BLD PLANTATION BHD.
(562199-A)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2013

Company No: 562199-A

BLD Plantation Bhd.
(Incorporated in Malaysia)

Directors:	Dato Henry Lau Lee Kong *Chairman and Executive Director* Tuan Haji Wan Abdillah Bin Wan Hamid *Executive Director* Robert Lau Hui Yew Chong Chon Chee Datuk Haji Hamden Bin Haji Ahmad
Secretary:	Alvin Lau Lee Jen
Registered office:	Level 6 Crown Towers 88 Jalan Pending 93450 Kuching, Sarawak, Malaysia Tel: 082-335311 Fax: 082-348311
Registrar:	Symphony Share Registrars Sdn. Bhd. Level 6 Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Tel: 03-78418000 Fax: 03-78418151
Auditors:	Ernst & Young
Principal bankers:	Affin Bank Berhad AmBank (M) Berhad Asian Finance Bank Berhad CIMB Bank Berhad Hong Leong Bank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad RHB Bank Berhad Standard Chartered Bank Malaysia Berhad United Overseas Bank (Malaysia) Berhad
Stock Exchange Listing:	Bursa Malaysia Securities Berhad - Main Market
Stock Code:	5069
Stock Name:	BLDPLNT

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BLD Plantation Bhd.
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Directors' Report

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

Principal activities

The Company is principally engaged in investment holding and provision of management services while the principal activities of the Group are operation of a palm oil refinery and kernel crushing plant, cultivation of oil palm, processing of fresh fruit bunches, sales of related products and letting of property.

The principal activities of the subsidiaries are more particularly set out in Note 14 to the financial statements.

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

Results

	Group	**Company**
	RM	RM
Profit net of tax	36,853,763	5,886,203
	========	========
Profit for the year attributable to:		
Owners of the Company	37,063,065	5,886,203
Non-controlling interests	(209,302)	-
	36,853,763	5,886,203
	=========	========

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.

Reserves and provisions

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

Dividends

The amount of dividend paid by the Company since 31 December 2012 was as follows:

In respect of the financial year ended 31 December 2012:

	RM
Final tax exempt (single tier) dividend of 5% on 93,500,000 ordinary shares declared on 27 June 2013 and paid on 31 July 2013	4,675,000
	=======

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2013 of 5% on 93,500,000 ordinary shares 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 2014.

Directors

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

Dato Henry Lau Lee Kong
Tuan Haji Wan Abdillah Bin Wan Hamid
Robert Lau Hui Yew
Chong Chon Chee
Datuk Haji Hamden Bin Haji Ahmad

In accordance with Article 84 of the Company's Articles of Association, all the directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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 8 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 25 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 in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2013	**Acquired**	**Sold**	**At 31.12.2013**
Direct Interest				
Tuan Haji Wan Abdillah Bin Wan Hamid	110,021	-	(5,200)	104,821
Robert Lau Hui Yew	100,000	-	-	100,000
Chong Chon Chee	40,000	-	-	40,000
Indirect Interest				
Dato Henry Lau Lee Kong	36,133,529	221,500	-	36,355,029
Tuan Haji Wan Abdillah Bin Wan Hamid	17,307,107	-	(221,500)	17,085,607
Robert Lau Hui Yew	34,108,634	-	-	34,108,634

There were no other movements in shares of the Company during the financial year.

By virtue of their interests in shares of BLD Plantation Bhd. and Section 6A of the Companies Act, 1965, Dato Henry Lau Lee Kong, Tuan Haji Wan Abdillah Bin Wan Hamid and Robert Lau Hui Yew are also deemed interested in the shares of the subsidiaries of BLD Plantation Bhd. to the extent that BLD Plantation Bhd. has an interest.

The other director in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM85,000,000 to RM93,500,000 by way of the issuance of 8,500,000 ordinary shares of RM1 each through a private placement at an issue price of RM7.80 per share, for cash, representing 10% of the issued and paid-up capital of the Company. The share issue expenses amounting to RM223,800 have been set off in the share premium account.

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

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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 bad 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 the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

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

Other statutory information (contd.)

(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 as and 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.

Auditors

The auditors, Ernst & Young, is not seeking for re-appointment. A resolution to appoint a new auditor will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2014.

Tuan Haji Wan Abdillah Bin Wan Hamid **Chong Chon Chee**

Company No: 562199-A

BLD Plantation Bhd.
(Incorporated in Malaysia)

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, **Tuan Haji Wan Abdillah Bin Wan Hamid** and **Chong Chon Chee**, being two of the directors of **BLD Plantation Bhd.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 83 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 32 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 2014.

Tuan Haji Wan Abdillah Bin Wan Hamid **Chong Chon Chee**

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Tuan Haji Wan Abdillah Bin Wan Hamid**, being the director primarily responsible for the financial management of **BLD Plantation Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 84 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Tuan Haji Wan Abdillah Bin Wan Hamid** at Kuching in the State of Sarawak on 29 April 2014

Tuan Haji Wan Abdillah Bin Wan Hamid

Before me,

Company No: 562199-A

Independent Auditors' Report to the Members of
BLD Plantation Bhd.
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **BLD Plantation Bhd.**, which comprise statements of financial position as at 31 December 2013 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 83.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

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 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 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the 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.

Other reporting responsibilities

The supplementary information set out in Note 32 on page 84 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG VOON KAR
1769/04/16 (J/PH)
Chartered Accountant

Kuching, Malaysia
Date: 29 April 2014

Company No: 562199-A

BLD Plantation Bhd.

Statements of Comprehensive Income
For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	1,634,465,658	1,913,763,662	10,516,855	18,849,647
Cost of sales		(1,536,685,905)	(1,724,796,219)	-	-
Gross profit		97,779,753	188,967,443	10,516,855	18,849,647
Other items of income					
Interest income		5,945,939	3,273,137	-	-
Other income		37,430	393,650	-	-
Other items of expense					
Selling expenses		(34,365,063)	(47,694,014)	-	-
Administrative expenses		(20,820,992)	(20,487,792)	(2,561,514)	(2,350,806)
Finance costs	5	(12,051,604)	(6,222,629)	-	-
Profit before tax	6	36,525,463	118,229,795	7,955,341	16,498,841
Income tax expense	9	328,300	(29,172,328)	(2,069,138)	(4,209,502)
Profit for the year, net of tax, representing total comprehensive income for the year		36,853,763	89,057,467	5,886,203	12,289,339
Profit attributable to:					
Owners of the Company		37,063,065	88,510,882	5,886,203	12,289,339
Non-controlling interests		(209,302)	546,585	-	-
		36,853,763	89,057,467	5,886,203	12,289,339
Earnings per share attributable to owners of the Company (RM per share):					
Basic	10	0.41	1.04		

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

Company No: 562199-A

BLD Plantation Bhd.

