CB INDUSTRIAL PRODUCT HOLDING BERHAD

(Company No. 428930-H) Incorporated in Malaysia

CB INDUSTRIAL PRODUCT HOLDING BERHAD | Annual Report 2013

CB INDUSTRIAL PRODUCT HOLDING BERHAD (428930-H)

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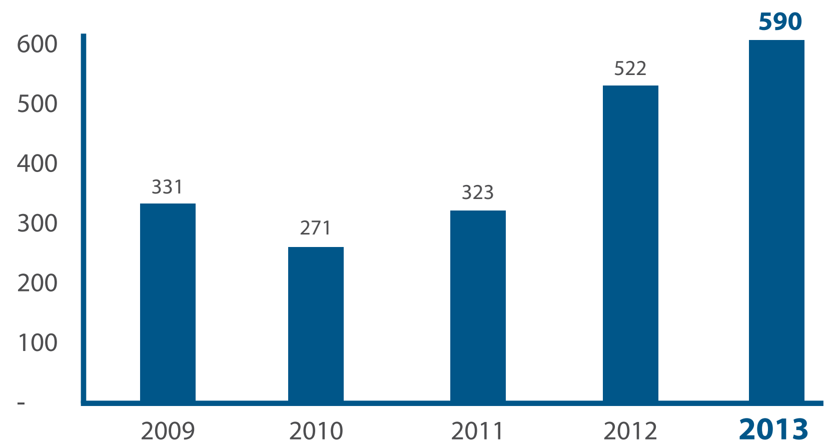
E info@cbip.com.my

FINANCIAL HIGHLIGHTS

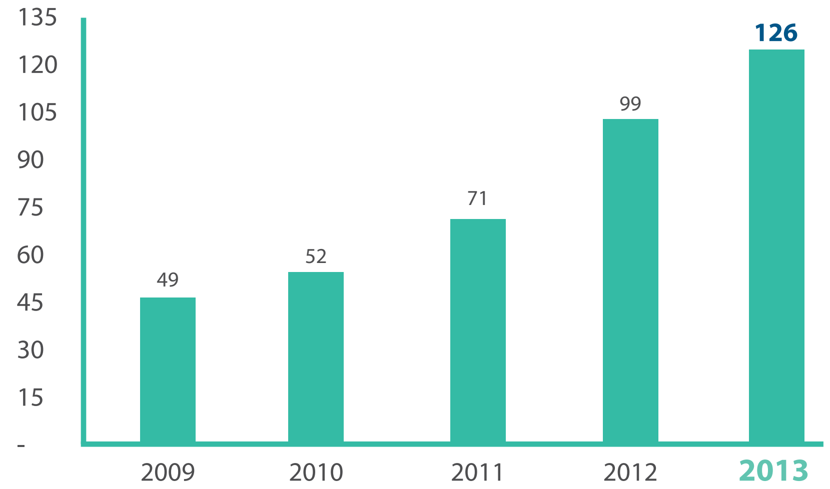
In RM'000	2009	2010	2011	2012	2013
Turnover	331,468	270,893	322,611	521,728	**590,441**
Profit Before Taxation	49,083	52,476	70,890	99,318	**125,609**
Profit Attributable To Shareholders	40,381	66,328	104,603	239,619	**98,416**
Shareholders' Equity	248,417	288,135	380,949	484,161	**529,951**
Earnings Per Share (Sen)	14.9*	24.9*	51.9*	89.2	**37.0**

* Adjusted for enlarged share capital after bonus issue in 2012

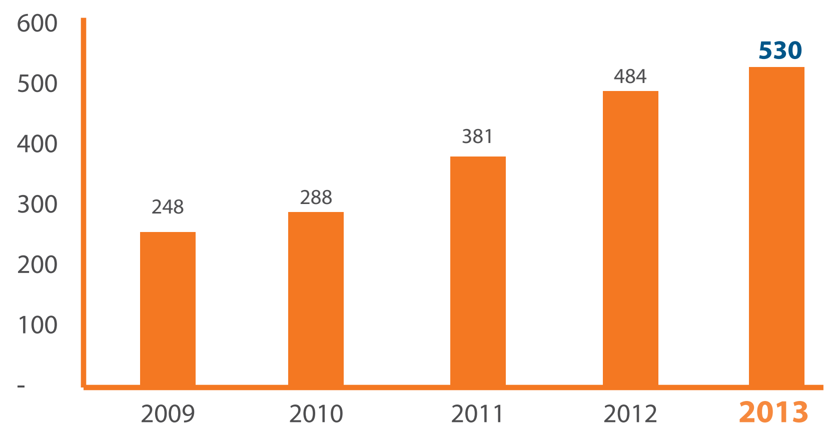
TURNOVER
(RM Million)



PROFIT BEFORE TAXATION
(RM Million)



SHAREHOLDERS' EQUITY
(RM Million)



CORPORATE STRUCTURE

CB INDUSTRIAL PRODUCT HOLDING BERHAD

PLANTATION & MILLING

- 100% Steam-Mech Engineering Sdn. Bhd.
  - 85% PT Sawit Lamandau Raya
- 100% AV-Ecopalms Sdn. Bhd.
  - 94% PT Berkala Maju Bersama
- 100% Admiral Potential Sdn. Bhd.
  - 94% PT Jaya Jadi Utama
- 30% Kumpulan Kris Jati Sdn. Bhd.
- 30% Bahtera Bahagia Sdn. Bhd.
- 50% Pride Palm Oil Mill Sdn. Bhd.
  - 100% Solar Green Sdn. Bhd.

EQUIPMENT & ENGINEERING

- 100% Modipalm Engineering Sdn. Bhd.
- 100% Advance Boilers Sdn. Bhd.
- 100% Great Enchant Sdn. Bhd.
- 71% Magview Machinery Sdn. Bhd.
- 60% Avecpalm Marketing Resources Sdn. Bhd.
- 100% C.B. Industrial Product Sdn. Bhd.
  - 100% CBIP (PNG) Limited
  - 95% PT CB Polaindo

SPECIAL PURPOSE VEHICLES & OTHER

- 100% Midas Portfolio Sdn. Bhd.
- 100% Accent Hectares Sdn. Bhd.
- 100% Palmite Process Engineering Sdn. Bhd.
- 51% AVP Engineering (M) Sdn. Bhd.
  - 100% TPG Aeronautik Sdn. Bhd.

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BOARD OF DIRECTORS

❶ **Tan Sri Datuk Dr. Yusof Bin Basiran**
Independent Non-Executive Chairman

❷ **Lim Chai Beng**
Managing Director

❸ **Lim Chai Huat**
Non-Independent Non-Executive Director

❹ **Mak Chee Meng**
Executive Director

❺ **Y.D.M Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah Alhaj Tengku Seri Paduka Shahbandar (Selangor)**
Executive Director

❻ **Michael Ting Sii Ching**
Independent Non-Executive Director

❼ **Wong Chee Beng**
Senior Independent Non-Executive Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Dr. Yusof Bin Basiran
Independent Non-Executive Chairman

Lim Chai Beng
Managing Director

Lim Chai Huat
Non-Independent Non-Executive Director

Mak Chee Meng
Executive Director

Y.D.M Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah Alhaj Tengku Seri Paduka Shahbandar
Executive Director

Wong Chee Beng
Senior Independent Non-Executive Director

Michael Ting Sii Ching
Independent Non-Executive Director

AUDIT COMMITTEE

Wong Chee Beng
Chairman, Senior Independent Non-Executive Director

Michael Ting Sii Ching
Independent Non-Executive Director

Lim Chai Huat
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Lim Lee Kuan (MAICSA 7017753)

Teo Mee Hui (MAICSA 7050642)

REGISTERED OFFICE

Lot 4, Jalan Waja 15
Kawasan Perusahaan Telok Panglima Garang
42500 Telok Panglima Garang
Selangor Darul Ehsan
Telephone No.: 03-3122 2786
Facsimile No.: 03-3122 1336
E-mail: info@cbip.com.my
Website: www.cbip.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 03-7841 8000
Facsimile No. : 03-7841 8008

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
AmBank (M) Berhad

AUDITORS

Crowe Horwath
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No.: 03-27889999
Facsimile No.: 03-27889998

STOCK EXCHANGE

Main Market
Bursa Malaysia Securities Berhad

STOCK CODE

7076

... the Board remains cautiously optimistic of the prospects of our Group moving forward.

CHAIRMAN'S STATEMENT

Tan Sri Datuk Dr. Yusof Bin Basiran
Independent Non-Executive Chairman

Dear Shareholders,

On behalf of the Board, it is my honour to present to you CB Industrial Product Holding Berhad's annual report and financial statements for the financial year ended 31 December 2013.

A STELLAR 2013

Despite 2013 being subjected to weaknesses in the external environment, notably the decline of average crude palm oil prices to RM2,332 per tonne during the first 9 months of 2013, our Group has successfully weathered the storm and emerged stronger, achieving new all times highs in terms of both revenue and profit before taxation, which amounted to RM590.4 million and RM125.6 million respectively. Year on year, this represented a 13.2% increase in revenue and 26.5% in profit before taxation, underpinned by improved margins in our palm oil engineering sector as well as higher project implementation and completion in our special purpose vehicles division.

Nevertheless, our stellar 2013 was not without its speed bumps. Profit after taxation contributions from our plantation associates and jointly controlled entity on a combined basis totalled RM8.0 million in the current year, representing a 15.2% decline year on year as a result of weaker crude palm oil prices. On the same note, our plantation and milling division (excluding our plantation associates and jointly controlled entity above) which continued its aggressive development with approximately 2,700 hectares planted last year alone and 4,400 hectares planted in totality, incurred a higher loss of RM5.0 million for the financial year ended 31 December 2013.

LOOKING AHEAD

On a macro outlook, the recovery of China, the United States and the European Union as well as the anticipated increase in demand for palm oil in the production of biodiesel in Indonesia, should bode well for the recovery of crude palm oil prices in 2014. This in turn augurs well with the prospects of our palm oil engineering division in the medium term as well as our plantation and milling's division near term prospects.

Based on our outstanding orderbook of RM440 million in our palm oil engineering division and RM216 million in our special purpose vehicles as at the end of 2013 as well as an anticipated recovery in crude palm oil prices due to extreme weather conditions and improvement in demand, the Board remains cautiously optimistic of the prospects of our Group moving forward.

In our palm oil engineering division, we will pick up where we left off in 2013, whereby we rode on the technology of our Modipalm Continuous Sterilization palm oil mills to secure contracts from existing and new customers alike, namely Astra, Felda, Bumitama, TDM, to name a few. Besides that, we also saw encouraging results from our





penetration outside the traditional markets of Indonesia and Malaysia, whereby 15% of our contracts secured in 2013 were from the regions of Central America, Africa and Papua New Guinea. Entering the 10th year since our Modipalm Continuous Sterilization technology was first commercialized, we also celebrate having built over 80 Modipalm Continuous Sterilization palm oil mills globally to date.

In our special purpose vehicle division, we had in 2013 secured a contract from the Ministry of Housing and Local Government Malaysia to supply and deliver 100 units of water tank trailers to the Fire and Rescue Department of Malaysia with a contract value of RM136.8 million. Having successfully secured contracts for fire fighting engines, emergency rescue vehicles as well as water tank trailers since our breakout year in 2011, we will continue to build on our capabilities to grow our vehicles portfolio to service our clients.

In our plantation and milling division, with 7,000 hectares of mature plantation assets currently contributing, we are shifting our focus into our landbank of approximately 65,000 hectares in Kalimantan Tengah, Indonesia, whereby 2,700 hectares was planted alone in 2013 and 4,400 hectares planted in totality. Moving forward, we have set an internal target of planting approximately 6,000 hectares annually. While contributions from our Indonesia plantation assets is still years away, we remain committed to developing our immature plantation assets to drive our Group's long term growth.

CORPORATE EXERCISE

During the 2ndquarter of 2013, our Group's wholly-owned subsidiary, Advanced Boilers Sdn Bhd completed the acquisition of land and inventory from Vickers Hoskins (M) Sdn Bhd. The said land with an area of approximately 4.0494 hectares together with single storey detached factories, office building, plant, machinery, raw material and related equipment was acquired for a total cash consideration of RM36.0 million to enable Advance Boilers Sdn Bhd to expand its existing business activities in manufacturing and servicing boilers as well as to take up more business opportunities.

Subsequently in October 2013, the Group acquired 50% stake in Palmite Process Engineering Sdn Bhd, whereby Palmite Process Engineering Sdn Bhd will thereafter become a wholly-owned subsidiary of our Group. The intended activity of Palmite Process Engineering Sdn Bhd is to extract, process and market consumable products from palm fruit juice.

In January 2014, the Group's 51% owned subsidiary, AVP Engineering (M) Sdn Bhd acquired a 100% stake in TPG Oil & Gas Sdn Bhd. With a paid up capital of RM500,000, the intended business of TPG Oil & Gas Sdn Bhd is to engage in oil and gas businesses.

AWARDS

2013 was also a year punctuated with our Group receiving prestigious awards on a global scale.

On 29th October 2013, we officially received the Forbes Asia Best Under A Billion Award for the year 2013, our 4th overall in the past 8 years, having scored a hat-trick from the years 2006-2008. It is indeed an excellent achievement for our Group to be continuously recognized as one of the best performing small and medium enterprises on the Asia Pacific level. We remain cautiously optimistic of being awarded a similar spot in 2014.

On 28th February 2014, we were invited to Hong Kong to receive the IAIR Awards for the category of Best Company for Leadership, Equipment and Engineering, Malaysia. While we do not claim that we are of the same league, we are nevertheless proud and humbled to be a winner in an award ceremony attended by global powerhouses such as UBS, Lippo, Panasonic and China Telecom. Needless to say, we are aiming to retain our position in 2015.

UPHOLDING SHAREHOLDERS' VALUE

In line with our tradition of distributing cash dividends amounting to a target PATAMI payout ratio of 30%, we have declared a total cash dividend payout of 10 sens for the financial year ended 31 December 2013.

While we have achieved encouraging results for the financial year ended 31 December 2013, we will continue to explore sustainable growth strategies to enhance our shareholders' value.

A WORD OF APPRECIATION

I wish to take this opportunity to express my heartfelt gratitude and appreciation to our Board of Directors, the management team and our employees for their dedicated, unwavering support.

Last but not least, I would like to thank our shareholders, customers, vendors and other stakeholders, who have placed their faith in us since our humble beginnings until today.

Tan Sri Datuk Dr. Yusof Bin Basiran
Independent Non-Executive Chairman

DIRECTORS' PROFILE

TAN SRI DATUK DR. YUSOF BIN BASIRAN
Independent Non-Executive Chairman

TAN SRI DATUK DR. YUSOF BIN BASIRAN, aged 65, Malaysian, was appointed to the Board on 20 February 2006.

He is presently holding several important positions which include:-

- Chief Executive Officer of Malaysian Palm Oil Council (MPOC)
- Director of Sime Darby Berhad

Apart from holding distinguished corporate positions, he is also involved in the following organisations:-

- Senior Fellow and Past President of Academy Sciences Malaysia (ASM)
- Fellow member of Malaysia Scientific Association (MSA)
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA)
- Fellow member of the Incorporated Society of Planters

His notable academic achievements are as follows:-

- In 1972, he obtained his Bachelor in Chemical Engineering Degree from the University of Canterbury, New Zealand;
- In 1974, he obtained his Post-Graduate Degree in Rubber Technology (ANCRT) from the United Kingdom; and
- In 1976, he obtained his Masters Degree in Engineering specialising in Industrial Management (M.E.) and also in Business Administration (MBA) from the Catholic University of Leuven in Belgium.

Before he joined Palm Oil Research Institute of Malaysia (PORIM) in 1979, he held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/Malaysian Rubber Research Development Board (MRRDB).

In 1986, he completed his doctorate with a PhD in Applied Economics and Management Science from the University of Stirling, Scotland. He was later appointed as the Director-General of PORIM in 1992. He held the position for 8 years until April 2000 before assuming the role of the Director-General of Malaysia Palm Oil Board (MPOB), an organisation which existed as a result of a PORIM and Palm Oil Registration and Licensing Authority (PORLA) merger, from 1 May 2000 until 18 January 2006.

For all these services, he was conferred the Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N.), Darjah Yang Mulia PANGLIMA JASA NEGARA (P.J.N.) and Darjah Kebesaran PANGLIMA SETIA MAHKOTA (P.S.M.)

LIM CHAI BENG
Managing Director

LIM CHAI BENG, aged 55, Malaysian, was appointed to the Board on 3 February 1999.

He is one of the founders of C.B. Industrial Product Sdn. Bhd. and also the Managing Director of this subsidiary company, a position he holds until today. He is also the Managing Director of the subsidiary company, Modipalm Engineering Sdn. Bhd. He has vast experience in the engineering industry. He is the driving force behind the Group's growth and responsible for the overall management and formulation of the Group's strategic plans and policies. He possesses strong inter-personal and management skills, which inculcates a good rapport with the highly motivated and dedicated workforce.

On 28 July 2009, Mr Lim was awarded the Outstanding Entrepreneurship Award 2009 by Enterprise Asia.

Y.D.M. TENGKU DATO' ARDY ESFANDIARI BIN TENGKU ABDUL HAMID SHAH ALHAJ TENGKU SERI PADUKA SHAHBANDAR

Executive Director

Y.D.M. TENGKU DATO' ARDY ESFANDIARI BIN TENGKU ABDUL HAMID SHAH ALHAJ TENGKU SERI PADUKA SHAHBANDAR, aged 54, Malaysian, was appointed to the Board on 3 February 1999. He is a member of the Remuneration Committee.

He is an established business entrepreneur with extensive networking and great public relations skills. He was previously the Director/Project Director of Worldwide Holdings Berhad for more than 8 years and was involved in the restructuring exercise of the Company in the year 1990.

He was appointed a director of C.B. Industrial Product Sdn. Bhd. in 1994 and is responsible for the public affairs and government liaison of this subsidiary company. He is also the Managing Director of the subsidiary company, AVP Engineering (M) Sdn. Bhd., principally involved in the fabrication of specialised vehicles.

