COMMITTEE

Fong Tshu Kwong
(Resigned on 31 March 2014)
Chairman
Independent Non-Executive

Fong Yoo Kaw @ Fong Yee Kow, Victor
(Appointed on 29 April 2014)
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Wong Ngie Yong
(Appointed on 29 April 2014)
Independent Non-Executive

Tang Tiong Ing
Non-Executive

REMUNERATION COMMITTEE

Fong Tshu Kwong
(Resigned on 31 March 2014)
Chairman
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Hasbi Bin Suhaili
Non-Executive

GROUP CHIEF EXECUTIVE OFFICER

Wong Hee Kwong

COMPANY SECRETARY

Eric Kiu Kwong Seng

REGISTERED OFFICE

No. 124-126
Jalan Bendahara,
98000 Miri, Sarawak
Tel : (6085) 436969
Fax : (6085) 432929

SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor, Malaysia
Tel : (603) 7841 8000/7849 0777
Fax : (603) 7841 8151/8152

AUDITORS

Ernst & Young
Room 300-303, 3rd Floor
Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
Affin Bank Berhad
Public Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

The Main Board
Bursa Malaysia

STOCK NAME

SOP

STOCK CODE

5126

DOMICILE

MALAYSIA

PROFILE OF BOARD OF DIRECTORS



Filling up of fresh fruit bunches bin



Lambir Mill fresh fruit bunches dropout point

TAN SRI DATUK LING CHIONG HO

A Malaysian citizen, aged 63, was appointed as Director on 16 June 1995. In 1999, he was appointed as the Group Non-Executive Chairman and was subsequently redesignated as Group Executive Chairman in 2003. In addition to being the current Deputy Chairman of Sarawak Timber Association, he also serves as Chairman/Deputy Chairman of several school boards and charitable organizations in Sarawak.

Tan Sri Datuk Ling is the founder and Chairman of the diversified Shin Yang Group of companies involving in reforestation, wood-based downstream activities, domestic and international shipping, shipbuilding, property development, infrastructure projects, oil palm, public transports, hypermarket and hotel business. He is also the Non-Executive Chairman of Shin Yang Shipping Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad.

Tan Sri Datuk Ling is the brother of Ling Chiong Sing, a director of SOPB. Tan Sri Datuk Ling is deemed connected to Shin Yang Plantation Sdn Bhd, one of the substantial shareholders of SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

LING CHIONG SING

A Malaysian citizen, aged 58, was appointed as Non-Independent Non-Executive Director on 1 December 2006.

He graduated from Taiwan in Accounting and is currently the Chief Executive Director of a well-diversified Shin Yang Group of Companies in Sarawak. He has more than 29 years of managerial experience and is very hands on in the business of logging, plywood, shipping and shipbuilding, quarry operations, transportation, construction and project fields. He is the Group Managing Director of Shin Yang Shipping Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad.

He is the brother of Tan Sri Datuk Ling Chiong Ho who is the Group Executive Chairman of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

LING LU KUANG

A Malaysian citizen, aged 38, was appointed as a Non-Independent Non-Executive Director on 27 June 2008. He graduated from the University of Auckland with Bachelor of Commerce degree double majoring in management and operation management. Currently he is the Executive Director of several companies of Shin Yang Group which has diversified interests including reforestation, wood-based downstream activities, domestic and international shipping, shipbuilding, property development, infrastructure projects, oil palm, public transports, hypermarket and hotel business.

He is the eldest son of Tan Sri Datuk Ling Chiong Ho who is the Group Executive Chairman of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

TANG TIONG ING

A Malaysian citizen, aged 56, has been a Non-Independent Non-Executive Director since 16 June 1995. Presently, he serves as a member of the Audit, Nomination and Risk Management Committees. He graduated from University of Malaya with Bachelor in Accounting with Honours. He is a Chartered Accountant (Malaysia) and is a member of several professional bodies including the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Fellow Certified Practising Accountants of Australia and Malaysian Association of Company Secretaries.

His career started from Lau Hoi Chew & Co., a Certified Public Accounting firm in 1984 and was promoted to head the Miri Branch in 1985 till 1990. In 1991, he joined Shin Yang Group as a Group Accountant to oversee all the financial and accounting functions, corporate taxation, treasury, corporate planning and company secretarial function of the group. He is an appointed representative of Shin Yang Plantation Sdn. Bhd., a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

HASBI BIN SUHAILI

A Malaysian citizen, aged 51, was appointed as a Non-Independent Non-Executive Director on 26 August 2005. He also serves as a member of remuneration committee. He holds a Bachelor of Accountancy and also an Executive Master in Business Administration from MARA University of Technology, Malaysia. He is also a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants and Certified Enterprise Risk Manager. He is currently the Deputy Chief Executive Officer of Pelita Holdings Sdn. Bhd. (PHSB). Prior to this, he has worked as a Manager (Finance / Human Resource) in a transportation company and as an executive in financial institution for the past 20 years. He is an appointed representative of Pelita Holdings Sdn. Bhd. (PHSB), a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.



Bintulu Central Workshop



PROFILE OF BOARD OF DIRECTORS (CONT'D)

GERALD RENTAP JABU

A Malaysian citizen, aged 45, was appointed as a Non-Independent Non-Executive Director on 24 May 2000. He graduated from the La Trobe University, Melbourne, Australia in 1993 with a Bachelor of Economics degree. He was a Licensed Dealer's Representative (Corporate Investment) in Sarawak Securities Sdn. Bhd. from 1993 to 1995 and was a Project Manager and Consultant for Sarawak Capital Sdn. Bhd. in 1995 to 1996. He is currently the Executive Director of Utahol Management Sdn. Bhd. He is an appointed representative of PHSB, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

DR. LAI YEW HOCK, DOMINIC

A Malaysian citizen, aged 56, was appointed as an Independent Non-Executive Director on 24 February 2000. Presently, he serves as a member of the Audit, Nomination, Remuneration and Risk Management Committees. He graduated from the University of Otago, Dunedin, New Zealand with a Bachelor of Laws degree in 1985. He was variously admitted as a Barrister and Solicitor of the High Court of New Zealand in October 1985, as an Advocate of the High Court in Sabah and Sarawak in February 1986, and as an Advocate and Solicitor of the High Court of Malaya in October 1986. He graduated from the University of South Australia, Adelaide, Australia with the degree of Doctor of Business Administration in December 2006. His doctoral thesis is on Corporate Governance. He is also a Commissioner for Oaths, a Notary Public and an Accredited Mediator. He started his own legal firm in Miri, Sarawak in May 1992. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

WONG NGIE YONG

A Malaysian citizen, aged 63, was appointed as an Independent Non-Executive Director on 15 June 2001. Presently, he serves as a member of the Audit and Risk Management Committees. He holds a diploma in Mechanical Engineering from Technical College, Kuala Lumpur in 1972 and is a member of the Institute of Motor Industry, UK. He has over 30 years of experience in palm oil industry and engineering field, holding various positions as Mill Manager, Engineering Controller, Chief Engineer and Project Manager. He is currently a free-lance Consultant and Director of Utama Parts Trading (Sarawak) Sdn. Bhd. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.



Officiating ceremony of Tinbarap Palm Oil Mill



Tan Sri Datuk Chiong Ho signing the copper plate

PROFILE OF BOARD OF DIRECTORS (CONT'D)

KAMRI BIN RAMLEE

A Malaysia citizen, aged 55, was appointed as a Non-Independent Non-Executive Director on 1 April 2011. He holds a degree in LLB (Hons) from University Malaya and also a Master of Business Administration from University Kebangsaan Malaysia. He joined the Land Custody and Development Authority (LCDA) since 1989. He is currently the Senior Manager, Legal & Secretarial Division of Pelita Holdings Sdn Bhd (PHSB), a subsidiary of LCDA, since 2007. Prior to this, he worked as a legal officer with a government agency and a credit officer with a commercial bank in Kuala Lumpur. He is an appointed representative of PHSB, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

FONG YOO KAW @ FONG YEE KOW, VICTOR

A Malaysian citizen, aged 62, was appointed as an Independent Non-Executive Director on 28 April 2014. Presently, he serves as a member of the Audit and Risk Management Committees.

He graduated from Victoria University of Wellington, New Zealand with Bachelor's Degree in Commerce and Administration (BCA) in 1975. He is a Chartered Accountant, New Zealand, a member of the Malaysian Institute of Accountants and associate member of the Institute of Chartered Secretaries and Administrator (ACIS). He started his career as Cost and Budget & Financial Accountant in the New Zealand Breweries Ltd Group of Companies. From 1979 to 1989, he was the Accountant and Group Secretary and later promoted to Group Financial Controller of the Sarawak Pulp Industries Sdn Bhd Group of companies. Victor joined the international professional service firm of Ernst & Young in 1989 and during his professional career with Ernst & Young for over 20 years he held the positions of senior manager, Director and Partner in Ernst & Young Malaysia and Partner, Ernst and Young, Asia-Pacific.

He is also an Independent Non-Executive Director in Pansar Berhad and YKGI Holdings Berhad. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.



Tinbarap Palm Oil Mill Opening

PROFILE OF GROUP CHIEF EXECUTIVE OFFICER

WONG HEE KWONG

A Malaysian citizen, aged 53, appointed as the Chief Executive Officer of Sarawak Oil Palms Berhad ("SOPB") in 1998 and was subsequently redesignated as Group Chief Executive Officer in 2010. He is a Chartered Accountant (Malaysia) and is a member of the Malaysian Institute of Accountants and Fellow member of Chartered Association of Certified Accountants (FCCA). He worked in KPMG, EON Finance Berhad and a Government linked company before joining SOPB Group as the Group Finance Manager and Company Secretary in April 1996. His professional experience covers accounting, secretarial, management consultancy, taxation and banking and finance. He is not related to any director or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. His direct interests in the shares and share options under the Employee Share Option Scheme of SOPB at year end are 414,400 shares and 1,420,200 options respectively.



B**USINESS**

REVIEW





14 - 17

Chairman's Statement / *Penyataan Pengerusi*

18 - 19

Photo Gallery

20 - 21

Corporate Social Responsibility

22 - 26

Statement on Corporate Governance

27 - 28

Statement on Risk Management and Internal Control

29 - 34

Group Audit And Risk Management Committee /
Laporan Jawatankuasa Audit Dan Pengurusan Risiko

35

Statement on Directors' Responsibility

36 - 38

Additional Compliances Information



CHAIRMAN'S STATEMENT



Annual Dinner 2015 - Colourful Night of Masquerade

“ On behalf of the Board of Directors, it is my pleasure once again to present the Annual Report of Sarawak Oil Palms Berhad Group (“the Group”) for the Financial Year ended 31 December 2014.”

Review Of Results

The Group registered a higher profit after tax of RM123.40 million representing an increase of 23% against last year's profit. The increase was attributed to higher fresh fruit bunches (“FFB”) production and higher prices realized. The weighted average prices realized for palm oil products was RM2,441 per metric tonne (“mt”), representing an increase of 5% against that realized for year 2013.

Basic earnings per share for the year was 26.3 cents per share as compared to 21.0 cents per share for year 2013.

Dividend

The Group has continued its dividend policy by retaining large part of its available fund to cater for future capital expenditure. This is imperative in keeping the growth momentum of the Group over the medium to longer term while the Group continues to search for new and sustainable investment opportunities.

In connection therewith, the Board of Directors has proposed first and final tax exempt dividend of 5% per ordinary share amounting to RM21,974,918 for the Financial Year ended 31 December 2014.

Review Of Operations

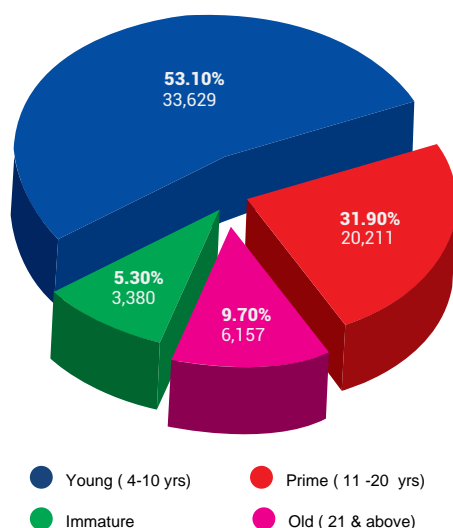
On operational front, the Group achieved FFB production of 1,049,076 mt, representing a growth of 9% against year 2013 FFB production whilst yield per hectare increased from 17.09 mt per hectare for last year to 17.50 mt per hectare. The increased production was primarily attributed to higher proportion of planted palms attaining its prime age.

CHAIRMAN'S STATEMENT (CONT'D)

The planted hectares as at 31 December 2014 was 63,377 hectares compared to 63,530 hectares in year 2013, due to re-planting for areas with old palms. Palm age profile was as follows:

Palm Age (Yrs)	Area (Ha)	Percentage
Immature	3,380	5.30%
Young (4-10 yrs)	33,629	53.10%
Prime (11 -20 yrs)	20,211	31.90%
Old (21 & above)	6,157	9.70%
Total:	63,377	100.0%

AGE PROFILE FOR OIL PALMS AS AT 31ST DECEMBER 2014



With almost half of the planted areas fall under young palm categories, the Group expects increase in FFB production for the coming years as more palms will attain their prime age.

The Group's oil extraction rate ("OER") increased marginally from 20.14% to 20.26%. With an average yield per hectare of 17.50 mt, the Group's oil per hectare was 3.55 mt. Going forward, with the shift of the Group palms age profile from young mature to prime age, the Group would expect improvement in oil yield per hectare.

The Group sixth palm oil mill, a 90 TPH Tinbarap Palm Oil Mill near Miri has commenced operation in April 2014. Besides this, its biodiesel plant with installed capacity of 300 mt per day in Bintulu has also commenced operation in November 2014.

Construction of the Group's phytonutrient plant with installed capacity of 15 mt per day in Bintulu is in progress. It is expected to be completed and commence operation by 4th quarter of 2015.

Besides involving in oil palm related industry, the Group is also venturing into property development with its first housing project in Miri, Sarawak launched towards end of year 2014. Nevertheless contribution from this business segment is not expected to be significant at the initial stage.

Human Capital Management

Being one of the leading plantations Groups within the state, it is the Group's core value to ensure a conducive environment in which talented individuals can excel. The Group continues to impart the knowledge and to instill its company philosophy by setting up well-established internal training programs under SOPB Academy. The Academy provides an avenue for young talents to learn and acquire necessary skills to fulfill the present and future needs of the Group and the country. Besides, key executives are constantly nominated to attend relevant external training courses.

In terms of infrastructure and facilities, the Group continues to improve and upgrade the necessary fields and housing amenities in an effort to promote better working and living environment, hence ensuring improved productivity and more stable workforce across the Group.

Sustainability

The Group strives towards being recognized as practitioner of sustainable agriculture practices and is fully committed to adopt the Malaysian Sustainable Palm Oil standards as its primary sustainability standard. Besides this, the Group has also embarked on certification under International Sustainability and Carbon Certification ("ISCC"), and to-date, has all its mills and 70% of its plantation estates certified under ISCC.

Prospect

Moving forward, the Group would expect stiff challenges arisen from a more turbulent global economic climate, fluctuating palm products prices and escalating operating costs. It is the Group's priority to improve its efficiency and productivity in order to mitigate these factors to realize the full potential of its present resources.

Appreciation

It is my pleasant duty once again, on behalf of the Board, to extend our sincere gratitude and appreciation to our employees, customers, business associates and shareholders for their continued support and confidence in the Group.

Tan Sri Datuk Ling Chiong Ho
Group Executive Chairman

PENYATAAN Pengerusi



SOP Property - Internal Launching

Ulasan Keputusan

Kumpulan mencatatkan keuntungan selepas cukai yang lebih tinggi sebanyak RM123.40 juta iaitu peningkatan sebanyak 23% berbanding keuntungan tahun lepas. Peningkatan ini disebabkan oleh pengeluaran tandan buah segar yang lebih tinggi ("FFB") dan harga yang lebih tinggi dinikmati. Harga jualan purata bagi produk-produk minyak sawit adalah RM2,441 setan, yang merupakan peningkatan sebanyak 5% berbanding yang direalisasikan bagi tahun 2013.

Justeru, pendapatan asas sesaham bagi tahun ini ialah 26.3 sen berbanding dengan 21.0 sen bagi tahun 2013.

Dividen

Kumpulan telah meneruskan dasar dividennya dengan mengekalkan sebahagian besar daripada dana yang ada untuk menampung perbelanjaan modal masa hadapan. Ini adalah penting bagi mengekalkan momentum pertumbuhan Kumpulan dalam jangka masa sederhana hingga panjang sambil Kumpulan meninjau peluang-peluang pelaburan baru yang mampan.

Sehubungan itu, Lembaga Pengarah telah mencadangkan dividen pertama dan akhir sebanyak 5% sesaham biasa berjumlah RM21,974,918 bagi tahun kewangan berakhir 31 Disember 2014.

Ulasan Operasi

Bagi peringkat operasi, Kumpulan telah mencapai pengeluaran FFB sebanyak 1,049,076 tan, mewakili pertumbuhan sebanyak 9% berbanding tahun 2013 manakala hasil sehektar meningkat daripada 17.09 tan bagi tahun lepas kepada 17.50 tan. Pengeluaran meningkat terutamanya disebabkan oleh pembesaran hektar penanaman yang mencapai usia matang.

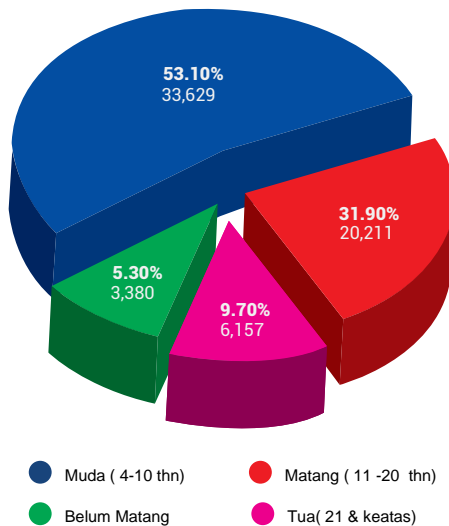
“*Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Kumpulan Sarawak Oil Palms Berhad ("Kumpulan") bagi tahun kewangan berakhir 31 Disember 2014.*”

PENYATAAN PENGKERUSI (SAMBUNGAN)

Hektar yang ditanam pada 31 Disember 2014 adalah 63,377 hektar berbanding dengan 63,530 hektar pada tahun 2013 disebabkan oleh penanaman semula bagi kawasan yang mempunyai pokok sawit yang tua. Profil usia sawit adalah seperti berikut:

Usia Sawit (tahun)	Kawasan (Ha)	Peratus
Belum matang	3,380	5.30%
Muda (4-10 thn)	33,629	53.10%
Matang (11 -20 thn)	20,211	31.90%
Tua (21 thn & ke atas)	6,157	9.70%
Jumlah:	63,377	100.0%

PROFIL USIA KELAPA SAWIT SETAKAT 31 DISEMBER 2014



Dengan hampir separuh daripada kawasan ditanam berusia di bawah kategori sawit muda, Kumpulan menjangkakan peningkatan pengeluaran FFB bagi tahun-tahun akan datang apabila lebih banyak pokok mencapai umur matangnya.

Kadar perahan minyak Kumpulan ("OER") meningkat sedikit daripada 20.14% kepada 20.26%. Dengan hasil purata FFB sehektar sebanyak 17.50 tan, minyak sehektar Kumpulan adalah 3.55 tan. Melangkah ke hadapan, dengan peralihan profil usia kelapa sawit dari muda matang kepada matang, Kumpulan menjangkakan peningkatan bagi minyak sehektar pada masa hadapan.

Kilang minyak sawit yang keenam, iaitu Kilang minyak sawit Tinbarap dengan kapasiti 90 TPH yang berhampiran Miri telah bermula operasi pada April 2014. Selain itu, loji biodiesel dengan kapasiti 300 tan sehari di Bintulu juga telah mula beroperasi pada bulan November 2014.

Pembinaan loji fitonutrien dengan kapasiti 15 tan sehari di Bintulu sedang dijalankan. Ia dijangka siap dan akan beroperasi menjelang suku keempat tahun 2015.

Selain daripada penglibatan dalam industri minyak sawit, Kumpulan juga menceburi dalam bidang pembangunan hartanah dengan projek perumahan pertama di Miri, Sarawak yang dilancarkan pada penghujung tahun 2014. Namun sumbangan keuntungan daripada segmen ini dijangka tidak ketara pada permulaannya.