Statements of Financial Position
As at 31 December 2013

		Group		Company	
	Note	**2013**	**2012**	**2013**	**2012**
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Biological assets	12	502,437,910	482,943,421	-	-
Property, plant and equipment	13	388,823,388	386,107,938	39,196	50,649
Investments in subsidiaries	14	-	-	82,542,959	82,542,959
Goodwill	15	-	82,137	-	-
Deferred tax assets	16	1,308,039	-	-	-
		892,569,337	869,133,496	82,582,155	82,593,608
Current assets					
Inventories	17	156,852,413	138,059,261	-	-
Trade and other receivables	18	123,028,112	59,290,217	88,487,764	40,496,554
Prepaid operating expenses		1,634,400	1,741,377	3,403	3,654
Tax recoverable		5,258,693	10,593,289	82,926	98,314
Cash and bank balances	19	263,175,736	296,545,424	20,678,385	1,363,588
Derivatives	20	-	195,665	-	-
		549,949,354	506,425,233	109,252,478	41,962,110
TOTAL ASSETS		1,442,518,691	1,375,558,729	191,834,633	124,555,718
		===========	==========	=========	=========
EQUITY AND LIABILITIES					
Current liabilities					
Derivatives	20	1,858,926	-	-	-
Loans and borrowings	21	269,501,515	262,608,671	-	-
Trade and other payables	22	114,475,084	123,820,790	409,971	418,459
		385,835,525	386,429,461	409,971	418,459
Net current assets		164,113,829	119,995,772	108,842,507	41,543,651

Company No: 562199-A

BLD Plantation Bhd.

Statements of Financial Position
As at 31 December 2013 (contd.)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
EQUITY AND LIABILITIES (contd.)					
Non-current liabilities					
Deferred tax liabilities	16	145,125,701	146,533,283	-	-
Loans and borrowings	21	138,523,974	167,585,123	-	-
		283,649,675	314,118,406	-	-
TOTAL LIABILITIES		669,485,200	700,547,867	409,971	418,459
Net assets		773,033,491	675,010,862	191,424,662	124,137,259
Equity attributable to owners of the Company					
Share capital	23	93,500,000	85,000,000	93,500,000	85,000,000
Share premium	23	79,680,555	22,104,355	79,680,555	22,104,355
Retained earnings	24	598,549,880	566,161,815	18,244,107	17,032,904
		771,730,435	673,266,170	191,424,662	124,137,259
Non-controlling interests		1,303,056	1,744,692	-	-
TOTAL EQUITY		773,033,491	675,010,862	191,424,662	124,137,259
TOTAL EQUITY AND LIABILITIES		1,442,518,691	1,375,558,729	191,834,633	124,555,718

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

Company No: 562199-A

BLD Plantation Bhd.

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

			← Attributable to owners of the Company →				
				Non-distributable		Distributable	
	Note	**Equity, total**	**Equity attributable to owners of the Company**	**Share capital (Note 23)**	**Share premium (Note 23)**	**Retained earnings**	**Non-controlling interests**
		RM	RM	RM	RM	RM	RM
Group							
At 1 January 2012		601,937,132	600,665,067	85,000,000	22,104,355	493,560,712	1,272,065
Acquisition of non-controlling interests	14(i)	(4,009,779)	(4,009,779)	-	-	(4,009,779)	-
Total comprehensive income		89,057,467	88,510,882	-	-	88,510,882	546,585
Transactions with owners							
Dividends on ordinary shares	11	(11,900,000)	(11,900,000)	-	-	(11,900,000)	-
Dividend paid to non-controlling interests		(73,958)	-	-	-	-	(73,958)
		(11,973,958)	(11,900,000)	-	-	(11,900,000)	(73,958)
At 31 December 2012		675,010,862	673,266,170	85,000,000	22,104,355	566,161,815	1,744,692
		=========	=========	========	=========	=========	=========

BLD Plantation Bhd.

Statements of Changes in Equity
For the financial year ended 31 December 2013 (contd.)

			← Attributable to owners of the Company →				
				Non-distributable		Distributable	
	Note	**Equity, total**	**Equity attributable to owners of the Company**	**Share capital (Note 23)**	**Share premium (Note 23)**	**Retained earnings**	**Non-controlling interests**
		RM	RM	RM	RM	RM	RM
Group (contd.)							
At 1 January 2013		675,010,862	673,266,170	85,000,000	22,104,355	566,161,815	1,744,692
Total comprehensive income		36,853,763	37,063,065	-	-	37,063,065	(209,302)
Transactions with owners							
Issuance of new ordinary shares pursuant to private placement		66,076,200	66,076,200	8,500,000	57,576,200	-	-
Dividends on ordinary shares	11	(4,675,000)	(4,675,000)	-	-	(4,675,000)	-
Dividend paid to non-controlling interests		(232,334)	-	-	-	-	(232,334)
		61,168,866	61,401,200	8,500,000	57,576,200	(4,675,000)	(232,334)
At 31 December 2013		773,033,491	771,730,435	93,500,000	79,680,555	598,549,880	1,303,056
		=========	=========	========	=========	=========	=========

BLD Plantation Bhd.

Statements of Changes in Equity
For the financial year ended 31 December 2013 (contd.)

			Non-distributable		Distributable
	Note	**Equity, total** RM	**Share capital (Note 23)** RM	**Share premium (Note 23)** RM	**Retained earnings (Note 24)** RM
Company					
At 1 January 2012		123,747,920	85,000,000	22,104,355	16,643,565
Total comprehensive income		12,289,339	-	-	12,289,339
Transaction with owners					
Dividends on ordinary shares	11	(11,900,000)	-	-	(11,900,000)
At 31 December 2012		124,137,259	85,000,000	22,104,355	17,032,904
At 1 January 2013		124,137,259	85,000,000	22,104,355	17,032,904
Total comprehensive income		5,886,203	-	-	5,886,203
Transaction with owners					
Issuance of new ordinary shares pursuant to private placement		66,076,200	8,500,000	57,576,200	-
Dividends on ordinary shares	11	(4,675,000)	-	-	(4,675,000)
		61,401,200	8,500,000	57,576,200	(4,675,000)
At 31 December 2013		191,424,662	93,500,000	79,680,555	18,244,107

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

BLD Plantation Bhd.

Statements of Cash Flows
For the financial year ended 31 December 2013

	Note	2013 RM	2012 RM
Group			
Operating activities			
Profit before tax		36,525,463	118,229,795
Adjustments for:			
Interest expense	5	12,051,604	6,222,629
Depreciation of property, plant and equipment	6	27,906,379	24,504,342
Loss/(gain) on disposal of property, plant and equipment	6	27,871	(23,048)
Interest income	6	(6,300,356)	(3,306,532)
Impairment of goodwill on consolidation	6	82,137	-
Net fair value loss/(gain) on derivatives	6	2,054,591	(351,942)
Net unrealised foreign exchange (gain)/loss	6	(2,204,543)	1,101,005
Total adjustments		33,617,683	28,146,454
Operating cash flows before changes in working capital		70,143,146	146,376,249
Changes in working capital			
(Increase)/decrease in inventories		(18,793,152)	35,117,548
Increase in receivables		(63,702,698)	(6,693,059)
Decrease in prepaid operating expenses		106,977	1,032,363
Decrease in payables		(9,345,706)	(84,656,122)
Total changes in working capital		(91,734,579)	(55,199,270)
Cash flows (used in)/from operations		(21,591,433)	91,176,979
Interest received		6,300,356	3,306,532
Income tax paid, net of refund		2,947,275	(8,895,621)
Net cash flows (used in)/from operating activities		(12,343,802)	85,587,890

BLD Plantation Bhd.