He was bestowed with the Darjah Kebesaran Dato'- Sultan Sharafuddin Idris Shah (D.S.I.S.) award in conjunction with the 67th birthday of the Sultan of Selangor.

LIM CHAI HUAT

Non-Independent Non-Executive Director

LIM CHAI HUAT, aged 53, Malaysian, was appointed to the Board on 3 February 1999. He is the Chairman of the Nomination Committee and also a member of the Audit and Remuneration Committee.

He is one of the founders of C.B. Industrial Product Sdn. Bhd. He joined Chin Beng Engineering Works in 1980 as the Operations Manager. When Chin Beng Engineering Works was incorporated into a private limited company under its present name of C.B. Industrial Product Sdn. Bhd. in 1983, he was promoted to Production Manager due to his vast experience and track record in the manufacturing division. In 1985, he was further promoted to Project Director where he headed the project team and managed the Project Division e.g. construction of the plants in Telok Panglima Garang currently housed as Head Office of CBIPH Group. He currently acts as an advisor for palm oil mill projects and the administration of the factory and Property Division.

He is the Managing Director of Freiberg (Malaysia) Sdn. Bhd. ("Freiberg"), a company which was granted a license from Australia to manufacture environmental office furniture and partitions. He is also Director of Office 2 Go (M) Sdn. Bhd. and Freiberg Properties Private Limited Company which involved in trading of office furniture and properties leasing businesses.

MAK CHEE MENG

Executive Director

MAK CHEE MENG, aged 59, Malaysian, was appointed to the Board on 3 February 1999.

Prior to joining C.B. Industrial Product Sdn. Bhd. in 1994, he was the Manager (Industrial Division) from 1982 to 1989 for Centrimax Engineering Sdn. Bhd., a company principally involved in the supply of palm oil mill equipment and related services, where he was responsible for the sales and marketing division. He is the founder and currently the Managing Director of the subsidiary company, Avecpalm Engineering (Malaysia) Sdn. Bhd. and Avecpalm Marketing Resources Sdn. Bhd. He is instrumental in developing the export market in the West African countries, Papua New Guinea and the South American tropical belt countries.

From 2010 to 2012, he was appointed as the Plantation Director of Sachiew Plantations Sdn. Bhd. to oversee the operations of Sachiew Plantations Sdn. Bhd. and Empresa Estate Sdn. Bhd. and Palm Oil Milling.

He is currently heading the 'Green Field' Oil Palm Plantation Development in Kalimantan Tengah, Indonesia.

MICHAEL TING SII CHING

Independent Non-Executive Director

MICHAEL TING SII CHING, aged 57, Malaysian, was appointed to the Board on 10 October 2001. He is the Chairman of the Remuneration Committee, and also a member of the Audit and Nomination Committees.

Mr Ting graduated from Simon Fraser University, Canada with a Bachelor in Business Administration (Accounting & MIS).

He was previously with Arthur Andersen/HRM Management Services Sdn. Bhd. for more than 9 years (last position as senior consulting manager) in which he oversaw/undertook a variety of management and financial consulting assignments/projects. Subsequently, he was appointed a General Manager in PhileoAllied Securities Sdn. Bhd. and an Executive Director in Phileo Allied Capital Partners Sdn. Bhd., overseeing the origination, structuring and advisory of corporate finance deals/transactions over a period of about 8 years. His professional experience also included heading the corporate planning and development division (as Vice President) of MISC Berhad for over 4 years. He is currently a Director of Assunta Hospital and Pusat Jagaan My Villages.

WONG CHEE BENG

Senior Independent Non-executive Director

WONG CHEE BENG, aged 60, Malaysian, was appointed to the Board on 23 May 2002. He is the Chairman of the Audit Committee and a member of the Nomination Committee. He was identified as the Senior Independent Non-Executive Director on 25 April 2013.

He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He also holds a Master of Business Administration (MBA) from Brunel University, United Kingdom and is a Certified Financial Planner (CFP).

He has more than 30 years of experience in the areas of auditing, accounting, financial management, business entrepreneurship and company secretarial work.

Notes to Directors' Profile:

1. **Family Relationship**
   Lim Chai Huat is the brother to Lim Chai Beng, a Director and major shareholder of the Company.

   The other Directors do not have any family relationship with any Director and/or major shareholders of the Company.

2. **Conviction of Offences**
   None of the Directors have been convicted for any offences (other than traffic offences) within the past 10 years.

3. **Conflict of Interest**
   All the Directors have no conflict of interest with the Company and its subsidiaries.

4. **Attendance at Board Meetings**
   The details of attendance of the Directors at the Board Meetings are set out on page 29 of this Annual Report.

5. **Shareholdings**
   The details of Directors' Interest in the securities of the Company are set out in the Analysis of Shareholdings page 130 of this Annual Report.

6. **Directorship in Public Companies**
   Save as disclosed herein, none of the Directors hold any other directorships of public companies.

CORPORATE SOCIAL RESPONSIBILITY

At CBIPH, we believe in a healthy reciprocal relationship between our business and community. Our Corporate Social Responsibility ties in closely with our core values of creating a more eco-friendly and sustainable environment. Our culture of giving back to society will constantly keep us mindful of our corporate responsibility as a leader in creating sustainability; it also keeps us on the right track in functioning ethically and professionally as a business unit.

INVESTOR RELATIONS

In line with our Group's policy of promoting transparency to our shareholders, we have taken our investor relations initiative up a notch to ensure dissemination of information in relation to our stakeholders is done in an accurate and timely manner.

Among others, we have completely revamped our ancient old website, giving our Group a new fresh look. Looks aside, we have also equipped the website with up-to-date pictures and information, including presentation slides that are updated on a constantly on a quarterly basis.

Working closely with the banking industry, we have also begun reaching out to investors through a series of roadshows, one-on one meetings, site visits, and group presentations. Very notably, we are proud to be one of the few selected companies to be featured in RHB-OSK's Asean Corporate Day as well as Alliance Investment Corporate Day.

In October 2013, we also organized a Modipalm mill site visit for a group of 20 investors, fund managers and financial analysts, enabling them to gain a better understanding of our core Modipalm technology. We acknowledge that our Modipalm Continuous Sterilization mill is an exclusive technology and through the site visit, we hope to further educate our investors about the unique features and advantages of our mills.

We will continue to innovate and improve on our investor relations initiatives, with the ultimate objective of achieving a positive relationship with our shareholders through active two-way communications.




ENVIRONMENT

As the creator of the Modipalm Continuous Sterilization Technology, we pride ourselves in our commitment to create a more eco-friendly environment. There is a tightly-knitted relation between human and our environment, and be it survival or voluntarily, all of us share the responsible of protecting it to the best of our ability.

Over the years, we have put in time and effort creating a palm oil milling system more environmentally friendly with less oil spillage and cleaner smoke emissions. Over the past 3 years, we have also shifted our attention to focus on developing palm oil mill waste management systems to ensure a sustainable management of sludge within a palm oil mill, which we are hopeful of commercializing in the near future. Our obsession to protect the environment will continue to spur our engineering efforts to constantly improve on the palm oil milling process.

COMMUNITY

We are aware that our financial position presents us with more opportunities to extend our help towards various community groups. In December 2013, we took the initiative to make a cash donation of over MYR20,000 towards the Pusat Penjagaan Kanak-Kanak Cacat Klang Selangor to fully sponsor tuition fees for less privileged children. Children are the country's future talents and we see a need to nurture their growth through education. Through this charity donation, we hope to provide them with a chance to complete their basic education and play an important part contributing to the social workforce.

Using the above initiative as a starting point, we will continue to assess opportunities to extend our philanthropic initiatives for the benefit of our community.

MARKETPLACE

As a leader in the field of palm oil engineering, CBIPH has benefited substantially through its unique pioneer position for its patented Modipalm Continuous Sterilization technology. Embodying entrepreneurial spirits, we have the responsibility as pioneers to share our experience and advancement with aspiring corporations and entrepreneurs.

In August 2013, we participated in the Seminar on Domestic Direct Investment Initiative organized by the Klang Chinese Chamber of Commerce and Industry and sponsored by the Malaysian Investment Development Authority. Our Managing Director, Mr. Lim Chai Beng, represented CBIPH in sharing our experience establishing a strong foothold in the palm oil engineering through constant innovation and strong awareness of government policies. Through such an initiative, we hope that our consumers, suppliers and aspiring entrepreneurs and corporations will be able to tap the existing framework by the various government authorities to grow their businesses.

EMPLOYEES

In continuously developing and motivating our human resources, the 1 most important resource forming the foundation and culture of our group, we routinely organize in-house training programmes, external training programmes as well as team building excursions for our employees. Notably for a 3 day period beginning 15 September 2013, we brought over 200 employees to Lotus Beach Resort at Desaru to conduct a team building exercise. This provides an opportunity for our human resources to interact with each other outside the office as well as to work together as a team to reach a common objective.

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of CB INDUSTRIAL PRODUCT HOLDING BERHAD will be held at Saujana Ballroom, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Thursday, 29 May 2014 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors retiring in accordance with Article 99 of the Articles of Association of the Company:
   (a) Lim Chai Beng **Ordinary Resolution 1**
   (b) Wong Chee Beng **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of RM312,000.00 for the financial year ending 31 December 2014. **Ordinary Resolution 3**

4. To re-appoint Messrs. Crowe Horwath as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESSES

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

5. **PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY** **Ordinary Resolution 5**

   "THAT subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

   (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

   (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits and share premium; and

   (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

   AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

6. **AUTHORITY TO ISSUE SHARES**

Ordinary Resolution 6

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/ regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – MICHAEL TING SII CHING**

Ordinary Resolution 7

"THAT authority be and is hereby given to Michael Ting Sii Ching who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company."

8. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – WONG CHEE BENG**

Ordinary Resolution 8

"THAT subject to the passing of Ordinary Resolution 2, authority be and is hereby given to Wong Chee Beng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

LIM LEE KUAN (MAICSA 7017753)
TEO MEE HUI (MAICSA 7050642)
Company Secretaries

Selangor Darul Ehsan
7 May 2014

Notes:-

i) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and Section 149 of the Companies Act, 1965 shall not apply to the Company.*

ii) *A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*

iii) *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, such member may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

iv) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

v) *If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*

vi) *The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

vii) *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

viii) *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 69 of the Articles of Association of the Company, a Record of Depositors as at 23 May 2014 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.*

ix) **Explanatory notes on Ordinary and Special Business**

Item 1 of the Agenda
Audited Financial Statements for the financial year ended 31 December 2013

This Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

Ordinary Resolution 5
Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed resolution, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share of the Company by utilising the funds allocated which shall not exceed the earnings and/or share premium of the Company.

For further information, please refer to Share Buy-Back Statement dated 7 May 2014.

Ordinary Resolution 6
Authority to Issue Shares

The proposed resolution is primarily to give flexibility to the Board of Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

The previous mandate was not utilised and accordingly no proceeds were raised.

Ordinary Resolution 7
Continuing in Office as Independent Non-Executive Director – Michael Ting Sii Ching

The Nomination Committee has assessed the independence of Michael Ting Sii Ching, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue act as an Independent Non-Executive Director of the Company based on the following justifications:-

a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
b. he has been with the Company for more than 9 years and was familiar with the Company's business operations;
c. he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
d. he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

Ordinary Resolution 8
Continuing in Office as Independent Non-Executive Director – Wong Chee Beng

The Nomination Committee has assessed the independence of Wong Chee Beng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue act as an Independent Non-Executive Director of the Company based on the following justifications:-

a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would able to function as a check and balance, bring an element of objectivity to the Board;
b. he has been with the Company for more than 9 years and was familiar with the Company's business operations;
c. he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
d. he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES 2013

In Respect of the Preparation of the Financial Statements

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2013, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") is pleased to present the following Report on the Audit Committee and its activities for the financial year ended 31 December 2013.

COMPOSITION AND MEETINGS

The present Audit Committee comprises three (3) Directors as follows:

Chairman
Wong Chee Beng – Senior Independent Non-Executive Director

Members

Michael Ting Sii Ching	–	Independent Non-Executive Director
Lim Chai Huat	–	Non-Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 December 2013. The details of the attendance of the Audit Committee are as follows:

		Attendance
Chairman	Wong Chee Beng *(Senior Independent Non-Executive Director)*	5/5
Members	Michael Ting Sii Ching *(Independent Non-Executive Director)*	5/5
	Lim Chai Huat *(Non-Independent Non-Executive Director)*	5/5

Senior Management staff and group internal auditor were invited to attend the Audit Committee meetings. The agenda of the meetings and relevant information were distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITEE

In accordance with the Terms of Reference of the Audit Committee, the activities undertaken by the Audit Committee during the financial year ended 31 December 2013, include the deliberation on and review of:

(a) the unaudited quarterly Financial Statements and the Annual Audited Financial Statements of the Company to ensure adherence to the regulatory reporting requirements and appropriate resolution prior to the submission to the Board of Directors for approval.

(b) the audit plan of the external auditors in terms of their scope of audit prior to their commencement of their annual audit.

(c) the audit reports of the external auditors in relation to audit and accounting matters arising from the statutory audit; matters arising from the audit of the Group in meetings with the external auditors without the presence of the executive Board members and management.

(d) related party transactions and conflict of interest situation that may arise within the Group.

(e) the internal audit reports, audit recommendations and implementation status of the recommendations.

(f) the quarterly update on the Group's key risk profile with a view to re-assess and manage the key business risks as well as to monitor the readiness to manage these risks.

(g) the Audit Committee Report and Statement on Risk Management and Internal Control for compliance with the Malaysian Code on Corporate Governance and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") before recommending to the Board for approval.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

(h) re-appointment of external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit, before recommending to the Board of Directors for approval.

(i) updates on accounting standards by Malaysian Accounting Standards Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Company has an Internal Audit Function that reports directly to the Audit Committee. The main role of the Internal Audit Function is to assist the Audit Committee in providing independent assessment on the adequacy and effectiveness of the internal control system of the Group. The activities of the Internal Audit Function during the financial year ended 31 December 2013 were as follows:

(a) Development of the Internal Audit Plan for 2013 for the Audit Committee's approval.

(b) Execution of the approved internal audit plan.

(c) Presentation of the internal audit findings at the Audit Committee meetings. All findings raised by the internal audit function had been directed to Management for appropriate actions.

(d) Conducting follow-up reviews to ensure previously established action plans had been adequately implemented by Management within the agreed timelines.

The total cost incurred for the Internal Audit Function for 2013 was RM157,173.00.

The internal audits conducted did reveal some weaknesses but are not expected to result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on pages 34 to 35 of the Annual Report.

TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee are as follows:

Composition

- The Audit Committee shall be appointed from amongst the Board and shall:

  i) comprise no fewer than three (3) members who are Non-Executive Directors and majority of whom are Independent Directors;

  ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' of working experience and;

    (a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

    (b) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

  fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad; and

  iii) not include any alternate director as a member of the Audit Committee.

Composition (Con'd)

- In the event of any vacancy which causes the number of members to be is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

- The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.

Duties

- To review with the external auditors on:

  i) the audit plan, its scope and nature;

  ii) the audit reports;

  iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and

  iv) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with the Management encountered during the audit.

- To review the adequacy of the scope, functions, competency and resources of the Internal Audit Functions and the system of internal controls within the Group.

- To review with Management:

  i) the audit reports and management letter issued by the external auditors and the implementation of audit recommendations;

  ii) the interim financial information and press release relating to financial matters of importance; and

  iii) the assistance given by the officers of the Company to external auditors.

- To review any related party transaction and conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

- To review the quarterly reports on consolidated results and the annual financial statements with Management and the auditors prior to submission to the Board.

- To consider the appointment and/or re-appointment of internal and external auditors, the audit fees and any questions or resignation or dismissal including recommending the nomination of person or persons as external auditors to the Board.

- To verify the allocation of options pursuant to a share scheme for eligible executives and non-executives Directors as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

- To review the Statement on Risk Management and Internal Control and the Audit Committee Report.

- To review the effectiveness of the Group's Risk Management Framework, Policies and Processes to mitigate Key Risks facing the Group.

Rights

The Audit Committee shall:

a) have authority to investigate any matter within its terms of reference;

b) have the resources which are required to perform its duties;

c) have full and unrestricted access to any information pertaining to the Group;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

e) have the right to obtain independent professional or other advice at the cost of the Company;

f) have the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;

g) call for a meeting upon a request of the internal auditors or external auditors; and

h) promptly report to Bursa Securities matters which have not been satisfactorily resolved by the Board resulting in a breach of the listing requirements.

Meetings

- The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Directors;
- The Company Secretary is responsible for co-ordinating all administrative details including calling of meetings, voting and keeping of minutes;
- The Chairman shall upon request of the external auditors convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders;
- The internal and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary;
- Members of the Audit Committee are provided with the meeting agenda and other relevant financial and non-financial information prior to each meeting;
- Senior Management staff, external auditors and internal auditors are invited to attend the meetings, whenever their presence is needed; and
- The Company Secretary is responsible for preparing the minutes of each meeting which are subsequently approved and adopted.

REVIEW OF AUDIT COMMITTEE

The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to gauge their compliance with the terms of reference.

The Board is committed to ensure that the principles and best practices on corporate governance are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism in the best interests of the Group and its shareholders.

Set out below is a statement of how the Group has applied the principles and complied with the recommendations as outlined in the Malaysian Code on Corporate Governance 2012 ("the Code").

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and those delegated to Management

The Board's responsibilities are clearly defined in the Board Charter. The charter defines the Board's key roles in charting the strategic direction, development and control of the Group which include the reviewing and monitoring of matters relating to strategy to promote sustainability, performance, evaluation, resource allocation, standards of conduct, financial matters, succession planning, corporate disclosure, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

The Executive Directors are primarily responsible for developing the Group's business plan and strategies, the implementation of policies and decisions of the Board and overseeing the Group's operations. The role of the Independent Non-Executive Directors is to provide objective and independent judgment to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly or exclusively Non-Executive Directors.