Sumber Manusia

Sebagai salah satu kumpulan syarikat perladangan yang terkemuka di dalam negeri, adalah menjadi nilai teras Kumpulan untuk memastikan wujudnya suasana yang kondusif di mana individu berbakat berpeluang untuk mencapai dalam kerjayanya. Kumpulan terus menyemai pengetahuan dan memupuk falsafah kecemerlangan syarikat dengan menubuhkan program latihan dalaman yang mantap di bawah Akademi SOPB. Akademi ini memberi ruang kepada bakat muda untuk belajar dan memperolehi kemahiran yang diperlukan untuk memenuhi keperluan semasa dan masa hadapan Kumpulan dan negara. Selain itu, pegawai-pegawai eksekutif utama sentiasa dilantik untuk menghadiri kursus-kursus latihan luar yang berkaitan.

Dari segi infrastruktur dan kemudahan, Kumpulan terus memperbaiki dan mempertingkatkan kemudahan-kemudahan perumahan di ladang-ladang dalam usaha untuk menggalakkan persekitaran kerja dan tinggal yang lebih baik, dan dengan itu, memastikan peningkatan produktiviti dan pewujudan tenaga kerja yang lebih stabil bagi Kumpulan.

Pengusahaan Minyak Sawit Yang Lestari

Kumpulan berusaha ke arah diiktiraf sebagai pengamal penanaman minyak sawit yang lestari dan menerima-pakai piawaian "Malaysia Sustainable Palm Oil" dengan sepenuhnya sebagai standard kemampunan utamanya. Di samping itu, Kumpulan juga telah melancarkan perakuan di bawah International Sustainability and Carbon Certification ("ISCC"). Kini, Kumpulan telah mendapat semua kilang dan 70% daripada kawasan perladangan diperakui di bawah ISCC.

Prospek

Melangkah ke hadapan, Kumpulan menjangkakan cabaran sengit akibat daripada iklim ekonomi global yang lebih bergolak, harga produk-produk minyak yang kerap turun naik dan kos operasi yang semakin meningkat. Oleh itu, adalah menjadi keutamaan Kumpulan untuk meningkatkan kecekapan dan produktiviti untuk mengurangkan kesan kos melonjak dan juga merealisasikan potensi sepenuhnya sumber-sumber yang sedia ada.

Penghargaan

Sekali lagi, bagi pihak Lembaga Pengarah, saya ingin menyampaikan ucapan terima kasih dan penghargaan kepada pekerja, pelanggan, rakan perniagaan dan para pemegang saham atas sokongan dan keyakinan berterusan mereka terhadap Kumpulan.

Tan Sri Datuk Ling Chiong Ho
Pengerusi Eksekutif Kumpulan

PHOTO GALLERY



First internal blood donation drive at SOPB HQ



Blood donation drive at SOPB Lambir Clubhouse



SOPB management presenting Student Adoption Programme to the recipient



Group photo of SOPB management with YAA and SAP recipients



Group photo of Merdeka Beach Party 2014



Young Achievers Award (YAA)

PHOTO GALLERY (CONT'D)

Phytonutrients Plant Groundbreaking Ceremony by YB Datuk Amar Douglas Uggah Embas
(Minister of Plantation Industries & Commodities)



Biodiesel Plant Launching by YB Datuk Amar Douglas Uggah Embas.
(Minister of Plantation Industries & Commodities)



CORPORATE SOCIAL RESPONSIBILITY

At Sarawak Oil Palms Berhad Group (“the Group”), sustainability and commitment is articulated in its Corporate Social Responsibility (“CSR”) policy statement. The Group focuses on continuous care, responsibility and commitment towards its employees, the environment and particularly local communities. Due to the nature of business with majority of plantation operation located in rural areas, tremendous effort has been put into poverty alleviation and to uplift the educational standards of local communities’ younger generation.

The Group’s commitment to CSR is reflected in its core values and by aligning its business values, purposes and strategy that will produce long term benefit to the local community. Over the years, the Group demonstrate its firm commitments towards CSR and its initiatives continue to expand and refine in the following areas.

1. LOCAL COMMUNITIES

The Group continues to be an active contributor to local community development through organizing various economic support and social contribution programmes to contribute to the needs and well-being of the local communities in the areas of education, healthcare, disaster relief and others.

Educational Outreach Programme

Since 2011, the Group has provided educational teaching materials to an indigenous local community situated in a remote region to educate and promote the reading culture among the young children concerned.

Community Health & Services

Our Vision Care Program reaches out to the nearby longhouses surrounding the vicinity of the Group’s plantation estates in collaboration with various government bodies. The communities receive free eye check-ups. Spectacles and surgeries fully funded by the Group are offered to those in need.

Saved for the above-mentioned, the Group continues to serve the smallholders in the vicinity of its Palm Oil Mills in the context of MOU be penned down in 2004 with the Malaysian Palm Oil Board (“MPOB”) and Pertubuhan Peladang Kawasan Subis.

The Group, together with the participation of native customary rights (“NCR”) landowners has embarked on NCR lands development into oil palm plantation that will elevate the living standard of NCR landowners.

The Group’s CSR program also extended to the establishment of a Disaster Unit which rushes relief aids to the local communities nearby the Group’s plantation estates which had suffered losses occasioning by nature disasters such as flood and fire.



Eye check for Vision Care Project
at Bintulu General Hospital



Handling glasses to one of the
Vision Care recipient in Sabaju

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Young Achievers' Award ("YAA")

The YAA is awarded annually to deserving primary and secondary school students from rural schools nearby the vicinity of the Group plantation estates.

Student Adoption Programme ("SAP")

The SAP was set up to help meet the educational needs of underprivileged children in the form of financial assistance such as cash incentives and stationery sets.

2. ENVIRONMENT

The Group strives towards being recognized as the leader of sustainable agriculture practices, respecting the balance between economy and ecology.

It is fully committed to sustainable oil palm cultivation through the implementation of Good Agriculture Policy (GAP) which focuses on good agricultural practices, environment protection, proper handling of wastes, effective by products utilization, and the prevention of degradation of soils, air and water to safeguard the environment.

3. EMPLOYEES

The Group aims to be recognized as the employer of choice, henceforth hires, educates and trains its employees on the basis of meeting mutual needs and in respect of a healthy, safe and honest working environment.

Employees' Excellent Educational Award

The Group grants the Employees' Excellent Education Award to its employees' children who have excelled academically in both primary and secondary level in their public examinations as a recognition and motivation for them to further excel.

Sports Events, Games and Outings

Sports events, games, outing and others are organised to help foster the relationships among peers and family members. These activities keep employees satisfied, bonded and recharged outside of the office.



Colour Rush 3.0 To Help Kids Outrun Cancer



Management group photo with YAA recipients



Fire Relief to residents of Kampung Masjid Sepupok, Niah

STATEMENT ON CORPORATE GOVERNANCE

The Board is pleased to present the following report on the measures implemented by the Company and the Group, as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”), to apply the principles and best practices laid out in the Code. Save as specifically identified, the Company has substantially complied with the best practices in Corporate Governance as recommended in the Code.

BOARD OF DIRECTORS

The Group is led by an effective Board which sets the policies to enable them to lead and guide the Group to achieve its goals. The Board currently has ten (10) members comprising one (1) Executive Director and nine (9) Non-Executive Directors, three (3) of whom are independent. This meets Bursa Malaysia Securities Berhad Main Market Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board to be Independent Directors.

Together, the Directors bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, law, business acumen, management and operations.

The Board takes full responsibility for the overall performance of the Company and of the Group. The duties and responsibilities of the Board of Directors are clearly spelt out in the Board Charter. The Board Charter can be viewed on the Company’s website.

For the financial year ended 31 December 2014, the Board held five (5) meetings. Directors’ profiles and attendance to these meetings can be found in the profiles of Board of Directors on page 8 to 11 and page 132 of Statement Accompanying Notice.

At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group operations, the role played by the independent Non-Executive Directors are vital to ensure that strategies formulated or transactions proposed by management are amply discussed in unbiased and independent manner, taking into account the interests not only of the Group but also the shareholders, employees, customers, suppliers, environment and community at large.

BOARD COMMITTEE

Group Audit and Risk Management Committee (SC) (Established in 1992)

The composition and terms of reference of this Committee together with its report are presented on page 29 to 31 of the Annual Report.

Nomination Committee (SC) (Established in 2001)

The Committee, among others, is responsible for recommending the right candidate with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board. The Committee is also responsible to assess the effectiveness of the Board, its Committees and the performance of each individual Director annually. The members of the Nomination Committee are as follows:

Dr. Lai Yew Hock, Dominic	- Independent Non-Executive Director
Tang Tiong Ing	- Non-Independent Non-Executive Director
Wong Ngie Yong	- Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2014, the Committee held one (1) meeting.

Remuneration Committee (SC) (Established in 2003)

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration package of Executive Director to the Board for approval. The members of the Remuneration Committee are as follows:

Dr. Lai Yew Hock, Dominic	- Independent Non-Executive Director
Hasbi Bin Suhaili	- Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2014, the Committee held one (1) meeting.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)**DIRECTORS' REMUNERATION**

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. In addition, its Directors and members to the Board Committee are paid a meeting allowance for each meeting they attended. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The policy practised by the Group is to provide remuneration package necessary to attract, retain and motivate Directors. The structure of remuneration package of Executive Director is also linked to corporate and individual performance. Where applicable, the Board also takes into consideration information provided by independent consultants or survey data on comparable companies in determining the remuneration package. The Directors are entitled to take independent professional advice at the expense of the Company.

The aggregate and range of the Directors' remuneration for the Company for the financial year ended 31 December 2014 are as follows: -

Aggregate of remuneration	Directors	
	Executive RM000	Non-Executive RM000
Fees	41	407
Salaries	1,256	-
Bonus	450	-
EPF and other emoluments	218	-
Total	1,965	407

Number Of Directors Range of remuneration	Executive	Non- Executive
	0 to RM50,000	-
RM1,150,000 to RM1,200,000	1	-

There are no contracts of service between any Directors and the Company other than the Group Executive Chairman, Tan Sri Datuk Ling Chiong Ho, whose term is concurrent with the tenure of his directorship.

TERM OF APPOINTMENT

The Articles of Association provide that at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

SUPPLY OF INFORMATION TO BOARD MEMBERS

Board Meetings are structured with a pre-set agenda. Board papers for the Agenda are circulated to Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. Quarterly reports on the financial performance of the Group are also circulated to the Directors for their views and comments. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting.

At other times, Directors have direct access to the Senior Management and the service of the Company Secretary. Directors especially newly appointed ones are encouraged to visit the Group's operating centres to familiarise themselves with the various operations of the Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

All the Directors have attended and completed the Mandatory Accreditation Programme (MAP) prescribed by the Bursa Malaysia Training Sdn Bhd. The Directors also attend Continuing Education Programme (“CEP”) organised by accredited organisations as and when necessary to keep abreast with the latest development that are relevant to the Group. During the financial year, the Directors have attended various training programmes, forums, conferences and seminars as follows:-

Title of Programmes	Number of Day (s)
Board Chairman Series: The role of the Chairman	1 day
Continuing Professional Development Seminar	1 day
GST Planning on Registration, Transitional Period, Implementation, Group Structure and Related Risk (Advanced Level)	1 day
2015 Budget Seminar	1 day
Seminar Percukaian Kebangsaan 2014	1 day
3rd Annual Procurement & Integrity Forum for the Public and Private Sectors 2014	1 day
Palm Oil Economic Review & Outlook	1 day
Oil Palm Cultivation: Becoming a Model for Tomorrow’s Sustainable Agriculture	3 days
Township Development	2 days
Understanding REITs and Practical Expectations	1 day
13th Annual Malaysian Tax Conference	1 day
GST Expo & Conference 2014	1 day
Taklimat Mengenai Cukai Barang dan Perkhidmatan (GST)	1 day
4th International Plantation Industry Conference	1 day
SSM Sabah Seminar	1 day
Kursus Pengurusan Bisnes	5 days
Related Party Transactions	1 day
Risk Management & Internal Control – Workshop for Audit Committee Members	1 day
3 rd Annual National Procurement & Integrity Forum for Public & Private Sectors 2014	1 day
Joint Ventures for Real Estate Development	2 days
Annual Director Duties, Governance and Regulatory Updates Seminar 2014	1 day
Modernizing The Companies Act Impetus For Business Transformation	2 days
Annual ASEAN Corporate Governance Summit 2014	2 days

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting (AGM) and analyst meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete picture of the Group’s performance and position as possible. The primary contact with major shareholders is through the Group Chief Executive Officer and Company Secretary, who have regular dialogue with institutional investors and deliver presentation to analysts periodically.

The key elements of the Group’s dialogue with its shareholders is the opportunity to gather view of and answer questions from both private and institutional shareholders on all issues relevant to the Group at the AGM. The Chairman, members of the Board, as well as external auditors are present to address queries during the meeting. It has also been the Group’s practice to send the Notice of the Annual General Meeting and related papers to shareholders at least fourteen (14) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions about both the resolutions being proposed and the Group’s operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group’s operations for the financial year and outlines the prospects of the Group for the subsequent financial year.

Generally, all resolutions put forth for shareholders’ approval at AGM are voted by a show of hands unless a poll is demanded.

The Group’s website, www.sop.com.my is also used as a form to communicate with the shareholders and investors and to provide information on the Group’s business activities.

The Group has appointed Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor as the Independent Non-Executive Director to whom investors and shareholders may refer to express their concerns.

At all times, investors and shareholders may contact the Company Secretary for information on the Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Group Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. The Company announces its quarterly and full year results within the mandatory period.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Statement on Risk Management and Internal Control is set out on page 27 to 28 of the Annual Report.

RELATIONSHIP WITH THE AUDITORS

Key features underlying the relationship of the Group Audit and Risk Management Committee with the external auditors are included in the Group Audit and Risk Management Committee's term of reference as detailed on page 29 to 31 of the Annual Report.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

The Group is committed to adopt the Malaysian Sustainable Palm Oil (MSPO) as the primary sustainability standard. The Group will work and engage with our partners and all relevant stakeholders to meet the objectives of building a sustainable palm oil supply chain based on MSPO.

WHISTLEBLOWING POLICY

The Group is committed to achieve and maintain high standard of integrity, accountability and ethical behavior in the conduct of its business and operations. The Group takes a serious view of any improper conduct on the part of any its employees, management, directors and vendors in particular with respect to their obligations to the Group's interests. The policy is established to help the employees and stakeholders to raise concerns without fear of retaliations on any improper conduct that may be observed within the Group.

All reporting or disclosure by a whistleblower who has knowledge or is aware of any improper conduct within the Group is to be directed to the designated person as follow in accordance with the procedures:

- Group Executive Chairman
- Group Chief Executive Officer
- Group Audit and Risk Management Committee Chairman, in the case where reporting to management is a concern.

COMPANY SECRETARY

The Company Secretary, Eric Kiu Kwong Seng assumed his role in 2000 and thus has about 15 years experience in corporate secretarial practice. He holds an Engineering degree in Manufacturing & Management (Hons) from Leeds University Business School U.K. and also a Master of Business Administration from University of Nottingham, U.K. He is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Board has direct access to the advice and services of Company Secretary who supports the Board in the discharge of its functions. The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with relevant regulatory requirements, codes of guidance and legislations. The Company Secretary supports the Board in managing the Group Governance Model, ensuring it is effective and relevant. The Company Secretary attends all Board Meetings and ensures that the meetings are properly convened and that proceedings and deliberations at the Board and Board Committee are accurately minuted. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management and to update the Board on the follow-up or implementation of its decisions/recommendations by the Management.

The Company Secretary keeps abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training.

The Board is satisfied with the performance and support rendered by the Company Secretary.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

The Nominating Committee reviews the independence of Directors annually according to the criteria on independence set out in the Main Market Listing Requirements and Practice Notes of Bursa Securities.

NON-COMPLIANCE

The Group has complied with the principles and recommendations of the Code save for the following recommendations and will further review its corporate governance practices to bring the same in line with recommendations under the Code:

Recommendation 3.2

Tenure of Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the Board subject to the Director's re-designation as a non-independent director.

Explanation

Most of the Independent Directors have served on the Board for more than 9 years. The Board has determined at the annual assessment carried out on the Independent Directors that they remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not interfere with their exercise of independent judgement and they acts in the best interest of the Group.

All Independent Directors have provided an annual confirmation of their independence to the Board. Ordinary resolution 8 and 9 retaining all the Independent Directors as Independent Directors has been proposed for shareholder's approval at the 46th Annual General Meeting of the Company, pursuant to the Recommendation 3.3 of the Code.

Recommendation 3.5

The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an independent director.

Explanation

The Board comprises ten (10) members, of whom one (1) is Executive Directors, six (6) are Non-Independent Non-Executive Directors and three (3) are Independent Non-Executive Directors. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In addition, the presence of Independent Non-Executive Directors with distinguished record and credentials ensure there is independence of judgement.

This Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors dated 29 April 2015



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to provide Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements on the Group’s compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance 2012.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in this Annual Report is inconsistent with their understanding of the process the Board of Directors has adopted in the review of the adequacy and integrity of internal control and risk management system of the Group.



BOARD RESPONSIBILITY

The Board affirms its responsibility for the Group’s system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of risk management and internal control consists of financial controls, operational and compliance controls, and risk management to safeguard shareholders’ investments and the Group’s assets.

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

KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Risk Management Framework

A formal and on-going process of identifying, evaluating, managing and monitoring principal risks that affect the achievement of the Group’s business objectives in a structured manner has been in place since 2002. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted on quarterly basis with additional reviews to be carried out as and when required.

The Group Audit and Risk Management Committee has been delegated to oversee the risk management activities, and approve appropriate risk management procedures and measurement methodologies across the Group.

The on-going process is monitored by the Group Risk Management Committee, which consists of Group Chief Executive Officer (“GCEO”) and Heads of Department within the Group. The Group Risk Management Committee reports to the Group Audit and Risk Management Committee on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)



Fresh Fruit Bunches



Laboratory Facilities

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Group's internal control system are described below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group Executive Chairman together with GCEO lead the presentation of board papers and provide comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is in place an organisational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the dynamic business environment and accountability for operation performance. Capital and non-capital expenditures, acquisition and divestment are subject to appropriate approval processes.

Performance Management Framework

Comprehensive management reports are generated on a regular and consistent basis and presented to the Board for its review of the Group's financial and operating performance. The review encompasses areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group has in place a detailed and well-controlled budgeting process that provides a responsibility accounting framework.

Operational Policies and Procedures

The documented policies and procedures form an integral control system to safeguard the Group assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

Group Internal Control

The Internal Audit reports regularly on the internal control system and the effectiveness of risk management system of the Group in its quarterly reports to Group Audit and Risk Management Committee.

STRENGTH IN INTERNAL CONTROL

Continuous management efforts are in place to improve the internal control systems. No material losses were incurred during the year due to the weaknesses in the internal control system.

This statement is made in accordance with a resolution of the Board dated 29 April 2015.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the report on the Group Audit and Risk Management Committee (“Committee”) of the Board for the financial year ended 31 December 2014.

MEMBERS REPORT

Chairman

Fong Yoo Kaw @ Fong Yee Kow, Victor CA(M)
Independent Non- Executive Director

(Appointed on 28 April 2014)

Fong Tshu Kwong CA(M)

Independent Non- Executive Director

(Resigned on 31 March 2014)

Members

Dr. Lai Yew Hock, Dominic

Independent Non-Executive Director

Tang Tiong Ing CA(M)

Non-Executive Director

Wong Ngie Yong

Independent Non- Executive Director



TERMS OF REFERENCE

The Committee was established in 1992 and with effect from 2013, it was renamed as the Group Audit and Risk Management Committee, to serve as a Committee of the Board of Directors, with the terms of reference as set out below:

COMPOSITION OF THE COMMITTEE

- The Committee shall comprise not less than three (3) members;
- All members of the Committee must be Non-Executive Directors, with a majority of them being Independent Non-Executives Directors;
- All members of the Committee should be financially literate and at least one member of the Committee must be a member of Malaysian Institute of Accountants (“MIA”) or shall fulfill such other requirements as prescribed in the listing requirement;
- No alternate Director shall be appointed as a member of the Committee;
- The Chairman who shall be elected by the members of the Committee must be an Independent Non-Executive Director.
- Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months.
- The terms of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.

DUTIES AND RESPONSIBILITIES

The Committee shall:

- Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the management of financial risk processes, corporate accounting and reporting practices for the Company and Group.
- Maintain a direct line of communication between the Board and the external and internal auditors.
- Act upon the Board's request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues or concerns with regard to the management of the Group.
- Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group's assets and operations.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities.
- Any other activities, as authorised by the Board.
- Report promptly to Bursa Malaysia on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirement.

AUTHORITY

- The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by Committee.
- The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with senior management of the Group.
- The committee shall have the resources that are required to perform its duties. The committee can obtain at the expense of the Group, outside legal or other independent professional advice it considers necessary.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

FINANCIAL PROCEDURES AND FINANCIAL REPORTING

Review the quarterly results and the year end financial statements, prior to the approval by the Board, ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements.

RELATED PARTY TRANSACTION

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

EXTERNAL AUDIT

- Review with the external auditors, the audit scope and plan.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendation to the Board.