Statements of Cash Flows
For the financial year ended 31 December 2013 (contd.)

	Note	2013 RM	2012 RM
Group			
Investing activities			
Acquisition of biological assets (net of interest capitalised)	12	(13,734,784)	(22,811,309)
Acquisition of property, plant and equipment	13	(30,715,244)	(55,378,963)
Acquisition of additional interest in an existing subsidiary	14(i)	-	(4,009,779)
Proceeds from disposal of property, plant and equipment		65,544	23,050
Net cash flows used in investing activities		(44,384,484)	(82,177,001)
Financing activities			
Proceeds from private placement of shares, net of expenses	23	66,076,200	-
Dividends paid to owners of the Company	11	(4,675,000)	(11,900,000)
Dividends paid by a subsidiary to non-controlling interests		(232,334)	(73,958)
Proceeds from term loans		4,251,329	47,288,344
Repayment of term loans		(30,100,071)	(26,880,558)
Proceeds from revolving credit		119,000,000	100,822,311
Repayment of revolving credit		(45,022,311)	(59,300,000)
Proceeds from Tawarruq flexi-term financing-i		10,000,000	20,000,000
Repayment of Tawarruq flexi-term financing-i		-	(20,000,000)
Proceeds from bankers' acceptances		1,149,517,000	1,521,076,645
Repayment of bankers' acceptances		(1,223,002,377)	(1,508,462,549)
Interest paid		(17,811,309)	(11,355,435)
Net cash flows from financing activities		28,001,127	51,214,800
Net (decrease)/increase in cash and cash equivalents		(28,727,159)	54,625,689
Effect of exchange rate changes		2,169,346	(1,000,763)
Cash and cash equivalents at 1 January		287,904,961	234,280,035
Cash and cash equivalents at 31 December	19	261,347,148	287,904,961

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BLD Plantation Bhd.

Statements of Cash Flows
For the financial year ended 31 December 2013 (contd.)

	Note	2013 RM	2012 RM
Company			
Operating activities			
Profit before tax		7,955,341	16,498,841
Adjustments for:			
Dividend income	4	(6,615,000)	(16,537,500)
Depreciation of property, plant and equipment	6	15,325	49,174
Interest income	6	(3,242,405)	(1,834,497)
Total adjustments		(9,842,080)	(18,322,823)
Operating cash flows before changes in working capital		(1,886,739)	(1,823,982)
Changes in working capital			
Increase in receivables		(47,991,210)	(1,452,017)
Decrease in prepaid operating expenses		251	3,628
(Decrease)/increase in payables		(8,488)	80,739
Total changes in working capital		(47,999,447)	(1,367,650)
Cash flows used in operations		(49,886,186)	(3,191,632)
Interest received		3,242,405	1,834,497
Income taxes paid, net of refund		(400,000)	(12,366)
Net cash used in operating activities		(47,043,781)	(1,369,501)
Investing activities			
Acquisition of property, plant and equipment	13	(3,872)	(336)
Dividends received		4,961,250	12,403,125
Net cash flows from investing activities		4,957,378	12,402,789

BLD Plantation Bhd.

Statements of Cash Flows
For the financial year ended 31 December 2013 (contd.)

	Note	2013 RM	2012 RM
Company			
Financing activities			
Proceeds from private placement of shares, net of expenses	23	66,076,200	-
Dividends paid on ordinary shares	11	(4,675,000)	(11,900,000)
Net cash flows from/(used in) financing activities		61,401,200	(11,900,000)
Net increase/(decrease) in cash and cash equivalents		19,314,797	(866,712)
Cash and cash equivalents at 1 January		1,363,588	2,230,300
Cash and cash equivalents at 31 December	19	20,678,385	1,363,588

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

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 is located at Level 6, Crown Towers, 88 Jalan Pending, 93450 Kuching, Sarawak.

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company 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.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with prevailing established guidelines described in FRS and IC Interpretations wherever applicable and relevant. The adoption of the FRS and IC Interpretations effective for annual financial periods beginning on or after 1 January 2013 did not have any effect on the financial position of the Group or of the Company.

2.3 Amendments/standards issued but not yet effective

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

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

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

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

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

- Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138, Annual Improvements 2010-2012 Cycle
- Amendments to FRS 3, FRS 13 and FRS 140, Annual Improvements 2011-2013 Cycle
- Amendments to FRS 119, Defined Benefit Plans: Employee Contributions

FRS effective date to be announced

- FRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- FRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- FRS 9, Financial Instruments: Hedge Accounting and amendments to FRS 7 and FRS 139

The directors expect that the adoption of the above amendments/standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of applicable amendments/standards are described below:

Annual periods beginning on or after 1 January 2014

- **Amendments to FRS 10, FRS 12 and FRS 127, Investment Entities**

  These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consideration requirement for entities that meet the definition of an investment entity under FRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is expected that this amendment would not be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under FRS 10.

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2014 (contd.)

- **Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities**

  These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlements mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The amendments affect disclosures only and have no impact on the Group's and the Company's financial position or performance.

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

  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

- **Amendments to FRS 136, Recoverable Amount Disclosures for Non-Financial Assets**

  The amendments to FRS 136 clarify that recoverable amount (determined based on fair value less costs of disposal) is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

  The amendments to FRS 136 are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

  The amendments affect disclosures only and have no impact on the Group's and the Company's financial position or performance.

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

Annual periods beginning on or after 1 January 2014 (contd.)

- **IC Interpretation 21, Levies**

  The Interpretation clarifies that an entity should recognise a liability to pay a levy when it is within the scope of FRS 137 Provisions, Contingent Liabilities and Contingent Assets. It also explains that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in the previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

  The Interpretation also clarifies that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability to pay a levy is recognised when that minimum activity threshold is reached.

  The Interpretation is to be applied retrospectively for annual periods beginning on or after 1 January 2014.

  The Group and the Company are currently assessing the impact that this standard will have on the financial position and performance of the Group and the Company.

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

FRS effective date to be announced

FRS 9 Financial Instruments: Classification and Measurement

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

Malaysian Financial Reporting Standards

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

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 for additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

Malaysian Financial Reporting Standards (contd.)

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 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amount reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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

The Company considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its 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:

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

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

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

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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:

(a) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) Potential voting rights held by the Company, other vote holders or other parties;

(c) Rights arising from other contractual arrangements; and

(d) 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.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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. The accounting policy for goodwill is set out in Note 2.6.

2. Summary of significant accounting policies (contd.)

2.5 Subsidiaries

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

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

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

(c) 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 and loss.

2.6 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. Summary of significant accounting policies (contd.)

2.7 Biological assets

Plantation expenditure incurred on land clearing, upkeep of immature oil palms, administrative expenses and interest incurred during the pre-cropping period are capitalised under biological assets and are not amortised. Upon maturity, all subsequent maintenance expenditure is charged to the statement of comprehensive income. Replanting expenditure incurred on similar crops on formerly developed areas is chargeable to the statement of comprehensive income in the financial year in which it is incurred.