There is a clear division of responsibilities between the Chairman of the Board and the Managing Director ("MD"). The Chairman leads strategic planning at the Board level, while the MD and Executive Directors are responsible for the implementation of the strategies/policies laid down and executive decision-making.

The role of Management is to support the Executive Directors in the day-to-day management and operations of the Company, in accordance with the delegated authority of the Board.

The Board Committees comprise the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, minutes are presented to keep the Board informed. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Non-Executive Directors are independent of Management. Their roles are to constructively challenge Management and monitor the performance of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have full access to Management at all levels and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

Key matters reserved for the Board's approval include the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management policies, new businesses/projects, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

1.2 Clear roles and responsibilities in discharging fiduciary and leadership functions

The Board has discharged its responsibilities in the best interests of the Company. The following are among the key responsibilities of the Board:

(a) Reviewing and adopting the Company's strategic plans

The Board has in place a strategy planning process whereby the MD presents to the Board the Company's annual budgets, together with the proposed business plans for the ensuing year for the Board's review and approval. The Board will deliberate both Management's and its own perspectives, and challenge the Management's views and assumptions to ensure the best outcome.

(b) Overseeing the conduct of the Company's business

The MD is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory, commercial and operational functions.

Management's performance under the leadership of MD, is assessed by the Board through monitoring the actual performance of the Group against the approved targets and business plans on a quarterly basis.

The Board determines and approves the level of authority to be delegated to the MD in respect of operating expenditures, capital expenditures, credit facilities and risk taking.

(c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.

Through the AC, the Board oversees the risk management and internal control system of the Group. The AC advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC reviews the action plan implemented and makes relevant recommendations on risk matters to the Board.

(d) Succession Planning

The Board has entrusted the NC and RC with the responsibility to review candidates for the Board and key management positions and to determine remuneration packages for these appointments and to formulate nomination, selection, remuneration and succession policies for the Group.

The NC also undertakes yearly evaluation of the performance of the Chief Financial Officer ("CFO") whose remuneration is directly linked to performance based on his score sheet. For this purpose, the performance evaluation for the year 2013 of the CFO was reviewed by the NC in February 2014.

(e) Overseeing the development and implementation of a shareholder communication policy for the Company.

The Company strongly believes that effective and timely communication is essential in maintaining good relations with the shareholders, investors and investment community. To that end, the Board strives to provide shareholders and investors accurate, useful and timely information about the Company, its businesses and its activities via the timely release of quarterly financial results, press releases and announcements. Whilst the Company endeavours to provide as much information as possible, it is aware of the legal and regulatory framework governing the release of material and price sensitive information.

The Company has identified Mr. Wong Chee Beng as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

In addition to the above, shareholders and investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations, via dedicated e-mail addresses available on the corporate website.

(f) Reviewing the adequacy and integrity of management information and internal control system of the Company

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the reviews of its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

1.3 Business Ethics

The Board commits to observe ethical business standards and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

In addition, all employees are encouraged to report genuine concerns about any unethical behaviour or malpractices. Any such concern should be raised with senior management and an appropriate action will be taken by the Company. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Senior Independent Non-Executive Director.

1.4 Strategies promoting sustainability

The Board regularly reviews the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business and political environment and risk factors.

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. Accordingly, the Company takes cognisance of the global environmental, social, governance and sustainability agenda.

1.5 Access to information and advice

The Directors have individual and independent access to the advice and support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties.

The Board papers which include updates on operations, financial, corporate developments and minutes of the Board Committees are circulated prior to each Board meeting. This is to provide the Directors sufficient time to enable them to participate in the deliberations of the issues to be raised at the meetings and to make informed decisions.

1.6 Qualified and competent company secretary

The Board is regularly updated by the Company Secretary on new regulations issued by the regulatory authorities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's quoted securities.

The Company Secretary attends and ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company.

1.7 Board Charter

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group and its stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter which was adopted by the Board on 26 April 2012.

The Board Charter serves to ensure that all Board members are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee ("NC") consists of entirely Non-Executive Directors with majority being Independent Directors. The members of the NC are:

<u>Chairman</u>
Lim Chai Huat – Non-Independent Non-Executive Director

<u>Members</u>
Wong Chee Beng – Senior Independent Non-Executive Director
Michael Ting Sii Ching – Independent Non-Executive Director

The NC is guided by specific terms of reference and the NC's duties are as follows:

- To recommend candidates for all directorships to be approved by the Board and shareholders;
- To recommend candidates to fill the seats on Board Committees;
- To assess the contribution of each individual Director;
- To review annually the Board structure, size, composition and the mix between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- To take the necessary steps to ensure that women candidates are sought as part of the Company's recruitment exercise to meet its gender diversity policy;
- To review annually the independence of Independent Directors;
- To ensure existence of an appropriate framework and succession plan for the Executive Directors and senior management of the Company;
- To identify suitable orientation, educational and training programmes for continuous development of Directors;
- To establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and assessing the contribution of each Director; and
- To consider other matters as referred to the Committee by the Board.

Despite the recommendation 2.1 of the Code for the Chairman of the NC to be a Senior Independent Director, Mr. Lim Chai Huat remains as the Chairman of the NC due to his invaluable experience and knowledge of the Group Businesses. He is also one of the co-founders of the Company.

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

a) Board appointment process

The NC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine the skill matrix to support the strategic direction and needs of the Company.

Management shall engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities and diversity requirements for both the Board and the Committee appointments.

The NC evaluates the qualification and experience of the candidate against the Board's requirements including its gender diversity policy and where appropriate recommends to the Board for appointment.

The NC will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

According to the Articles of Association of the Company, all Directors are required to submit themselves for re-election at intervals of not more than three (3) years. The Articles of Association also state that one-third (1/3) of the Board members shall retire from office at an Annual General Meeting ("AGM") and shall be eligible for re-election at the same AGM.

All new Director(s) duly appointed by the Board are subsequently recommended for re-election at the coming AGM.

The Company shall then provide orientation and on-going education to the Board.

In making the selection, the Board is assisted by the NC to consider the following aspects:

- Integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
- Competence and capability – the person must have the necessary qualification and experience, skills, ability and commitment to carry out the role.

b) Annual Assessment

The Board reviews and evaluates its own performance and the performanceof its Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Self Assessment and an Assessment of Independence of the Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities.

For Individual Self Assessment, the assessment criteria include contribution to interaction, quality of inputs, and understanding of role.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of the retiring Directors at the next AGM.

In addition, the NC reviews and evaluates the performance of the CFO on an annual basis.

c) Gender diversity policy

The Company adheres to the policy of identifying and recruiting the best qualified and experienced candidates including female candidates to serve on its Board in the best interest of the Company and its shareholders.

2.3 Remuneration Committee

The Remuneration Committee ("RC") consists of one (1) Executive Director and two (2) Non-Executive Directors. The members of the RC are:

Chairman
Michael Ting Sii Ching – Independent Non-Executive Director

Members
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah – Executive Director
Lim Chai Huat – Non-Independent Non-Executive Director

The RC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to attract and to retain persons of high calibre.

The RC reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year and their achievement of the goals and/or quantified organisational targets set at the beginning of each year.

The Board as a whole determines the Director's fee of the Non-Executive Directors and recommends the same for shareholders' approval.

The remuneration package of the Executive Directors consists of monthly salary, allowance, bonus and benefits-in-kind such as company car and the benefit of Directors and Officers Liability Insurance in respect of any significant liability arising from acts committed in their capacity as Directors and Officers of the Company. The Directors and principal officers are required to contribute jointly towards the premium of the said policy.

Details of the Directors' remuneration (including benefits-in-kind) during the financial year 2013 are as follows:

(a) Total Remuneration

Director	Salaries	Fees	Bonus and Allowances	Benefit-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Executive	1,858	131	140	45	2,174
Non-Executive	-	216	29	24	269
Total	1,858	347	169	69	2,443

(b) Directors' remuneration by bands

Range of remuneration	Executive	Non-Executive
Below RM100,000	-	3
RM100,001 to RM150,000	-	1
RM450,001 to RM500,000	1	-
RM550,001 to RM600,000	1	-
RM950,001 to RM1,000,000	1	-

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board, through the NC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

Based on the assessment in the financial year 2013, the Board is satisfied that the Independent Directors have been able to discharge their responsibilities in an independent manner.

3.2 Tenure of Independent Directors

The Board has adopted the Code's nine (9) years tenure recommendation for Independent Non-Executive Directors as one of the criteria to assess the continuing Independence of its Independent Non-Executive Directors.

3.3 Shareholders' approval for the Continuance Office as Independent Directors

The NC will assess the continuing independence of the Independent Directors based on the assessment criteria (which includes the Code's nine (9) years tenure recommendation) developed by the NC and submit its recommendation to the Board for review and endorsement prior to the Board's submission to the shareholders for approval. Justification for the Board's recommendation is provided to the shareholders.

Currently, there are two (2) long serving Independent Non-executive Directors, Mr. Wong Chee Beng and Mr. Michael Ting Sii Ching, whose tenure are more than nine (9) years. The Board, on the review and recommendation made by the NC, is unanimous in its opinion that the two (2) Independent Directors, have fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the MMLR of Bursa Securities. The Board believes that the independence of the two Directors remains unimpaired and their judgment over business dealings of the Company were not influenced by the interest of the other Directors or Substantial Shareholders.

Thus, the Board recommends to the shareholders for approval at the forthcoming AGM for Mr Wong Chee Beng and Mr Michael Ting to continue acting as Independent Directors of the Company.

3.4 Separation of the Positions of the Chairman and the MD

The positions of the Chairman and the MD are held by two different individuals. Tan Sri Datuk Dr. Yusof Bin Basiran, an Independent Non-Executive Director is the Chairman whereas Mr Lim Chai Beng is the MD.

The distinct and separate roles of the Chairman and MD with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

3.5 Composition of the Board

The Board currently comprises seven (7) members of whom three (3) are Independent Non-Executive Directors, three (3) Executive Directors and one (1) Non-Independent Non-Executive Director. The three (3) Independent Non-Executive Directors fulfills the criteria of independence as defined in the MMLR of Bursa Securities. The Independent Non-Executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the Independent Non-Executive Directors remain in a position to fulfill their responsibility to provide check and balance to the Board.

The Board composition meets both the MMLR of Bursa Securities and the Code's recommendation for a balance board with Independent Directors constituting more than one-third of the Board.

The Independent Non-Executive Directors are of the caliber necessary to provide an independent judgment on the issues of strategy, performance and resource allocation. They carry sufficient weight in Board decisions to ensure the long-term interest of the Company and its shareholders, employees, customers and other stakeholders.

The seven (7) members of the Board are persons of high calibre and integrity, and they possess the appropriate skills and provide a wealth of knowledge, experience and skills in the key areas of marketing and sales, accountancy, business operations and development, finance and risk management, amongst others.

The MD is accountable to the Board over the daily management and development of the Company.

The profile of each of the member of the Board is presented on the pages 8 to 10 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings, as set out in the table.

Name of Director	Designation	No. of meetings attended
Tan Sri Datuk Dr. Yusof Bin Basiran	Independent Non-Executive Chairman	5/5
Lim Chai Beng	Managing Director	5/5
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah	Executive Director	5/5
Mak Chee Meng	Executive Director	5/5
Wong Chee Beng	Senior Independent Non-Executive Director	5/5
Lim Chai Huat	Non-Independent Non-Executive Director	5/5
Michael Ting Sii Ching	Independent Non-Executive Director	5/5

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, the Directors must not hold directorships at more than five (5) public listed companies ("PLCs") and shall notify the Chairman before accepting any new directorship in PLCs.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year as well as the tentative closed periods for dealings in securities by Directors based on the targeted dated of announcements of the Company's quarterly results.

4.2 Trainings

All Directors have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge to discharge their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

During the financial year ended 31 December 2013, save for Tan Sri Datuk Dr. Yusof Bin Basiran and Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah due to their hectic schedules, the other Directors have attended the following trainings, seminars, conferences and exhibitions to keep themselves abreast with changes in laws and regulation, business environment and corporate governance development:-

Lim Chai Beng		
Date	**Name of Training Program**	
04 February 2013	•	Malaysian Palm Oil Council ("MPOC") Seminar at Putrajaya Marriot, Sepang.
24 - 25 June 2013	•	10th Incorporated Society of Planters (ISP) National Seminar at Sibu.
23 August 2013	•	Direct Domestic Investment Seminar Jointly Organized by MIDA, MIDF and Klang Chinese Chamber of Commerce and Industry (KCCCI) at Premiere Hotel, Klang.
26 August 2013	•	MPOC Palm Oil Industry Leadership Forum at Grand Hyatt Kuala Lumpur.
19 – 21 November 2013	•	The Malaysian Palm Oil Board International Palm Oil Congress (PIPOC) 2013 at Kuala Lumpur Convention Centre (KLCC).

Mak Chee Meng		
Date	**Name of Training Program**	
7 – 9 May 2013	•	The 4th International Conference & Exhibition On Palm Oil 2013 – Jakarta Convention Center.

Lim Chai Huat		
Date	**Name of Training Program**	
20 June 2013	•	Bursa Malaysia - Advocacy Session on Corporate Disclosure at Bursa Malaysia.
26 August 2013	•	MPOC – Palm Oil Industry Leadership Forum at Grant Hyatt Kuala Lumpur.

Michael Ting Sii Ching		
Date	**Name of Training Program**	
20 June 2013	•	Bursa Malaysia – Advocacy Session on Corporate Disclosure.
26 August 2013	•	MPOC – Palm Oil Leadership Forum at Grand Hyatt Kuala Lumpur.

Wong Chee Beng		
Date	**Name of Training Program**	
28 February 2013	•	Web Professional Course (six-week course).
20 June 2013	•	Bursa Malaysia - Advocacy Session on Corporate Disclosure.
27 November 2013	•	Bursa Malaysia – Risk Management & Internal Control.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made.

The Board is assisted by the AC to oversee and scrutinise the process and quality of the financial reporting including the reviewing and monitoring of the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the financial report, as well as in compliance with the relevant accounting standards.

5.2 Assessment of suitability and independence of external auditors

The AC is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services.

The terms of engagement for services provided by the external auditors are reviewed by the AC prior to submission to the Board for approval.

The AC has reviewed the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors.

Having satisfied itself with Messrs Crowe Horwath's performance, the AC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls.

The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The AC oversees the risk management framework of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC also reviews the action plans implemented and make relevant recommendations to the Board to manage residual risks.

The Company continues to maintain and review its internal control procedures to safeguard its assets and businesses.

6.2 Internal Audit Function

A sound system of Internal Control is in place for the day to day operations of the Group. The Internal Audit Department has an independent reporting channel to the AC and is authorised to conduct independent audits of all the departments and offices within the Group and reports its findings to the AC at the end of each quarter.

The AC reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the Internal Control systems in the organisation.

The Statement on Risk Management and Internal Control as included on pages 34 to 35 of this Annual Report provides the overview of the Internal Control Framework adopted by the Company during the financial year ended 31 December 2013.

7. ENSURE TIMELY AND QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy and Procedures

The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The MD and CFO are responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of necessary announcement.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

7.2 Leverage on information technology for effective dissemination of information and feedbacks

The Company's website provides all relevant corporate information and it is accessible by the public. The Company's website includes share price information, all announcements made by the Company, Annual Reports, financial results, corporate calendar as well as the corporate governance statement of the Company.

The stakeholders are able to direct queries to the Company through the Company's website by an e-mail address: info@cbip.com.my.

8. STRENGHTEN SHAREHOLDERS' RELATIONSHIP

8.1 Encourage shareholder participation at general meetings

In an effort to encourage greater shareholders' participation at AGMs, the Board takes cognisance in serving longer than the required minimum notice period for AGMs, when possible. The Chairman together with the Senior Independent Director ensure that the Board is accessible to shareholders and an open channel of communication is cultivated.

The Company encloses the 2013 Annual Report together with the Share Buy-back Statement and notice of AGM with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

The Company allows a shareholder to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditors or a person approved by the Registrar of Companies.

To further promote participation of members through proxies, which in line with the MMLR of Bursa Securities, the Company had amended its Articles of Association to include explicitly the right of proxies to speak at general meetings.

8.2 Encourage poll voting

At the 16th AGM of the Company held on 31 May 2013, all resolutions put forth for shareholders' approval at the meeting were voted on by show of hands.

The Chairman ensured that shareholders were informed of their rights to demand a poll vote at the commencement of the AGM.

8.3 Effective communication and proactive engagement

At the 16th AGM, all the Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

From the Company's perspective, the AGM also serves as a forum for Directors and Management to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has in 2013 complied with the principles and recommendations of the Code except where it was specifically stated otherwise.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board remains committed towards ensuring that a sound system of risk management and internal control exists in order to safeguard the Group's assets and minimise its losses and liabilities.

The Board is pleased to provide this statement on the state of risk management and internal control of the Group prepared in accordance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities, Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuers and the Malaysian Code on Corporate Governance 2012.

BOARD RESPONSIBILITIES

The Board affirms its responsibility for establishing and maintaining a sound system of internal control and risk management practices as well as reviewing the adequacy and integrity of the internal control system. The Board has delegated the above mentioned responsibilities to the Audit Committee. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by Management, the internal audit function and the external auditor.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

  The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- **Periodic Performance Review**

  Actual performance of the Group is monitored against plans to identify and to address significant variances at least once in every quarter.

  On quarterly basis, the Managing Director ("MD") and the Chief Financial Officer ("CFO") provide assurance to the Board on the adequacy of the company's risk management andinternal controls.

- **Group Policies and Procedures**

  The Group has documented policies and procedures that are regularly reviewed and updated to ensure that these are effective and efficient and continue to support the Group's business activities at all times as the Group continues to grow.

- **Site Visits and Operational Meetings**

  Regular factory and site visits by members of the Management team, the internal auditor, the Audit Committee and external consultants/auditors are conducted.

The Group's system of internal control does not apply to associate and joint venture companies where the Group does not have full management control over them.