INTERNAL AUDIT

- Review and approve the yearly internal audit plan.
- Review the adequacy of the internal audit scope, functions and resources of the internal audit and that it has the necessary authority to carry out its work.
- Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits.
- Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties.
- Approve any appointment or termination of the senior staff members of the internal audit function.
- Review movement of the internal audit staff members and provide opportunity for resigning staff member to submit reasons for resigning.

RISK MANAGEMENT

- Review the adequacy and effectiveness of risk management, internal control and governance systems in identify risks and mitigation.
- Ensure that the Group's has a widespread understanding of risk management principles.

ALLOCATION OF SHARE OPTIONS

- Verification on the allocation of any Employee Share Options Scheme (ESOS) to ensure compliance with the criteria for allocation of share options pursuant to the share scheme for employees of the Group at the end of each financial year.

MEETINGS

During the financial year ended 31 December 2014, four (4) Committee meetings were held. A record of the attendance to these meetings is as follows:



Fong Yoo Kaw @ Fong Yee	
Kow, Victor, CA(M)(Appointed on 28 April 2014)	3/3
Dr. Lai Yew Hock, Dominic	3/4
Tang Tiong Ing, CA(M)	4/4
Wong Ngie Yong	3/4
Fong Tshu Kwong (Resigned on 31 March 2014)	1/1

Meetings shall be held not less than four (4) times in a financial year. The quorum for a meeting shall be two (2) members with the majority of members present being independent Directors. The Committee also met with the external auditors at least twice (2) in a financial year without the presence of the Management. Other Directors and employees shall attend any particular Committee meeting only at the Committee's invitation and specific to the relevant meeting. The Company Secretary shall be the Secretary of the Committee. Minutes of each meeting are distributed to each Board member and the Chairman of the Committee reports on key issues discussed at each meeting to the Board.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group has Internal Audit ("IA") function to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IA reports directly to the Committee with independent and objective reports on the state of internal control of the various operating units within the Group. In addition, the IA also conducts investigations and special reviews at the request of management. Follow-up audits are then carried out to determine whether corrective actions have been taken by the management.

The IA attends the Committee meeting quarterly to present the internal audit findings and makes appropriate recommendations on areas of concern for the Committee's deliberation.

During the year, the IA carried out a total of twelve (12) audits and reviews covering the Group's operations. The costs incurred by the IA for the financial year was RM414,000 (2013: RM314,000).

ACTIVITIES

The Committee carried out its duties in accordance with its terms of reference during the year.

The summary of activities of the Committee during the year under review were as follows:

- Reviewed with the management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval, focusing particularly on;
 - the changes in or implementation of major accounting policy;
 - the significant or unusual events;
 - the assumption of going concern;
 - compliance with accounting standards and relevant provisions set out under the Malaysia Code on Corporate Governance 2012;
 - disclosure and other legal requirements.
- Reviewed the related party transactions entered into by the Group.
- Reviewed the external auditors' scope of work and audit plans for the year prior to commencement of audit.
- Reviewed the annual report and the audited financial statements of the Group with external auditors prior to submission to the Board for their consideration and approval, including issues and findings noted in the course of the audit of the Group's financial statements.
- Considered the appointment of external auditors and their request for increase in audit fees.
- Reviewed the IA programmes and plan for the financial year under review and the annual assessment of the internal auditors' performance.
- Reviewed the IA reports, which highlighted the audit issues, recommendations and management's response. Appraised the adequacy of actions and remedial measures taken by the management in resolving the audit issues reported and recommended further improvement measures.
- Reviewed the Group Financial and Foreign Currency Exposures.
- Reviewed the allocation of share options to ensure compliance pursuant to the share scheme.



Water Tank with package boiler building

LAPORAN JAWATANKUASA AUDIT DAN PENGURUSAN RISIKO

Lembaga dengan sukacitanya mengemukakan Laporan Jawatankuasa Audit Dan Pengurusan Risiko ("Jawatankuasa") bagi tahun kewangan berakhir 31 Disember 2014.

LAPORAN AHLI

Pengerusi

Fong Yoo Kaw @ Fong Yee Kow, Victor CA(M)

(Perlantikan pada 28 April 2014)

Pengarah Bebas Bukan-Eksekutif

Fong Tshu Kwong CA(M)

(Perletakan Jawatan pada 31 Mac 2014)

Pengarah Bebas Bukan-Eksekutif

Ahli

Dr. Lai Yew Hock, Dominic

Pengarah Bebas Bukan-Eksekutif

Tang Tiong Ing CA(M)

Pengarah Bukan-Eksekutif

Wong Ngie Yong

Pengarah Bebas Bukan-Eksekutif



TERMA-TERMA RUJUKAN

Jawatankuasa Audit Kumpulan ("Jawatankuasa") telah ditubuhkan pada 1992 dan berkuatkuasa dari 2013, ia telah dinamakan semula sebagai Jawatankuasa Audit Dan Pengurusan Risiko berfungsi sebagai Jawatankuasa untuk Lembaga Pengarah, dengan terma-terma rujukan seperti disebutkan di bawah:

KEANGGOTAAN JAWATANKUASA

- Jawatankuasa ini hendaklah dianggotai oleh tidak kurang daripada tiga (3) orang ahli;
- Semua ahli Jawatankuasa hendaklah terdiri daripada Pengarah Bukan-Eksekutif, dengan majoriti daripada mereka adalah Pengarah Bebas;
- Semua ahli Jawatankuasa hendaklah berilmu pengetahuan dalam urusan kewangan dengan sekurang-kurangnya seorang daripada mereka merupakan ahli Institut Akauntan Malaysia ("MIA") atau memenuhi lain-lain peraturan seperti yang telah ditetapkan dalam syarat penyenaian;
- Pengarah gantian tidak boleh dilantik menganggotai ahli Jawatankuasa;
- Pengerusi yang akan dipilih oleh ahli-ahli Jawatankuasa hendaklah terdiri daripada Pengarah Bukan-Eksekutif Bebas;
- Jika terdapat sebarang kekosongan dalam Jawatankuasa yang menyebabkan kegagalan mematuhi keperluan di atas, mestilah mengisi kekosongan itu dalam tempoh tiga (3) bulan;
- Tempoh jawatan dan prestasi Jawatankuasa dan setiap ahlinya mestilah dikaji oleh Lembaga sekurang-kurangnya sekali setiap tiga (3) tahun.

TUGAS DAN TANGGUNGJAWAB

Jawatankuasa hendaklah:

- Memberi bantuan kepada Lembaga Pengarah dalam memenuhi tanggungjawab fidusiari berkaitan pengurusan hal ehwal proses risiko kewangan, amalan-amalan perakaunan korporat dan penyediaan laporan untuk Syarikat dan Kumpulan.
- Mengekalkan hubungan langsung antara Lembaga dengan audit dalaman dan luaran.
- Bertindak mengikut arahan Lembaga untuk mengarah dan apabila perlu, menyelia mana-mana projek khas atau siasatan yang difikirkan perlu serta menyemak laporan siasatan berhubung sebarang isu atau perkara penting yang ada kaitan dengan pengurusan Kumpulan.
- Menyemak dan memantau kewujudan sistem pengurusan risiko yang menyeluruh agar pihak pengurusan dapat mengawasi aset dan operasi Kumpulan.
- Menyediakan laporan jika diperlukan, atau sekurang-kurangnya sekali (1) setahun, kepada Lembaga dengan merumuskan tugas-tugas yang dijalankan bagi memenuhi tanggungjawab utama Jawatankuasa.
- Sebarang aktiviti lain, seperti yang dibenarkan oleh Lembaga.
- Melapor segera kepada Bursa Malaysia berhubung sebarang perkara yang telah dilaporkan kepada Lembaga yang masih belum diselesaikan dengan sewajarnya yang boleh mengakibatkan pelanggaran Syarat Penyenaian Pasaran Utama Bursa Malaysia.

LAPORAN JAWATANKUASA AUDIT DAN PENGURUSAN RISIKO (SAMBUNGAN)

BIDANG KUASA

- Jawatankuasa ini diberi kuasa dan hak mendapatkan sebarang maklumat daripada pekerja yang dimestikan bekerjasama bagi memenuhi permintaan Jawatankuasa.
- Jawatankuasa harus mempunyai akses tanpa had dan sepenuhnya ke atas sebarang maklumat mengenai Kumpulan dan juga komunikasi langsung dengan juruaudit dalaman dan luaran serta pihak pengurusan kanan Kumpulan.
- Jawatankuasa harus mempunyai sumber diperlukan untuk melaksanakan tanggungjawabnya. Jawatankuasa boleh mendapatkan nasihat perundangan atau lain-lain nasihat bebas daripada luar yang difikirkan perlu dengan tanggungan Kumpulan.

PROSEDUR KEWANGAN DAN LAPORAN KEWANGAN

Mengkaji laporan suku tahunan dan penyata kewangan bagi akhir tahun, sebelum diluluskan Lembaga, bagi memastikan pematuhan polisi sebenar perakaunan, piawaian-piawaian perakaunan serta syarat dan keperluan pendedahan akaun.

TRANSAKSI PIHAK BERKENAAN

Memantau sebarang transaksi pihak berkaitan serta situasi percanggahan kepentingan yang mungkin wujud di dalam Kumpulan, termasuk sebarang transaksi, prosedur atau akibat perlakuan yang menimbulkan persoalan kepada integriti pengurusan.

AUDIT LUARAN

- Mengkaji bersama juruaudit luar, skop dan pelan audit.
- Mengkaji kebebasan dan objektiviti juruaudit luar serta khidmat yang diberi, termasuk khidmat bukan-audit dan yuran profesional, bagi memastikan wujud keseimbangan yang munasabah antara objektiviti dan nilai untuk wang.
- Mengkaji laporan audit luaran serta mentafsir penemuan dan cadangan untuk tindakan yang perlu diambil.
- Mengkaji perantikan dan mutu kerja juruaudit luar, yuran audit dan sebarang perkara berkaitan perletakan jawatan atau pemecatan sebelum membuat syor kepada Lembaga.

AUDIT DALAMAN

- Mengkaji dan meluluskan pelan tahunan audit dalaman.
- Mengkaji kecukupan skop audit dalaman, fungsi dan sumber-sumber audit dalaman bahawa ia mempunyai kuasa sewajarnya untuk melaksanakan tugasnya.
- Mengkaji keputusan-keputusan audit dalaman dan memastikan agar tindakan yang sewajarnya diambil oleh pihak pengurusan berdasarkan cadangan-cadangan yang dibuat oleh audit dalaman.
- Mengkaji prestasi kerja audit bagi memastikan mereka mempunyai kebebasan dalam melaksanakan tugas.
- Meluluskan sebarang perantikan atau penamatan fungsi ahli-ahli kakitangan kanan audit dalaman.
- Mengkaji pergerakan kakitangan audit dalaman dan memberi peluang kepada kakitangan audit dalaman yang akan berhenti untuk mengemukakan sebab-sebab pemberhentian.

PENGURUSAN RISIKO

- Mengkaji kecukupan dan keberkesanan pengurusan risiko, kawalan dalaman dan sistem tadbir urus mengenalpasti risiko dan pencegahan.
- Memastikan kumpulan mempunyai pemahaman meluas tentang prinsip pengurusan risiko.

PERUNTUKAN SAHAM OPSYEN

- Pengesahan peruntukan sebarang Skim Opsyen Saham Kakitangan (ESOS) bagi memastikan pematuhan terhadap kriteria peruntukan opsyen saham seperti yang ditetapkan dalam skim saham untuk kakitangan kumpulan setiap tahun kewangan berakhir.

MESYUARAT

Bagi tahun kewangan berakhir pada 31 Disember 2014, empat (4) mesyuarat Jawatankuasa telah diadakan. Rekod kehadiran ahli pada mesyuarat tersebut adalah seperti berikut:

	Jumlah mesyuarat dihadiri
Fong Yoo Kaw @ Fong Yee	
Kow, Victor, CA(M) (Perantikan pada 28 April 2014)	3/3
Dr. Lai Yew Hock, Dominic	3/4
Tang Tiong Ing, CA(M)	4/4
Wong Ngie Yong	3/4
Fong Tshu Kwong CA(M) (Perletakan Jawatan pada 31 Mac 2014)	1/1

Mesyuarat akan diadakan tidak kurang dari empat (4) kali bagi setiap tahun kewangan. Korum bagi mesyuarat hendaklah terdiri daripada dua (2) ahli jawatankuasa dengan kehadiran majoritinya adalah Pengarah Bebas. Jawatankuasa juga bertemu dengan juruaudit luar sekurang-

LAPORAN JAWATANKUASA AUDIT DAN PENGURUSAN RISIKO (SAMBUNGAN)

kurangnya dua (2) kali sepanjang tahun kewangan tanpa kehadiran pihak Pengurusan. Lain-lain ahli Lembaga dan kakitangan hendaklah menghadiri mana-mana mesyuarat jawatankuasa jika diundang oleh Jawatankuasa dan perkara-perkara yang berhubung berkenaan mesyuarat. Setiausaha Syarikat adalah Setiausaha Jawatankuasa. Minit-minut bagi setiap mesyuarat hendaklah diedarkan kepada setiap ahli-ahli Lembaga dan Pengerusi Jawatankuasa serta melaporkan perkara penting yang dibincangkan di setiap mesyuarat kepada Lembaga.

FUNGSI AUDIT DALAMAN

Kumpulan mempunyai fungsi Audit Dalaman ("IA") untuk melakukan penilaian semula secara kerap dan sistematik terhadap sistem kawalan dalaman bagi memberi jaminan munasabah bahawa sistem seperti itu boleh terus beroperasi secara memuaskan dan efektif. IA akan membuat laporan terus kepada Jawatankuasa berdasarkan laporan yang bebas dan objektif tentang keadaan kawalan dalaman pelbagai unit operasi di dalam kumpulan. Sebagai tambahan, IA juga menjalankan siasatan dan penilaian khas di atas arahan pihak Pengurusan. Audit susulan dijalankan untuk memastikan pengesyoran dilaksanakan oleh Pengurusan.

IA juga menghadiri mesyuarat suku tahunan Jawatankuasa bagi membentangkan penemuan-penemuan audit dan membuat syor-syor yang bersesuaian berkaitan perkara-perkara untuk tindakan Jawatankuasa.

Sepanjang tempoh tahun kewangan, IA menjalankan dua belas (12) audit dan penilaian yang merangkumi semua kegiatan operasi Kumpulan. Kos untuk IA bagi tahun kewangan adalah sebanyak RM414,000 (2013: RM314,000).

AKTIVITI-AKTIVITI

Jawatankuasa telah menjalankan tugas sejajar dengan terma-terma rujukan bagi tahun semasa.

Rumusan aktiviti-aktiviti Jawatankuasa sepanjang tempoh kajian adalah seperti berikut:

- Mengkaji bersama pengurusan secara berkala, polisi am syarikat, prosedur dan kawalan terutamanya berhubung kait dengan perakaunan pengurusan, laporan kewangan, pengurusan risiko dan etika perniagaan.
- Mengkaji pengumuman keputusan suku tahunan kewangan belum diaudit sebelum membuat syor untuk kelulusan Lembaga, dengan fokus utama ke atas:
 - Perubahan pada atau pelaksanaan polisi utama perakaunan;
 - Kejadian penting atau di luar kebiasaan;
 - Andaian usaha berterusan;
 - Pematuhan dengan piawaian-piawaian perakaunan dan peruntukan berkaitan yang telah ditetapkan oleh Kod Tadbir Urus Korporat Malaysia 2012;
 - Pemberitahuan dan lain-lain peraturan perundangan.
- Mengkaji urusan pihak berkaitan yang terlibat dengan Kumpulan.
- Mengkaji skop kerja juruaudit luar dan rancangan audit tahun semasa sebelum kerja audit dimulakan.
- Mengkaji laporan tahunan dan penyata kewangan yang telah diaudit bersama juruaudit luar sebelum diserahkan kepada Lembaga untuk pertimbangan dan kelulusan, termasuk isu dan penemuan yang dinyatakan oleh juruaudit semasa menjalankan tugas menyiapkan penyataan kewangan bagi Kumpulan.
- Mempertimbang perlantikan juruaudit luar dan permintaan mereka untuk semakan semula yuran audit.
- Mengkaji program dan pelan IA bagi tahun kewangan di bawah kajian dan penilaian tahunan mutu kerja audit dalaman.
- Mengkaji laporan IA, yang memberi penekanan tentang isu-isu audit, syor and maklum balas pengurusan. Memberi penilaian kerja ke atas tindakan dan langkah-langkah penambahbaikan yang perlu diambil oleh pihak Pengurusan dalam menyelesaikan isu-isu audit yang dilapor dan disyorkan untuk tujuan penambahbaikan seterusnya.
- Mengkaji kewangan Kumpulan dan pendedahan mata wang asing.
- Mengkaji peruntukan opsyen saham bagi memastikan pematuhan seperti yang ditetapkan dalam skim saham.



STATEMENT ON DIRECTORS' RESPONSIBILITY



The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements and the results and cash flow for that year which give true and fair value of the state of affairs of the Company and the Group.

In preparing the financial statements for the year ended 31 December 2014 set out in pages 47 to 125, the Directors have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, followed the applicable approved accounting standards in Malaysia, the provision of the Companies Act 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the following information is provided:

1. NON-AUDIT FEES

The amount of non-audit fees incurred in the financial year ended 31 December 2014 to the Group’s external auditors is mainly for the tax advisory and accounting services. The breakdown of the fees is as follows:

Name of Auditor	Fees (RM)
Ernst & Young	114,001
KPMG	11,654
	125,655

2. MATERIAL CONTRACTS

There were no material contracts involving the interest of Directors and major shareholders pursuant to paragraph 21, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia entered into by the Group since the end of the previous financial year up to 31 December 2014 except for the followings:

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

The RRPT entered into by the Group during the financial year ended 31 December 2014 were as follows:

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2014 Actual (RM'000)
1. The Group	Purchases of diesel and petrol to oil palm estates of SOPB Group from Shin Yang Services Sdn. Bhd. (“SY Services”)	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	611
2. The Group	Purchase of lubricant, spare parts and tyres for the tractors and machinery from Shin Yang Trading Sdn. Bhd. (“SY Trading”)	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	1,045
3. The Group	Purchase of gravel from Hollystone Quarry Sdn. Bhd. (“HQ”)	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	8,267
4. The Group	Provision of maintenance services and supply of lubricants, spare parts and tyres for the tractors and machinery by Dai Lieng Trading Sdn. Bhd. (“DLT”)	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	341
5. The Group	Purchase of tractors and machinery from Dai Lieng Machinery Sdn. Bhd. (“DLM”)	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	8,761

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2014 Actual (RM'000)
6. The Group	Purchase of sawn timber from Shin Yang Sawmill Sdn. Bhd. ("SYSM")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	2
7. The Company	Purchase of fresh fruit bunches from Linau Mewah Sdn. Bhd. ("LMSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	39,038
8. The Company	Purchase of fresh fruit bunches from Shin Yang Forestry Sdn. Bhd. ("SYFSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	1,265
9. The Group	Purchase of plastic bags from Kian Hang Plastic Sdn. Bhd. ("KHPSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	123
10. The Group	Land transport services from Melinau Transport Sdn. Bhd. ("MTSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	5,248
11. The Group	Land transport services from Miri Belait Transport Company Sdn. Bhd. ("MBTCSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	4
12. The Group	Purchase of motor vehicles from Boulevard Jaya Sdn. Bhd. ("BJSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	841
13. The Group	Purchase of sawn timber from Menawan Wood Sdn. Bhd. ("MWSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	-
14. The Company	Purchase of FFB, CPO and/or PK from Primaluck (M) Sdn. Bhd. ("PSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	250
15. The Group	Purchase of CPO and PK from Shin Yang Oil Palm (Sarawak) Sdn. Bhd. ("SYOPSSB")	Tan Sri Datuk Ling Chiong Ho (1) Ling Chiong Sing (2)	112,647
16. The Group	Provision of maintenance services and supply of spare parts of mill plant and machinery by Utama Parts Trading (Sarawak) Sdn. Bhd. ("UPTSSB")	Wong Ngie Yong (5)	2,986

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Note

- (1) Tan Sri Datuk Ling Chiong Ho is the Group Executive Chairman and major shareholder of SOPB and is also the Director of SYHSB, SY Trading, HQ, SYFSB, SYSM, LMSB, MWSB, BJSB and SYOPSSB. He has substantial direct/indirect interest in SYHSB, SY Services, SY Trading, HQ, SYSM, LMSB, SYFSB, KHPSB, MTSB, MBTCSB, BJSB, MWSB and SYOPSSB.
- (2) Ling Chiong Sing is the Non-Executive Director of SOPB and is also the Director of SYHSB, DLT, DLM, SY Services, MTSB, KHPSB, LMSB, HQ, SYFSB, SY Trading, SYSM, MBTCSB, BJSB, MWSB, Micaline and SYOPSSB. He has substantial direct/indirect interest in SYHSB, DLT, DLM, SY Services, MTSB, KHPSB, LMSB, HQ, SYFSB, SY Trading, SYSM, MBTCSB, PSB, BJSB, MWSB, Micaline and SYOPSSB.
- (3) Ling Lu Kuang is the Non-Executive Director of SOPB and is also the Director of SY Trading, SYSM, SYFSB and MWSB. He is also a deemed person connected to Tan Sri Datuk Ling Chiong Ho and also authorized representative of Shin Yang Group.
- (4) Tang Tiong Ing is the Non-Executive Director of SOPB, an authorized representative and also an employee of Shin Yang Group.
- (5) Wong Ngie Yong is the Independent Non-Executive Director and member of the Audit and Risk Management Committees of SOPB.