2.8 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 Company 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 and the Company recognise 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.

Leasehold land are amortised over their lease terms. Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Buildings	10 to 50 years
Furniture, fittings and equipment	1 to 10 years
Plant and machinery	2 to 15 years
Motor vehicles	5 years
Ranch	10 years
Renovation	10 years

2. Summary of significant accounting policies (contd.)

2.8 Property, plant and equipment (contd.)

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.9 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. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.10 Inventories

Inventories are stated at lower of cost and net realisable value, other than for certain contracted finished goods, which are stated at net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: costs of purchase on a weighted average cost formula or specific identification basis.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.
- Livestock: purchase price and estimated natural increase plus incidentals.

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

2. Summary of significant accounting policies (contd.)

2.11 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.11 Income taxes (contd.)

(b) Deferred tax (contd.)

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (contd.)

2.11 Income taxes (contd.)

(b) Deferred tax (contd.)

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.

2.12 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")).

2. Summary of significant accounting policies (contd.)

2.12 Impairment of non-financial assets (contd.)

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.

2.13 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

(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.

(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.

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

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.

2.14 Impairment of financial assets

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

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.

2. Summary of significant accounting policies (contd.)

2.14 Impairment of financial assets (contd.)

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

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.

2.15 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.

2. Summary of significant accounting policies (contd.)

2.15 Financial liabilities (contd.)

(b) Other financial liabilities

The Group's and the Company's 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.

2.16 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 receivable 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 receivable fails to make payment relating to financial guarantee contract when it is due and the Group/Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. Summary of significant accounting policies (contd.)

2.17 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d).

2.18 Borrowing costs

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

2. Summary of significant accounting policies (contd.)

2.18 Borrowing costs (contd.)

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

2.19 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

2. Summary of significant accounting policies (contd.)

2.20 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 is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of consideration due, associated costs or the possible return of goods.

(b) Dividend income

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

(c) Interest income

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

(d) Rental income

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

(e) Management fees

Management fees are recognised when services are rendered.

2. Summary of significant accounting policies (contd.)

2.21 Employee benefits

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 companies in the Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed or capitalised in biological assets, as appropriate.

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosure on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 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.

2.24 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.

2. Summary of significant accounting policies (contd.)

2.25 Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date in which a derivative contract is entered into and are subsequently re-measured 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.

3. Significant accounting estimates

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

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) 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 15.

3. Significant accounting estimates (contd.)

Key sources of estimation uncertainty (contd.)

(b) Impairment of loans and receivables

The Group and the Company assess 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 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.

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 and the Company's loans and receivable at the reporting date is disclosed in Note 18.

(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 2013 was RM24,063,059 (2012: RM10,505,010) and the recognised unabsorbed reinvestment, investment tax, capital and agriculture allowances of the Group was RM87,852,404 (2012: RM34,043,160).

4. Revenue

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Sale of goods	1,633,928,865	1,913,549,541	-	-
Rental income	182,376	180,726	-	-
Dividend income	-	-	6,615,000	16,537,500
Management fee income	-	-	659,450	477,650
Interest income	354,417	33,395	3,242,405	1,834,497
	1,634,465,658	1,913,763,662	10,516,855	18,849,647

5. Finance costs

	Group	
	2013	**2012**
	RM	RM
Interest expense on:		
- Bank overdraft	820,820	56,141
- Revolving credit	4,955,294	992,331
- Tawarruq flexi-term financing-i profit	330,559	151,354
- Term loan	9,017,953	9,170,208
- Bankers' acceptances	2,686,683	985,401
	17,811,309	11,355,435
Less: Amount capitalised in biological assets (Note 12)	(5,759,705)	(5,132,806)
	12,051,604	6,222,629

6. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory audit				
- current year	170,200	152,600	64,000	53,000
- under provision in previous years	11,000	12,850	5,300	4,600
Other services	168,000	84,000	168,000	84,000
Depreciation of property, plant and equipment (Note 13)	27,906,379	24,504,342	15,325	49,174
Employee benefits expense (Note 7)	79,721,981	67,665,260	1,311,357	1,205,566
Non-executive directors' remuneration (Note 8)	1,576,074	2,087,472	182,000	182,000
Operating lease payment on land and buildings	1,764,011	1,506,299	261,301	197,439
Loss/(gain) on disposal of property, plant and equipment	27,871	(23,048)	-	-
Impairment of goodwill on consolidation (Note 15)	82,137	-	-	-
Interest income	(6,300,356)	(3,306,532)	(3,242,405)	(1,834,497)
Net fair value loss/(gain) on derivatives	2,054,591	(351,942)	-	-
Net foreign exchange (gain)/loss				
- realised	3,378,148	(9,150,091)	-	-
- unrealised	(2,204,543)	1,101,005	-	-
Rental income	(247,676)	(199,386)	-	-
	=========	========	========	========

7. Employee benefits expense

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Salaries, wages and other emoluments	77,548,048	65,659,943	1,191,368	1,094,598
Contribution to defined contribution plans	4,156,180	3,575,563	119,989	110,968
	81,704,228	69,235,506	1,311,357	1,205,566
Less: Amount capitalised in biological assets (Note 12)	(1,982,247)	(1,570,246)	-	-
	79,721,981	67,665,260	1,311,357	1,205,566

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,166,633 (2012: RM5,081,163) and RM219,600 (2012: RM219,600), respectively, as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	4,005,633	4,920,163	111,600	111,600
Fees	161,000	161,000	108,000	108,000
	4,166,633	5,081,163	219,600	219,600
Non-executive:				
Other emoluments	72,000	72,000	72,000	72,000
Fees	110,000	110,000	110,000	110,000
	182,000	182,000	182,000	182,000
	4,348,633	5,263,163	401,600	401,600

8. Directors' remuneration (contd.)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Directors of subsidiaries				
Non-executive:				
Allowances	1,267,674	1,773,767	-	-
Fees	126,400	131,705	-	-
	1,394,074	1,905,472	-	-
Total	5,742,707	7,168,635	-	-
Analysed as:				
Total executive directors' remuneration (Note 7)	4,166,633	5,081,163	219,600	219,600
Total non-executive directors' remuneration (Note 6)	1,576,074	2,087,472	182,000	182,000
	5,742,707	7,168,635	401,600	401,600

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

	Number of Directors			
	Executive		Non-executive	
	2013	**2012**	**2013**	**2012**
Range of remuneration				
Below RM50,000	-	-	-	-
RM50,001 to RM150,000	-	-	3	3
RM500,001 to RM800,000	1	1	-	-
RM3,000,001 to RM4,000,000	1	-	-	-
RM4,000,001 to RM5,000,000	-	1	-	-

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
Based on results for the year	2,165,075	4,367,259	2,071,512	4,198,657
Under/(over) provision in respect of previous years	222,246	(3,267,295)	(2,374)	24,045
	2,387,321	1,099,964	2,069,138	4,222,702
Deferred income tax (Note 16):				
Origination and reversal of temporary differences	(1,314,753)	25,650,562	-	(14,989)
(Over)/under provision in respect of previous years	(1,400,868)	2,421,802	-	1,789
	(2,715,621)	28,072,364	-	(13,200)
Income tax expense recognised in profit or loss	(328,300)	29,172,328	2,069,138	4,209,502