2. Risk Management Framework

Risk management is regarded by the Board to be an integral part of managing business operations. The respective Heads of Departments are responsible for managing risks related to their functions on a day-to-day basis. The Board via Audit Committee obtained the assurance on the risk management.

Quarterly management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the Management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

The abovementioned practices and initiatives by Management serve as the ongoing process used to identify, assess and manage key business, operational and financial risks faced by the Group.

In addition, Management updates the Audit Committee quarterly on the status of implementation of previously identified management action plans to mitigate significant business/operating risks of the Group.

3. Internal Audit Function

The Group's in-house internal audit function is independent from the day-to-day operations of the Group. The duties of the internal auditors are performed with professional care and without prejudice and this provide the Audit Committee and the Board with assurance and independent assessment in respect of the adequacy, efficiency and effectiveness of the system of internal control.

The Internal Auditors report directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage. This is documented in the Audit Committee Report on pages 18 to 21 of this Annual Report.

On a quarterly basis, the Group's internal auditors table the results of their review of the business processes of different operating units to the Audit Committee. The status of the implementation of corrective actions to address control weaknesses are also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented.

4. Information And Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. Monitoring and Review

- **Business Planning and Budgeting Review**

  The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group. Long term business plan and annual budget prepared by Management are tabled to the Board for their review and approval at least once a year.

- **Financial and Operational Review**

  The quarterly financial statements containing key actual financial results and operational performance results are monitored against budgets/plans to identify and address significant variances at least once in every quarter and these are appropriately presented to the Board for their review, consideration and approval.

- **External Audit Review**

  The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement on risk management and internal control is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of internal control and risk management is adequate to safeguard the Group's assets and minimise its losses and liabilities. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will continue to put in place appropriate action plans and controls to further enhance the system of internal control and risk management.

ADDITIONAL COMPLIANCE INFORMATION

1. Shares Buy-Backs

During the financial year, the Company purchased 2,780,500 of its issued shares from the open market of Bursa Securities for RM7,073,791. The details of the shares bought back and held as treasury shares during the financial year are as follows:

Month	Number of Shares	Buy Back Price Per Share (RM)		Average Price (RM)	Total Cost (RM)
		Lowest	Highest		
March	1,967,500	2.50	2.54	2.52	4,959,145
April	733,900	2.50	2.55	2.55	1,871,359
May	10,000	2.50	2.50	2.50	25,183
November	69,100	3.12	3.19	3.16	218,104
Total	**2,780,500**			**2.54**	**7,073,791**

None of the treasury shares were resold/cancelled during the financial year.

2. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year under review.

3. Depository Receipts

The Company did not participate in any depository receipts programme during the financial year.

4. Imposition of Sanction / Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

5. Non-Audit Fees

There were no non-audit fees paid to the external auditors for the financial year ended 31 December 2013.

6. Variation in Results for the Financial Year

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2013 and the unaudited results previously announced.

7. Profit Guarantee

There were no profit guarantees received the Company during the financial year.

8. Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year.

9. Utilisation of Proceeds

The shareholders have approved the proposed disposals of the entire equity interest in Sachiew Plantations Sdn. Bhd. and Empresa (M) Sdn. Bhd. by the Company for a total consideration of RM268,057,702 ("Proposed Disposals") on 22 February 2012. The Proposed Disposals have been completed on 14 May 2012. As at 31 December 2013, the proceeds arising from the Proposed Disposals have been utilised are as follows:-

		Expected Utilisation Period (Within)	Proposed Amount	Utilised	Balance
			RM'000	RM'000	RM'000
(a)	Repayment of bank borrowings	24 months	17,251	17,251	-
(b)	Oil palm development expenditure in Indonesia by subsidiary	24 months	23,000	23,000	-
(c)	Estimated expenses for the Proposed Disposals	6 months	2,000	1,421	579
(d)	Working capital	12 months	43,500	43,500	-
(e)	Future investments (for acquisition of subsidiaries and its oil palm development expenditure in Indonesia)	24 months	182,307	168,223	14,084
TOTAL			**268,058**	**253,395**	**14,663**

10. Recurrent Related Party Transactions ("RRPT") of Revenue or Trading Nature

There was no Shareholders' Mandate obtained in respect of RRPT of Revenue or Trading Nature during the financial year end.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	112,943	14,959
Attributable to:		
Owners of the Company	98,416	14,959
Non-controlling interests	14,527	-
	112,943	14,959

DIVIDENDS

The dividends paid/payable by the Company during the financial year were as follows:-

	RM'000
Declared in previous financial year in respect of the financial year ended 31 December 2012:	
Second interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 23 January 2013	13,404
Declared in current financial year in respect of the financial year ended 31 December 2013:	
First interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 5 August 2013	13,268
Second interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 22 January 2014	13,265
	26,533

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

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 31 May 2013, granted their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased from the open market, 2,780,500 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM2.54 per ordinary share. The total consideration paid for acquisition of the shares was RM7,073,791 and was financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

As at 31 December 2013, the Company held 6,709,027 repurchased shares as treasury shares out of its total issued and paid-up share capital of 272,008,474 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM20,780,306.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

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DIRECTORS

The directors who served since the date of the last report are as follows:-

TAN SRI DATUK DR. YUSOF BIN BASIRAN
TENGKU DATO' ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH
LIM CHAI BENG
LIM CHAI HUAT
MAK CHEE MENG
MICHAEL TING SII CHING
WONG CHEE BENG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2013	BOUGHT	SOLD	AT 31.12.2013
Direct Interests:				
TENGKU DATO' ARDY ESFANDIARI BIN TENGKU A. HAMID SHAH	1,680,000	-	-	1,680,000
LIM CHAI BENG	86,909,560	1,047,300	(600,000)	87,356,860
LIM CHAI HUAT	10,500,000	500,000	-	11,000,000
MAK CHEE MENG	7,438,330	-	-	7,438,330
Indirect Interests held through Spouse/Child*:				
TAN SRI DATUK DR. YUSOF BIN BASIRAN	400,000	-	-	400,000
LIM CHAI BENG	1,088,200	500,000	-	1,588,200

* *Deemed interest through spouse's and/or children's shareholdings by virtue of Section 134(12)(C) of the Companies (Amendment) Act 2007 in Malaysia.*

None of the other directors had any interests in shares in the Company during the financial year.

By virtue of his interest in shares in the Company, Lim Chai Beng is also deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 6A of the Companies Act 1965 in Malaysia.

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DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events of the Group occurring after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2014

Tengku Dato' Ardy Esfandiari Bin
Tengku A. Hamid Shah
Director

Lim Chai Beng
Director

We, Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah and Lim Chai Beng, being two of the directors of CB Industrial Product Holding Berhad, state that, in the opinion of the directors, the financial statements set out on pages 46 to 127 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2013 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 APRIL 2014

Tengku Dato' Ardy Esfandiari Bin
Tengku A. Hamid Shah
Director

Lim Chai Beng
Director

STATUTORY DECLARATION

I, Tan Hock Yew, being the officer primarily responsible for the financial management of CB Industrial Product Holding Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 127 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Tan Hock Yew, at Klang in the state of
Selangor Darul Ehsan on this
28 April 2014

Tan Hock Yew
Before Me

Goh Cheng Teak (No. B204)
Commissioner Of Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CB INDUSTRIAL PRODUCT HOLDING BERHAD

(Incorporated in Malaysia Company No. 428930-H)

Report on the Financial Statements

We have audited the financial statements of CB Industrial Product Holding Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 127.

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 Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

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Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Requirements

The supplementary information set out in Note 47 on page 128 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.

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

Ooi Song Wan
Approval No : 2901/10/14 (J)
Chartered Accountant

Kuala Lumpur
28 April 2014

STATEMENTS OF FINANCIAL POSITION
At 31 December 2013

	NOTE	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	29,646	29,646
Investment in associates	6	85,672	82,782	49,430	49,430
Investment in joint ventures	7	24,228	22,208	20,187	20,187
Property, plant and equipment	8	131,831	68,564	945	1,123
Plantation development expenditure	9	70,616	43,327	-	-
Goodwill	10	16,341	16,341	-	-
Other investments	11	589	592	-	-
Amount owing by subsidiaries	17	-	-	126,143	65,771
Deferred tax asset	12	112	-	-	-
		329,389	233,814	226,351	166,157
CURRENT ASSETS					
Inventories	13	38,910	34,197	-	-
Trade receivables	14	126,025	96,700	-	-
Amount due from contract customers	15	29,343	50,255	-	-
Other receivables, deposits and prepayments	16	44,449	38,992	16,944	16,645
Amount owing by subsidiaries	17	-	-	90,304	75,231
Tax refundable		1,238	906	128	415
Short-term investment	18	34,907	21,593	34,907	21,593
Derivative asset		-	433	-	-
Fixed and short-term deposits with licensed banks	19	23,895	10,587	-	-
Cash and bank balances		86,050	179,838	3,641	57,641
		384,817	433,501	145,924	171,525
TOTAL ASSETS		714,206	667,315	372,275	337,682

The annexed noted form an integral part of these financial statement.

	NOTE	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
EQUITY					
Share capital	20	136,004	136,004	136,004	136,004
Treasury shares	21	(20,780)	(13,706)	(20,780)	(13,706)
Currency translation reserve		(19,737)	(721)	-	-
Fair value reserve		(3)	-	-	-
Retained profits	22	434,467	362,584	186,205	197,779
TOTAL SHAREHOLDERS' EQUITY		529,951	484,161	301,429	320,077
NON-CONTROLLING INTERESTS	5	26,412	14,525	-	-
TOTAL EQUITY		556,363	498,686	301,429	320,077
NON-CURRENT LIABILITIES					
Long-term borrowings	23	840	1,054	70	194
Deferred taxation	24	2,458	2,549	-	-
		3,298	3,603	70	194
CURRENT LIABILITIES					
Trade payables	25	53,131	66,893	-	-
Amount due to contract customers	15	71,914	55,647	-	-
Other payables and accruals	26	8,903	8,495	540	308
Amount owing to subsidiaries	17	-	-	56,847	3,500
Dividend payable	27	13,265	13,404	13,265	13,404
Provision for taxation		2,933	1,743	-	-
Short-term borrowings	28	3,150	16,916	124	199
Bank overdrafts	28	1,249	1,928	-	-
		154,545	165,026	70,776	17,411
TOTAL LIABILITIES		157,843	168,629	70,846	17,605
TOTAL EQUITY AND LIABILITIES		714,206	667,315	372,275	337,682
NET ASSETS PER ORDINARY SHARE (RM)	29	2.00	1.81		

The annexed noted form an integral part of these financial statement.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
REVENUE	30	590,441	521,728	7,778	74,074
COST OF SALES		(452,143)	(412,005)	-	-
GROSS PROFIT		138,298	109,723	7,778	74,074
OTHER INCOME		11,268	6,540	10,959	202,570
		149,566	116,263	18,737	276,644
ADMINISTRATIVE AND OTHER OPERATING EXPENSES		(31,372)	(25,531)	(2,206)	(1,695)
PROFIT FROM OPERATIONS		118,194	90,732	16,531	274,949
FINANCE EXPENSES		(606)	(871)	(29)	(110)
SHARE OF PROFIT OF ASSOCIATES, NET OF TAX	6	6,001	9,411	-	-
SHARE OF PROFIT OF JOINT VENTURES, NET OF TAX		2,020	46	-	-
PROFIT BEFORE TAXATION	31	125,609	99,318	16,502	274,839
INCOME TAX EXPENSE	32	(12,666)	(7,771)	(1,543)	(354)
PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		112,943	91,547	14,959	274,485
DISCONTINUED OPERATIONS					
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATIONS		-	154,398	-	-
PROFIT AFTER TAXATION		112,943	245,945	14,959	274,485
OTHER COMPREHENSIVE (EXPENSES)/INCOME, NET OF TAX					
Items that may be reclassified subsequently to profit or loss					
- fair value changes of available- for-sale financial assets		(3)	(2)	-	-
- foreign currency translations		(21,171)	31	-	-
		(21,174)	29	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		91,769	245,974	14,959	274,485

The annexed noted form an integral part of these financial statement.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	NOTE	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
- OWNERS OF THE COMPANY		98,416	239,619	14,959	274,485
- NON-CONTROLLING INTERESTS		14,527	6,326	-	-
		112,943	245,945	14,959	274,485
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
- OWNERS OF THE COMPANY		79,397	239,655	14,959	274,485
- NON-CONTROLLING INTERESTS		12,372	6,319	-	-
		91,769	245,974	14,959	274,485
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:					
Basic:					
- continuing operations	33	37.0 sen	31.7 sen		
- discontinued operations	33	NA	57.5 sen		
Diluted:					
- continuing operations	33	NA	NA		
- discontinued operations	33	NA	NA		
DIVIDENDS PER SHARE	34			10.0 sen	15.0 sen

NA - Not applicable

The annexed noted form an integral part of these financial statement.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

THE GROUP	NOTE	← NON-DISTRIBUTABLE SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	CURRENCY TRANSLATION RESERVE RM'000	FAIR VALUE RESERVE RM'000 →	DISTRIBUTABLE RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2012		68,781	(11,613)	6,681	(759)	2	317,857	380,949	8,107	389,056
Profit after taxation		-	-	-	-	-	239,619	239,619	6,326	245,945
Other comprehensive income for the financial year:										
- fair value changes of available-for-sale financial assets		-	-	-	-	(2)	-	(2)	-	(2)
- foreign currency translations		-	-	-	38	-	-	38	(7)	31
Total comprehensive income for the financial year		-	-	-	38	(2)	239,619	239,655	6,319	245,974
Contributions by and distributions to owners of the Company:										
- bonus issue		67,223	-	(6,681)	-	-	(60,542)	-	-	-
- purchase of own shares		-	(2,093)	-	-	-	-	(2,093)	-	(2,093)
- dividends	27	-	-	-	-	-	(134,350)	(134,350)	-	(134,350)
Total transactions with owners of the Company		67,223	(2,093)	(6,681)	-	-	(194,892)	(136,443)	-	(136,443)
Dividend paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	(290)	(290)
Acquisition of non-controlling interests		-	-	-	-	-	-	-	389	389
Balance at 31.12.2012/1.1.2013		136,004	(13,706)	-	(721)	-	362,584	484,161	14,525	498,686

The annexed noted form an integral part of these financial statement.

		NON-DISTRIBUTABLE					DISTRIBUTABLE			
		SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	CURRENCY TRANSLATION RESERVE	FAIR VALUE RESERVE	RETAINED PROFITS	ATTRIBUTABLE TO OWNERS OF THE COMPANY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
THE GROUP	**NOTE**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 31.12.2012/1.1.2013		136,004	(13,706)	-	(721)	-	362,584	484,161	14,525	498,686
Profit after taxation		-	-	-	-	-	98,416	98,416	14,527	112,943
Other comprehensive expenses for the financial year:										
- fair value changes of available-for-sale financial assets		-	-	-	-	(3)	-	(3)	-	(3)
- foreign currency translations		-	-	-	(19,016)	-	-	(19,016)	(2,155)	(21,171)
Total comprehensive income for the financial year		-	-	-	(19,016)	(3)	98,416	79,397	12,372	91,769
Contributions by and distributions to owners of the Company:										
- purchase of own shares		-	(7,074)	-	-	-	-	(7,074)	-	(7,074)
- dividends	27	-	-	-	-	-	(26,533)	(26,533)	-	(26,533)
Total transactions with owners of the Company		-	(7,074)	-	-	-	(26,533)	(33,607)	-	(33,607)
Dividend paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	(970)	(970)
Issuance of new shares by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	485	485
Balance at 31.12.2013		136,004	(20,780)	-	(19,737)	(3)	434,467	529,951	26,412	556,363

The dividends are computed based on the outstanding issued and paid-up share capital excluding treasury shares held by the Company.

The annexed noted form an integral part of these financial statement.

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2013

THE COMPANY	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2012		68,781	(11,613)	6,681	118,186	182,035
Total comprehensive income for the financial year		-	-	-	274,485	274,485
Contributions by and distributions to owners of the Company:						
- dividends	27	-	-	-	(134,350)	(134,350)
- bonus issue		67,223	-	(6,681)	(60,542)	-
- purchase of own shares		-	(2,093)	-	-	(2,093)
Balance at 31.12.2012/1.1.2013		136,004	(13,706)	-	197,779	320,077
Total comprehensive income for the financial year		-	-	-	14,959	14,959
Contributions by and distributions to owners of the Company:						
- dividends	27	-	-	-	(26,533)	(26,533)
- purchase of own shares		-	(7,074)	-	-	(7,074)
Balance at 31.12.2013		136,004	(20,780)	-	186,205	301,429

The dividends are computed based on the outstanding issued and paid-up share capital excluding treasury shares held by the Company.

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The annexed noted form an integral part of these financial statement.

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation:				
- continuing operations	125,609	99,318	16,502	274,839
- discontinued operations	-	156,404	-	-
Adjustments for:-				
Allowance for impairment losses on trade receivables	3,241	317	-	-
Amortisation of plantation development expenditure	369	-	-	-
Bad debts written off	-	477	-	-
Depreciation of property, plant and equipment	4,374	4,170	181	271
Fair value loss/(gain) on short-term investment	240	(1,023)	240	(1,023)
Interest expense	322	355	19	110
Plant and equipment written off	15	2	-	-
Dividend income from:				
- subsidiaries	-	-	(4,610)	(68,210)
- an associate	-	-	(3,111)	(5,808)
Fair value gain on derivative asset	-	(433)	-	-
(Gain)/Loss on disposal of plant and equipment	(66)	569	-	-
Gain on disposal of subsidiaries	-	(148,370)	-	(195,575)
Interest income	(5,338)	(4,019)	(10,861)	(5,878)
Reversal of allowance for impairment losses on trade receivables	(1,004)	(420)	-	-
Share of profit of:				
- associates	(6,001)	(9,411)	-	-
- joint ventures	(2,020)	(46)	-	-
Unrealised (gain)/loss on foreign exchange	(3,655)	899	-	-
Operating profit/(loss) before working capital changes	116,086	98,789	(1,640)	(1,274)
(Increase)/Decrease in inventories	(4,713)	609	-	-
Decrease/(Increase) in amount due from contract customers, net	37,179	(2,608)	-	-
Increase in trade and other receivables	(34,971)	(38,938)	(299)	(11,065)
(Decrease)/Increase in trade and other payables	(27,749)	(8,160)	232	(26,644)
CASH FROM/(FOR) OPERATIONS	85,832	49,692	(1,707)	(38,983)
Interest paid	(322)	(355)	(19)	(110)
Tax paid	(12,011)	(6,475)	(356)	(59)
NET CASH FROM/(FOR) OPERATING ACTIVITIES AND BALANCE CARRIED FORWARD	73,499	42,862	(2,082)	(39,152)

The annexed noted form an integral part of these financial statement.

STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2013

		THE GROUP		THE COMPANY	
		2013	2012	2013	2012
	NOTE	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD		73,499	42,862	(2,082)	(39,152)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		5,338	4,019	10,861	5,878
Acquisition of subsidiaries		-	-	@	(1,708)
Proceeds from disposal of plant and equipment		73	167	-	2
Proceeds from disposal of subsidiaries		-	271,128	-	271,128
Advances to subsidiaries		-	-	(75,445)	(84,430)
Purchase of property, plant and equipment	35	(72,965)	(13,944)	(3)	-
Purchase of short-term investment		(13,554)	(20,570)	(13,554)	(20,570)
Net cash outflow on acquisition of subsidiaries	36	-	(20,089)	-	-
Plantation development expenditure incurred		(36,550)	(16,174)	-	-
Placement of fixed deposits		(12,798)	(9,978)	-	-
Dividends received from:					
- subsidiaries		-	-	3,710	67,310
- an associate		3,111	5,808	3,111	5,808
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(127,345)	200,367	(71,320)	243,418
BALANCE CARRIED FORWARD		(53,846)	243,229	(73,402)	204,266

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The annexed noted form an integral part of these financial statement.

	NOTE	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
BALANCE BROUGHT FORWARD		(53,846)	243,229	(73,402)	204,266
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid:					
- owners of the Company		(26,672)	(120,946)	(26,672)	(120,946)
- non-controlling interests		(970)	(290)	-	-
Treasury shares		(7,074)	(2,093)	(7,074)	(2,093)
Proceeds from issuance of shares of a subsidiary to non-controlling interests		485	-	-	-
Advances from/(Repayment to) subsidiaries		-	-	53,347	(24,802)
Repayment to a director		-	(167)	-	-
Drawdown/(Repayment) of revolving credit, net		1,522	(7,585)	-	(5,072)
Repayment of hire purchase obligations		(737)	(375)	(199)	(199)
Repayment of term loans		(776)	(778)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(34,222)	(132,234)	19,402	(153,112)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(88,068)	110,995	(54,000)	51,154
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		177,910	67,625	57,641	6,487
Exchange differences on translation of opening balance		(919)	38	-	-
Effect of foreign exchange rate changes		(3,612)	(748)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	85,311	177,910	3,641	57,641

@ Denotes RM2.

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The annexed noted form an integral part of these financial statement.

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The registered office and principal place of business is Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2014.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company and is involved in the provision of management services whilst the principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

FRSs and IC Interpretations (Including The Consequential Amendments)

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of Interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 (2011) Employee Benefits

FRS 127 (2011) Separate Financial Statements

FRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance

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

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to FRSs (2012)

3. BASIS OF PREPARATION (CONT'D)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

FRS 10 & Amendments to FRS 10: Transition Guidance
FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 112. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

FRS 11 & Amendments to FRS 11: Transition Guidance
FRS 11 replaces FRS 131 and introduces new accounting requirements for joint arrangements. FRS 11 eliminates jointly controlled assets and only differentiates between joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, the option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

FRS 12 & Amendments to FRS 12: Transition Guidance
FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Notes 5, 6 and 7 to the financial statements.

FRS 13 Fair Value Measurement
FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. FRS 13 has been applied prospectively as of the beginning of the current financial year and there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
The amendments to FRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

3. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 (2009) Financial Instruments	To be announced by MASB
FRS 9 (2010) Financial Instruments	To be announced by MASB
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	To be announced by MASB
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	To be announced by MASB
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities	1 January 2014
Amendments to FRS 119: Defined Benefit Plans - Employee Contributions	1 July 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014

3. BASIS OF PREPARATION (CONT'D)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) *FRS 9 (2009), FRS 9 (2010) & Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures*
FRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this FRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as FRS 9 (2010)). Generally, FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. The effective date of this standard has been deferred from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

(ii) *Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities*
The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impacts on the financial statements of the Group upon its initial application but may impact its future disclosure.

(iii) *Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets*
The amendments to FRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(c) On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards ("IFRS").

The MFRSs are 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) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities"). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standards Board. Accordingly, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Amortisation of Plantation Development Expenditure

Plantation development expenditure is amortised on a straight-line basis over the expected useful life of oil palm trees. Significant management judgement is required to determine the expected useful life of oil palm trees, taking into account such factor as soil condition.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the current tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(vii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(viii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(ix) Construction Contracts

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Construction contract accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(x) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

<u>Business combinations from 1 January 2011 onwards</u>

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Functional and Foreign Currencies (Cont'd)

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

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

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments

(i) Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(ii) Associates

Associates are entities in which the Group and the Company have a long-term equity interest and where they exercise significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments (Cont'd)

(iii) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the joint venture made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment (Cont'd)

Long leasehold land	over the lease periods of 81 to 99 years
Buildings	1% - 5%
Estate access road	5%
Factory equipment and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	10% - 20%
Renovation	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term assets and depreciated accordingly when the assets are completed and ready for commercial use.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(h) Plantation Development Expenditure

Plantation development expenditure comprises cost of planting and development of oil palm. Plantation development expenditure is stated at cost less accumulated amortisation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 4(g) to the financial statements.

Expenditure incurred on newly planted areas up to the time of maturity is capitalised under plantation development expenditure. This expenditure will be amortised over its estimated useful life commencing from the year of maturity of the crop that is normally 3 years from planting. Subsequent expenditure incurred on planted areas is expensed off to the profit or loss.

Plantation development expenditure is amortised on a straight-line basis over a period of 25 years commencing from the year of maturity of the crop.

(i) Capitalisation of Borrowing Costs

Borrowing costs incurred to finance plantation development expenditure that require a substantial period of time to be ready for their commercial harvesting are capitalised. Capitalisation of borrowing costs will cease when the crops are ready for commercial harvesting.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

(k) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Amount Due From/To Contract Customers

The amount due from/to contract customers is stated at cost plus profit attributable to contracts in progress less progress billings and provision for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(n) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(o) Purchase of Own Shares

When the share capital recognised as equity is bought by the Company under the share buy-back programme, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares bought that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity and presented as a deduction from the total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in shareholders' equity.

(p) Income Taxes

Income taxes for the financial year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income Taxes (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(s) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(t) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Related Parties (Cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(v) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Fair Value Measurements (Cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

(w) Revenue and Other Income Recognition

(i) Revenue from Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case the revenue on contracts will only be recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

(ii) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon the delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(iii) Dividend Income

Dividend income from investment in subsidiaries is recognised upon declaration by the subsidiaries. Dividend income from other investments is recognised when the right to receive the dividend is established.

(iv) Other Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Fee, rental and commission income are recognised on an accrual basis.

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2013	2012
	RM'000	RM'000
Unquoted shares in Malaysia, at cost:-		
At 1 January	29,646	27,938
Acquired during the financial year	@	1,708
At 31 December	29,646	29,646

@ Denotes RM2.

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Modipalm Engineering Sdn. Bhd.	Malaysia	100%	100%	Manufacturer of palm oil mill equipment and related spare parts, provision of engineering support commissioning and contracting works for palm oil mills.
AVP Engineering (M) Sdn. Bhd.	Malaysia	51%	51%	Retrofitting special purpose vehicles.
Advance Boilers Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and servicing boilers.
Avecpalm Marketing Resources Sdn. Bhd.	Malaysia	60%	60%	Trading of palm oil mill processing equipment.
Magview Machinery Sdn. Bhd.	Malaysia	71%	71%	Constructing mills, factories, building, composting effluent plants and contracting works.
PT CB Polaindo*#	Indonesia	95%	95%	Providing engineering support and contracting works for palm oil mills.
CBIP (PNG) Limited*#	Papua New Guinea	100%	100%	Providing engineering support and contracting works for palm oil mills.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
TPG Aeronautik Sdn. Bhd. (formerly known as TPG Builders Sdn. Bhd.)*****	Malaysia	100%	100%	Installing and commissioning of telecommunication towers.
PT. Sawit Lamandau Raya**#	Indonesia	85%	85%	Cultivation of oil palm.
PT Jaya Jadi Utama***#	Indonesia	94%	94%	Cultivation of oil palm.
PT Berkala Maju Bersama****#	Indonesia	94%	94%	Cultivation of oil palm.
Admiral Potential Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
AV-Ecopalms Sdn. Bhd.	Malaysia	100%	100%	Investment holding
C.B. Industrial Product Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Great Enchant Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Midas Portfolio Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Steam-Mech Engineering Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Accent Hectares Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Palmite Process Engineering Sdn. Bhd.#	Malaysia	100%	-	Dormant.

* *held through C.B. Industrial Product Sdn. Bhd.*
** *held through Steam-Mech Engineering Sdn. Bhd.*
*** *held through Admiral Potential Sdn. Bhd.*
**** *held through AV-Ecopalms Sdn. Bhd.*
***** *held through AVP Engineering (M) Sdn. Bhd.*
\# *not audited by Messrs. Crowe Horwath.*

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The non-controlling interests at the end of the reporting period comprised the following:-

	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000
Avecpalm Marketing Resources Sdn. Bhd.	2,339	2,346
PT Sawit Lamandau Raya	(2,093)	(366)
AVP Engineering (M) Sdn. Bhd.	25,262	11,472
Other individual subsidiaries that have immaterial non-controlling interests	904	1,073
	26,412	14,525

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	AVECPALM MARKETING RESOURCES SDN. BHD. 2013 RM'000	AVECPALM MARKETING RESOURCES SDN. BHD. 2012 RM'000
At 31 December		
Non-current assets	3,233	3,166
Current assets	4,328	4,302
Non-current liabilities	(107)	(26)
Current liabilities	(1,607)	(1,577)
Net assets	5,847	5,865
Financial year ended 31 December		
Revenue	7,507	10,817
(Loss)/Profit for the financial year	(17)	566
Total comprehensive (expenses)/income	(17)	566
Total comprehensive (expenses)/income attributable to non-controlling interests	(7)	227
Net cash flows from operating activities	31	1,889
Net cash flows for investing activities	(47)	(293)
Net cash flows for financing activities	(36)	(58)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	PT SAWIT LAMANDAU RAYA	
	2013	2012
	RM'000	RM'000
At 31 December		
Non-current assets	45,909	44,400
Current assets	1,803	1,960
Non-current liabilities	(1,728)	(1,275)
Current liabilities	(59,936)	(47,525)
Net liabilities	(13,952)	(2,440)
Financial year ended 31 December		
Revenue	222	-
Loss for the financial year	(11,907)	(1,783)
Total comprehensive expenses	(11,512)	(1,738)
Total comprehensive expenses attributable to non-controlling interests	(1,727)	(261)
Net cash flows for operating activities	(12,833)	(3,002)
Net cash flows for investing activities	(9,739)	(12,613)
Net cash flows from financing activities	22,067	16,385

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5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	AVP ENGINEERING (M) SDN. BHD. AND ITS SUBSIDIARY	
	2013 RM'000	2012 RM'000
At 31 December		
Non-current assets	16,227	1,452
Current assets	82,578	76,501
Non-current liabilities	(363)	(217)
Current liabilities	(46,886)	(54,323)
Net assets	51,556	23,413
Financial year ended 31 December		
Revenue	261,969	180,349
Profit for the financial year	30,123	12,049
Total comprehensive income	30,123	12,049
Total comprehensive income attributable to non-controlling interests	14,760	5,904
Dividend paid to non-controlling interests	970	-
Net cash flows from operating activities	15,785	30,132
Net cash flows for investing activities	(14,907)	(331)
Net cash flows (for)/from financing activities	(7,188)	8,232

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6. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Unquoted shares in Malaysia, at cost	49,430	49,430	49,430	49,430
Share of post-acquisition results	36,242	33,352	-	-
	85,672	82,782	49,430	49,430

The details of the associates, which are incorporated in Malaysia, are as follows:-

	Effective Equity Interest		
Name of Company	2013	2012	Principal Activities
Bahtera Bahagia Sdn. Bhd. #	30%	30%	Cultivation of oil palm.
Kumpulan Kris Jati Sdn. Bhd. #	30%	30%	Cultivation of oil palm and production of crude palm oil and palm kernel.

 # not audited by Messrs. Crowe Horwath.

The summarised financial information for each associate that is material to the Group is as follows:-

	BAHTERA BAHAGIA SDN. BHD.	
	2013	2012
	RM'000	RM'000
At 31 December		
Non-current assets	34,458	36,842
Current assets	46,903	46,602
Non-current liabilities	(7,498)	(8,386)
Current liabilities	(3,524)	(7,311)
Net assets	70,339	67,747
Financial year ended 31 December		
Revenue	37,005	44,379
Profit for the financial year	12,961	17,104
Total comprehensive income	12,961	17,104
Group's share of profit for the financial year	3,888	5,132
Dividend received	3,111	5,808
Reconciliation of net assets to carrying amount		
Group's share of net assets above	21,102	20,324
Goodwill	25,642	25,642
Carrying amount of the Group's interests in this associate	46,744	45,966

6. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information for each associate that is material to the Group is as follows:-

	KUMPULAN KRIS JATI SDN. BHD. 2013 RM'000	KUMPULAN KRIS JATI SDN. BHD. 2012 RM'000
At 31 December		
Non-current assets	212,502	217,184
Current assets	26,828	26,657
Non-current liabilities	(88,364)	(114,186)
Current liabilities	(110,985)	(96,716)
Net assets	39,981	32,939
Financial year ended 31 December		
Revenue	120,796	141,620
Profit for the financial year	7,043	14,264
Total comprehensive income	7,043	14,264
Group's share of profit for the financial year	2,113	4,279
Reconciliation of net assets to carrying amount		
Group's share of net assets above	11,994	9,882
Goodwill	26,934	26,934
Carrying amount of the Group's interests in this associate	38,928	36,816

Included in the investment in associates is an amount of approximately RM52.576 million (2012 - RM52.576 million) which represents goodwill arising from the investment in associates. This amount is reviewed for impairment annually.

During the financial year, the Group assessed the recoverable amount of goodwill included in the investment in associates, and determined that goodwill is not impaired.

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit identified according to business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:-

Key assumptions

(i) Budgeted gross margin
The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(ii) Growth rate
The growth rate used is based on the expected projection of the fresh fruit bunches and the yield on plantation.

6. INVESTMENT IN ASSOCIATES (CONT'D)

(iii) Discount rate
The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

7. INVESTMENT IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares in Malaysia, at cost	20,187	20,187	20,187	20,187
Share of post-acquisition results	4,041	2,021	-	-
	24,228	22,208	20,187	20,187

The details of the joint ventures, which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
Pride Palm Oil Mill Sdn. Bhd. #	50%	50%	Investment holding.
Solar Green Sdn. Bhd.*#	50%	50%	Cultivation of oil palm and production of crude palm oil and palm kernel.