The exciting SOP Family Day at Miri Indoor Stadium



Deepavali Celebration



Chinese New Year Celebration

FINANCIAL STATEMENTS

40 Directors' Report

44 Statement by Directors

44 Statutory Declaration

45 Independent Auditors' Report

47 Statements of Comprehensive Income

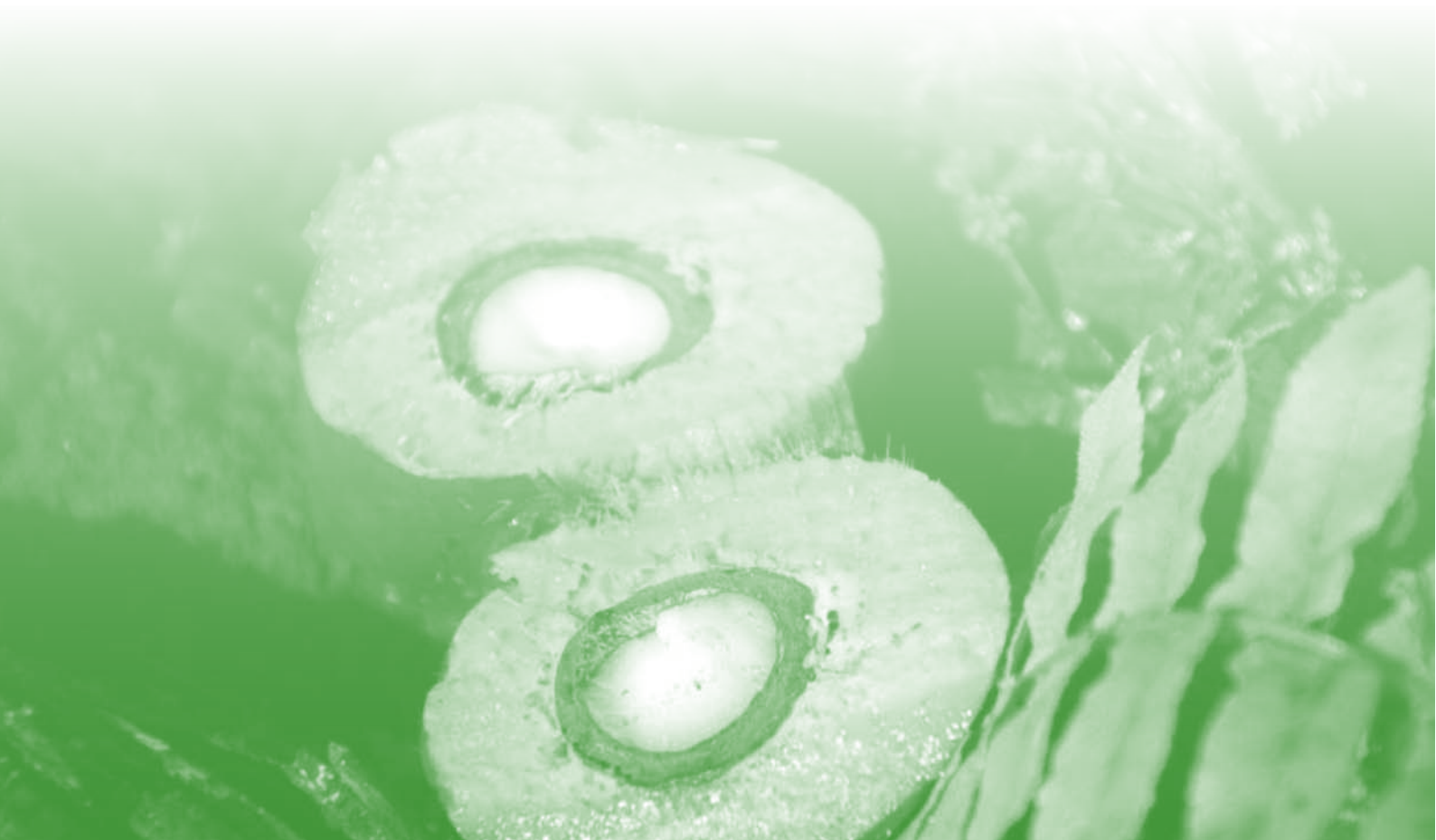
48 Statements of Profit or Loss and Other
Comprehensive Income

49 Statements of Financial Position

51 Statements of Changes in Equity

54 Statements of Cash Flows

56 Notes to the Financial Statements



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 the cultivation of oil palms and the operations of palm oil mills. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	123,399	124,638
Profit attributable to:		
Owners of the Company	115,409	124,638
Non-controlling interests	7,990	-
	<u>123,399</u>	<u>124,638</u>

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

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

The amount of dividend paid by the Company since 31 December 2013 was as follows:

	RM'000
In respect of the financial year ended 31 December 2013 as reported in the Directors' report of that year:	
First and final dividend of 6.0% less 25% tax on 439,266,859 ordinary shares, paid on 23 July 2014	<u>21,963</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2014, of 5% on 439,498,359 ordinary shares, amounting to a dividend payable of RM21,974,918 (5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

DIRECTORS' REPORT

(CONT'D)

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:

Tan Sri Datuk Ling Chiong Ho
Ling Chiong Sing
Gerald Rentap Jabu
Tang Tiong Ing
Fong Yoo Kaw @ Fong Yee Kow
Dr. Lai Yew Hock
Wong Ngie Yong
Hasbi Bin Suhaili
Ling Lu Kuang
Kamri Bin Ramlee

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 the 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 a benefit (other than benefits 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 12 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 he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year (including where applicable the interests of their spouses or children who themselves are not Directors of the Company) in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2014	Acquired	Sold	At 31.12.2014
The Company				
Direct interest				
Tan Sri Datuk Ling Chiong Ho	31,069,808	-	-	31,069,808
Tang Tiong Ing	174,880	-	-	174,880
Dr. Lai Yew Hock	39,400	-	-	39,400
Wong Ngie Yong	20,000	-	-	20,000
Gerald Rentap Jabu	1,000	-	-	1,000
Deemed interest				
Tan Sri Datuk Ling Chiong Ho	126,294,214	-	-	126,294,214
Ling Chiong Sing	126,294,214	-	-	126,294,214

Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

(CONT'D)

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM438,253,000 to RM439,498,000 by way of the issuance of 1,245,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM2.56 per ordinary share.

The new ordinary shares issued during the financial year ranked *pari passu* in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007 and was implemented on 12 March 2007. It is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the Employee Share Option Plans are disclosed in Note 37 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options to subscribe for less than 81,900 ordinary shares of RM1.00 each.

During the financial year:

The Company granted 741,900 share options under the scheme. These options expire on 12 March 2017 and are exercisable if the employee remains in service.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option plans as at 31 December 2014 are as follows:

Expiry date	Weighted average exercise price RM	Number of options
12 March 2017	2.63	7,012,800

OTHER STATUTORY INFORMATION

- a) Before the statements of profit or loss and other 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision 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 any circumstances which would render:
 - i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - ii) the values attributed to 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.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (Continued)

- 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.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 45 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 29 April 2015.

Fong Yoo Kaw @ Fong Yee Kow

Tang Tiong Ing

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

We, **Fong Yoo Kaw @ Fong Yee Kow** and **Tang Tiong Ing**, being two of the Directors of Sarawak Oil Palms Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 47 to 125 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 47 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 29 April 2015

Fong Yoo Kaw @ Fong Yee Kow

Tang Tiong Ing

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **Wong Siong Wung**, being the officer primarily responsible for the financial management of Sarawak Oil Palms Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 125 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
above named **Wong Siong Wung** at Miri
in the State of Sarawak on 29 April 2015

Wong Siong Wung

Before me,

Lim Swee Huat

Commissioner For Oaths (No. Q095)
Lot 1269 (2nd Floor), Jalan Kwangtung
98000 Miri, Sarawak

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD – 7949-M (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of Sarawak Oil Palms Berhad, which comprise the statements of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 125.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 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 subsidiaries 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 subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD – 7949-M (INCORPORATED IN MALAYSIA)

Other matters

The supplementary information set out in Note 47 on page 125 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.

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

Yong Nyet Yun

2708/04/16 (J)

Chartered Accountant

Miri, Malaysia

Date: 29 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	4	2,874,718	1,711,402	1,004,201	1,013,998
Cost of sales	5	(2,510,516)	(1,455,855)	(816,082)	(818,876)
Gross profit		364,202	255,547	188,119	195,122
Other items of income					
Interest income	6	14,129	11,576	21,477	14,690
Dividend income	7	-	-	16,830	39,910
Other income	8	10,930	4,171	10,364	12,987
Other items of expense					
Selling and marketing expenses		(142,890)	(86,992)	(67,510)	(69,073)
Administrative expenses		(19,930)	(11,370)	(4,969)	(4,065)
Finance costs	9	(36,230)	(28,365)	(7,225)	(6,373)
Other expense		(28,764)	(5,550)	(5,278)	(406)
Share of results of an associate		(1,311)	614	-	-
Profit before tax	10	160,136	139,631	151,808	182,792
Income tax expense	13	(36,737)	(38,995)	(27,170)	(34,796)
Profit net of tax		123,399	100,636	124,638	147,996
Profit attributable to:					
Owners of the Company		115,409	91,805	124,638	147,996
Non-controlling interests		7,990	8,831	-	-
		123,399	100,636	124,638	147,996
Earnings per share attributable to owners of the Company (sen per share)					
Basic	14	26.29	21.0		
Diluted	14	26.04	20.7		

STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit net of tax		123,399	100,636	124,638	147,996
Other comprehensive income					
Foreign currency translation		29	1	-	-
Fair value adjustment on cash flow hedge		289	677	-	-
Income tax relating to components of other comprehensive income	13	(72)	(169)	-	-
Other comprehensive income for the year, net of tax		246	509	-	-
Total comprehensive income for the year		123,645	101,145	124,638	147,996
Total comprehensive income attributable to:					
Owners of the Company		115,655	92,314	124,638	147,996
Non-controlling interests		7,990	8,831	-	-
		123,645	101,145	124,638	147,996

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	1,143,530	1,057,041	312,488	315,369
Plantation development expenditure	16	575,033	581,321	38,923	37,747
Land held for property development	17(a)	6,764	22,188	-	-
Land use rights	18	4,621	4,368	-	-
Investment in subsidiaries	19	-	-	494,133	493,433
Investment in associates	20	8,203	9,474	8,505	8,505
Other investments	21	-	-	40,600	40,600
Intangible asset	26	5,182	5,182	-	-
Deferred tax assets	30	49,057	32,380	-	-
		1,792,390	1,711,954	894,649	895,654
Current assets					
Inventories	23	232,819	168,021	25,777	30,777
Property development cost	17(b)	33,626	-	-	-
Trade and other receivables	24	158,929	90,650	560,543	413,818
Other current assets	25	3,406	2,562	584	666
Derivatives	22	1,115	-	-	-
Tax recoverable		9,713	11,290	4,731	8,691
Cash and bank balances	27	487,929	482,671	125,137	151,521
		927,537	755,194	716,772	605,473
Total assets		2,719,927	2,467,148	1,611,421	1,501,127
Equity and liabilities					
Current liabilities					
Loans and borrowings	28	454,695	310,524	42,012	34,399
Trade and other payables	29	221,766	185,745	75,460	59,844
Income tax payable		1,545	3,838	706	706
Derivatives	22	10,999	1,760	-	-
		689,005	501,867	118,178	94,949
Net current assets		238,532	253,327	598,594	510,524

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current liabilities					
Loans and borrowings	28	476,729	515,112	108,829	131,502
Derivatives	22	148	379	-	-
Deferred tax liabilities	30	125,139	123,602	33,629	31,979
		602,016	639,093	142,458	163,481
Total liabilities		1,291,021	1,140,960	260,636	258,430
Net assets		1,428,906	1,326,188	1,350,785	1,242,697
Equity attributable to owners of the Company					
Share capital	31	439,498	438,253	439,498	438,253
Share premium	31	14,656	11,423	14,656	11,423
Employee share option reserve	32	5,206	4,271	5,206	4,271
Other reserves	33	(130)	(376)	-	-
Retained earnings	34	871,494	778,048	891,425	788,750
		1,330,724	1,231,619	1,350,785	1,242,697
Non-controlling interests		98,182	94,569	-	-
Total equity		1,428,906	1,326,188	1,350,785	1,242,697
Total equity and liabilities		2,719,927	2,467,148	1,611,421	1,501,127

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2014

2014 Group	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000			Attributable to Equity Holders of the Company			Retained earnings RM'000	Non- controlling interests RM'000
			Equity, total RM'000	Share total RM'000	Share premium RM'000	Share capital RM'000	Share premium RM'000	Employee share option reserve RM'000		
Opening balance at 1 January 2014		1,326,188	1,231,619	438,253	11,423	4,271	(376)	778,048	94,569	
Total comprehensive income		123,645	115,655	-	-	-	246	115,409	7,990	
Transactions with owners		(4,340)	-	-	-	-	-	-	(4,340)	
Dividend paid to non-controlling interests		(21,963)	(21,963)	-	-	-	-	(21,963)	-	
Dividends on ordinary shares	43	(37)	-	-	-	-	-	-	(37)	
Disposal of a subsidiary		3,182	3,182	1,245	1,937	-	-	-	-	
Issuance of ordinary shares:		2,231	2,231	-	-	2,231	-	-	-	
Pursuant to exercise of ESOS		-	-	-	1,296	(1,296)	-	-	-	
Share option granted under ESOS:										
Recognised in profit or loss										
Exercise of ESOS										
Closing balance at 31 December 2014		1,428,906	1,330,724	439,498	14,656	5,206	(130)	871,494	98,182	

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2014

2013 Group	Note	Equity attributable to owners of the Company		Attributable to Equity Holders of the Company				Non-controlling interests RM'000	
		Equity, total RM'000	Company, total RM'000	Share capital RM'000	Share premium RM'000	Employee share option reserve RM'000	Other reserves RM'000		Retained earnings RM'000
Opening balance at 1 January 2013		1,490,365	1,363,961	436,548	8,828	3,244	(575)	915,916	126,404
Total comprehensive income		101,145	92,314	-	-	-	509	91,805	8,831
Transactions with owners									
Dividend paid to non-controlling interests		(7,500)	-	-	-	-	-	-	(7,500)
Dividends on ordinary shares	41	(19,693)	(19,693)	-	-	-	-	(19,693)	-
Acquisition of shares in subsidiaries		(243,456)	(243,456)	-	-	-	-	(243,456)	-
Adjustment due to changes in equity in subsidiaries		-	33,166	-	-	-	(310)	33,476	(33,166)
Issuance of ordinary shares:									
Pursuant to exercise of ESOS		2,959	2,959	1,705	1,254	-	-	-	-
Share option granted under ESOS:									
Recognised in profit or loss		2,368	2,368	-	-	2,368	-	-	-
Exercise of ESOS		-	-	-	1,341	(1,341)	-	-	-
Closing balance at 31 December 2013		1,326,188	1,231,619	438,253	11,423	4,271	(376)	778,048	94,569

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2014

2014 Company	Note	Equity, total RM'000	Non distributable		Employee share option reserve RM'000	Distributable Retained earnings RM'000
			Share capital RM'000	Share premium RM'000		
Opening balance at 1 January 2014		1,242,697	438,253	11,423	4,271	788,750
Total comprehensive income		124,638	-	-	-	124,638
Transactions with owners						
Dividends on ordinary shares	43	(21,963)	-	-	-	(21,963)
Issuance of ordinary shares:						
Pursuant to exercise of ESOS		3,182	1,245	1,937	-	-
Share option granted under ESOS:						
Recognised in profit or loss		1,302	-	-	1,302	-
Charged to subsidiaries		929	-	-	929	-
Exercise of ESOS		-	-	1,296	(1,296)	-
Closing balance at 31 December 2014		1,350,785	439,498	14,656	5,206	891,425

2013 Company	Note	Equity, total RM'000	Non distributable		Employee share option reserve RM'000	Distributable Retained earnings RM'000
			Share capital RM'000	Share premium RM'000		
Opening balance at 1 January 2013		1,109,067	436,548	8,828	3,244	660,447
Total comprehensive income		147,996	-	-	-	147,996
Transactions with owners						
Dividends on ordinary shares	41	(19,693)	-	-	-	(19,693)
Issuance of ordinary shares:						
Pursuant to exercise of ESOS		2,959	1,705	1,254	-	-
Share option granted under ESOS:						
Recognised in profit or loss		1,366	-	-	1,366	-
Charged to subsidiaries		1,002	-	-	1,002	-
Exercise of ESOS		-	-	1,341	(1,341)	-
Closing balance at 31 December 2013		1,242,697	438,253	11,423	4,271	788,750

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities					
Profit before tax		160,136	139,631	151,808	182,792
<u>Adjustments for:</u>					
Amortisation of land use rights	18	60	47	-	-
Amortisation of plantation development expenditures	16	27,670	24,370	3,576	3,117
Depreciation of property, plant and equipment	15	66,315	57,210	33,167	29,656
Dividend income	7	-	-	(16,830)	(39,910)
Share options granted under ESOS	32	2,231	2,368	1,302	1,366
Fair value changes on derivative financial instruments	10	8,182	1,636	-	-
Gain on disposal of property, plant and equipment	8	(1,085)	(1,107)	(708)	(10,212)
Gain on disposal of subsidiary	8	(1)	-	-	-
Interest income	6	(14,129)	(11,576)	(21,477)	(14,690)
Interest expense	9	36,230	28,365	7,225	6,373
Inventories written off	10	20	26	-	-
Loss on disposal of property, plant and equipment	10	52	103	-	-
Unrealised gain on foreign exchange	8	(2,285)	-	(149)	-
Unrealised loss on foreign exchange	10	-	169	-	95
Impairment loss on other receivables	10	-	27	-	1
Property, plant and equipment written off	10	86	346	24	99
Share of results of an associate		1,311	(614)	-	-
Total adjustments		124,657	101,370	6,130	(24,105)
Operating cash flows before changes in working capital		284,793	241,001	157,938	158,687
<u>Changes in working capital</u>					
(Increase)/Decrease in inventories		(64,818)	60,429	5,000	53,760
Increase in property development costs		(17,187)	-	-	-
(Increase)/Decrease in trade and other receivables		(68,939)	(27,107)	(5,198)	27,132
(Increase)/Decrease in other current assets		(844)	36	82	159
Increase/(Decrease) in trade and other payables		35,603	(33,647)	(10,008)	(10,555)
Net movement in subsidiaries balances		-	-	(114,974)	(125,958)
Total changes in working capital		(116,185)	(289)	(125,098)	(55,462)
Cash flows from operations		168,608	240,712	32,840	103,225
Interest received		2,891	2,169	-	-
Interest paid		(29,198)	(24,396)	-	-
Income tax paid		(65,106)	(53,225)	(34,000)	(34,500)
Income tax refunded		12,441	3,380	12,440	-
Net cash flows from operating activities		89,636	168,640	11,280	68,725

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Investing activities					
Dividend received		-	-	16,830	39,910
Interest received		11,238	9,407	21,477	14,690
Purchase of property, plant and equipment		(144,775)	(121,579)	(24,196)	(65,486)
Increase in plantation development expenditures		(17,574)	(35,697)	(4,565)	(5,634)
Increase in land held for property development		(1)	(3,635)	-	-
Additions to land use rights		(334)	(422)	-	-
Proceeds from disposal of property, plant and equipment		2,258	2,439	1,611	11,596
Acquisition of additional shares in investment in subsidiaries		-	(242,500)	(700)	(243,500)
Acquisition of new subsidiaries, net of cash		-	-	-	(518)
Acquisition of additional shares in an associate		-	(855)	-	(855)
Cash outflow on disposal of a subsidiary	19	(49)	-	-	-
Net cash flows (used in)/from investing activities		(149,237)	(392,842)	10,457	(249,797)
Financing activities					
Net movement in trade financing		102,554	336	-	-
Repayment of loans and borrowings		(134,500)	(41,687)	(58,117)	(6,104)
Repayment of obligations under finance leases		(13,243)	(13,792)	(6,443)	(7,513)
Proceeds from exercise of ESOS		3,182	2,959	3,182	2,959
Proceeds from issuance of share or preference share to non-controlling interests		-	46	-	-
Proceeds from loans and borrowings		138,556	226,626	42,296	128,963
Redemption of redeemable preference shares		-	(1,000)	-	-
Dividend paid		(21,963)	(19,693)	(21,963)	(19,693)
Dividend paid to non-controlling interests		(4,340)	(7,500)	-	-
Interest paid		(10,647)	(9,281)	(7,225)	(6,373)
Net cash flows (used in)/from financing activities		59,599	137,014	(48,270)	92,239
Net increase/(decrease) in cash and cash equivalents		(2)	(87,188)	(26,533)	(88,833)
Cash and cash equivalents at 1 January		482,671	569,835	151,521	240,449
Effect of exchange rate changes on cash and cash equivalents		5,260	24	149	(95)
Cash and cash equivalents at 31 December	27	487,929	482,671	125,137	151,521

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

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 of the Company is located at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.