9. Income tax expense (contd.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	2013 RM	**2012** RM
Group		
Accounting profit before tax	36,525,463	118,229,795
	=========	=========
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	9,131,366	29,557,449
Adjustments:		
Non-deductible expenses	1,353,036	476,260
Recognition of reinvestment and investment tax allowances	(9,634,080)	(15,888)
Under/(over) provision of income tax in respect of previous years	222,246	(3,267,295)
(Over)/under provision of deferred tax in respect of previous years	(1,400,868)	2,421,802
Income tax expense recognised in profit or loss	(328,300)	29,172,328
	========	========
Company		
Accounting profit before tax	7,955,341	16,498,841
	========	========
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	1,988,835	4,124,710
Adjustments:		
Non-deductible expenses	82,677	58,958
(Over)/under provision of income tax in respect of previous years	(2,374)	24,045
Under provision of deferred tax in respect of previous years	-	1,789
Income tax expense recognised in profit or loss	2,069,138	4,209,502
	=======	=======

Income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

10. Basic earnings per share

Basic earnings per share amounts are calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company of RM37,063,065 (2012: RM88,510,882) by the weighted average number of ordinary shares outstanding during the financial year of 89,541,096 (2012: 85,000,000).

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

11. Dividends

	Group and Company	
	2013	**2012**
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final dividend for 2011:		
14 sen tax exempt (single tier), per share	-	11,900,000
- Final dividend for 2012:		
5 sen tax exempt (single tier), per share	4,675,000	-
	4,675,000	11,900,000

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2013 of 5% on 93,500,000 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the 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 2014.

12. Biological assets

	Group	
	2013	**2012**
	RM	RM
Cost		
At 1 January	482,943,421	454,999,306
Additions	19,494,489	27,944,115
At 31 December	502,437,910	482,943,421

Included in the biological assets are the following expenses incurred and capitalised during the financial year:

	Group	
	2013	**2012**
	RM	RM
Interest expense (Note 5)	5,759,705	5,132,806
Employee benefits expense (Note 7)	1,982,247	1,570,246

Included in employee benefits expense are provident fund contributions paid amounting to RM104,552 (2012: RM53,927).

13. Property, plant and equipment

Group	**Leasehold land** RM	**Buildings** RM	**Capital work-in-progress** RM	**Furniture, fittings, equipment and renovation** RM	**Plant and machinery** RM	**Motor vehicles** RM	**Ranch** RM	**Total** RM
Cost:								
At 1 January 2012	165,507,798	75,532,664	27,060,628	9,418,413	195,267,995	9,762,871	64,521	482,614,890
Additions	3,065,449	2,191,143	31,665,840	2,152,716	14,519,708	1,781,787	2,320	55,378,963
Disposals	-	-	-	(699)	(130,000)	-	-	(130,699)
At 31 December 2012 and 1 January 2013	168,573,247	77,723,807	58,726,468	11,570,430	209,657,703	11,544,658	66,841	537,863,154
Additions	21,250	24,800	24,570,884	865,195	2,699,108	2,555,920	-	30,737,157
Reclassification	-	17,785,095	(75,404,471)	-	57,619,376	-	-	-
Disposals	-	-	-	(8,618)	(291,160)	(77,000)	-	(376,778)
Adjustment	(21,913)	-	-	-	-	-	-	(21,913)
At 31 December 2013	168,572,584	95,533,702	7,892,881	12,427,007	269,685,027	14,023,578	66,841	568,201,620

13. Property, plant and equipment (contd.)

Group (contd.)	**Leasehold land** RM	**Buildings** RM	**Capital work-in-progress** RM	**Furniture, fittings, equipment and renovation** RM	**Plant and machinery** RM	**Motor vehicles** RM	**Ranch** RM	**Total** RM
Accumulated depreciation:								
At 1 January 2012	26,362,351	21,823,045	-	5,551,239	65,741,612	7,871,764	31,560	127,381,571
Depreciation charge for the year (Note 6)	3,139,087	3,166,658	-	1,726,526	15,311,445	1,155,078	5,548	24,504,342
Disposals	-	-	-	(698)	(129,999)	-	-	(130,697)
At 31 December 2012 and 1 January 2013	29,501,438	24,989,703	-	7,277,067	80,923,058	9,026,842	37,108	151,755,216
Depreciation charge for the year (Note 6)	3,102,436	3,560,612	-	1,010,610	18,790,175	1,437,347	5,199	27,906,379
Disposals	-	-	-	(6,343)	(200,021)	(76,999)	-	(283,363)
At 31 December 2013	32,603,874	28,550,315	-	8,281,334	99,513,212	10,387,190	42,307	179,378,232
Net carrying amount:								
At 31 December 2012	139,071,809	52,734,104	58,726,468	4,293,363	128,734,645	2,517,816	29,733	386,107,938
At 31 December 2013	135,968,710	66,983,387	7,892,881	4,145,673	170,171,815	3,636,388	24,534	388,823,388

Certain leasehold land, buildings, plant and machinery with a net carrying amount of RM69,038,492, RM48,052,719 and RM137,954,704 (2012: RM70,721,419, RM36,943,751 and RM98,213,741), respectively, are pledged for banking facilities granted to subsidiaries.

13. Property, plant and equipment (contd.)

	Motor vehicles RM	Furniture and fittings RM	Renovation RM	Total RM
Company				
Cost:				
At 1 January 2012	491,440	252,252	240,106	983,798
Additions	-	336	-	336
At 31 December 2012 and 1 January 2013	491,440	252,588	240,106	984,134
Additions	-	3,872	-	3,872
At 31 December 2013	491,440	256,460	240,106	988,006
Accumulated depreciation:				
At 1 January 2012	490,970	181,311	212,030	884,311
Depreciation charge for the year (Note 6)	301	24,879	23,994	49,174
At 31 December 2012 and 1 January 2013	491,271	206,190	236,024	933,485
Depreciation charge for the year (Note 6)	165	12,196	2,964	15,325
At 31 December 2013	491,436	218,386	238,988	948,810
Net carrying amount:				
At 31 December 2012	169	46,398	4,082	50,649
At 31 December 2013	4	38,074	1,118	39,196

14. Investments in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	82,542,959	82,542,959

14. Investments in subsidiaries (contd.)

Details of subsidiaries, all of which are incorporated in Malaysia, are shown below:

Name of subsidiaries	Principal activities	Proportion of ownership interest 2013 %	2012 %
Direct subsidiaries of the Company			
Bintulu Lumber Development Sdn. Bhd.*	Cultivation of oil palm, processing of fresh fruit bunches and sales of related products	100	100
Kirana Palm Oil Refinery Sdn. Bhd.*	Operation of palm oil refinery and kernel crushing plant	100	100
Subsidiaries of Bintulu Lumber Development Sdn. Bhd.			
Grand Mutual Sdn. Bhd.*	Cultivation of oil palm and stone quarry operation	100	100
Niamas Istimewa Sdn. Bhd.*	Cultivation of oil palm	69.9	69.9
BLD Resources Sdn. Bhd.* (i)	Dormant (intended for oil palm plantation)	100	100
Rela Aman Sdn. Bhd.*	Letting of property	80	80

* not audited by Ernst & Young or their associates.