 # not audited by Messrs. Crowe Horwath.
** held through Pride Palm Oil Mill Sdn. Bhd.*

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7. INVESTMENT IN JOINT VENTURES (CONT'D)

The summarised financial information for each joint venture that is material to the Group is as follows:-

	PRIDE PALM OIL MILL SDN. BHD. THE GROUP 2013 RM'000	PRIDE PALM OIL MILL SDN. BHD. THE GROUP 2012 RM'000
At 31 December		
Non-current assets	93,491	91,679
Current assets	18,225	12,863
Non-current liability	(35,000)	(46,250)
Current liabilities	(25,534)	(11,151)
Net assets	51,182	47,141
Cash and bank balances	12,344	1,632
Non-current financial liability (excluding trade and other payables and provisions)	35,000	46,250
Current financial liability (excluding trade and other payables and provisions)	11,250	-
Financial year ended 31 December		
Revenue	53,197	54,210
Depreciation and amortisation	6,566	6,814
Interest income	8	26
Interest expense	2,200	2,221
Profit for the financial year	4,041	91
Total comprehensive income	4,041	91
Group's share of profit for the financial year	2,020	46
Reconciliation of net assets to carrying amount		
Group's share of net assets above	25,591	23,571
Gain on bargain purchase	(1,363)	(1,363)
Carrying amount of the Group's interests in this joint venture	24,228	22,208

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP NET CARRYING AMOUNT	AT 1.1.2013 RM'000	ADDITIONS RM'000	DISPOSALS/ WRITTEN OFF RM'000	TRANSFER RM'000	DEPRECIATION CHARGE RM'000	CURRENCY TRANSLATION RESERVE RM'000	AT 31.12.2013 RM'000
Freehold land and building	17,729	18,203	-	-	-	(475)	35,457
Long leasehold land	7,378	-	-	-	(81)	-	7,297
Buildings	19,729	26,109	-	214	(1,025)	(487)	44,540
Estate access road	1,252	459	-	-	(105)	(231)	1,375
Factory equipment and machinery	7,031	8,678	(1)	-	(1,859)	(823)	13,026
Furniture, fittings and office equipment	2,415	1,056	(8)	-	(660)	(103)	2,700
Motor vehicles	5,727	2,188	(13)	-	(1,468)	(338)	6,096
Renovation	1,152	750	-	272	(195)	-	1,979
Capital work-in-progress	6,151	15,871	-	(486)	-	(2,175)	19,361
Total	68,564	73,314	(22)	-	(5,393)	(4,632)	131,831

THE GROUP NET CARRYING AMOUNT	AT 1.1.2012 RM'000	ADDITIONS RM'000	DISPOSALS/ WRITTEN OFF RM'000	TRANSFER RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
Freehold land and building	16,913	-	-	816	-	17,729
Long leasehold land	7,461	-	-	-	(83)	7,378
Buildings	17,236	-	-	3,209	(716)	19,729
Estate access road	-	1,263	-	-	(11)	1,252
Factory equipment and machinery	6,148	2,907	(638)	-	(1,386)	7,031
Furniture, fittings and office equipment	1,591	791	(5)	631	(593)	2,415
Motor vehicles	4,394	2,686	(95)	-	(1,258)	5,727
Renovation	417	219	-	697	(181)	1,152
Capital work-in-progress	5,041	6,463	-	(5,353)	-	6,151
Total	59,201	14,329	(738)	-	(4,228)	68,564

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

THE GROUP AS AT 31.12.2013	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
Freehold land and building	35,457	-	35,457
Long leasehold land	7,501	(204)	7,297
Buildings	45,953	(1,413)	44,540
Estate access road	1,433	(58)	1,375
Factory equipment and machinery	22,057	(9,031)	13,026
Furniture, fittings and office equipment	5,473	(2,773)	2,700
Motor vehicles	11,067	(4,971)	6,096
Renovation	2,739	(760)	1,979
Capital work-in-progress	19,361	-	19,361
Total	151,041	(19,210)	131,831
AS AT 31.12.2012			
Freehold land and building	17,729	-	17,729
Long leasehold land	7,699	(321)	7,378
Buildings	21,278	(1,549)	19,729
Estate access road	1,263	(11)	1,252
Factory equipment and machinery	14,689	(7,658)	7,031
Furniture, fittings and office equipment	4,811	(2,396)	2,415
Motor vehicles	9,866	(4,139)	5,727
Renovation	1,717	(565)	1,152
Capital work-in-progress	6,151	-	6,151
Total	85,203	(16,639)	68,564

THE COMPANY NET CARRYING AMOUNT	AT 1.1.2013 RM'000	ADDITION RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2013 RM'000
Buildings	620	-	(7)	613
Furniture, fittings and office equipment	6	3	(5)	4
Motor vehicles	496	-	(168)	328
Renovation	1	-	(1)	-
Total	1,123	3	(181)	945

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

THE COMPANY NET CARRYING AMOUNT	AT 1.1.2012 RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2012 RM'000
Buildings	627	-	(7)	620
Furniture, fittings and office equipment	44	(2)	(36)	6
Motor vehicles	664	-	(168)	496
Renovation	61	-	(60)	1
Total	1,396	(2)	(271)	1,123

AS AT 31.12.2013	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET CARRYING AMOUNT RM'000
Buildings	655	(42)	613
Furniture, fittings and office equipment	187	(183)	4
Motor vehicles	839	(511)	328
Renovation	299	(299)	-
Total	1,980	(1,035)	945
AS AT 31.12.2012			
Buildings	655	(35)	620
Furniture, fittings and office equipment	184	(178)	6
Motor vehicles	839	(343)	496
Renovation	299	(298)	1
Total	1,977	(854)	1,123

Assets acquired under hire purchase

Included in the plant and equipment at the end of the reporting period were the following assets acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At net carrying amount:-				
Motor vehicles	1,948	1,768	329	497
Plant and machinery	-	28	-	-

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

Depreciation of property, plant and equipment charged for the financial year is allocated as follows:-

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amount charged to profit or loss	4,374	4,170	181	271
Amount capitalised in plantation development expenditure (Note 9)	1,019	58	-	-
	5,393	4,228	181	271

9. PLANTATION DEVELOPMENT EXPENDITURE

	THE GROUP	
	2013 RM'000	2012 RM'000
Cost:		
At 1 January	43,327	27,095
Incurred during the financial year	36,550	16,174
Capitalisation of depreciation of property, plant and equipment (Note 8)	1,019	58
	37,569	16,232
Currency translation reserve	(9,911)	-
At 31 December	70,985	43,327
Accumulated Amortisation:-		
At 1 January	-	-
Amortised during the financial year	(369)	-
At 31 December	(369)	-
Net carrying amount	70,616	43,327

10. GOODWILL

	2013	2012
At 1 January	16,341	2,353
Acquisition of subsidiaries (Note 36)	-	13,988
At 31 December	16,341	16,341
Carrying amount:-		
At 1 January/31 December	16,341	16,341

	MANUFACTURING SEGMENT		PLANTATION SEGMENT		TOTAL	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Goodwill	1,076	1,076	15,265	15,265	16,341	16,341

10. GOODWILL (CONT'D)

Impairment testing

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to the individual company.

Goodwill is tested for impairment on an annual basis by comparing the carrying amount within the recoverable amount of the CGU. The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projections from the financial budgets and forecast approved by the management covering a period of twenty five years.

Key assumptions used in the value-in-used calculations are:-

(i) the pre-tax discount rate used is 12.5%;

(ii) the growth rate used for CGU which is involved in the cultivation of oil palm plantation is determined based on the management's estimate of commodity prices, palm yields, as well as the cost of productions whilst growth rates of companies in other segments are determined based on the industry trends and past performances of the respective companies; and

(iii) profit margins are projected based on historical profit margin achieved.

In assessing the value-in-use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

11. OTHER INVESTMENTS

	THE GROUP	
	2013	2012
	RM'000	RM'000
Quoted shares in Malaysia, at fair value	25	28
Golf club membership, at fair value	564	564
	589	592

Other investments of the Group are designated as available-for-sale financial assets and are measured at fair value.

12. DEFERRED TAX ASSET

	THE GROUP	
	2013	2012
	RM'000	RM'000
At 1 January	-	-
Recognised in profit or loss (Note 32)	112	-
At 31 December	112	-

The deferred tax asset is in respect of employment benefit obligation.

13. INVENTORIES

	THE GROUP	
	2013	2012
	RM'000	RM'000
Raw materials and goods held for resale, at cost	21,140	10,359
Work-in-progress, at cost	4,553	13,960
Finished goods, at cost	8,426	8,496
Estate consumables and fertilisers, at cost	4,791	1,382
	38,910	34,197

The amount of inventories recognised as an expense in cost of sales of the Group was RM34,219,758 (2012 - RM25,614,806).

14. TRADE RECEIVABLES

	THE GROUP	
	2013	2012
	RM'000	RM'000
Gross trade receivables	141,743	110,292
Allowance for impairment losses	(15,718)	(13,592)
Net trade receivables	126,025	96,700
Allowance for impairment losses:-		
At 1 January	(13,592)	(14,540)
Increase during the financial year	(3,241)	(317)
Reversal during the financial year	1,004	420
Bad debts written off	111	845
At 31 December	(15,718)	(13,592)

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

15. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2013	2012
	RM'000	RM'000
Costs incurred	778,853	784,572
Attributable profits	202,217	171,608
	981,070	956,180
Progress billings	(1,023,641)	(961,572)
Net amount due to contract customers	(42,571)	(5,392)
Amount due from contract customers	29,343	50,255
Amount due to contract customers	(71,914)	(55,647)
	(42,571)	(5,392)

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other receivables	31,558	24,712	4,987	9,533
Deposits	12,591	14,280	11,930	7,112
Prepayments	300	-	27	-
	44,449	38,992	16,944	16,645

Included in the deposits of the Group and of the Company is an amount of RM11,919,160 (2012 - RM7,101,609) in respect of the amounts paid for the acquisition of two subsidiaries namely PT Gumas Alam Subur and PT Kurun Sumber Rezeki as disclosed in Note 42 to the financial statements.

17. AMOUNTS OWING BY/TO SUBSIDIARIES

		THE COMPANY	
	Note	2013 RM'000	2012 RM'000
Amount owing by subsidiaries:			
- non-current	(i)	126,143	65,771
- current	(ii)	90,304	75,231
		216,447	141,002
Amount owing to subsidiaries	(iii)	56,847	3,500

(i) The non-current portion of amount owing by subsidiaries represents advances for capital expenditure purposes. These advances bear interest at 6.5% (2012 - 6.5%) per annum and the settlement is neither planned nor likely to occur in the foreseeable future.

(ii) Included in the current portion of amount owing by subsidiaries is an amount of RM45,044,398 (2012 - RM20,977,037) which bears interest ranges from 4% to 6.5% (2012 - 4% to 6.5%) per annum and is repayable on demand.

(iii) The amount owing to subsidiaries is non-trade in nature and unsecured, and is in respect of interest-free advances and payments made on behalf. The amount owing is repayable within the next twelve months and is to be settled in cash.

18. SHORT-TERM INVESTMENT

	THE GROUP AND THE COMPANY	
	2013 RM'000	2012 RM'000
Investment in asset management, at fair value	34,907	21,593

Short-term investment of the Group and of the Company is designated as financial assets at fair value through profit or loss and is measured at fair value.

19. FIXED AND SHORT-TERM DEPOSITS WITH LICENSED BANKS

Fixed and short-term deposits with licensed banks of the Group amounting to RM23,384,500 (2012 - RM10,587,428) have been pledged as collateral to a licensed bank to secure banking facilities granted to a subsidiary.

The interest rates of the fixed and short-term deposits at the end of the reporting period range from 2.75% to 3.30% (2012 - 2.75%) per annum. The fixed and short-term deposits have a maturity period ranging from 1 month to 3 months (2012 - 1 month).

20. SHARE CAPITAL

	THE COMPANY			
	NUMBER OF SHARES			
	2013	2012	2013	2012
	'000	'000	RM'000	RM'000
ORDINARY SHARES OF RM0.50 EACH:-				
AUTHORISED:				
At 1 January	1,000,000	200,000	500,000	100,000
Increase during the financial year	-	800,000	-	400,000
At 31 December	1,000,000	1,000,000	500,000	500,000
ISSUED AND FULLY PAID-UP:				
At 1 January	272,008	137,562	136,004	68,781
Bonus issue during the financial year	-	134,446	-	67,223
At 31 December	272,008	272,008	136,004	136,004

21. TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 31 May 2013, granted their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased from the open market, 2,780,500 units of its own shares through purchases on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM2.54 per ordinary share. The total consideration paid for acquisition of the shares was RM7,073,791 and was financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 67A of the Companies Act 1965 in Malaysia.

As at 31 December 2013, the Company held 6,709,027 repurchased shares as treasury shares out of its total issued and paid-up share capital of 272,008,474 ordinary shares of RM0.50 each. Such treasury shares were held at a carrying amount of RM20,780,306.

22. RETAINED PROFITS

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

23. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Minimum hire purchase payments:				
- not later than one year	725	1,217	137	218
- later than one year and not later than five years	948	883	79	216
- later than five years	-	46	-	-
	1,673	2,146	216	434
Future finance charges	(219)	(304)	(22)	(41)
Present value of hire purchase payables	1,454	1,842	194	393
- Repayable not later than one year (Note 28)	(614)	(788)	(124)	(199)
- Repayable later than one year and not later than five years	840	1,014	70	194
- Repayable later than five years	-	40	-	-
	840	1,054	70	194
Term loan - secured	-	776	-	-
Repayable within twelve months (Note 28)	-	(776)	-	-
Repayable after twelve months	-	-	-	-
	840	1,054	70	194

24. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	2,549	306	-	13
Recognised in profit or loss (Note 32)	(91)	2,243	-	(13)
At 31 December	2,458	2,549	-	-

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

	THE GROUP	
	2013 RM'000	2012 RM'000
Deferred tax liabilities		
Accelerated capital allowances	2,275	2,549
Others	212	-
	2,487	2,549
Deferred tax asset		
Unutilised tax loss	(29)	-
	2,458	2,549

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days.

26. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other payables	5,429	4,139	29	20
Accruals	3,391	4,351	511	288
Refundable deposit received	83	5	-	-
	8,903	8,495	540	308

27. DIVIDENDS

	THE COMPANY	
	2013 RM'000	2012 RM'000
Paid:-		
In respect of the financial year ended 31 December 2011:		
First interim tax-exempt dividend of 10 sen per ordinary share of RM0.50 each, paid on 22 February 2012	-	13,445
Second interim tax-exempt dividend of 30 sen per ordinary share of RM0.50 each, paid on 29 May 2012	-	80,667
In respect of the financial year ended 31 December 2012:		
First interim tax-exempt dividend of 10 sen per ordinary share of RM0.50 each, paid on 28 September 2012	-	26,834
Second interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 23 January 2013	13,404	-
In respect of the financial year ended 31 December 2013:		
First interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 5 August 2013	13,268	-
	26,672	120,946
Payable:-		
Interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each (2012 - 5 sen)	13,265	13,404

28. SHORT-TERM BORROWINGS/BANK OVERDRAFTS

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Short-term borrowings comprise the following:-				
Current portion of hire purchase payables (Note 23)	614	788	124	199
Current portion of term loan (Note 23)	-	776	-	-
Bills payable	-	14,338	-	-
Revolving credit	2,536	1,014	-	-
	3,150	16,916	124	199

The bank overdrafts and revolving credit are secured by corporate guarantees issued by the Company.

29. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share of the Group is calculated based on the total shareholders' equity at the end of the reporting period of approximately RM529,951,000 (2012 - RM484,161,000) divided by the number of ordinary shares in issue at the end of the reporting period of 265,299,000 (2012 - 268,080,000) excluding treasury shares held by the Company.

30. REVENUE

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue represents:-				
Contract revenue	520,970	449,516	-	-
Sale of goods	69,471	72,212	-	-
Dividend income	-	-	7,721	74,017
Management fee income	-	-	57	57
	590,441	521,728	7,778	74,074

31. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses on trade receivables	3,241	317	-	-
Amortisation of plantation development expenditure	369	-	-	-
Auditors' remuneration:				
- current financial year	270	249	52	43
- (over)/underprovision in the previous financial year	(2)	4	-	-
Bad debts written off	-	477	-	-
Depreciation of property, plant and equipment	4,374	4,170	181	271
Directors' remuneration:				
- fee	347	264	216	197
- other emoluments	2,027	2,323	44	35
Hire of motor vehicles	-	2	-	-
Interest expense:				
- bank overdrafts	-	7	-	-
- banker acceptances	31	-	-	-
- hire purchase	157	105	19	19
- revolving credit	119	184	-	91
- term loan	15	59	-	-
Lease rental	1	-	-	-
Plant and equipment written off	15	2	-	-
Preliminary expenses	-	4	-	-
Realised loss on derivative asset	433	-	-	-
Rental of premises	73	22	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	16,138	11,689	586	444
- defined contribution plan	1,401	1,372	70	54

31. PROFIT BEFORE TAXATION (CONT'D)

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Dividend income from:				
- subsidiaries	-	-	(4,610)	(68,210)
- an associate	-	-	(3,111)	(5,808)
Fair value loss/(gain) on:				
- derivative asset	-	(433)	-	-
- short-term investment	240	(1,023)	240	(1,023)
(Gain)/Loss on disposal of plant and equipment	(66)	569	-	-
Gain on disposal of subsidiaries	-	(148,370)	-	(195,575)
(Gain)/Loss on foreign exchange:				
- realised	(1,642)	2,154	-	-
- unrealised	(3,655)	899	-	-
Interest income:				
- bank account	(5,338)	(4,019)	(3,745)	(2,668)
- subsidiaries	-	-	(7,116)	(3,210)
Management fee income from subsidiaries	-	-	(57)	(57)
Rental income	(25)	(29)	(24)	(23)
Reversal of allowance for impairment losses on trade receivables	(1,004)	(420)	-	-
Share of profit of associates	(6,001)	(9,411)	-	-
Share of profit of joint ventures	(2,020)	(46)	-	-

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32. INCOME TAX EXPENSE

	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
Current tax expense				
Current financial year:				
- Malaysia	11,176	5,342	1,200	713
- foreign jurisdictions	1,076	477	-	-
Under/(Over)provision in prior financial years	617	(291)	343	(346)
	12,869	5,528	1,543	367
Deferred tax (income)/expense (Notes 12 and 24)				
Current financial year	(282)	823	-	(5)
Under/(Over)provision in prior financial years	79	1,420	-	(8)
	(203)	2,243	-	(13)
	12,666	7,771	1,543	354

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

	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
Profit before taxation	125,609	99,318	16,502	274,839
Tax at statutory tax rate of 25%	31,402	24,829	4,125	68,710
Tax effects of:-				
Share of profit of:				
- associates	(1,500)	(2,353)	-	-
- jointly controlled entity	(505)	(11)	-	-
Expenses disallowed for tax purposes	1,989	3,213	461	221
Tax-exempt dividend income	-	-	(1,030)	(17,605)
Non-taxable income	(5,399)	(2,558)	(2,356)	(50,618)
Deferred tax assets not recognised during the financial year	3,240	60	-	-
Under/(Over) provision in prior financial years:				
- current tax	617	(291)	343	(346)
- deferred tax	79	1,420	-	(8)
Tax saving arising from tax incentive	(17,257)	(16,538)	-	-
Income tax expense for the financial year	12,666	7,771	1,543	354

Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

32. INCOME TAX EXPENSE (CONT'D)

A subsidiary of the Company, Modipalm Engineering Sdn. Bhd. is not subject to tax as it has been granted MSC Malaysia status, which qualifies the said subsuduary for the Pioneer Status incentive under the Promotion of Investments Act 1986. The said subsuduary will enjoy full exemption from income tax on its statutory income from pioneer activities for a period of 10 years, from March 2005 to March 2015.

The components of the deferred tax assets not recognised during the financial year prior to offsetting are as follows:-

	THE GROUP	
	2013 RM'000	2012 RM'000
Deferred tax assets		
Unutilised tax losses	13,025	56
Unabsorbed capital allowances	2	-
	13,027	56
Deferred tax liability		
Accelerated depreciation	(26)	(16)
Net deferred tax assets not recognised	13,001	40

33. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the consolidated net profit after taxation attributable to owners of the Company for the financial year divided by the weighted average number of ordinary shares of RM0.50 each in issue during the financial year excluding the treasury shares held by the Company.