The principal activities of the Company are the cultivation of oil palms and the operations of palm oil mills. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There have been no significant changes in the nature of the 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 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 of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

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 FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2014.

- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”. These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required.

The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.3 Amendments/standards issued but not yet effective**

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intends to adopt these standards, if applicable, when they become effective.

FRS effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 119: Defined Benefit Plans - Employee Contributions
- Annual Improvements to FRSs 2010 – 2012 Cycle
- Annual Improvements to FRSs 2011 – 2013 Cycle

FRS effective for annual periods beginning on or after 1 January 2016

- Annual Improvements to FRSs 2012 – 2014 Cycle
- Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities - Applying the Consolidation Exception
- Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 101: Disclosure Initiatives
- Amendments to FRS 127: Equity Method in Separate Financial Statements
- FRS 14 Regulatory Deferral Accounts

FRS effective for annual periods beginning on or after 1 January 2018

- MFRS 9: Financial Instruments

(a) Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.3 Amendments/standards issued but not yet effective (Continued)****(c) 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 financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

(d) Annual Improvements to FRSs 2010–2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Company's financial statements.

FRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

FRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

(e) Annual Improvements to FRSs 2011–2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

FRS 13 Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.3 Amendments/standards issued but not yet effective (Continued)****(f) Annual Improvements to FRSs 2012–2014 Cycle**

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

FRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

FRS 134 Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Malaysian Financial Reporting Standards (MFRS Framework)

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').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and accordingly, 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 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.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. 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 expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.3 Amendments/standards issued but not yet effective (Continued)****Malaysian Financial Reporting Standards (MFRS Framework) (continued)**

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017

(a) Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The Directors anticipate that the application of these amendments will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

(b) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries 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.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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 are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, 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 and any non-controlling interest, is recognised in profit or loss. The subsidiary'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 earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

Business combinations

Acquisitions of subsidiaries 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 acquired, the difference is recognised in profit or loss.

2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.6 Foreign currency (Continued)****(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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 the 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.

2.7 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 measured at cost less accumulated depreciation and 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.7 Property, plant and equipment (Continued)**

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	over the remaining leasehold period
Infrastructures	over the remaining leasehold period
Buildings	5 – 20 years
Furniture and office equipment	5 – 10 years
Motor vehicles and vessels	5 – 8 years
Plant, machinery and field equipment	4 – 10 years

Assets under construction included in property, 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 the profit or loss in the year the asset is derecognised.

Certain leasehold land have not been revalued since they were first revalued in 1991. The Directors have not adopted policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS16 (Revised): Property, Plant and Equipment, these assets continued to be stated at valuation less accumulated depreciation.

2.8 Plantation development expenditure

New planting expenditure incurred on land clearing, upkeep of immature oil palms and interest incurred during the pre-maturity period (pre-cropping costs) is capitalised under plantation development expenditure. Upon maturity, all subsequent maintenance expenditure is charged to revenue and the capitalised pre-cropping cost is amortised on a straight line basis over 25 years, the expected useful life of oil palms.

All replanting expenditure is also capitalised in plantation development expenditure and amortised on the above-mentioned basis.

Certain plantation development expenditure have not been revalued since they were first revalued in 1991. The Directors have not adopted policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS16 (Revised): Property, Plant and Equipment, these assets continued to be stated at valuation less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.9 Intangible assets****Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less 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.

2.10 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 accumulated impairment losses. The land use rights are amortised over their lease terms.

2.11 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.

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. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.12 Subsidiaries

A subsidiary is an entity over which the Group 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 subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.13 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.14 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.

2.15 Land held for property development

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

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

Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

2.16 Inventories**(a) Inventories of refined palm oil products and futures contracts**

Inventories of refined palm oil products are valued at the lower of cost and spot prices prevailing at the date of the statement of financial position.

Cost of refined palm oil products includes cost of raw materials of crude palm oil and palm kernel, direct labour and an appropriate proportion of fixed and variable production overheads.

The Company has committed purchase and sales contracts for palm oil that are entered into as part of its manufacturing and sale activities. The prices and physical delivery of the sales and purchases are fixed in the contracts and these contracts are not recognised in the financial statements until physical deliveries take place.

Gains or losses arising from matched non-physical delivery futures contracts of palm based products are recognised immediately in the statement of profit or loss. These futures contracts are entered into as part and parcel of the business of the Company to manage the price risk of its physical inventory.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.16 Inventories (Continued)

(a) Inventories of refined palm oil products and futures contracts (Continued)

Outstanding futures contracts of palm-based products are valued at their fair values at the date of the statement of financial position. Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. Unrealised losses arising from the valuation are set off against unrealised gains on an aggregate basis.

(b) Other processed inventories

Fresh fruit bunches, processed inventories of crude palm oil and palm kernel and nursery inventories comprising seedlings remaining in nursery for eventual field planting, are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Cost of processed inventories and nursery inventories includes cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

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

(c) Other inventories

Other inventories are stated at the lower of cost and net realisable value.

2.17 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 and loss and loans and receivables.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.17 Financial assets (Continued)****(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 assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where 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.

2.18 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.19 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 statement 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 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 and 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 liabilities 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.

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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.21 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.

2.22 Employee benefits**(a) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the profit or loss as incurred or capitalised in plantation development expenditure, as appropriate.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

2.23 Leases**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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.24 Revenue

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) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer.

(b) Rendering of services

Revenue services rendered is recognised net of discounts as and when the services are performed.

2.25 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.25 Income taxes (Continued)****(b) Deferred tax (Continued)**

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.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.26 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.

2.27 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 events not wholly within the control of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)

2.28 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, commodity futures and interest rate swaps to manage its exposure to its foreign market risks, price risks of its physical inventory of crude palm oil and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that did not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the income statement.

The fair value of forward currency contracts is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. Crude palm oil futures are valued at the end of the reporting period against quoted market prices. The fair value of interest rate swap contracts is determined by reference to market value for similar instruments.

The Group uses derivatives to manage its exposure to interest rate risk by interest rate swaps. The Group applies hedge accounting for this hedging relationship which qualifies for hedge accounting.

For the purpose of hedge accounting, hedging relationship is classified as cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group uses an interest swap as a hedge for the exposure to its floating rate secured loan. See Note 22 for more details.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

2. Summary of significant accounting policies (Continued)**2.29 Fair value measurements**

The Group measures financial instruments at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 39.

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 to 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 values in 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 measurements 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

3. Significant accounting judgements and estimates

The preparation of the Group'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.

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 property, plant and equipment and plantation development expenditure

The cost of property, plant and equipment for the running of estate operations and plantation development expenditure are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these assets to be within 4 to 99 years for property, plant and equipment and 25 years for plantation development expenditure.

These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological developments and other factors 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 property, plant and equipment and plantation development expenditure at the reporting date is disclosed in Notes 15 and 16 respectively. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2.94% (2013: 2.92%) variance in the Group's profit for the year.

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 24.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying value of deferred tax assets of the Group at 31 December 2014 was RM49,057,000 (2013: RM32,380,000) and recognised tax losses and capital allowances were RM261,917,000 (2013: RM211,344,000) and RM545,346,000 (2013: RM479,340,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

3. Significant accounting judgements and estimates (Continued)**Key sources of estimation uncertainty (continued)****(d) Impairment of goodwill**

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

When value in use calculation is 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. Further details of the carrying value are given in Note 26.

4. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	2,873,132	1,710,736	1,004,201	1,013,419
Construction contract	757	-	-	-
Rendering of services	829	666	-	579
	2,874,718	1,711,402	1,004,201	1,013,998

5. Cost of sales

Cost of inventories sold	2,491,648	1,455,276	816,082	817,910
Construction cost	699	-	-	-
Cost of services rendered	18,169	579	-	966
	2,510,516	1,455,855	816,082	818,876

6. Interest income

Interest income from:				
- Short term deposits	12,833	10,967	4,167	3,470
- Current account	1,287	603	-	-
- Futures (FCPO)	9	6	9	6
- Subsidiaries	-	-	17,301	11,214
	14,129	11,576	21,477	14,690

7. Dividend income

Dividend income from subsidiaries	-	-	16,830	39,910
-----------------------------------	---	---	--------	--------

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

8. Other income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gain on disposal of property, plant and equipment	1,085	1,107	708	10,212
Fair value gain on future contracts	1,501	-	-	-
Fair value gain on interest rate swap	222	-	-	-
Rental income	169	74	8,359	693
Miscellaneous	4,330	2,565	1,148	1,657
Gain on disposal of a subsidiary	1	-	-	-
Gain on foreign exchange				
- Unrealised	2,285	-	149	-
- Realised	-	425	-	425
Realised gain on paper trading	1,337	-	-	-
	10,930	4,171	10,364	12,987

9. Finance costs

Interest expenses on:				
- Bank loans	34,228	31,206	3,193	5,769
- Obligations under finance leases	889	1,125	433	604
- Revolving credits	4,483	576	3,461	-
- Interest rate swap	107	609	-	-
- Others	138	161	138	-
	39,845	33,677	7,225	6,373
Less: Amount capitalised in:				
- Plantation development expenditure (Note 16)	(2,048)	(3,210)	-	-
- Property, plant and equipment (Note 15)	(661)	(2,087)	-	-
- Land held for property development (Note 17(a))	-	(15)	-	-
- Property development costs (Note 17(b))	(906)	-	-	-
	36,230	28,365	7,225	6,373

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

10. Profit before tax

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
The following items have been included in arriving at profit before tax:				
Employee benefits expense (Note 11)	165,329	145,537	51,767	56,647
Non-executive directors' remuneration (Note 12)	652	452	407	350
Auditors' remuneration				
- Current year	298	212	100	70
- Underprovision in previous years	32	26	13	10
Depreciation of property, plant and equipment (Note 15)	66,315	57,210	33,167	29,656
Amortisation of plantation development expenditure (Note 16)	27,670	24,370	3,576	3,117
Amortisation of land use rights (Note 18)	60	47	-	-
Rental expenses	8,398	1,897	277	533
Loss on disposal of property, plant and equipment	52	103	-	-
Interest rate swap	22	-	-	-
Inventories written off	20	26	-	-
Property, plant and equipment written off	86	346	24	99
Impairment loss on other receivables	-	27	-	1
Loss on foreign exchange				
- Realised	11,788	3,434	-	-
- Unrealised	-	169	-	95
Fair value changes on derivative financial instruments	8,182	1,636	-	-
Fair value loss on paper trading	609	-	-	-
Realised loss on future contracts	900	-	-	-

11. Employee benefits expense

Salaries and wages	161,334	145,090	47,061	50,835
Social security contributions	603	654	330	368
Share options granted under ESOS	2,232	2,255	1,302	1,366
Contributions to defined contribution plan	7,485	6,569	3,029	4,039
Other benefits	363	129	45	39
	172,017	154,697	51,767	56,647
Less: Amount capitalised in plantation development expenditure	(6,661)	(9,160)	-	-
Less: Amount capitalised in property development costs	(27)	-	-	-
	165,329	145,537	51,767	56,647

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

11. Employee benefits expense (Continued)

Included in employee benefits expense of the Group and of the Company are the Executive Director's remuneration amounting to RM1,946,000 (2013: RM1,857,000) and RM1,936,000 (2013: RM1,837,000) respectively as further disclosed in Note 12.

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	7,154	6,370	1,940	1,999
Post-employment benefits:				
Defined contribution plan	931	827	252	260
Share-based payment	562	782	152	245
	8,647	7,979	2,344	2,504

Members of key management of the Group and the Company who are not Directors have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group/Company	
	2014 RM'000	2013 RM'000
At 1 January	3,547	3,064
Granted	530	782
Exercised	(82)	(299)
At 31 December	3,995	3,547

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 37).

12. Directors' remuneration

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive:				
Bonus	450	540	450	540
Fees	54	56	45	39
Other emoluments	1,442	1,261	1,441	1,258
Total executive directors' remuneration (excluding benefits-in-kind) (Note 11)	1,946	1,857	1,936	1,837
Estimated money value of benefits-in-kind	28	28	28	28
Total executive directors' remuneration (including benefits-in-kind)	1,974	1,885	1,964	1,865

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

12. Directors' remuneration (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-executive: Fees (Note 10)	652	452	407	350
Total non-executive directors' remuneration	652	452	407	350
Total directors' remuneration	2,626	2,337	2,371	2,215

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2014	2013
Executive Director:		
RM1,850,001 – RM1,900,000	-	1
RM1,950,001 – RM2,000,000	1	-
Non-Executive Directors:		
Below RM50,000	6	6
RM50,001 – RM100,000	3	3

13. Income tax expense**Major components of income tax expense**

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statement of profit or loss:				
Current income tax:				
Malaysian income tax	53,217	55,871	26,685	35,057
Overprovision in respect of previous years	(1,268)	(1,081)	(1,165)	(985)
	51,949	54,790	25,520	34,072
Deferred income tax (Note 30):				
Origination or reversal of temporary differences	(11,991)	(17,261)	4,226	(211)
Effect of reduction in tax rates	(1,748)	-	(1,401)	-
(Over)/Underprovision in respect of previous years	(1,473)	1,466	(1,175)	935
	(15,212)	(15,795)	1,650	724
Income tax expense recognised in profit and loss	36,737	38,995	27,170	34,796

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

13. Income tax expense (Continued)**Reconciliation between tax expense and accounting profit**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax	160,136	139,631	151,808	182,792
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	40,034	34,908	37,952	45,698
Adjustments:				
Effect of lower tax rate in Singapore	14	(3)	-	-
Non-deductible expenses	6,880	8,431	2,159	1,515
Income not subject to taxation	(5,946)	(4,486)	(9,213)	(12,270)
Effect of tax incentives	(9)	-	-	-
Effect of reduction in tax rates	(1,595)	(458)	-	-
Effect of change in tax rates on opening balance of deferred tax	(63)	-	(1,401)	-
Deferred tax assets not recognised during the year	174	254	-	-
Reversal of deferred tax assets not recognised in previous years	(14)	-	-	-
Overprovision of income tax in respect of previous years	(1,268)	(1,081)	(1,165)	(985)
(Over)/Underprovision of deferred tax in respect of previous years	(1,473)	1,466	(1,175)	935
Utilisation of previously unrecognised capital allowance	(11)	-	-	-
Others	14	(36)	13	(97)
Income tax expense recognised in profit and loss	36,737	38,995	27,170	34,796
Deferred tax relating to other comprehensive income:				
Fair value adjustment on cash flow hedge	72	169	-	-

Current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected the change in tax rate.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

14. Earnings per share**Continuing operations**

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014	2013
	RM'000	RM'000
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	115,409	91,805
	2014	2013
	'000	'000
Weighted average number of ordinary shares of basic earnings per share computation	439,030	437,443
Effect of dilution - share options	4,099	5,135
Weighted average number of ordinary shares for diluted earnings per share computation	443,129	442,578

15. Property, plant and equipment

Group	Land, buildings and infra-structure *	Furniture and office equipment	Motor vehicles and vessels	Plant, machinery and field equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost:					
At 1.1.2013	751,347	15,489	83,143	381,040	1,231,019
Additions	13,180	1,594	9,222	19,024	43,020
Reclassification	-	(926)	926	-	-
Disposals	(84)	(16)	(798)	(1,547)	(2,445)
Written off	(296)	(160)	-	(828)	(1,284)
Transferred from capital work-in-progress	21,721	18	-	7,753	29,492

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

15. Property, plant and equipment (Continued)

Group	Land, buildings and infra- structure * RM'000	Furniture and office equipment RM'000	Motor vehicles and vessels RM'000	Plant, machinery and field equipment RM'000	Total RM'000
Cost (continued):					
At 31.12.2013 and 1.1.2014	785,868	15,999	92,493	405,442	1,299,802
Additions	4,356	2,274	9,913	15,827	32,370
Disposals	(111)	(18)	(1,743)	(1,126)	(2,998)
Written off	(38)	(80)	(311)	(624)	(1,053)
Transferred from capital work-in-progress	63,376	90	-	100,806	164,272
Exchange translation differences	-	3	-	-	3
At 31.12.2014	853,451	18,268	100,352	520,325	1,492,396
Accumulated depreciation:					
At 1.1.2013	112,507	7,926	41,237	142,220	303,890
Charge for the year	18,793	1,100	8,307	32,540	60,740
Reclassification	-	(140)	140	-	-
Disposals	(81)	(4)	(533)	(472)	(1,090)
Written off	(179)	(94)	-	(665)	(938)
At 31.12.2013 and 1.1.2014	131,040	8,788	49,151	173,623	362,602
Charge for the year	20,666	1,305	8,375	37,816	68,162
Disposals	(1)	(8)	(1,524)	(240)	(1,773)
Written off	(38)	(67)	(265)	(597)	(967)
Exchange translation differences	-	1	4	-	5
At 31.12.2014	151,667	10,019	55,741	210,602	428,029
Net carrying amount:					
At 31.12.2013	654,828	7,211	43,342	231,819	937,200
Capital work-in-progress					
At 1.1.2013					59,168
Additions					90,245
Disposals					(80)
Transferred to property, plant and equipment					(29,492)
At 31.12.2013					119,841
At 31.12.2014	701,784	8,249	44,611	309,723	1,064,367

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

15. Property, plant and equipment (Continued)

Group	Land, buildings and infra- structure * RM'000	Furniture and office equipment RM'000	Motor vehicles and vessels RM'000	Plant, machinery and field equipment RM'000	Total RM'000
Net carrying amount (Continued):					
Capital work-in-progress					
At 1.1.2014					119,841
Additions					123,594
Transferred to property, plant and equipment					(164,272)
At 31.12.2014					79,163
					1,143,530

***Land, Buildings and Infrastructures**

Group	Short term leasehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Infrastructures RM'000	Total RM'000
Cost:					
At 1.1.2013	68,625	214,442	203,370	264,910	751,347
Additions	-	1,398	1,224	10,558	13,180
Reclassification	-	-	(6,421)	6,421	-
Disposals	-	-	(84)	-	(84)
Written off	-	-	(296)	-	(296)
Transferred from capital work-in-progress	-	-	14,961	6,760	21,721
At 31.12.2013 and 1.1.2014	68,625	215,840	212,754	288,649	785,868
Additions	-	-	293	4,063	4,356
Disposals	-	-	(111)	-	(111)
Written off	-	-	(38)	-	(38)
Transferred from capital work-in-progress	-	-	54,850	8,526	63,376
At 31.12.2014	68,625	215,840	267,748	301,238	853,451

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

15. Property, plant and equipment (Continued)

*Land, Buildings and Infrastructures (Continued)

Group	Short term leasehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Infrastructures RM'000	Total RM'000
Accumulated depreciation:					
At 1.1.2013	11,910	14,613	63,873	22,111	112,507
Charge for the year	1,332	2,131	11,080	4,250	18,793
Reclassification	-	-	(216)	216	-
Disposals	-	-	(81)	-	(81)
Written off	-	-	(179)	-	(179)
At 31.12.2013 and 1.1.2014	13,242	16,744	74,477	26,577	131,040
Charge for the year	1,303	3,160	11,689	4,514	20,666
Disposals	-	-	(1)	-	(1)
Written off	-	-	(38)	-	(38)
At 31.12.2014	14,545	19,904	86,127	31,091	151,667
Net carrying amount:					
At 31.12.2013	55,383	199,096	138,277	262,072	654,828
At 31.12.2014	54,080	195,936	181,621	270,147	701,784
Company	Leasehold land, buildings and infra- structure* RM'000	Furniture and office equipment RM'000	Motor vehicles and vessels RM'000	Machinery and field equipment RM'000	Total RM'000
Cost:					
At 1.1.2013	158,292	9,732	56,200	198,935	423,159
Transferred from capital work-in-progress	2,173	18	-	4,838	7,029
Additions	1,688	918	3,937	4,751	11,294
Disposals	-	(23)	(1,867)	(1,475)	(3,365)
Written off	(18)	(33)	-	(174)	(225)
At 31.12.2013 and 1.1.2014	162,135	10,612	58,270	206,875	437,892
Transferred from capital work-in-progress	27,678	-	-	41,560	69,238
Additions	1,213	1,111	6,242	7,317	15,883
Disposals	-	(17)	(1,704)	(1,220)	(2,941)
Written off	(38)	(68)	(256)	(515)	(877)
At 31.12.2014	190,988	11,638	62,552	254,017	519,195