(i) Acquisition of additional interest in a subsidiary

On 5 September 2012, Bintulu Lumber Development Sdn. Bhd. ("BLD") acquired 30,000 ordinary shares of RM1 each in BLD Resources Sdn. Bhd. ("BLDR") for a total purchase consideration of RM4,009,779. As a result of this acquisition, BLDR became a wholly-owned subsidiary of the Company and the entire losses incurred by BLDR were accounted with effect from the date of acquisition, by virtue of full management control obtained by the Company in BLDR. The following summarise the effect of the change in the Group's ownership interest in BLDR on the equity attributable to owners of the parent:

	RM
Consideration paid for acquisition of non-controlling interest	4,009,779
Decrease in equity attributable to non-controlling interest	-
Decrease in equity attributable to owners of the Company	4,009,779

15. Goodwill

	Group	
	2013	**2012**
	RM	RM
At 1 January	82,137	82,137
Impaired during the year (Note 6)	(82,137)	-
At 31 December	-	82,137
	======	======

Goodwill arising from business combinations has been allocated to cash-generating units ("CGU") for impairment testing.

The carrying amount of goodwill allocated to the Group's CGU is as follows:

	Group	
	2013	**2012**
	RM	RM
Milling and plantation	-	10,089
Refinery and kernel crushing plant	-	72,048
	-	82,137
	======	======

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Projected gross margin

The basis is based on the forecasted margin to be achieved for the projected years.

(ii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the segment.

During the financial year, the Group decided to impair the entire goodwill.

16. Deferred tax

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
At 1 January	(146,533,283)	(118,460,919)	-	(13,200)
Recognised in statements of comprehensive income (Note 9)	2,715,621	(28,072,364)	-	13,200
At 31 December	(143,817,662)	(146,533,283)	-	-
	=========	=========	======	======

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Deferred tax assets, net	1,308,039	-	-	-
Deferred tax liabilities, net	(145,125,701)	(146,533,283)	-	-
	(143,817,662)	(146,533,283)	-	-
	=========	=========	======	======

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Deferred tax assets	24,063,059	10,505,010	-	-
Deferred tax liabilities	(167,880,721)	(157,038,293)	-	-
	(143,817,662)	(146,533,283)	-	-
	=========	=========	======	======

16. Deferred tax (contd.)

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

Group

Deferred tax assets

	Other payables RM	Unabsorbed, reinvestment, investment tax, capital and agriculture allowances RM	Total RM
At 1 January 2012	2,265,940	26,882,455	29,148,395
Recognised in statement of comprehensive income	(271,720)	(18,371,665)	(18,643,385)
At 31 December 2012	1,994,220	8,510,790	10,505,010
Recognised in statement of comprehensive income	105,738	13,452,311	13,558,049
At 31 December 2013	2,099,958	21,963,101	24,063,059

Deferred tax liabilities

	Land, buildings and biological assets RM	Accelerated capital allowances RM	Total RM
At 1 January 2012	(51,708,852)	(95,900,462)	(147,609,314)
Recognised in statement of comprehensive income	421,654	(9,850,633)	(9,428,979)
At 31 December 2012	(51,287,198)	(105,751,095)	(157,038,293)
Recognised in statement of comprehensive income	377,812	(11,220,240)	(10,842,428)
At 31 December 2013	(50,909,386)	(116,971,335)	(167,880,721)

16. Deferred tax (contd.)

Company

Deferred tax liability

	Accelerated capital allowances RM
At 1 January 2012	(13,200)
Recognised in statement of comprehensive income	13,200
At 31 December 2012	-
Recognised in statement of comprehensive income	-
At 31 December 2013	-

17. Inventories

	Group	
	2013 RM	**2012** RM
At cost		
Canteen goods	146,645	129,655
Livestock	646,634	556,181
Consumables	17,406,306	16,011,010
Finished goods	66,032,922	422,267
Raw materials	37,027,362	38,220,436
	121,259,869	55,339,549
At net realisable value		
Finished goods	34,983,141	80,624,241
Raw materials	609,403	2,095,471
	35,592,544	82,719,712
	156,852,413	138,059,261

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,330,895,348 (2012: RM1,541,212,183).

18. Trade and other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Trade receivables				
Third parties	112,764,672	47,526,563	-	-
Other receivables				
Other receivables	320,390	2,231,535	-	2,776
Deposits	9,943,050	9,532,119	45,610	32,638
Amounts due from subsidiaries	-	-	88,442,154	40,461,140
	10,263,440	11,763,654	88,487,764	40,496,554
Total trade and other receivables	123,028,112	59,290,217	88,487,764	40,496,554
Add: Cash and bank balances (Note 19)	263,175,736	296,545,424	20,678,385	1,363,588
Total loans and receivables	386,203,848	355,835,641	109,166,149	41,860,142

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 2 to 90 day (2012: 2 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

18. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group	
	2013	**2012**
	RM	RM
Neither past due nor impaired	112,754,930	46,753,873
1 to 30 days past due not impaired	-	47,149
More than 120 days past due not impaired	9,742	725,541
	9,742	772,690
	112,764,672	47,526,563

Receivables that are neither past due nor impaired

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

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 has trade receivables amounting to RM9,742 (2012: RM772,690) that are past due at the reporting date but not impaired.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. These amounts earn interest at 4.60% to 6.27% (2012: 4.71% to 6.27%) per annum.

19. Cash and bank balances

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Cash in hand and at bank	242,651,916	294,028,554	154,565	253,250
Short term deposits with licensed banks	20,523,820	2,516,870	20,523,820	1,110,338
Cash and bank balances	263,175,736	296,545,424	20,678,385	1,363,588

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for a period of one month (2012: one month) depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates for short term deposits as at 31 December 2013 for the Group and the Company were 3.04% (2012: 2.95%) and 3.10% (2012: 3.10%), respectively.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Cash and bank balances	263,175,736	296,545,424	20,678,385	1,363,588
Bank overdrafts (Note 21)	(1,828,588)	(8,640,463)	-	-
Cash and cash equivalents	261,347,148	287,904,961	20,678,385	1,363,588

20. Derivatives

	Group					
	2013			**2012**		
	Contract/ notional amount	**Assets**	**Liabilities**	**Contract/ notional amount**	**Assets**	**Liabilities**
	RM	RM	RM	RM	RM	RM
Non-hedging derivatives:						
Forward currency contracts	137,460,200	-	1,858,926	161,979,690	195,665	-
	=========	======	=======	=========	======	======

The Group uses forward currency contracts 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 Group's sales denominated in United Stated Dollars (USD) for which firm commitments existed at the reporting date.

During the financial year, the Group recognised a loss of RM1,858,926 (2012: gain of RM195,665) arising from fair value changes of derivative liabilities (2012: assets). The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 27.