	THE GROUP	
	2013 RM'000	2012 RM'000
Continuing operations		
Net profit after taxation attributable to owners of the Company	98,416	85,221
Number of ordinary shares at beginning of the financial year ('000)	272,008	137,562
Effects of purchase of own shares and held as treasury shares ('000)	(6,137)	(3,484)
Effect of bonus issue ('000)	-	134,446
Weighted average number of ordinary shares in issue ('000)	265,871	268,524
Basic earnings per share	37.0 sen	31.7 sen
Discontinued operations		
Net profit after taxation attributable to owners of the Company	-	154,398
Weighted average number of ordinary shares at 31 December ('000) (as above)	265,871	268,524
Basic earnings per share	NA	57.5 sen

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

NA - Not applicable

34. DIVIDENDS PER SHARE

	THE COMPANY	
	2013	2012
	Sen	Sen
In respect of the financial year ended 31 December 2012:		
First interim tax-exempt dividend of 10 sen per ordinary share of RM0.50 each, paid on 28 September 2012	-	10
Second interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 23 January 2013	-	5
In respect of the financial year ended 31 December 2013:		
First interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 5 August 2013	5	-
Second interim single tier tax-exempt dividend of 5 sen per ordinary share of RM0.50 each, paid on 22 January 2014	5	-
	10	15

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cost of property, plant and equipment acquired	73,314	14,329	3	-
Amount financed through hire purchase	(349)	(385)	-	-
Cash disbursed for purchase of property, plant and equipment	72,965	13,944	3	-

36. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARIES

Details of net assets acquired, goodwill and cash flow arising from the acquisition of subsidiaries are as follows:-

	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000
Other receivables	-	6,490
Cash in hand	@	*
Net assets in subsidiaries acquired	@	6,490
Non-controlling interests	-	(389)
Goodwill on acquisition	-	13,988
	@	20,089
Cost of acquisition:		
- purchase consideration, satisfied by cash	(@)	(20,089)
Cash and cash equivalents acquired	@	*
Net cash outflow on acquisition of subsidiaries	-	(20,089)

@ Denotes RM2.
** Denotes RM4.*

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

The acquired subsidiaries in the previous financial year have contributed the following results to the Group:-

	THE GROUP 2013 RM'000	THE GROUP 2012 RM'000
Revenue	-	458
Loss after taxation	-	(2,369)

If the acquisition had taken place at the beginning of the previous financial year, the Group's revenue and loss after taxation from continuing operations would have been RM458,273 and RM2,369,335 respectively.

37. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed and short-term deposits with licensed banks (Note 19)	23,895	10,587	-	-
Cash and bank balances	86,050	179,838	3,641	57,641
Bank overdrafts	(1,249)	(1,928)	-	-
	108,696	188,497	3,641	57,641
Less: Fixed deposits pledged as security (Note 19)	23,385	10,587	-	-
	85,311	177,910	3,641	57,641

Included in cash and bank balances of the Group and of the Company are placements of money market fund amounting to RM39,239,711 (2012 - RM107,407,514) and RM292,875 (2012 - RM56,908,074) respectively. The risk of the placements is low and the placements are redeemable on demand.

38. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by directors of the Group and of the Company during the financial year was as follows:-

	THE GROUP		THE COMPANY	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors' remuneration:				
- fee	131	67	-	-
- salaries, other emoluments and defined contribution plan	1,858	1,945	-	-
- bonus and allowances	140	363	15	20
	2,129	2,375	15	20
Non-executive directors' remuneration:				
- fee	216	197	216	197
- bonus and allowances	29	15	29	15
	245	212	245	212
Benefits-in-kind	69	48	48	48
Total directors' remuneration including benefits-in-kind	2,443	2,635	308	280
Represented by:-				
Directors' fee	347	264	216	197
Directors' other emoluments	2,027	2,323	44	35
	2,374	2,587	260	232
Directors' benefit-in-kind	69	48	48	48

38. DIRECTORS' REMUNERATION (CONT'D)

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

	NUMBER OF DIRECTORS 2013	NUMBER OF DIRECTORS 2012
Executive directors:		
- Between RM350,001 and RM400,000	-	1
- Between RM450,001 and RM500,000	1	1
- Above RM500,000	2	1
	3	3
Non-executive directors:		
- Less than RM50,000	-	3
- Between RM50,001 and RM100,000	3	-
- Between RM100,001 and RM150,000	1	1
	4	4
	7	7

39. CONTINGENT LIABILITIES

	THE COMPANY 2013 RM'000	THE COMPANY 2012 RM'000
Corporate guarantees given to financial institutions for facilities granted to certain subsidiaries	343,748	336,312

40. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has related party relationships with:-

(i) its subsidiaries as disclosed in Note 5 to the financial statements;

(ii) its associates as disclosed in Note 6 to the financial statements;

(iii) its joint ventures as disclosed in Note 7 to the financial statements; and

(iv) the directors who are the key management personnel.

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the information disclosed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year:-

	THE COMPANY	
	2013	2012
	RM'000	RM'000
Dividends received and receivable from subsidiaries	4,610	68,210
Dividend received from an associate	3,111	5,808
Management fee received from subsidiaries	57	57
Rental income received from subsidiaries	24	23
Interest income received from subsidiaries	7,116	3,210
Administrative and accounting fee received from subsidiaries	72	72

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Key management personnel compensation:				
- short-term employees benefits	2,443	2,635	308	280

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

(i) a subsidiary of the Company, Advance Boilers Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party to acquire its property, plant and equipment and inventories for a total cash consideration of RM35,975,000;

(ii) the Company acquired 2 ordinary shares of RM1 each representing 100% of the equity interest in Palmite Process Engineering Sdn. Bhd. for a total cash consideration of RM2;

(iii) an indirect subsidiary of the Company, PT Berkala Maju Bersama allotted and issued 28,200 ordinary shares of Rupiah 1,000,000 each to a subsidiary of the Company, AV-Ecopalms Sdn. Bhd. by capitalisation of the amount owing by PT Berkala Maju Bersama to the Company amounting to RM7,612,363. Consequently, AV-Ecopalms Sdn. Bhd. retained its 94% equity interest in PT Berkala Maju Bersama; and

(iv) a subsidiary of the Company, AVP Engineering (M) Sdn. Bhd. entered into a Sale and Purchase Agreement with another subsidiary of the Company, Advance Boilers Sdn. Bhd. to acquire a piece of land and building for a total consideration of RM14,300,000.

42. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the financial year,

(i) a subsidiary of the Company, AVP Engineering (M) Sdn. Bhd. acquired 100% of the equity interest in a new subsidiary, TPG Oil & Gas Sdn. Bhd. comprising 2 ordinary shares of RM2 each for a cash consideration of RM2. Subsequently the said subsidiary allotted and issued 499,998 ordinary shares of RM1 each to AVP Engineering (M) Sdn. Bhd. for a cash consideration of RM499,998. Consequently, the Company retained its 100% equity interest in the said subsidiary;

(ii) the Company completed its acquisition of the 94% of the equity interest in PT Gumas Alam Subur, comprising 940 ordinary shares of Rupiah 1,000,000 each ("Share Acquisition No. 1") for a cash consideration of RM6,111,653 and assigned the Share Acquisition No. 1 to one of its wholly owned subsidiary, Midas Portfolio Sdn. Bhd., in accordance with the terms of the conditional share sale agreement dated 29 August 2012. Following the completion of the acquisition, Midas Portfolio Sdn. Bhd. will own 94% of the equity interest in PT Gumas Alam Subur;

(iii) the Company completed its acquisition of the 94% of the equity interest in PT Kurun Sumber Rezeki, comprising 940 ordinary shares of Rupiah 1,000,000 each ("Share Acquisition No. 2") for a cash consideration of RM5,807,507 and assigned the Share Acquisition No. 2 to one of its wholly owned subsidiary, Accent Hectares Sdn. Bhd., in accordance with the terms of the conditional share sale agreement dated 31 October 2012. Following the completion of the acquisition, Accent Hectares Sdn. Bhd. will own 94% of the equity interest in PT Kurun Sumber Rezeki; and

(iv) the Company acquired the remaining 40% equity interest in its subsidiary, Avecpalm Marketing Resources Sdn. Bhd., comprising 20,000 ordinary shares of RM1.00 each for a cash consideration of RM3,360,000. As a result of this acquisition, the Company holds 100% of the equity interest in the said subsidiary after the end of the reporting period.

43. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Management Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group comprises the following main business segments:-

Plantation and Milling	Cultivation of oil palm and production of crude palm oil and palm kernel.
Equipment and Engineering	Manufacture of palm oil equipment and related products, commissioning and contracting works for palm oil mills and trading of palm oil mill processing equipment.
Special Purpose Vehicles	Retrofitting special purpose vehicles.
Investing	Investment holding.

The Management Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements as enumerated in the subsequent paragraphs below.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

43. OPERATING SEGMENTS (CONT'D)

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

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

BUSINESS SEGMENTS

	PLANTATION AND MILLING RM'000	EQUIPMENT AND ENGINEERING RM'000	SPECIAL PURPOSE VEHICLES RM'000	INVESTING RM'000	GROUP RM'000
2013					
REVENUE					
External revenue	222	328,250	261,969	3,111	593,552
Inter-segment revenue	-	19,248	-	4,667	23,915
	222	347,498	261,969	7,778	617,467
Adjustments and eliminations					(27,026)
Consolidated revenue					590,441
2013					
RESULTS					
Results before following adjustments	(25,306)	84,579	41,638	12,301	113,212
Adjustments and eliminations	20,847	(5,486)	663	(14,090)	1,934
	(4,459)	79,093	42,301	(1,789)	115,146
Interest income	93	1,217	283	3,745	5,338
Other material items of income	-	6,367	-	-	6,367
Amortisation of plantation development expenditure	(369)	-	-	-	(369)
Depreciation of property, plant and equipment	(225)	(3,488)	(480)	(181)	(4,374)
Other material items of expenses	-	(3,241)	(433)	(240)	(3,914)
Segment results	(4,960)	79,948	41,671	1,535	118,194
Finance expenses					(606)
Share of profit of associates, net of tax					6,001
Share of profit of joint ventures, net of tax					2,020
Income tax expense					(12,666)
Consolidated profit after taxation					112,943

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	PLANTATION AND MILLING RM'000	EQUIPMENT AND ENGINEERING RM'000	SPECIAL PURPOSE VEHICLES RM'000	INVESTING RM'000	GROUP RM'000
2013					
ASSETS					
Segment assets	136,222	317,755	92,542	56,437	602,956
Investment in associates					85,672
Investment in joint ventures					24,228
Unallocated asset					1,238
Deferred tax asset					112
Consolidated total assets					714,206
LIABILITIES					
Segment liabilities	4,811	99,537	34,101	14,003	152,452
Deferred taxation					2,458
Provision for taxation					2,933
Consolidated total liabilities					157,843
OTHER SEGMENT ITEMS					
Additions to non-current assets other than financial instruments:					
- property, plant and equipment	29,999	42,716	596	3	73,314
- plantation development expenditure	37,569	-	-	-	37,569
	67,568	42,716	596	3	110,883

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	PLANTATION AND MILLING RM'000	EQUIPMENT AND ENGINEERING RM'000	SPECIAL PURPOSE VEHICLES RM'000	INVESTING RM'000	GROUP RM'000
2012					
REVENUE					
External revenue	-	341,378	180,350	5,807	527,535
Inter-segment revenue	-	27,898	-	68,267	96,165
	-	369,276	180,350	74,074	623,700
Adjustments and eliminations					(101,972)
Consolidated revenue					521,728
2012					
RESULTS					
Results before following adjustments	(1,565)	79,032	15,977	270,623	364,067
Adjustments and eliminations	7	487	912	(272,050)	(270,644)
Disposal group	154,398	-	-	-	154,398
	152,840	79,519	16,889	(1,427)	247,821
Interest income	69	1,249	33	2,668	4,019
Other material items of income	-	420	433	1,023	1,876
Depreciation of property, plant and equipment	(658)	(2,814)	(427)	(271)	(4,170)
Other material items of expenses	(1,780)	(2,634)	(2)	-	(4,416)
Segment results	150,471	75,740	16,926	1,993	245,130
Finance expenses					(871)
Share of profit of associates, net of tax					9,411
Share of profit of joint ventures, net of tax					46
Income tax expense					(7,771)
Consolidated profit after taxation					245,945

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	PLANTATION AND MILLING RM'000	EQUIPMENT AND ENGINEERING RM'000	SPECIAL PURPOSE VEHICLES RM'000	INVESTING RM'000	GROUP RM'000
2012					
ASSETS					
Segment assets	86,509	299,955	77,952	97,003	561,419
Investment in associates					82,782
Investment in joint ventures					22,208
Unallocated asset					906
Consolidated total assets					667,315
LIABILITIES					
Segment liabilities	2,624	109,622	37,980	14,111	164,337
Deferred taxation					2,549
Provision for taxation					1,743
Consolidated total liabilities					168,629
OTHER SEGMENT ITEMS					
Additions to non-current assets other than financial instruments:					
- property, plant and equipment	8,970	4,995	364	-	14,329
- plantation development expenditure	16,232	-	-	-	16,232
	25,202	4,995	364	-	30,561

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

(a) Other material items of income consist of the following:-

	THE GROUP	
	2013 RM'000	2012 RM'000
Fair value gain on derivative asset	-	433
Fair value gain on short-term investment	-	1,023
Gain on disposal of plant and equipment	66	-
Realised gain on foreign currency exchange	1,642	-
Reversal of allowance for impairment losses on trade receivables	1,004	420
Unrealised gain on foreign currency exchange	3,655	-
	6,367	1,876

(b) Other material items of expenses consist of the following:-

	THE GROUP	
	2013 RM'000	2012 RM'000
Allowance for impairment losses on trade receivables	3,241	317
Bad debts written off	-	477
Fair value loss on short-term investment	240	-
Loss on disposal of property, plant and equipment	-	569
Realised loss on derivative asset	433	-
Realised loss on foreign currency exchange	-	2,154
Unrealised loss on foreign currency exchange	-	899
	3,914	4,416

MAJOR CUSTOMERS

Revenue from one major customer, with revenue more than 10% of the Group revenue, amounts to RM158,582,174 (2012 - RM138,289,709) arising from sales by the special purpose vehicles segment.

43. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

	THE GROUP			
	REVENUE		NON-CURRENT ASSETS	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Indonesia	170,521	177,516	126,849	71,535
Malaysia	363,281	329,473	201,837	161,685
Papua New Guinea	21,646	1,006	2	2
Africa	24,156	7,267	-	-
Others	10,837	6,466	-	-
	590,441	521,728	328,688	233,222

44. FOREIGN CURRENCY RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	THE GROUP	
	2013	2012
	RM	RM
Euro	4.51	4.04
Indonesian Rupiah	0.000269	0.000317
Kina	1.31	1.48
Pound Sterling	5.41	-
Swiss Franc	3.68	-
United States Dollar	3.28	3.06

45. FINANCIAL INSTRUMENTS

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risks

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Euro, Indonesian Rupiah, Kina, Pound Sterling, Swiss Franc and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP 2013	EURO RM'000	INDONESIAN RUPIAH RM'000	KINA RM'000	POUND STERLING RM'000	SWISS FRANC RM'000	UNITED STATES DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
Financial assets								
Other investments	-	-	-	-	-	-	589	589
Trade receivables	454	17,844	453	-	-	52,193	55,081	126,025
Other receivables and deposits	-	19,397	-	-	-	2,318	22,434	44,149
Short-term investment	-	-	-	-	-	-	34,907	34,907
Fixed and short-term deposits with licensed banks	-	-	-	-	-	-	23,895	23,895
Cash and bank balances	8,561	5,668	130	-	-	2,964	68,727	86,050
	9,015	42,909	583	-	-	57,475	205,633	315,615

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP 2013	EURO RM'000	INDONESIAN RUPIAH RM'000	KINA RM'000	POUND STERLING RM'000	SWISS FRANC RM'000	UNITED STATES DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
Financial liabilities								
Trade payables	84	4,301	746	1,239	277	1,283	45,201	53,131
Other payables and accruals	-	2,284	191	-	-	-	6,428	8,903
Hire purchase payables	-	401	-	-	-	-	1,053	1,454
Revolving credit	-	-	-	-	-	-	2,536	2,536
Bank overdrafts	-	-	-	-	-	-	1,249	1,249
Dividend payable	-	-	-	-	-	-	13,265	13,265
	84	6,986	937	1,239	277	1,283	69,732	80,538
Net financial assets/(liabilities)	8,931	35,923	(354)	(1,239)	(277)	56,192	135,901	235,077
Less: Net financial assets denominated in the entity's functional currencies	-	-	-	-	-	-	(135,901)	(135,901)
Currency exposure	8,931	35,923	(354)	(1,239)	(277)	56,192	-	99,176

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP 2012	EURO RM'000	KINA RM'000	INDONESIAN RUPIAH RM'000	UNITED STATES DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
Financial assets						
Other investments	-	-	-	-	592	592
Trade receivables	-	-	8,974	28,627	59,099	96,700
Other receivables and deposits	-	-	12,351	-	26,641	38,992
Derivative asset	-	-	-	-	433	433
Short-term investment	-	-	-	-	21,593	21,593
Fixed and short-term deposits with licensed banks	-	-	-	-	10,587	10,587
Cash and bank balances	-	1	7,684	23,349	148,804	179,838
	-	1	29,009	51,976	267,749	348,735

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP 2012	EURO RM'000	KINA RM'000	INDONESIAN RUPIAH RM'000	UNITED STATES DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
Financial liabilities						
Trade payables	63	395	4,126	3,570	58,739	66,893
Bills payable	-	-	-	-	14,338	14,338
Other payables and accruals	-	146	1,777	-	6,572	8,495
Hire purchase payables	-	-	404	-	1,438	1,842
Term loan	-	-	-	-	776	776
Revolving credit	-	-	-	-	1,014	1,014
Bank overdrafts	-	-	-	-	1,928	1,928
Dividend payable	-	-	-	-	13,404	13,404
	63	541	6,307	3,570	98,209	108,690
Net financial (liabilities)/assets	(63)	(540)	22,702	48,406	169,540	240,045
Less: Net financial assets denominated in the entity's functional currencies	-	-	-	-	(169,540)	(169,540)
Currency exposure	(63)	(540)	22,702	48,406	-	70,505