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

15. Property, plant and equipment (Continued)

*Land, Buildings and Infrastructures (Continued)

Company	Leasehold land, buildings and infra- structure* RM'000	Furniture and office equipment RM'000	Motor vehicles and vessels RM'000	Machinery and field equipment RM'000	Total RM'000
Accumulated depreciation:					
At 1.1.2013	48,523	5,605	24,513	96,159	174,800
Charge for the year	5,764	606	5,357	18,188	29,915
Disposals	-	(5)	(1,540)	(435)	(1,980)
Written off	(18)	(28)	-	(81)	(127)
At 31.12.2013 and 1.1.2014	54,269	6,178	28,330	113,831	202,608
Charge for the year	7,075	683	5,391	20,205	33,354
Disposals	-	(8)	(1,648)	(382)	(2,038)
Written off	(38)	(60)	(256)	(499)	(853)
At 31.12.2014	61,306	6,793	31,817	133,155	233,071
Net carrying amount:					
At 31.12.2013	107,866	4,434	29,940	93,044	235,284
Capital work-in-progress					
At 1.1.2013					30,760
Additions					56,354
Transferred to property, plant and equipment					(7,029)
At 31.12.2013					80,085
At 31.12.2014					315,369
At 31.12.2014	129,682	4,845	30,735	120,862	286,124
Capital work-in-progress					
At 1.1.2014					80,085
Additions					15,517
Transferred to property, plant and equipment					(69,238)
At 31.12.2014					26,364
At 31.12.2014					312,488

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

15. Property, plant and equipment (Continued)***Land, Buildings and Infrastructures (Continued)**

Company	Long term leasehold land RM'000	Buildings RM'000	Infrastructure RM'000	Total RM'000
Cost:				
At 1.1.2013	37,721	113,078	7,493	158,292
Transferred from capital work-in-progress	-	2,173	-	2,173
Additions	1,130	6	552	1,688
Written off	-	(18)	-	(18)
At 31.12.2013 and 1.1.2014	38,851	115,239	8,045	162,135
Transferred from capital work-in-progress	-	27,678	-	27,678
Additions	-	143	1,070	1,213
Written off	-	(38)	-	(38)
At 31.12.2014	38,851	143,022	9,115	190,988
Accumulated depreciation:				
At 1.1.2013	6,979	41,284	260	48,523
Charge for the year	317	5,317	130	5,764
Written off	-	(18)	-	(18)
At 31.12.2013 and 1.1.2014	7,296	46,583	390	54,269
Charge for the year	1,244	5,691	140	7,075
Written off	-	(38)	-	(38)
At 31.12.2014	8,540	52,236	530	61,306
Net carrying amount:				
At 31.12.2013	31,555	68,656	7,655	107,866
At 31.12.2014	30,311	90,786	8,585	129,682

a) Assets held under finance leases

During the financial year, the Group and the Company acquired plant and machinery and motor vehicles with an aggregate cost of RM10,528,000 (2013: RM9,599,000) and RM7,204,000 (2013: RM2,162,000) respectively by means of finance leases. The cash outflows on acquisition of property, plant and equipment of the Group and of the Company amounted to RM144,775,000 (2013: RM121,579,000) and RM24,196,000 (2013: RM65,486,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

15. Property, plant and equipment (Continued)**a) Assets held under finance leases (Continued)**

The carrying amounts of plant and machinery and motor vehicles held under finance leases are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Plant and machinery	16,766	16,243	5,986	2,953
Motor vehicles	15,552	20,718	11,631	15,149
	32,318	36,961	17,617	18,102

Leased assets are pledged as security for the related finance lease liabilities (Note 28).

b) Additions to property, plant and equipment include:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loan interests capitalised (Note 9)	661	2,087	-	-

c) Depreciation and amortisation charge for the year is allocated as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income statement (Note 10)	66,315	57,210	33,167	29,656
Plantation development expenditure (Note 16)	1,739	3,530	187	259
Property development cost (Note 17)	108	-	-	-
	68,162	60,740	33,354	29,915

d) The net carrying amount of leasehold land pledged for loan and borrowings as referred to in Note 28 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Leasehold land	29,668	36,179	7,183	7,888

e) The issuance of certain land titles to the subsidiaries by relevant government authorities is in progress.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

16. Plantation development expenditure

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cost:				
At 1 January	745,044	702,577	95,598	89,705
Additions	21,382	42,467	4,752	5,893
At 31 December	766,426	745,044	100,350	95,598
Accumulated amortisation:				
At 1 January	163,723	139,353	57,851	54,734
Amortisation for the year (Note 10)	27,670	24,370	3,576	3,117
At 31 December	191,393	163,723	61,427	57,851
Net carrying amount:				
At 31 December	575,033	581,321	38,923	37,747

Additions to plantation development expenditure include:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment (Note 15)	1,739	3,530	187	259
Loan interests capitalised (Note 9)	2,048	3,210	-	-
Amortisation of land use rights (Note 18)	21	30	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

17. Land held for property development**(a) Land held for property development**

	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group			
Cost:			
At 1 January 2013	8,299	53	8,352
Additions	10,008	3,828	13,836
At 31 December 2013 and 1 January 2014	18,307	3,881	22,188
Additions	-	1	1
Transfer to property development costs (Note 17(b))	(11,551)	(3,874)	(15,425)
At 31 December 2014	6,756	8	6,764

Included in land held for property development incurred during the financial year are:

	Group 2014 RM'000	2013 RM'000
Interest expenses (Note 9)	-	15

(b) Property development costs

	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group			
Cumulative property development costs			
At 1 January 2013 and 1 January 2014	-	-	-
Costs incurred during the year	48	18,852	18,900
Transfer from land held for property development (Note 17 (a))	11,551	3,874	15,425
At 31 December 2014	11,599	22,726	34,325
Group			
Cumulative costs recognised in profit or loss			
At 1 January 2013 and 1 January 2014	-	-	-
Recognised during the year	(212)	(487)	(699)
At 31 December 2014	(212)	(487)	(699)
Property development costs at 31 December 2014	11,387	22,239	33,626

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

17. Land held for property development (Continued)**(b) Property development costs (Continued)**

Included in land held for property development incurred during the financial year are:

	2014 RM'000	2013 RM'000
Interest expenses (Note 9)	906	-
Depreciation of property, plant and equipment (Note 15)	108	-

18. Land use rights

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost:				
At 1 January	4,445	4,023	-	-
Additions	334	422	-	-
At 31 December	4,779	4,445	-	-
Accumulated amortisation:				
At 1 January	77	-	-	-
Amortisation for the year	81	77	-	-
Recognised in income statement (Note 10)	60	47	-	-
Capitalised in plantation development expenditure (Note 16)	21	30	-	-
At 31 December	158	77	-	-
Net carrying amount:				
At 31 December	4,621	4,368	-	-
Amount to be amortised:				
- Not later than one year	87	81	-	-
- Later than one year but not later than five years	348	323	-	-
- Later than five years	4,186	3,964	-	-
	4,621	4,368	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares at cost	494,133	493,433

Details of the subsidiaries are shown as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2014	2013	2014	2013
			%	%	%	%
Held by the Company:						
SOP Karabungan Sdn. Bhd.	Malaysia	Cultivation of oil palms	70	70	30	30
SOP Pelita Batu Lintang Plantation Sdn. Bhd.	Malaysia	Cultivation of oil palms	60	60	40	40
SOP Plantations (Balingian) Sdn. Bhd.*	Malaysia	Cultivation of oil palms	80	80	20	20
SOP Plantations (Beluru) Sdn. Bhd.	Malaysia	Cultivation of oil palms	100	100	-	-
SOP Plantations (Borneo) Sdn. Bhd.	Malaysia	Cultivation of oil palms	85	85	15	15
SOP Plantations (Kemena) Sdn. Bhd.	Malaysia	Cultivation of oil palms	100	100	-	-
SOP Plantations (Niah) Sdn. Bhd.*	Malaysia	Cultivation of oil palms	80	80	20	20
SOP Plantations (Sarawak) Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
SOP Plantations (Suai) Sdn. Bhd.*	Malaysia	Cultivation of oil palms	85	85	15	15
SOP Plantations (Sabaju) Sdn. Bhd.	Malaysia	Cultivation of oil palms	60	60	40	40
SOP Resources Sdn. Bhd.	Malaysia	Supplies of goods	100	100	-	-
SOP Services Sdn. Bhd.	Malaysia	Rendering of IT and insurance services	100	100	-	-
SOP Industries Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
SOP Properties Sdn. Bhd.	Malaysia	Property development	100	100	-	-
SOP-Pelita Developments Sdn. Bhd.	Malaysia	Inactive	65	65	35	35
SOP Agro Sdn. Bhd.*	Malaysia	Inactive	100	100	-	-
SOP Pelita Sg Arang Plantation Sdn. Bhd.	Malaysia	Inactive	100	60	-	40

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2014	2013	2014	2013
			%	%	%	%
Held by the Company:						
SOP Transport Sdn. Bhd.	Malaysia	Transportation services	100	100	-	-
Subur Asiamas Sdn. Bhd.*	Malaysia	Inactive	100	100	-	-
SOPB Pte. Ltd.*	Singapore	Sales and marketing agents	100	100	-	-
Held through a subsidiary - SOP Industries Sdn. Bhd.:						
SOP Green Energy Sdn. Bhd.	Malaysia	Manufacturing of biodiesel	100	100	-	-
SOP Edible Oils Sdn. Bhd.	Malaysia	Refining and trading of palm products	100	100	-	-
SOP Foods Sdn. Bhd.	Malaysia	Inactive	100	-	-	-
Held through a subsidiary - SOP Plantations (Beluru) Sdn. Bhd.:						
Setia Wiramaju Sdn. Bhd.	Malaysia	Management and maintenance of road and barge	51.82	51.82	48.18	48.18
Held through a subsidiary - SOP Properties Sdn. Bhd.:						
Wawasan Asiamaju Sdn. Bhd.	Malaysia	Inactive	-	54	-	46

* Audited by a firm of auditors other than Ernst & Young.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)**a) Acquisition of subsidiaries****SOPB Pte. Ltd.**

On 18 June 2013, the Company acquired 100% equity interest or 200,000 ordinary shares in SOPB Pte. Ltd. for a cash consideration of RM517,885.

Subur Asiamas Sdn. Bhd.

On 9 July 2013, the Company acquired 100% equity interest or 2 ordinary shares in Subur Asiamas Sdn. Bhd. for a cash consideration of RM2.

SOP Transport Sdn. Bhd.

On 14 November 2013, the Company acquired 100% equity interest or 2 ordinary shares in SOP Transport Sdn. Bhd. for a cash consideration of RM2.

Subur Asiamas Sdn. Bhd.

On 25 April 2014, the Company acquired by allotment of additional 499,998 ordinary shares in Subur Asiamas Sdn. Bhd. for a cash consideration of RM499,998.

SOP Transport Sdn. Bhd.

On 17 January 2014, the Company acquired by allotment of additional 99,998 ordinary shares in SOP Transport Sdn. Bhd. for a cash consideration of RM99,998.

On 2 October 2014, the Company acquired by allotment of additional 100,000 ordinary shares in SOP Transport Sdn. Bhd. for a cash consideration of RM100,000.

SOP Foods Sdn. Bhd.

On 4 September 2014, the Group acquired 50% equity interest or 1 ordinary share in SOP Foods Sdn. Bhd. for a cash consideration of RM1.00.

On 10 September 2014, the Group acquired by allotment of additional 1 ordinary share in SOP Foods Sdn. Bhd. for a cash consideration of RM1.00.

The fair values of the identifiable assets and liabilities of subsidiaries as at the date of acquisition were:

	Fair Value/ Carrying Amount	
	2014 RM'000	2013 RM'000
Cash and bank balances	-	518
Net identifiable assets	-	518

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)**a) Acquisition of subsidiaries**

	2014 RM'000	2013 RM'000
The effect of the acquisitions on cash flows is as follows:		
Total cost of the business combination	-	518
Less: Cash and cash equivalents of subsidiaries acquired	-	(518)
Net cash outflow on acquisitions	-	-
<u>Goodwill arising on acquisition</u>		
Fair value of net identifiable assets	-	518
Less: Non-controlling interests	-	-*
Group's interest in fair value of net identifiable assets	-	518
Goodwill on acquisition (Note 26)	-	-
Cost of business combination	-	518

*RM40

b) Acquisition of non-controlling interests**SOP Plantations (Beluru) Sdn. Bhd.**

On 10 January 2013, the Company acquired an additional 40% equity interest in SOP Plantations (Beluru) Sdn. Bhd. from its non-controlling interests for a cash consideration of RM122,400,000. As a result of this acquisition, SOP Plantations (Beluru) Sdn. Bhd. became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM20,978,000. The difference between the consideration and the book value of the interest acquired of RM101,422,000 is reflected in equity as premium paid on acquisition of non-controlling interests.

SOP Plantations (Kemena) Sdn. Bhd.

On 10 January 2013, the Company acquired an additional 35% equity interest in SOP Plantations (Kemena) Sdn. Bhd. from its non-controlling interests for a cash consideration of RM120,100,000. As a result of this acquisition, SOP Plantations (Kemena) Sdn. Bhd. became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM11,232,000. The difference between the consideration and the book value of the interest acquired of RM108,868,000 is reflected in equity as premium paid on acquisition of non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)**c) Disposal of equity interest in Wawasan Asiamaju Sdn. Bhd.**

On 15 November 2013, Wawasan Asiamaju Sdn. Bhd. has increased its issued and paid up share capital from RM2 to RM100,000 by way of the allotment and issuance of 99,998 ordinary shares of RM1 each at par for cash.

The Group acquired by allotment of additional 53,998 ordinary shares in Wawasan Asiamaju Sdn. Bhd. for a cash consideration of RM53,998, resulting in an increase in non-controlling interests of RM1,000 and a decrease in the equity attributable to owners of the parent of RM1,000.

On 27 October 2014, the Group disposed 4,500 ordinary shares in Wawasan Asiamaju Sdn. Bhd. for a cash consideration of RM4,500. Wawasan Asiamaju has ceased to be the subsidiary of the Group.

The disposal had the following effects on the financial position of the Group as at the end of the year:

	2014 RM'000	2013 RM'000
Other receivables	46	-
Cash and bank balances	54	-
Other payables	(19)	-
	<hr/>	<hr/>
Net identifiable assets	81	-
Less: Non-controlling interest	(37)	-
Less: Reclassification to associate	(40)	-
Total disposal proceeds	(5)	-
	<hr/>	<hr/>
Gain on disposal to the Group (Note 8)	(1)	-
	<hr/>	<hr/>
Disposal of proceeds settled by:		
Cash	5	-
	<hr/>	<hr/>
Cash outflow arising on disposal:		
Cash consideration	5	-
Cash and cash equivalents of subsidiaries disposed	(54)	-
	<hr/>	<hr/>
Net cash outflow on disposal	(49)	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)

d) Non-controlling interests

Summarised financial information of SOP Plantations (Niah) Sdn. Bhd., SOP Plantations (Balingian) Sdn. Bhd. and SOP Plantations (Borneo) Sdn. Bhd. which have 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 statements of financial information

	SOP Plantations (Niah) Sdn. Bhd.		SOP Plantations (Balingian) Sdn. Bhd.		SOP Plantations (Borneo) Sdn. Bhd.		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	56,677	58,084	45,820	45,605	126,615	128,301	229,112	231,990
Current assets	89,006	75,482	73,849	65,664	86,306	73,579	249,161	214,725
Total assets	145,683	133,566	119,669	111,269	212,921	201,880	478,273	446,715
Current liabilities	5,400	5,992	4,292	3,735	7,991	21,259	17,683	30,986
Non-current liabilities	11,697	12,478	9,013	9,629	25,974	27,177	46,684	49,284
Total liabilities	17,097	18,470	13,305	13,364	33,965	48,436	64,367	80,270
Net assets	128,586	115,096	106,364	97,905	178,956	153,444	413,906	366,445
Equity attributable to owners of the Company	102,869	92,077	85,091	78,324	152,113	130,427	340,073	300,828
Non-controlling interests	25,717	23,019	21,273	19,581	26,843	23,017	73,833	65,617

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)

d) Non-controlling interests (Continued)

(ii) Summarised statements of profit or loss and other comprehensive income

	SOP Plantations (Niah) Sdn. Bhd.		SOP Plantations (Balingian) Sdn. Bhd.		SOP Plantations (Borneo) Sdn. Bhd.		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	59,544	57,660	45,842	41,234	84,725	80,264	190,111	179,158
Profit for the year, representing total comprehensive income	23,489	21,662	18,659	14,487	25,510	21,754	67,658	57,903
Total comprehensive income attributable to owners of the Company	18,791	17,330	14,927	11,590	21,684	18,491	55,402	47,411
Total comprehensive income attributable to the non-controlling interests	4,698	4,332	3,732	2,897	3,826	3,263	12,256	10,492
	23,489	21,662	18,659	14,487	25,510	21,754	67,658	57,903
Dividend paid to non- controlling interests	2,000	1,500	2,040	-	-	6,000	4,040	7,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

19. Investment in subsidiaries (Continued)

d) Non-controlling interests (Continued)

(iii) Summarised cash flows

	SOP Plantations (Niah) Sdn. Bhd.		SOP Plantations (Balingian) Sdn. Bhd.		SOP Plantations (Borneo) Sdn. Bhd.		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	17,268	27,980	12,440	19,149	21,133	30,527	50,841	77,656
Net cash from/(used in) investing activities	675	559	(615)	(1,594)	(3,111)	(3,441)	(3,051)	(4,476)
Net cash used in financing activities	(10,062)	(7,622)	(10,327)	(175)	(15,636)	(52,316)	(36,025)	(60,113)
Net increase/(decrease) in cash and cash equivalents	7,881	20,917	1,498	17,380	2,386	(25,230)	11,765	13,067
Cash and cash equivalents at beginning of the year	72,422	51,506	63,216	45,835	65,831	91,060	201,469	188,401
Cash and cash equivalents at end of the year	80,303	72,423	64,714	63,215	68,217	65,830	213,234	201,468

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

20. Investment in associates

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	8,554	8,505	8,505	8,505
Share of post acquisition reserves	(351)	969	-	-
	8,203	9,474	8,505	8,505

Details of the associate are as follows:

Name of company	Country of incorporation	Principal activities	% of ownership interest held by the Group		Accounting model applied
			2014 %	2013 %	
Micaline Sdn. Bhd.	Malaysia	Shipping agency	45.0	45.0	Equity method
Wawasan Asiamaju Sdn. Bhd.	Malaysia	Inactive	49.5	-	Equity method

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2014 RM'000	2013 RM'000
Assets and liabilities		
Total assets	60,284	61,184
Total liabilities	(42,084)	(40,152)
Results		
Revenue	36,225	32,820
Profit for the year	(2,918)	1,364

21. Other investments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Investment in preference shares	-	-	40,600	40,600

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

22. Derivatives

	Contract Nominal Amount 2014 RM'000	Assets 2014 RM'000	Liabilities 2014 RM'000	Contract Nominal Amount 2013 RM'000	Assets 2013 RM'000	Liabilities 2013 RM'000
	Group					
Commodity forward contract	58,758	893	-	-	-	-
Interest rate swap	28,275	222	-	-	-	-
Forward currency contracts	395,951	-	10,934	56,410	-	1,636
Cash flow hedges	25,000	-	213	25,000	-	503
Total derivatives		1,115	11,147		-	2,139
Less: Current portion		(1,115)	(10,999)		-	(1,760)
Non-current portion		-	148		-	379

a) Derivatives not designated as hedging instruments

The Company uses forward currency contracts and interest rate swap to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Company's sales and purchases denominated in USD, EURO and RM for which firm commitments existed at the reporting date.

The interest rate swap is used to hedge cash flow interest rate risk arising from a floating rate bank loan amounting to RM116,000,000 (Note 28). This interest rate swap receives fixed interest equal to 3.57% (2013: Nil), pays a floating rate of interest of COF + 0.75% (2013: Nil) and has the same maturity terms as the bank loan.

b) Cash flow hedges

At 31 December 2014, the Company has one interest rate swap agreement in place with notional amount of RM25,000,000 (2013: RM25,000,000) whereby the Company pays fixed rate of interest of 3.68% (2013: 3.68%) per annum and receives variable rate equal to MYR-KLIBOR-BNM on the notional amount. The interest rate swap is being used to hedge the exposure to changes in the floating interest rate of its secured loans amounting to RM45,000,000 (2013: RM45,000,000). The management considers the interest rate swaps as effective hedging instruments as the secured loans and the swaps have identical critical terms.