21. Loans and borrowings

	Group	
	2013	**2012**
	RM	RM
Current		
Secured:		
Bank overdrafts (Note 19)	1,828,588	8,640,463
Revolving credit	130,000,000	56,022,311
Tawarruq flexi-term financing-i	10,000,000	-
Term loans	33,672,927	30,460,520
Banker's acceptances	94,000,000	167,485,377
	269,501,515	262,608,671

21. Loans and borrowings (contd.)

	Group	
	2013	**2012**
	RM	RM
Non-current		
Secured:		
Term loans	138,523,974	167,585,123
Total loans and borrowings	408,025,489	430,193,794

(a) The remaining maturities of the loans and borrowings as at 31 December 2013 and 2012 were as follows:

	Group	
	2013	**2012**
	RM	RM
Repayable within one year	269,501,515	262,608,671
One year to five years	131,241,964	130,177,276
Over five years	7,282,010	37,407,847
	408,025,489	430,193,794

(b) The effective interest rates at the balance sheet date for borrowings were as follows:

	Group	
	2013	**2012**
	%	%
Bank overdrafts	7.25 - 7.60	7.25 - 7.60
Revolving credit	4.20 - 5.40	4.20 – 5.20
Tawarruq flexi-term financing-i	4.60 - 4.63	4.60 – 4.62
Term loans	4.40 - 6.27	4.37 - 6.27
Bankers’ acceptances	2.81 - 3.28	2.81 - 3.25

21. Loans and borrowings (contd.)

(c) The bank overdrafts, revolving credit, term loans and bankers' acceptances are secured by certain landed properties of subsidiaries, debentures over the fixed and floating assets of a subsidiary, specific debenture on plant, machinery and equipment of a subsidiary, corporate guarantees from the Company and a subsidiary and an irrecoverable letter of undertaking to charge the project land of a subsidiary.

22. Trade and other payables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Trade payables				
Third parties	92,173,816	101,709,816	-	-
Other payables				
Other payables	7,622,652	8,989,285	30,393	56,988
Accrued operating expenses	14,144,969	12,582,812	379,578	361,471
Other deposits	533,647	538,877	-	-
	22,301,268	22,110,974	409,971	418,459
Total trade and other payables	114,475,084	123,820,790	409,971	418,459
Add: Loans and borrowings (Note 21)	408,025,489	430,193,794	-	-
Total financial liabilities carried at amortised cost	522,500,573	554,014,584	409,971	418,459

(a) Trade payables

Trade payables are non-interest bearing and are generally on 90 day (2012: 90 day) terms.

(b) Other payables

These amounts are unsecured, non-interest bearing and are repayable on demand.

23. Share capital and share premium

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2013	**2012**	**2013** RM	**2012** RM
Issued and fully paid				
At 1 January	85,000,000	85,000,000	85,000,000	85,000,000
Issue of new ordinary shares pursuant to private placement	8,500,000	-	8,500,000	-
At 31 December	93,500,000	85,000,000	93,500,000	85,000,000
Authorised				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM85,000,000 to RM93,500,000 by the issuance of 8,500,000 ordinary shares of RM1 each through private placement at an issue price of RM7.80 per share, for cash, representing 10% of the issued and paid-up capital of the Company. The share issue expenses amounting to RM223,800 have been set off in the share premium account.

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

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

	Group and Company	
	2013 RM	**2012** RM
Share premium		
At 1 January	22,104,355	22,104,355
Issue of new ordinary shares pursuant to private placement	57,800,000	-
Shares issue expenses	(223,800)	-
At 31 December	79,680,555	22,104,355

24. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company had elected for the irrevocable option to disregard its 108 balance. As such, the entire retained earnings of the Company as at 31 December 2013 and 31 December 2012 may be distributed as dividends under the single tier system.

25. Related party transactions

(i) In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at term agreed between the parties during the financial year:

	Company	
	2013	**2012**
	RM	RM
(a) Transactions with subsidiaries:		
Income		
Dividend income	6,615,000	16,537,500
Interest income	2,887,988	1,801,102
Management fee	659,450	477,650
	=======	=======

(b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors:

	Group	
	2013	**2012**
	RM	RM
Income		
(i) Sale of goods	960,986	1,136,292
(ii) Rental income	201,576	180,726
	=======	=======

25. Related party transactions (contd.)

(b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors: (contd.)

		Group	
		2013	**2012**
		RM	RM
Expenditure			
(i)	Insurance brokerage paid	2,914,337	2,871,715
(ii)	Printing charges paid	154,189	121,649
(iii)	Professional fees paid	1,315,028	925,974
(iv)	IT infrastructure and software expenses paid	556,266	509,632
(v)	Purchase of property, plant and machinery and consumables	75,902,214	95,211,275
(vi)	Transportation charges paid	9,109,729	4,459,399
(vii)	Rental of premises paid	1,650,106	1,579,161
(viii)	Administrative expenses paid	164,512	136,104
(ix)	Purchase of crude palm oil and palm kernel	303,939,399	514,177,590
(x)	Security expenses paid	1,118,318	873,846
(xi)	Maintenance services paid	302,105	110,824
(xii)	Purchase of fresh fruit bunches	10,947,969	7,154,099
		=========	=========

25. Related party transactions (contd.)

(b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors: (contd.)

		Company	
		2013	**2012**
		RM	RM
Expenditure			
(i)	Insurance brokerage paid	22,797	24,991
(ii)	Printing charges paid	5,537	2,510
(iii)	Professional fees paid	6,699	4,452
(iv)	IT Infrastructure and software expenses paid	7,632	7,632
(v)	Rental of premises paid	289,589	241,060
(vi)	Administrative expenses paid	1,272	1,272
(vii)	Maintenance services paid	33,931	12,495
		=======	=======

(c) Transactions with companies in which certain directors of subsidiaries companies have a substantial financial interest and/or are directors:

	Group	
	2013	**2012**
	RM	RM
Expenditure		
Purchase of crude palm oil and palm kernel	-	91,920,681
	========	========

25. Related party transactions (contd.)

(ii) Compensation of key management personnel

The remuneration of directors who are also members of key management during the financial year were as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Short term employee benefits	5,655,320	7,083,744	398,000	398,000
Post employment benefits				
- Defined contribution plans	87,387	84,891	3,600	3,600
Total directors' remuneration (Note 8)	5,742,707	7,168,635	401,600	401,600

26. Commitments

	Group	
	2013	**2012**
	RM	RM
(a) Capital commitments		
Capital expenditure as at the reporting date were as follows:		
Approved and contracted for:		
- Property, plant and equipment	3,741,894	19,966,525

(b) Operating lease commitments - as lessee

The Group has entered into operating lease agreements for the use of land and buildings. These leases have a life of between 1 to 5 years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

26. Commitments (contd.)

(b) Operating lease commitments - as lessee (contd.)

The future minimum lease payments under operating leases contracted at reporting date are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Not later than 1 year	1,601,163	1,382,786	261,301	261,301
Later than 1 year and not later 5 years	549,687	969,338	217,751	479,052
	2,150,850	2,352,124	479,052	740,353

The lease payments recognised in profit or loss during the financial year is disclosed in Note 6.