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY 2013	Kina RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets			
Other receivables and deposits	-	16,917	16,917
Amount owing by subsidiaries	3,000	213,447	216,447
Short-term investment	-	34,907	34,907
Cash and bank balances	-	3,641	3,641
	3,000	268,912	271,912
Financial liabilities			
Other payables and accruals	-	540	540
Amount owing to subsidiaries	-	56,847	56,847
Hire purchase payables	-	194	194
Dividend payable	-	13,265	13,265
	-	70,846	70,846
Net financial assets	3,000	198,066	201,066
Less: Net financial assets denominated in the entity's functional currency	-	(198,066)	(198,066)
Currency exposure	3,000	-	3,000

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45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE COMPANY 2012	Kina RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial assets			
Other receivables and deposits	-	16,645	16,645
Amount owing by subsidiaries	3,000	138,002	141,002
Short-term investment	-	21,593	21,593
Cash and bank balances	-	57,641	57,641
	3,000	233,881	236,881
Financial liabilities			
Other payables and accruals	-	308	308
Amount owing to subsidiaries	-	3,500	3,500
Hire purchase payables	-	393	393
Dividend payable	-	13,404	13,404
	-	17,605	17,605
Net financial assets	3,000	216,276	219,276
Less: Net financial assets denominated in the entity's functional currency	-	(216,276)	(216,276)
Currency exposure	3,000	-	3,000

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45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2013	2012
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on profit after taxation/equity		
Euro:		
- strengthened by 5%	447	(3)
- weakened by 5%	(447)	3
Indonesian Rupiah:		
- strengthened by 5%	1,796	1,135
- weakened by 5%	(1,796)	(1,135)
Kina:		
- strengthened by 5%	(18)	(27)
- weakened by 5%	18	27
Pound Sterling:		
- strengthened by 5%	(62)	-
- weakened by 5%	62	-
Swiss Franc:		
- strengthened by 5%	(14)	-
- weakened by 5%	14	-
United States Dollar:		
- strengthened by 5%	2,810	2,420
- weakened by 5%	(2,810)	(2,420)

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis (Cont'd)

	THE COMPANY	
	2013	2012
	(Decrease)/ Increase	(Decrease)/ Increase
	RM'000	RM'000
Effects on profit after taxation/equity		
Kina:		
- strengthened by 5%	150	150
- weakened by 5%	(150)	(150)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 45(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

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45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risks (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The exposure to equity price risk of the Group is not material and hence, sensitivity analysis is not presented.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP	
	2013	2012
	RM'000	RM'000
Africa	852	-
Central America	2,013	-
Indonesia	45,357	34,611
Malaysia	55,176	60,471
Papua New Guinea	17,372	-
South America	2,246	439
Thailand	2,354	1,179
Others	655	-
	126,025	96,700

Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by related parties) at the end of the reporting period is as follows:-

	Gross amount	Individual impairment	Net carrying amount
	RM'000	RM'000	RM'000
2013			
Not past due	91,083	-	91,083
Past due:			
- less than 3 months	12,324	-	12,324
- 3 to 6 months	4,975	-	4,975
- over 6 months	33,361	(15,718)	17,643
	141,743	(15,718)	126,025

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

	Gross amount RM'000	Individual impairment RM'000	Net carrying amount RM'000
2012			
Not past due	23,764	-	23,764
Past due:			
- less than 3 months	49,014	-	49,014
- 3 to 6 months	7,229	-	7,229
- over 6 months	30,285	(13,592)	16,693
	110,292	(13,592)	96,700

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. Trade receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

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45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

The Group manages its liquidity risk by maintaining sufficient cash and the availability of funding through adequate committed credit facilities to meet estimated commitments arising from operational expenditure and financial liabilities. The Group also has effective cash management to ensure that the Group can pay dividends to its shareholders at an appropriate time.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE	CARRYING AMOUNT	CONTRACTUAL UNDISCOUNTED CASH FLOWS	WITHIN 1 YEAR	1 - 5 YEARS	MORE THAN 5 YEARS
2013	%	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	-	53,131	53,131	53,131	-	-
Other payables and accruals	-	8,903	8,903	8,903	-	-
Hire purchase payables	4.53	1,454	1,673	725	948	-
Revolving credit	6.00	2,536	2,536	2,536	-	-
Bank overdrafts	7.60	1,249	1,249	1,249	-	
Dividend payable	-	13,265	13,265	13,265	-	-
		80,538	80,757	79,809	948	-
2012						
Trade payables	-	66,893	66,893	66,893	-	-
Other payables and accruals	-	8,495	8,495	8,495	-	-
Bills payable	3.95	14,338	14,338	14,338	-	-
Hire purchase payables	5.22	1,842	2,146	1,217	883	46
Term loan	5.40	776	835	835	-	-
Revolving credit	6.05	1,014	1,014	1,014	-	-
Bank overdrafts	7.60	1,928	1,928	1,928	-	-
Dividend payable	-	13,404	13,404	13,404	-	-
		108,690	109,053	108,124	883	46

45. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE	CARRYING AMOUNT	CONTRACTUAL UNDISCOUNTED CASH FLOWS	WITHIN 1 YEAR	1- 5 YEARS
2013	%	RM'000	RM'000	RM'000	RM'000
Other payables and accruals	-	540	540	540	-
Amount owing to subsidiaries	-	56,847	56,847	56,847	-
Hire purchase payable	2.56	194	216	137	79
Dividend payable	-	13,265	13,265	13,265	-
		70,846	70,868	70,789	79
2012					
Other payables and accruals	-	308	308	308	-
Amount owing to subsidiaries	-	3,500	3,500	3,500	-
Hire purchase payable	2.56	393	434	218	216
Dividend payable	-	13,404	13,404	13,404	-
		17,605	17,646	17,430	216

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to its shareholder or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total equity is calculated as share capital plus reserves.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

45. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Fair value through profit or loss				
Cash and bank balances (Note 37)	39,240	107,407	293	56,908
Derivative asset	-	433	-	
Short-term investment	34,907	21,593	34,907	21,593
	74,147	129,433	35,200	78,501
Available-for-sale financial assets				
Quoted investments	25	28	-	-
Golf club membership	564	564	-	-
	589	592	-	-
Loans and receivables financial assets				
Trade receivables	126,025	96,700	-	-
Other receivables and deposits	44,149	38,992	16,917	16,645
Amount owing by subsidiaries	-	-	216,447	141,002
Fixed and short-term deposits with licensed banks	23,895	10,587	-	-
Cash and bank balances	46,810	72,431	3,348	733
	240,879	218,710	236,712	158,380
Financial Liabilities				
Other financial liabilities				
Trade payables	53,131	66,893	-	-
Other payables and accruals	8,903	8,495	540	308
Bills payable	-	14,338	-	-
Hire purchase payables	1,454	1,842	194	393
Revolving credit	2,536	1,014	-	-
Amount owing to subsidiaries	-	-	56,847	3,500
Bank overdrafts	1,249	1,928	-	-
Term loan	-	776	-	-
Dividend payable	13,265	13,404	13,265	13,404
	80,538	108,690	70,846	17,605

45. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Measurements

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The fair values are included in level 1 and level 2 of the fair value hierarchy.

THE GROUP

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			TOTAL FAIR	TOTAL CARRYING
	LEVEL 1	LEVEL 2	LEVEL 3	VALUE	AMOUNT
2013	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>					
Fair value through profit or loss:					
- cash and bank balances	-	39,240	-	39,240	39,240
- short-term investment	-	34,907	-	34,907	34,907
Available-for-sale:					
- other investments:					
- quoted investments	25	-	-	25	25
- golf club membership	-	564	-	564	564
2012					
<u>Financial assets</u>					
Fair value through profit or loss:					
- cash and bank balances	-	107,407	-	107,407	107,407
- derivative asset	-	433	-	433	433
- short-term investment	-	21,593	-	21,593	21,593
Available-for-sale:					
- other investments:					
- quoted investments	28	-	-	28	28
- golf club membership	-	564	-	564	564

45. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Measurements (Cont'd)

THE COMPANY

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL FAIR VALUE	TOTAL CARRYING AMOUNT
2013	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
Fair value through profit or loss:					
- cash and bank balances	-	293	-	293	293
- short-term investment	-	34,907	-	34,907	34,907
Loans and receivables:					
- amount owing by subsidiaries	-	126,143	-	126,143	126,143
2012					
Financial assets					
Fair value through profit or loss:					
- cash and bank balances	-	56,908	-	56,908	56,908
- short-term investment	-	21,593	-	21,593	21,593
Loans and receivables:					
- amount owing by subsidiaries	-	65,771	-	65,771	65,771

46. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	THE COMPANY	
	As restated	As previously reported
	RM'000	RM'000
Statements of Financial Position (Extract):-		
Non-current assets		
Amount owing by subsidiaries	65,771	-
Current assets		
Amount owing by subsidiaries	75,231	141,002

46. COMPARATIVE FIGURES (CONT'D)

The following figures have been reclassified to conform with the presentation of the current financial year:-

	THE GROUP		THE COMPANY	
	As restated	As previously reported	As restated	As previously reported
	RM'000	RM'000	RM'000	RM'000
Statements of Cash Flows (Extract):-				
Cash flows (for)/from investing activities				
Advances to subsidiaries	-	-	(84,430)	-
Placement of fixed deposits	(9,978)	-	-	-
Cash flows (for)/from financing activities				
Repayment to subsidiaries	-	-	(24,802)	(109,232)
Cash and cash equivalents at beginning of the financial year	67,625	68,234	-	-
Cash and cash equivalents at end of the financial year	177,910	188,497	-	-

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47. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, is as follows:-

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total share of retained profits/ (losses) of the Company and its subsidiaries:				
- realised	454,927	366,076	186,205	197,779
- unrealised	(19,069)	(1,992)	-	-
	435,858	364,084	186,205	197,779
Total share of profits/(losses) of associates:				
- realised	41,651	38,682	-	-
- unrealised	(5,409)	(5,330)	-	-
Total share of profits/(losses) of jointly controlled entities:				
- realised	4,278	2,258	-	-
- unrealised	(237)	(237)	-	-
	476,141	399,457	186,205	197,779
Less: Consolidation adjustments	(41,674)	(36,873)	-	-
Total Group retained profits at 31 December	434,467	362,584	186,205	197,779

Location	Description Of Property/Usage	Tenure	Year Of Acquisition	Land Area Sq. M	Net Carrying Amount (RM'000)	Approximate Age Of Building (Years)
Lot No. 4 Jalan Waja 15, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	1998	22,286	7,884	15
Lot No. 3 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2003	24,654	6,720	7
Lot No. 4 Jalan Waja 16, Telok Panglima Garang Industrial Estate, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor	Industrial land with a 3 storey office block cum factory building	Leasehold for 99 years/ Expiring on 9 September 2103	2006	20,369	14,321	7
H.S. (M) 24440 P.T. No.15690 Mukim and District of Petaling, Selangor	1 ½ storey light industrial building	Leasehold for 99 years/ Expiring on 16 August 2094	1998	186	195	17
H.S.(D) 9207 P.T. No.3845 (Lot 8026) and H.S.(D) 9208 P.T. No.3846 (Lot 8027), Mukim of Damansara, District of Petaling, Selangor	1 unit office lot/ Rented out	Freehold	1996	117	337	15
Lot TPA/1, D'25 at Meranti Puchong, Taman Meranti Jaya, Mukim Dengkil, Daerah Sepang, Selangor	1 ½ storey semi-detached industrial building	Freehold	2010	1,078	2,415	2
No.1C, 3C & 5C, 3rd Floor, Block 2, Pusat Perniagaan Worldwide, Shah Alam, Selangor	3 units office lot	Leasehold for 99 years/ Expiring on 25 March 2102	2008	360	613	17
Lot 1115, Jalan Pandamaran, Batu 3 ½, Kampung Pandamaran, 41200 Klang, Selangor	Industrial land with 10 single-storey open factory buildings and 2 office buildings	Freehold	2011	37,940	16,913	38
GRN45731, Lot 6074, Mukim Kapar, Daerah Klang, Selangor	Industrial land with a 3 storey office building and 2 single-storey factory buildings	Freehold	2013	40,494	33,743	12 - 15

ANALYSIS OF SHAREDOLDERS
As at 07 April 2014

AUTHORISED SHARE CAPITAL	:	RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0-50 each
ISSUED AND PAID-UP SHARE CAPITAL	:	RM136,004,236-50 comprising of 272,008,473 ordinary shares of RM0-50 each (including Treasury Shares of 6,709,027)
CLASS OF SHARES	:	Ordinary shares of RM0-50 each
VOTING RIGHTS	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
NUMBER OF SHAREHOLDERS	:	4,816

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of holders	No. of Shares	Percentage (%)
Less than 100	105	1,853	0.00
100 - 1,000	840	629,689	0.24
1,001 - 10,000	2,795	12,682,787	4.78
10,001 - 100,000	882	26,148,732	9.86
100,001 – 13,264,971[1]	192	163,162,295	61.50
13,264,972[2] and above	2	62,674,090	23.62
Total:	4,816	265,299,446[3]	100.00

Notes: -

1 Less than 5% of issued shares

2 5% and above of issued shares

3 Excluding Treasury Shares of 6,709,027

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Chai Beng	87,356,860	32.93	2,082,500[1]	0.78

LIST OF DIRECTORS' SHAREHOLDINGS

Names	Direct		Indirect	
	No. of shares	%	No. of shares	%
Lim Chai Beng	87,356,860	32.93	2,082,500[1]	0.78
Lim Chai Huat	11,000,000	4.15	-	-
Mak Chee Meng	7,438,330	2.80	-	-
Tengku Dato' Ardy Esfandiari Bin Tengku A. Hamid Shah	1,680,000	0.63	-	-
Tan Sri Datuk Dr. Yusof Bin Basiran	-	-	400,000[2]	0.15
Michael Ting Sii Ching	-	-	-	-
Wong Chee Beng	-	-	-	-

Notes: -

		No. of shares
1	Deemed interested via his children's shareholdings	2,082,500
2	Deemed interested via his spouse's shareholdings	400,000

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

	Name	No. of shares held	Percentage (%)
1.	Lim Chai Beng	49,217,640	18.55
2.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (CEB)	13,456,450	5.07
3.	Lim Chai Guan	10,258,460	3.87
4.	Lim Chai Huat	7,775,460	2.93
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-Asing)	7,751,090	2.92
6.	Mak Chee Meng	7,438,330	2.80
7.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (SIN 9853-2)	6,905,182	2.60
8.	HSBC Nominees (Asing) Sdn Bhd TNTC For Kuroto Fund LP	6,469,100	2.44
9.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (M02)	5,551,350	2.09
10.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng (007158456)	5,381,200	2.03
11.	Tan Yu Hwa	4,315,800	1.63
12.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd	4,126,000	1.56
13.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chai Beng	4,033,302	1.52
14.	Koperasi Permodalan Felda Malaysia Berhad	4,000,000	1.51
15.	Lim Chye Ooi	3,041,140	1.15
16.	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamed Nizam Bin Abdul Razak	2,711,120	1.02
17.	Lim Chai Tiong	2,431,170	0.92
18.	Lim Chai Beng	2,411,736	0.91
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Hwang Select Opportunity Fund (3969)	2,368,100	0.89
20.	Lim Eng Hu	1,920,000	0.72
21.	Hong Leong Assurance Berhad As Beneficial Owner (Unilinked GF)	1,750,000	0.66
22.	HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Prime Brokerage, Inc.	1,744,700	0.66
23.	Lim Chai Huat	1,697,840	0.64
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tengku Ardy Esfandiari Bin Tengku A Hamid Shah (E-SS2)	1,680,000	0.63
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Chye Hong (E-TWU)	1,670,950	0.63
26.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For Deutsche Bank AG London (Prime Brokerage)	1,646,600	0.62
27.	Teh Huat Seng	1,543,100	0.58
28.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. LLC (Client)	1,531,400	0.58
29.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,443,860	0.54
30.	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Sweden)	1,408,470	0.53

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CB INDUSTRIAL PRODUCT HOLDING BERHAD

(Company No: 428930-H)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

ANNUAL GENERAL MEETING

No. of ordinary shares held	

I/We__________________________________ Company No./NRIC No./Passport No.___________________________
of ____
____
being a *member/members of CB INDUSTRIAL PRODUCT HOLDING BERHAD, hereby appoint #THE CHAIRMAN OF THE MEETING or *Mr/Ms____
NRICNo./PassportNo.____of_____
____ or failing
*him/her, ____ NRIC No./Passport No. ____________________________
of ____
as *my/our proxy to vote for *me/us and on *my/our behalf, at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company to be held at Saujana Ballroom, The Saujana Hotel, 2KM, Off Jalan Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Thursday, 29 May 2014 at 11.00 a.m. and at any adjournment thereof.

#If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "THE CHAIRMAN OF THE MEETING" and insert the name(s) of the person(s) desired.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

No.	Resolutions	For	Against
1.	To re-elect Lim Chai Beng as Director		
2.	To re-elect Wong Chee Beng as Director		
3.	To approve the payment of Directors' fees for the financial year ending 31 December 2014		
4.	To re-appoint Messrs Crowe Horwath as Auditors of the Company		
5.	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
6.	To approve the Authority to Issue Shares		
7.	Continuing in Office for Michael Ting Sii Ching as an Independent Non-Executive Director.		
8.	Continuing in Office for Wong Chee Beng as an Independent Non-Executive Director.		

* Delete accordingly

Dated this ___________ day of ____________________ 2014.

____
Signature/Common Seal of Shareholder

Notes :

i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and Section 149 of the Companies Act, 1965 shall not apply to the Company.

ii) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.

iii) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

v) If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.

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

vii) The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 4, Jalan Waja 15, Kawasan Perusahaan Telok Panglima Garang, 42500 Telok Panglima Garang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

viii) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 69 of the Articles of Association of the Company, a Record of Depositors as at 23 May 2014 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.