A net unrealised loss of RM213,000 (2013: RM503,000), a related deferred tax asset of RM53,000 (2013: RM125,000) was included in equity.

The amount retained in equity at 31 December 2014 is expected to mature and affect the income statement during the next 5 financial years as follows:

	Group	
	2014 RM'000	2013 RM'000
Within one year	65	124
Later than 1 year but not later than 2 years	61	116
Later than 2 years but not later than 5 years	87	263
	213	503

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

23. Inventories

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost				
Refined products	63,530	77,647	-	-
Crude palm oil and palm kernel	93,705	51,882	8,536	16,620
Nursery inventories	2,295	1,321	1,261	713
Stores and spares	29,426	29,992	15,980	13,444
Consumables	6,197	3,896	-	-
	195,153	164,738	25,777	30,777
Net realisable value				
Refined products	37,666	3,283	-	-
	232,819	168,021	25,777	30,777

24. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current:				
Trade receivables				
Third parties	100,623	79,506	114	653
Amount due from a subsidiary	-	-	89,115	66,839
	100,623	79,506	89,229	67,492
Other receivables				
Other receivables	20,103	7,145	3,505	4,761
Amount due from subsidiaries	-	-	459,119	339,868
Advance payment to suppliers	8,223	-	-	-
Refundable deposits	29,980	3,999	8,690	1,697
	58,306	11,144	471,314	346,326
Total trade and other receivables	158,929	90,650	560,543	413,818
Add: Cash and bank balances (Note 27)	487,929	482,671	125,137	151,521
Total loans and receivables	646,858	573,321	685,680	565,339

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

24. Trade and other receivables (Continued)**a) Trade receivables**

The Group and the Company trade receivables are non-interest bearing and are generally on 30 day (2013: 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	53,239	78,997	50,581	67,381
1 to 30 days past due not impaired	44,709	323	38,547	-
31 to 60 days past due not impaired	2,515	88	-	73
61 to 90 days past due not impaired	5	8	-	-
91 to 120 days past due not impaired	105	5	100	-
More than 121 days past due not impaired	50	85	1	38
	47,384	509	38,648	111
	100,623	79,506	89,229	67,492

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's 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 and the Company have trade receivables amounting to RM47,384,000 (2013: RM509,000) and RM38,648,000 (2013: RM111,000) respectively that are past due at the reporting date but not impaired.

b) Amount due from subsidiaries

Included in the amount due from subsidiaries is an amount of RM422,466,000 (2013: RM283,729,000), being advances which bears interest at COF + 1.1% (2013: COF + 1.1%) per annum.

The amount due from subsidiaries is unsecured and is repayable on demand.

c) Other receivables

Included in other receivables of the Group and of the Company is an amount of RM695,000 (2013: RM511,000) due from companies in which certain Directors have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

25. Other current assets

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepaid operating expenses	2,649	2,562	584	666
Progress billing in respect of property development cost	757	-	-	-
	3,406	2,562	584	666

26. Intangible asset

	Group	
	2014 RM'000	2013 RM'000
Goodwill		
Cost:		
At 1 January and 31 December	5,182	5,182

27. Cash and bank balances

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at banks and on hand	171,134	187,033	19,227	44,483
Short term deposits with licensed banks	316,795	295,638	105,910	107,038
Cash and bank balances	487,929	482,671	125,137	151,521

The effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Deposits with licensed banks	3.05 - 3.71	3.00 - 3.35	3.05 - 3.60	3.00 - 3.35

The maturity of deposits as at the end of the financial year was as follows:

	Group		Company	
	2014 Days	2013 Days	2014 Days	2013 Days
Deposits with licensed banks	30 - 90	30 - 92	30 - 90	30 - 90

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

28. Loans and borrowings

	Maturity	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current					
Secured:					
Bankers acceptances/short term loans	2015	218,250	150,390	-	-
Obligations under finance leases (Note 35(b))	2015	9,670	11,905	4,791	5,553
Revolving credits	2015	75,000	43,000	-	-
Term loans	2015	77,967	76,383	-	-
		380,887	281,678	4,791	5,553
Unsecured:					
Revolving credits	2015	22,200	25,200	22,200	25,200
Bankers acceptances/short term loans	2015	36,587	-	-	-
Term loans	2015	15,021	3,646	15,021	3,646
		73,808	28,846	37,221	28,846
		454,695	310,524	42,012	34,399
Non-current					
Secured:					
Obligations under finance leases (Note 35(b))	2016 - 2017	7,398	7,878	4,267	2,744
Term loans	2016 - 2022	364,769	378,476	-	-
		372,167	386,354	4,267	2,744
Unsecured:					
Revolving credits	2016 - 2017	44,500	66,700	44,500	66,700
Term loans	2016 - 2019	60,062	62,058	60,062	62,058
		104,562	128,758	104,562	128,758
		476,729	515,112	108,829	131,502
Total loans and borrowings		931,424	825,636	150,841	165,901

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

28. Loans and borrowings (Continued)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
On demand or within one year	454,695	310,524	42,012	34,399
Later than 1 year but not later than 2 years	134,172	127,479	44,430	39,688
Later than 2 years but not later than 5 years	299,023	348,373	64,399	91,814
Later than 5 years	43,534	39,260	-	-
	931,424	825,636	150,841	165,901

Bankers acceptances/short term loans

Bankers acceptances/short term loans are secured by legal charges over certain leasehold land of the Group and debenture incorporating fixed and floating charge over all present and future assets of a subsidiary.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 15).

Revolving credits

Revolving credits are secured by charges over certain leasehold land of the Group and of the Company.

Term loans

The term loans are secured by charges over certain leasehold land of the Group and of the Company.

The ranges of interest rates during the financial year for loans and borrowings are as follows:

	Group	
	2014 %	2013 %
Bankers acceptances/short term loans	3.69 - 3.86	3.69 - 3.86
Obligations under finance leases	4.77 - 5.77	3.10 - 6.17
Term loans		
- Fixed rates	5.52	4.95 - 5.52
- Floating rates	4.05 - 5.24	4.05 - 5.55
Revolving credits	3.99 - 4.92	3.99 - 4.33

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

29. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables				
Third parties	98,231	84,902	2,242	3,716
Amount due to subsidiaries	-	-	31,289	8,053
	98,231	84,902	33,531	11,769
Other payables				
Retention sums payable to contractors	6,213	6,447	6,213	6,447
Staff remuneration payable	6,289	5,379	6,289	5,379
Deposits received	636	121	32	52
Other payable and accrued operating expenses	110,397	88,896	27,007	36,197
Amount due to subsidiaries	-	-	2,388	-
	123,535	100,843	41,929	48,075
Total trade and other payables	221,766	185,745	75,460	59,844
Add: Loans and borrowings (Note 28)	931,424	825,636	150,841	165,901
Total financial liabilities carried at amortised cost	1,153,190	1,011,381	226,301	225,745

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 day (2013: 30 to 60 day) terms.

Included in trade payables of the Group and of the Company are amounts of RM7,292,000 (2013: RM5,862,000) and RM68,000 (2013: RM215,000) respectively due to companies in which certain Directors have substantial financial interests.

b) Other payables

Included in other payables of the Group and of the Company are amounts of RM159,000 (2013: RM181,000) and RM6,890 (2013: RM29,000) respectively due to companies in which certain Directors have substantial financial interests.

c) Amount due to subsidiaries

This amount is unsecured, non-interest bearing and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

30. Deferred tax

	As at 1 January 2013 RM'000	Recognised in profit or loss RM'000	Recognised in other compre- hensive income RM'000	As at 31 December 2013 RM'000	Recognised in profit or loss RM'000	Recognised in other compre- hensive income RM'000	As at 31 December 2014 RM'000
Group							
Deferred tax liabilities:							
Property, plant and equipment	254,413	15,262	-	269,675	5,657	-	275,332
Deferred tax assets:							
Unutilised tax losses	(37,112)	(15,724)	-	(52,836)	(10,024)	-	(62,860)
Unabsorbed capital allowance and agriculture allowance	(107,703)	(12,132)	-	(119,835)	(11,048)	-	(130,883)
Fair value adjustment on cash flow hedge	(294)	-	169	(125)	-	72	(53)
Others	(2,456)	(3,201)	-	(5,657)	203	-	(5,454)
	(147,565)	(31,057)	169	(178,453)	(20,869)	72	(199,250)
	106,848	(15,795)	169	91,222	(15,212)	72	76,082

	As at 1 January 2013 RM'000	Recognised in profit or loss RM'000	As at 31 December 2013 RM'000	Recognised in profit or loss RM'000	As at 31 December 2014 RM'000
--	--------------------------------------	--	--	--	--

Company**Deferred tax liabilities:**

Property, plant and equipment	31,255	724	31,979	1,650	33,629
----------------------------------	--------	-----	--------	-------	--------

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(49,057)	(32,380)	-	-
Deferred tax liabilities	125,139	123,602	33,629	31,979
	76,082	91,222	33,629	31,979

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

30. Deferred tax (Continued)

During the year, the Group has:

	Group	
	2014	2013
	RM'000	RM'000
Unutilised tax losses	259,789	212,390
Unabsorbed capital allowances	147,270	77,900
Unabsorbed agriculture allowance	430,005	401,648
	837,064	691,938

The unutilised tax losses, unabsorbed capital allowances and unabsorbed agriculture allowance of the Group are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act 1967 and guidelines issued by the tax authority.

31. Share capital and share premium

	Number of Ordinary Shares of RM1 Each Share Capital (Issued and Fully Paid) '000	Share Capital (Issued and Fully Paid) RM'000	Amount	Total Share Capital and Share Premium RM'000
			Share Premium RM'000	
At 1 January 2013	436,548	436,548	8,828	445,376
Ordinary shares issued during the year:				
Pursuant to exercise of ESOS	1,705	1,705	1,254	2,959
Transfer from employee share option reserve arising from exercise of ESOS	-	-	1,341	1,341
At 31 December 2013 and 1 January 2014	438,253	438,253	11,423	449,676
Ordinary shares issued during the year:				
Pursuant to exercise of ESOS	1,245	1,245	1,937	3,182
Transfer from employee share option reserve arising from exercise of ESOS	-	-	1,296	1,296
At 31 December 2014	439,498	439,498	14,656	454,154

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

31. Share capital and share premium (Continued)

	Number of Ordinary Shares of RM1 Each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised share capital				
At 1 January and 31 December	5,000,000	5,000,000	5,000,000	5,000,000

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

32. Employee share option reserve

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	4,271	3,244	4,271	3,244
Share options granted under ESOS				
Recognised in profit or loss	2,231	2,368	1,302	1,366
Charged to subsidiaries		-	929	1,002
Transfer to Share Premium arising from exercise of ESOS	(1,296)	(1,341)	(1,296)	(1,341)
At 31 December	5,206	4,271	5,206	4,271

The employee share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

33. Other reserves

	Hedge Reserve RM'000	Foreign Currency Translation Reserve RM'000	Total RM'000
Group			
At 1 January 2013	(575)	-	(575)
Other comprehensive income:			
Adjustment due to increase in equity in a subsidiary	(310)	-	(310)
Exchange differences on translation of the financial statements of foreign entities	-	1	1
Fair value adjustment on cash flow hedge	508	-	508
	198	1	199
At 31 December 2013 and 1 January 2014	(377)	1	(376)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

33. Other reserves (Continued)

Group	Hedge Reserve RM'000	Foreign Currency Translation Reserve RM'000	Total RM'000
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	29	29
Fair value adjustment on cash flow hedge	217	-	217
At 31 December 2014	(160)	30	(130)

Hedge reserve

The hedge reserve represents the cumulative fair value changes, net of tax, of the interest rate swap designated as cash flow hedges.

Foreign currency translation reserve

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

The exchange rates used for translation of Ringgit Malaysia transactions and balances in the accounts are as follows:

	2014 RM'000	2013 RM'000
Singapore Dollar		
Income statement (average rate)	N/A	2.5300
Balance sheet (period end rate)	N/A	2.5895
United States Dollar		
Income statement (average rate)	3.2812	N/A
Balance sheet (period end rate)	3.4966	N/A

34. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

35. Commitments**a) Capital commitments**

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
Plantation development expenditure	399	950	-	-
Property, plant and equipment	91,451	99,875	16,330	26,593
	91,850	100,825	16,330	26,593
Approved but not contracted for:				
Plantation development expenditure	5,911	11,112	-	-
Property, plant and equipment	74,897	103,416	31,913	33,694
	80,808	114,528	31,913	33,694
	172,658	215,353	48,243	60,287

b) Finance lease commitments

The Group has finance leases for certain items of plant and machinery and motor vehicles (Note 15). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments				
Not later than 1 year	10,294	12,632	5,132	5,843
Later than 1 year but not later than 2 years	5,413	6,516	2,880	2,533
Later than 2 years but not later than 5 years	2,273	1,614	1,568	281
Total minimum lease payments	17,980	20,762	9,580	8,657
Less: Amounts representing finance charges	(912)	(979)	(522)	(360)
Present value of minimum lease payments	17,068	19,783	9,058	8,297

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

35. Commitments (Continued)**b) Finance lease commitments (Continued)**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Present value of payments:				
Not later than 1 year	9,670	11,905	4,791	5,553
Later than 1 year but not later than 2 years	5,172	6,291	2,730	2,467
Later than 2 years but not later than 5 years	2,226	1,587	1,537	277
Present value of minimum lease payments	17,068	19,783	9,058	8,297
Less: Amount due within 12 months (Note 28)	(9,670)	(11,905)	(4,791)	(5,553)
Amount due after 12 months (Note 28)	7,398	7,878	4,267	2,744

36. Related party transactions

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2014 RM'000	2013 RM'000
Significant transactions with subsidiaries		
Purchase of fresh fruit bunches	334,517	289,588
Purchase of goods	33,462	26,081
Sale of seedlings and consumables	(835)	(328)
Sale of goods and services	(967,857)	(982,225)
Sale of property, plant and equipment	(2,173)	(9,272)
Purchase of property, plant and equipment	407	-
Interest expenses recharged	(17,301)	(11,214)
Management fees	(200)	(200)
Other income	(8,206)	(1,736)
Other services	623	(18,557)
Rental charges	180	180

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

36. Related party transactions (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Transactions with companies owned substantially by Directors Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing				
Purchase of spare parts and consumables	138,451	24,081	5,065	4,410
Sales of property, plant and equipment	-	(883)	-	(883)
Purchase of property, plant and equipment	1,856	2,054	-	-
Purchase of fresh fruit bunches	41,751	27,694	41,751	27,694
Sales of goods and services	(106)	(64)	-	-
Transportation charges	2,281	3,350	-	-

37. Employee benefits

Employee Share Options Scheme ("ESOS")

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007 and was implemented on 12 March 2007. It is to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are as follows:

- (i) The Option Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.
- (ii) Subject to the discretion of the Option Committee, any employee who has been employed for at least one year and whose employment has been confirmed is eligible to participate in the ESOS. Directors of the Group are not eligible to participate in the Proposed ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 6.32% of the issued and paid up share capital of the Company during the tenure of the ESOS. The aggregate allocation of options to the senior management of the Group shall not exceed 50% of the total number of shares to be issued under the ESOS. In addition, not more than 10% of the shares available under the ESOS are to be allocated to any eligible employee who, either singly or collectively through persons connected to the eligible employee, holds 20% or more in the issued and paid up share capital of the Company.
- (iv) The option price for each share shall be the higher of (a) at a discount of not more than 10% from the 5-day weighted average market price of the shares of the Company as shown in the daily official list issued by Bursa Securities immediately preceding the date on which the option is granted or (b) the par value of the shares of the Company.
- (v) The options shall be exercisable only by the employee during his lifetime and in employment of the Group and within the option period, subject to a maximum percentage of options exercisable in each year over a period up to 10 years.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the then existing ordinary shares of the Company except that the shares so issued shall not be entitled for any dividends, rights, allotments or other distributions to shareholders the entitlement date of which is prior to the date of allotment of the shares.
- (vii) The options shall not carry any right to vote at a general meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

37. Employee benefits (Continued)

Employee Share Options Scheme ("ESOS")

(viii) Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by an external valuer using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at granted date and the assumptions are as follows:

	2014	2013
Fair value of share options at the following grant dates (RM):		
12 March 2014	5.50	-
12 March 2013	-	4.94
Weighted average share price (RM)	6.61	5.67
Weighted average exercise price (RM)	2.63	2.41
Expected volatility (%)	24.32	26.81
Expected life (years)	5	5
Risk free rate (%)	3.15	3.15
Expected dividend yield (%)	0	0

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	Outstanding	Movements during the year				Outstanding	Exercisable
	1 January	Granted	Exercised	Forfeited	Expired	31 December	31 December
	'000	'000	'000	'000	'000	'000	'000
2014							
2014 options	-	742	(12)	(64)	-	666	202
2013 options	717	-	(134)	(44)	-	539	192
2012 options	978	-	(103)	(81)	-	794	405
2011 options	433	-	(107)	(25)	-	301	103
2010 options	1,080	-	(256)	(16)	-	808	266
2009 options	355	-	(103)	(8)	-	244	128
2008 options	165	-	(115)	-	-	50	221
2007 options	4,026	-	(415)	-	-	3,611	2,478
WAEP	2.41	5.50	2.56	4.77	-	2.63	2.26
2013							
2013 options	-	868	(20)	(131)	-	717	156
2012 options	1,162	-	(30)	(154)	-	978	335
2011 options	626	-	(112)	(81)	-	433	94
2010 options	1,339	-	(221)	(38)	-	1,080	259
2009 options	432	-	(67)	(10)	-	355	127
2008 options	309	-	(130)	(14)	-	165	187
2007 options	5,259	-	(1,124)	(109)	-	4,026	2,222
WAEP	2.12	4.94	1.74	3.85	-	2.41	2.05

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

37. Employee benefits

Employee Share Options Scheme ("ESOS") (Continued)

(i) Details of share options outstanding at the end of the year:

Grant date	WAEP	Exercised Period RM
2014	2.63	12.3.2014 - 11.3.2017
2013	2.41	12.3.2013 - 11.3.2017
2012	2.12	11.3.2012 - 11.3.2017
2011	1.65	12.3.2011 - 11.3.2017
2010	1.56	9.6.2010 - 11.3.2017
2009	1.41	12.3.2009 - 11.3.2017
2008	1.37	12.3.2008 - 11.3.2017
2007	2.91	12.3.2007 - 11.3.2017

(ii) Share options exercised during the year

Option exercised during the financial year resulted in the issuance of 1,245,000 (2013: 1,705,000) ordinary shares at an average price of RM2.56 (2013: RM1.74) each. The related weighted average share price at the date of exercise was RM6.61 (2013: RM5.67).

38. Fair value of financial instruments

(a) Fair values of financial instruments not carried at fair value

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Company which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	Carrying amount		Fair value	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial liabilities:				
Group				
Interest-bearing loans and borrowings				
- Obligations under finance leases	7,399	7,878	7,543	7,868
- Term loans	-	22,434	-	21,818
<hr/>				
Company				
Interest-bearing loans and borrowings				
- Obligations under finance leases	4,201	2,744	4,199	2,736
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

38. Fair value of financial instruments (Continued)**(a) Fair values of financial instruments not carried at fair value (Continued)**

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

(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 values:

	Note
Trade and other receivables	24
Trade and other payables	29
Loan and borrowings	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

39. Fair value measurement**Fair value hierarchy**

The Company classifies 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 in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

39. Fair value measurement (Continued)**Fair value hierarchy (Continued)**

The following table provides the fair value measurement hierarchy of the Company's liabilities.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2014				
Liabilities for				
Interest-bearing loans and borrowings				
- Obligations under finance leases	-	7,543	-	7,543
- Forward currency contracts - US dollar	-	10,933	-	10,933
- Derivatives commodity forward contracts	-	893	-	893
- Derivatives interest rate swap	-	222	-	222
<hr/>				
31 December 2013				
Liabilities for				
Interest-bearing loans and borrowings				
- Obligations under finance leases	-	7,868	-	7,868
- Term loans	-	19,082	-	19,082
- Forward currency contracts - US dollar	-	1,636	-	1,636
<hr/>				
Company				
31 December 2014				
Liabilities for				
Interest-bearing loans and borrowings				
- Obligations under finance leases	-	4,199	-	4,199
<hr/>				
31 December 2013				
Liabilities for				
Interest-bearing loans and borrowings				
- Obligations under finance leases	-	2,736	-	2,736
<hr/>				

There have been no transfers between Level 1 and Level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

40. 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 Group's overall financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Financial risk management policies are periodically reviewed and approved by the Board of Directors and executed by risk management committees. The Group Risk 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.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.