27. Fair value of financial instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's and the Company's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

	Carrying amount		Fair value	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Group				
Financial liabilities:				
Derivatives				
- forward currency contract	(1,618,611)	-	(1,858,926)	-
Financial assets:				
Derivatives				
- forward currency contract	-	195,665	-	195,665

27. Fair value of financial instruments (contd.)

(a) Determination of fair value (contd.)

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.

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 receivables (current)	18
Other receivables (current)	18
Loans and borrowings (current)	21
Loans and borrowings (non-current)	21
Trade payables (current)	22
Other payables (current)	22

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

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

27. Fair value of financial instruments (contd.)

(b) Fair value hierarchy

The Group 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).

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

	Level 1 RM	**Level 2** RM	**Level 3** RM	**Total** RM
Group				
2013				
Financial liabilities				
Derivatives				
- forward currency contracts	-	(1,858,926)	-	(1,858,926)
	=======	=======	=======	=======
2012				
Financial assets				
Derivatives				
- forward currency contracts	-	195,665	-	195,665
	=======	=======	=======	=======

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

28. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

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

(a) Interest rate risk

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

The Group's exposure to changes in interest rates relates primarily to the Group's loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM765,000 (2012: RM807,000) lower/higher arising mainly as a result of lower/higher floating rate loans and borrowings.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with reputable banks.

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.

28. Financial risk management objectives and policies (contd.)

(b) Credit risk (contd.)

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with negative values.

Credit risk concentration profile

The Group has exposure to certain individual customers. However this does not pose significant credit risk to the Group as they are highly reputable customers and secured by bank guarantees of customers' bankers.

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

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage their operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group and the Company maintain sufficient level of cash and short term deposits which are expected to be sufficient to meet their working capital requirements.

28. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	**One to five years** RM	**Over five years** RM	**Total** RM
Group				
At 31 December 2013				
Financial liabilities				
Trade and other payables	114,475,084	-	-	114,475,084
Loans and borrowings	277,756,053	146,429,044	7,407,314	431,592,411
Derivatives	1,618,611	-	-	1,618,611
Total undiscounted financial liabilities	393,849,748	146,429,044	7,407,314	547,686,106
At 31 December 2012				
Financial liabilities				
Trade and other payables	123,820,790	-	-	123,820,790
Loans and borrowings	271,136,129	153,395,479	38,500,699	463,032,307
Total undiscounted financial liabilities	394,956,919	153,395,479	38,500,699	586,853,097

28. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
At 31 December 2013				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	409,971	-	-	409,971
Total undiscounted financial liabilities	409,971	-	-	409,971
	=======	=======	=======	=======
At 31 December 2012				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	418,459	-	-	418,459
Total undiscounted financial liabilities	418,459	-	-	418,459
	=======	=======	=======	=======

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

28. Financial risk management objectives and policies (contd.)

(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 that are denominated in a currency other than the functional currency of the Group.

The Group uses forward currency contracts to minimise the currency exposures arising from sales after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2013	**2012**
		RM	RM
USD/RM	- Strengthened 1%	987,000	792,000
	- Weakened 1%	(987,000)	(792,000)
		=======	======

29. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 2013 and 31 December 2012.

30. Segment information

The Group's reporting is organised and managed in three major business segments. The segments are organised and managed to the nature of products produced and services provided, which require different business strategies. The repayable segments are summarised as follows:

(i) Milling and plantation - cultivation of oil palm, processing of fresh fruit bunches and sales of related products;

(ii) Refinery and kernel crushing plant; and

(iii) Others - letting of property and investment holding activities.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Others comprise mainly corporate assets, liabilities, income and expenses.

The transactions entered between business segments are carried out in the normal course of business. Segment revenue, expenses and results include transfer between business segments. These transfers are eliminated on consolidation.

Segment analysis by geographical locations has not been prepared as the Group's operations are predominantly conducted in Malaysia.

30. Segment information (contd.)

	Milling and plantation	Refinery and kernel crushing plant	Others	Adjustments and elimination	Notes	Per consolidated financial statements
	RM	RM	RM	RM		RM
31 December 2013						
Revenue:						
External	39,595,462	1,594,333,403	536,793	-		1,634,465,658
Inter-segment	286,921,874	-	10,416,058	(297,337,932)	A	-
Total revenue	326,517,336	1,594,333,403	10,952,851	(297,337,932)		1,634,465,658
Results:						
Interest income	1,216,253	4,806,037	-	(76,351)	A	5,945,939
Depreciation	17,455,177	10,207,424	243,778	-		27,906,379
Finance costs	5,949,957	8,798,777	267,209	(2,964,339)	A	12,051,604
Profit/(loss) before tax	26,390,631	9,082,308	1,134,661	(82,137)		36,525,463
Assets:						
Additions to non-current assets	30,655,407	19,464,102	90,224	-	B	50,209,733
Segments assets	956,196,966	543,050,658	117,696,103	(174,425,036)	C	1,442,518,691
Segments liabilities	448,294,734	390,318,790	5,296,712	(174,425,036)	D	669,485,200

30. Segment information (contd.)

	Milling and plantation RM	Refinery and kernel crushing plant RM	Others RM	Adjustments and elimination RM	Notes	Per consolidated financial statements RM
31 December 2012						
Revenue:						
External	41,752,984	1,871,796,557	214,121	-		1,913,763,662
Inter-segment	290,532,463	12,948	19,069,872	(309,615,283)	A	-
Total revenue	332,285,447	1,871,809,505	19,283,993	(309,615,283)		1,913,763,662
Results:						
Interest income	1,113,239	2,200,066	-	(40,168)	A	3,273,137
Depreciation	16,938,363	7,108,368	457,611	-		24,504,342
Finance costs	3,368,040	4,428,395	267,464	(1,841,270)	A	6,222,629
Profit/(loss) before tax	51,804,497	66,843,483	(418,185)	-		118,229,795
Assets:						
Additions to non-current assets	54,532,611	28,790,131	336	-	B	83,323,078
Segments assets	911,551,266	499,579,514	50,577,337	(86,149,388)	C	1,375,558,729
Segments liabilities	417,090,601	364,392,447	5,214,207	(86,149,388)	D	700,547,867

30. Segment information (contd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues and expenses are eliminated on consolidation.

B Additions to non-current assets consist of:

	2013 RM	**2012** RM
Biological assets	19,494,489	27,944,115
Property, plant and equipment	30,715,244	55,378,963
	50,209,733	83,323,078

C The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2013 RM	**2012** RM
Inter-segment assets	(174,425,036)	(86,149,388)

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2013 RM	**2012** RM
Inter-segment liabilities	(174,425,036)	(86,149,388)

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 29 April 2014.

32. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	RM	RM	RM	RM
Recognised during the financial year:				
Total retained profits of the Company and its subsidiaries:				
- Realised	742,021,925	713,600,438	18,244,107	17,032,904
- Unrealised	(143,472,045)	(147,438,623)	-	-
Retained profits as per financial statements	598,549,880	566,161,815	18,244,107	17,032,904