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 statement of financial position.

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 24.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 24.

(b) Liquidity risk

Liquidity risk is the risk that the Group or 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 the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

40. Financial risk management objectives and policies (Continued)Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

Group	On demand or within 1 year RM'000	Between 1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2014				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	221,766	-	-	221,766
Loans and borrowings	478,923	470,534	63,031	1,012,488
Total undiscounted financial liabilities	700,689	470,534	63,031	1,234,254
At 31 December 2013				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	185,745	-	-	185,745
Loans and borrowings	325,880	502,241	48,847	876,968
Total undiscounted financial liabilities	511,625	502,241	48,847	1,062,713
Company				
At 31 December 2014				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	75,460	-	-	75,460
Loans and borrowings	48,415	115,370	-	163,785
Total undiscounted financial liabilities	123,875	115,370	-	239,245
At 31 December 2013				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	59,844	-	-	59,844
Loans and borrowings	42,795	134,811	-	177,606
Total undiscounted financial liabilities	102,639	134,811	-	237,450

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as no default has occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

40. Financial risk management objectives and policies (Continued)**(c) 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. The Group's and the Company's exposure to market risk for changes in interest rates arise primarily from their long term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM92,000 (2013: RM358,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) 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 has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currency of the Group (RM). The foreign currency in which these transactions are denominated is primarily United States Dollars (USD).

The Group manages its foreign currency risk by hedging transactions using forward currency contracts.

Sensitivity analysis for foreign currency risk

The sensitivity of the Group's profit net of tax to a reasonable possible change in the USD exchange rates against the functional currency of the Group and of the Company, with all other variables held constant:

	Group		Company	
	Profit net of tax		Profit net of tax	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
USD/RM - strengthen by 5%	1,765	3,265	91	103
USD /RM - weaken by 5%	(1,765)	(3,265)	(91)	(103)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

41. Capital management

The primary objective of the Group's capital management is to ensure that it maintains 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 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.

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	28	931,424	825,636	150,841	165,901
Total equity		1,428,906	1,326,188	1,350,785	1,242,697
Gearing ratio		65.18%	62.26%	11.17%	13.35%

42. Segment information

The Group is principally engaged in the oil palm in Malaysia. No segmental analysis is presented as the property development segment of the Group is still at initial stage.

43. Dividends

	Group/Company	
	2014 RM'000	2013 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Final dividend for 2013:		
5% (2012: 6% less 25% tax) on 439,266,859 (2012: 437,616,559) ordinary shares	21,963	19,693
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final dividend for 2014:		
5% (2013: 5%) on 439,958,359 (2013: 438,253,259) ordinary shares	21,975	21,913

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

44. Contingent liabilities

Details of contingent liabilities are as follows:

- (a) A subsidiary of the Group is currently one of the defendants in a lawsuit brought by a party claiming a declaration that the plaintiffs have acquired and created Native Customary Rights over a parcel of land of 5,765 hectares currently occupied by the subsidiary as the registered owner.

The High Court has made a judgment on 8 August 2014, and the area affected was insignificant. The plaintiffs appealed against the Judgement of the High and similarly, the Company had files a cross appeal against the same judgement.

The Court of Appeal has fixed to hear the appeals in October 2015.

The Directors believe that the subsidiaries have valid defences against the allegation and, accordingly, have not provided for any claim arising from the litigation.

- (b) Another subsidiary of the Group is currently one of the defendants in a lawsuit brought by a party alleging that the subsidiary has used, planted and trespassed into the plaintiffs' lands of approximately 653 hectares without consent.

In June 2014, the Plaintiffs and Defendants have reached an out of court settlement and the Plaintiffs' counsel had withdrawn the case with no liberty to file afresh.

45. Events occurring after the reporting date

On 19 March 2014, the Company has entered into the conditional share sales agreement and conditional sales and purchase agreement for the acquisition of the following:

- (a) 60% equity interest in DD Pelita Sebungan Plantation Sdn. Bhd. and Mutiara Pelita Genaan Plantation Sdn. Bhd. from Double Dynasty Sdn. Bhd. and Mutiara Hartabumi Sdn. Bhd. respectively for an aggregate purchase consideration of RM134,900,000, together with the proposed procurement of the rights to develop an additional up to 8,000 hectares of land into oil palm plantations for a procurement consideration of up to RM28,000,000; and
- (b) 34.9 hectares of land, earmarked for a palm oil mill, located at Bintulu, Sarawak, from DD Palm Oil Mills Sdn. Bhd., Ting Chek Ing and Lee Ka Ming for a purchase consideration of approximately RM4,300,000.

On 1st December 2014, the Company received a letter from vendor's advocates informing that the Vendors were unable to obtain consent from the Ministry of Land Development, Sarawak for the sale and transfer of their sale shares, which is one of the conditional share sales agreement's ("CSSA") condition precedent and that the vendors were giving notice to rescind the CSSA. As the conditional sales and purchase agreement ("CSPA") is conditional upon the completion of the CSSA, the CSPA would also be rescinded.

The vendors and the Company has on 21st April 2015, entered into Deed of Rescission to rescind both CSSA and CSPA.

46. 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 29 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2014

47. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 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	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Recognised during the financial year:				
Total retained earnings of the Company and its subsidiaries:				
- Realised	924,314	843,866	924,905	820,635
- Unrealised	(52,820)	(65,818)	(33,480)	(31,885)
Retained earnings as per financial statements	871,494	778,048	891,425	788,750

PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2014

Location of Property Sarawak	Year of Acquired/ Revaluation	Tenure	Year of Expiry	Size Hectares	Description Net	Book Value As at 31 Dec 2014 (RM'000)	Age of Building (Years)	
1	Kebuloh Estate, Miri	1971-1972	Leasehold 87 to 97 years	2067	1,841	Oil Palm Estate & Oil Palm Mill	351,141	1 to 34
2	Luak Estate, Miri	1977-1980	Leasehold 87 to 97 years	2067	2,785	Oil Palm Estate		
3	Telabit Estate, Miri	1989	Leasehold 99 years	2085	2,762	Oil Palm Estate		
4	Pinang Estate, Miri	1991	Leasehold 99 years	2090	1,296	Oil Palm Estate		
5	Galasah Estate, Miri	1989	Leasehold 99 years	2084	1,907	Oil Palm Estate & Oil Palm Mill		
6	Balingian Estate 1, Balingian	1997	Leasehold 60 years	2057	1,679	Oil Palm Estate & Oil Palm Mill	45,820	1 to 16
7	Balingian Estate 2, Balingian	1999	Leasehold 60 years	2059	2,298	Oil Palm Estate		
8	Sengah/Tibus Estate, Miri	2003-2004	Leasehold 60 years	2063-2064	1,499	Oil Palm Estate	63,867	1 to 17
9	Lamaus Estate, Miri	2003-2004	Leasehold 60 years	2063-2064	3,818	Land under Oil Palm Development		
10	Suai Estate, Miri	2004	Leasehold 60 years	2064	3,337	Land under Oil Palm Development		
11	Niah Estate, Miri	1999	Leasehold 60 years	2059	5,000	Oil Palm Estate	56,677	1 to 14
12	Taniku Estate, Miri	2003	Leasehold 60 years	2058	4,858	Oil Palm Estate	126,615	1 to 18
13	Sepakau Estate, Belaga	2003	Leasehold 60 years	2059	9,030	Land Under Oil Palm Development & Oil Palm Mill		
14	Karabungan Estate	2005	Leasehold 60 years	2058	2,023	Oil Palm Estate	30,014	1 to 9
15	Tatau Estate	2008	Leasehold 99 years	2103	3,840	Oil Palm Estate	201,828	1 to 7
16	Sebungan Estate	2006	Leasehold 99 years	2103	1,667	Oil Palm Estate		
17	Lavang Estate	2006	Leasehold 99 years	2104	4,880	Land Under Oil Palm Development & Oil Palm Mill		
18	Tinbarap Estate	2007	Leasehold 99 years	2105	12,910	Land Under Oil Palm Development & Oil Palm Mill	274,113	1 to 7
19	Batu Lintang, Sri Aman	2008	NCR Native Land 60 years	NA	2,332	Land Under Oil Palm Development	52,891	1 to 5
20	Sabaju Estate	2010	Leasehold	2112	3,370	Land Under Oil Palm Development	75,194	1 to 4
21	POIC, Bintulu	2012	Leasehold 60 years	2074	41	Palm Oil Refinery, Fractionation, Palm Kernel Crushing Plant & other amenities	268,838	1 to 3
22	Land- Kuching/Miri	2007	Leasehold 60 to 99 years	2038 -2067	43	Future Development Land, On-going Commercial Commercial and Residential Development	21,214	-

SARAWAK OIL PALMS BERHAD GROUP



ANALYSIS OF SHAREHOLDINGS

AS AT 11 MAY 2015

SHARE CAPITAL

Authorised	:	5,000,000,000 Ordinary Shares of RM1.00 each
Issued and Fully Paid	:	439,740,709
Voting Rights	:	One Vote Per Share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shareholders	% of Issued Shares	Capital
Less than 100		177	4.82	2,565	0.00
100 – 1,000		828	22.55	513,572	0.12
1,001 – 10,000		1,973	53.73	7,788,124	1.77
10,001 – 100,000		556	15.14	16,196,062	3.68
100,001 to less than 5% of issued shares		132	3.59	91,769,346	20.87
5% and above of issued shares		6	0.16	323,471,040	73.56
TOTAL		3,672	100.00	439,740,709	100.00

Substantial Shareholders

	No. of Shares Held	% of Issued Capital
1. Shin Yang Plantation Sdn Bhd	126,294,214	28.72
2. Pelita Holdings Sdn Bhd	89,704,389	20.40
3. Tan Sri Datuk Ling Chiong Ho	31,069,808	7.07

Directors' Interests In Shares

Size of Holdings	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
In the company				
Tan Sri Datuk Ling Chiong Ho	31,069,808	7.07	-	-
Ling Chiong Sing	-	-	-	-
Ling Lu Kuang	-	-	-	-
Tang Tiong Ing	42,880	0.01	-	-
Hasbi Bin Suhaili	-	-	-	-
Gerald Rentap Jabu	1,000	Negligible	-	-
Fong Yoo Kaw @ Fong Yee Kow, Victor	-	-	-	-
Dr. Lai Yew Hock, Dominic	-	-	39,400	0.01
Wong Ngie Yong	-	-	20,000	Negligible
Kamri Bin Ramlee	-	-	-	-

THIRTY LARGEST SHAREHOLDERS

AS AT 11 MAY 2015

	NAME	No. of Shares	Shares %
1	AMMB NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR SHIN YANG PLANTATION SDN BHD (KCH 001)	103,064,478	23.44
2	PELITA HOLDINGS SDN BHD	89,704,389	20.40
3	MAYBANK NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD – PRIVATE BANK CLIENTS ACCOUNT (NON-MALAYSIAN) (266268)	41,515,166	9.44
4	STATE FINANCIAL SECRETARY SARAWAK	34,887,463	7.93
5	LING CHIONG HO	31,069,808	7.07
6	SHIN YANG PLANTATION SDN BHD	23,229,736	5.28
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBAP-SGDIV-ACCL)	14,044,400	3.19
8	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-FGN)	9,778,400	2.22
9	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	8,748,600	1.99
10	PEKAN MEGAH SDN BHD	5,823,360	1.32
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG ING YUNG (PB)	3,086,300	0.70
12	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND (4207)	2,228,000	0.51
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (SHAREHLDR'S FD)	2,065,500	0.47
14	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,755,240	0.40
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	1,753,000	0.40
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT - HW FLEXI FUND (270519)	1,686,300	0.38
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (LIFE NON-PAR FD)	1,676,400	0.38
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT BALANCED FUND (4405)	1,414,100	0.32
19	CIMB COMMERCE TRUSTEE BERHAD PUBLIC FOCUS SELECT FUND	1,400,700	0.32
20	ADINAMAJU SDN BHD	1,024,660	0.23
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (DANA EKT PRIMA)	861,300	0.20
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (KIB)	814,500	0.19
23	LEMBAGA TABUNG ANGKATAN TENTERA	779,300	0.18
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	770,200	0.18
25	MAYBANK NOMINEES (TEMPATAN) SDB BHD ETIQA TAKAFUL BERHAD (ANNUITY PIF EQ)	760,000	0.17
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD ASIAN ISLAMIC INVESTMENT MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	759,000	0.17
27	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	750,100	0.17
28	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	710,500	0.16
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA TAKAFUL BERHAD (SHAREHOLDERS FD)	690,000	0.16
30	NEOH CHOO EE & COMPANY, SDN. BERHAD	677,000	0.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting of the Company will be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 25 June 2015 at 10.00 am for the following purposes:-

AGENDA

- 1 To receive and adopt the annual accounts for the year ended 31st December 2014 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
- 2 To declare a Final Dividend in respect of the financial year ended 31st December 2014 as recommended by the Directors. **(Resolution 2)**
- 3 To approve payment of Directors' fees in respect of the financial year ended 31st December 2014. **(Resolution 3)**
- 4 To re-elect the following Directors who retire pursuant to Article 95 and 101 of the Company's Articles of Association and being eligible, offer themselves for re-election.
 - (a) Ling Chiong Sing **(Resolution 4)**
 - (b) Dr. Lai Yew Hock, Dominic **(Resolution 5)**
 - (c) Wong Ngie Yong **(Resolution 6)**
- 5 To appoint Messrs. Ernst & Young as the auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 7)**
- 6 **As Special Businesses**
To consider and, if thought fit, to pass the following ordinary resolutions:-
 - (i) Continuation in office as Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

 "THAT approval be and is hereby given to Directors who has served as an Independent Non-Executive Director of the Company for a cumulative form of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

 - (a) Dr. Lai Yew Hock, Dominic **(Resolution 8)**
 - (b) Wong Ngie Yong **(Resolution 9)**
 - (ii) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature **(Resolution 10)**

 "THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a revenue or trading nature with those Related Parties as stated in Section 2.2 of the Circular to Shareholders dated 4 June 2015 which are necessary for its day-to-day operations subject further to the following: -
 - a) That the transactions are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those available to the public and not to the detriment of the minority shareholders;
 - b) That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on information such as the type of the Recurrent Transactions made and the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the company; and
 - c) That such approval shall continue to be in force until:-
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company;
 - (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("Acts") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier;
7. To transact any other business for which due notice shall be given.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)**NOTICE OF DIVIDEND ENTITLEMENT**

NOTICE IS HEREBY GIVEN THAT a First and Final single tier dividend of 5% for the financial year ended 31 December 2014 will be payable on 23 July 2015 to Depositors registered in the Records of Depositors at the close of business on 30 June 2015. Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares deposited into Depositor's Securities Account before 12:30pm on 26 June 2015. (In respect of shares which are exempted from mandatory deposit)
- (b) Shares transferred into the Depositor's Securities Account before 4:00pm on 30 June 2015 in respect of transfers; and
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Eric Kiu Kwong Seng

Secretary
Miri

4 June 2015

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. The Form of Proxy must be deposited to either of the following offices not less than forty-eight (48) hours before the time appointed for holding the meeting:
 - (i) The Office of the Share Registrars, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia.
 - (ii) The Registered office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.
5. Explanatory notes on Special Business:
Ordinary Resolution No. 6(i): Continuation in office as Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012
 - (a) Dr. Lai Yew Hock, Dominic
 - (b) Wong Ngie YongThe Nomination Committee has assessed the independence of Dr. Lai Yew Hock, Dominic and Wong Ngie Yong who have served as an Independent Non-Executive Director of the Company for a term of fifteen years (Dr. Lai) and fourteen years (Mr. Wong) respectively and recommended them to continue to act as Independent Non-Executive Director of the Company based on the following justifications:
 - (a) They fulfil the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and they are able to provide proper checks and balance thus bring an element of objectivity to the Board of Directors.
 - (b) They have always actively participated in Board and Board Committees discussions and has continuously provided an independent view to the Board.
 - (c) They have the caliber, qualifications, experience and personal qualities to consistently challenge management in an effective and constructive manner.
 - (d) Profile of the two (2) Directors appear on page 10 of the Annual Report.

Ordinary Resolution No. 6(ii): Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature:

If passed, will authorize the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of revenue or trading nature. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 4 June 2015 for more information.

6. Depositors who appear in the Record of Depositors as at 18 June 2015 shall be regarded as member of the Company entitled to attend the Forty-Seventh Annual General Meeting or appoint a proxy to attend and vote on his behalf.

STATEMENT ACCOMPANYING NOTICE

OF THE FORTY-SEVENTH ANNUAL GENERAL MEETING OF SARAWAK OIL PALMS BERHAD

1. Directors who are standing for Re-election

- | | | |
|-----|---------------------------|----------------|
| (a) | Ling Chiong Sing | (Resolution 4) |
| (b) | Dr. Lai Yew Hock, Dominic | (Resolution 5) |
| (c) | Wong Ngie Yong | (Resolution 6) |

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 8 to 10 of this Annual Report.

2. Directors who are seeking for continuation of office as Independent Non-Executive Director

- | | | |
|-----|---------------------------|----------------|
| (a) | Dr. Lai Yew Hock, Dominic | (Resolution 8) |
| (b) | Wong Ngie Yong | (Resolution 9) |

Profiles of the two (2) Directors appear on page 10 of this Annual Report.

3. Details of Attendance of Directors of Board Meetings

Name of Directors	Date of Appointment	Board Attendance
Tan Sri Datuk Ling Chiong Ho	16/06/1995	5/5
Ling Chiong Sing	01/12/2006	5/5
Ling Lu Kuang	27/06/2008	5/5
Tang Tiong Ing	16/06/1995	5/5
Hasbi Bin Suhaili	26/08/2005	5/5
Gerald Rentap Jabu	24/05/2000	3/5
Dr Lai Yew Hock, Dominic	24/02/2000	3/5
Wong Ngie Yong	15/06/2001	4/5
Kamri Bin Ramlee	01/04/2011	4/5
Fong Yoo Kaw @ Fong Yee Kow, Victor	28/04/2014	4/4
Fong Tshu Kwong	22/03/1996	1/1
	(Resigned on 31 Mar 2014)	

Number of meetings attended (first figure) number of meetings held while in office (second figure)

4. Details of the Board of Directors' Meeting held

Five Board Meetings were held during the year.

Board Meeting	Time	Place
25 February 2014	10.00 a.m	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
29 April 2014	2.15 p.m	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
25 June 2014	11.00 a.m	Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak
26 August 2014	9.30 a.m	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
21 November 2014	9.30 a.m	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak

5. Details of persons who are standing for election as Directors

No individual is seeking election as Director at the Forty-Seventh Annual General Meeting of the Company.

Form of Proxy

SARAWAK OIL PALMS BERHAD

(Company No.7949-M)
(Incorporated in Malaysia)

No of ordinary shares held

I/We _____

of _____

being a member/members of the above Company, hereby appoint *Chairman of the meeting or _____

of _____

or failing him _____

of _____

as *my/our proxy to vote for* me/us and on* my/our behalf at the Forty-Seventh Annual General Meeting of the Company to be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 25 June 2015 at 10.00 am and, at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces.

NO.	RESOLUTIONS	FOR	AGAINST
1	Adoption of Accounts and Reports of Directors and Auditors		
2	Declaration of Final Dividend		
3	Approval of Directors' fees		
4	Re-election of retiring director: Ling Chiong Sing		
5	Re-election of retiring director: Dr. Lai Yew Hock, Dominic		
6	Re-election of retiring director: Wong Ngie Yong		
7	Appointment of Auditors		
SPECIAL BUSINESSES			
8	Continuation of terms in office of Dr. Lai Yew Hock, Dominic as Independent Non-Executive Director		
9	Continuation of terms in office of Wong Ngie Yong as Independent Non-Executive Director		
10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue of trading nature		

(Please indicate with an "X" in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

Dated thisday of 2015

.....
Signature and/or Common Seal of Shareholders

Notes:

- A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his instead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints more than one (1) proxy, the proportion of his shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to paragraph 7.22 of the Listing Requirements of the Bursa Malaysia Berhad, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy or proxies shall be in writing (in the common and usual form) under the hand of the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an office or attorney duly authorised.
- The instrument appointing a proxy must be deposited at either of the following offices not less than forty-eight (48) hours before the time appointed for the holding of the meeting:
 - The Office at the Share Registrars, Symphony Share Registrars Sdn. Bhd. At Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46 47301 Petaling Jaya, Selangor.
 - The Registered Office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.
- Depositors who appear in the Record of Depositors as at 18 June 2015 shall be regarded as member of the Company entitled to attend the Forty-Seventh Annual General Meeting or appoint a proxy to attend and vote on his behalf.



Please fold here

Stamp

The Company Secretary
SARAWAK OIL PALMS BERHAD (7949-M)
No. 124-126, Jalan Bendahara
98000 Miri
Sarawak

Please fold here