CEPAT

CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)

ANNUAL REPORT

2014

Contents

Notice of The Fifteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at Amadeus 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 10 June 2015 at 10.30 a.m. for the following business:

AGENDA	**Ordinary Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of a single tier final dividend of 2% in respect of the financial year ended 31 December 2014.	1
3. To re-elect Mr. Chua Kim Yin retiring in accordance with Article 76 of the Company's Articles of Association.	2
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:	
"THAT Mr. Chan Kam Leong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."	3
5. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:	
"THAT Mr. Choong Pak Wan, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."	4
6. To appoint Messrs Ernst & Young as Auditors of the Company for the ensuring year and to authorise the Directors to fix their remuneration.	5
7. As Special Business to consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:	
ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES	
"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."	6

ORDINARY RESOLUTION
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Ordinary Resolution No.

"THAT subject to the Companies Act, 1965 ("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, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares of RM1.00 each ("Shares") through Bursa Securities, subject to the following:

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and share premium accounts of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this resolution was passed, at which time the authority shall lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM; or

(ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner:

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders; or
(v) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities.

	Ordinary Resolution No.
THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."	7
ORDINARY RESOLUTION **- RE-APPOINTMENT AS INDEPENDENT DIRECTOR**	
"THAT Mr. Chua Kim Yin who has served the Board as the Independent Director of the Company for a cumulative term of more than nine years be and is hereby re-appointed as the Independent Director of the Company."	8

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya

18 May 2015

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 4 June 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) 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, speak and vote at the same meeting. A proxy may but need not be a member of the Company.

(c) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(d) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(e) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.

(f) Form of Proxy sent through facsimile transmission shall not be accepted.

Explanatory Note on Special Business

- **Resolution No. 6**

  The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

  As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Fourteenth Annual General Meeting held on 23 April 2014 and which will lapse at the conclusion of the Fifteenth Annual General Meeting.

  The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

- **Resolution No. 7**

  The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 18 May 2015 which is despatched together with Company's Annual Report 2014.

- **Resolution No. 8**

  The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Chua Kim Yin who has served as Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Independent Director of the Company based on the following justifications:

  a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;
  b. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;
  c. He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders; and
  d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Dato' Seri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Seri Mah King Seng

Independent & Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

AUDIT COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

REMUNERATION COMMITTEE
Dato' Seri Mah King Thian
@ Mah King Thiam *(Chairman)*
Chua Kim Yin *(Member)*
Chan Kam Leong *(Member)*

NOMINATION COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

COMPANY SECRETARIES
Kang Shew Meng *(MAICSA 0778565)*
Seow Fei San *(MAICSA 7009732)*

REGISTERED OFFICE
Lot 70, Block 6, Prima Square
Mile 4, North Road,
90000 Sandakan, Sabah
Tel: 089-272 773
Fax: 089-272 772, 220 881,
221 494
E-mail: pa@cepatgroup.com
Website: www.cepatgroup.com

AUDITORS
Ernst & Young
16th Floor
Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah
Tel: 089-217 266
Fax: 089-272 002

SHARE REGISTRAR
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North
Tower, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883
Fax: 03-2282 1886

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad

Profile Of
Board Of Directors

DATO' SERI MAH KING THIAN @ MAH KING THIAM
Malaysian aged 52
Executive Director/Chairman

Dato' Seri Mah King Thian @ Mah King Thiam was appointed as a Director and Chairman of the Company on 27 October 2005 and 31 October 2005 respectively. He is also a member of the Executive Committee and the Chairman of the Remuneration Committee.

He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA). He is the Managing Director of MHC Plantations Bhd and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies.

Dato' Seri Mah King Thian @ Mah King Thiam is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the younger brother of Dato' Seri Mah King Seng, the Managing Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

DATO' SERI MAH KING SENG
Malaysian aged 57
Managing Director

Dato' Seri Mah King Seng was appointed as a Director and Managing Director of the Company on 27 October 2005 and 27 February 2008 respectively. He is the Chairman of the Executive Committee.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Bhd and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies.

Dato' Seri Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the elder brother of Dato' Seri Mah King Thian @ Mah King Thiam, the Executive Director/Chairman of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

CHUA KIM YIN (JP)
Malaysian aged 54
Senior Independent Non-Executive Director

Mr. Chua Kim Yin was appointed as an Independent Non-Executive Director of the Company on 21 July 2005 and appointed Senior Independent Non-Executive Director on 25 February 2013. He is the Chairman of both the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee. Mr. Chua was appointed a Justice of The Peace (JP) by Yang Di-Pertua Negeri Sabah in September 1996.

He obtained his Bachelor of Economics (Accounting) in 1984 and Bachelor of Laws in 1986 from Monash University, Victoria, Australia. He was then admitted to practise as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. A year later, he was admitted as an Advocate of the High Court in Borneo, in the State of Sabah. He is currently a partner in the legal firm, Messrs RCK & Co. in Kota Kinabalu, Sabah. He is also an Associate Member of Certified Practising Accountant Australia.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

CHAN KAM LEONG
Malaysian aged 75
Independent Non-Executive Director

Mr. Chan Kam Leong was appointed as an Independent Non-Executive Director of the Company on 2 May 2008. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management) and Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.

He had three years working experience each in Kuala Lumpur and Singapore and three and a half years working experience in London before founding K.L. Chan & Associates of which he is presently a partner. He has more than forty-five years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.

He is a Director of MHC Plantations Bhd, a company listed on the Bursa Malaysia Securities Berhad.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

CHOONG PAK WAN
Malaysian aged 71
Independent Non-Executive Director

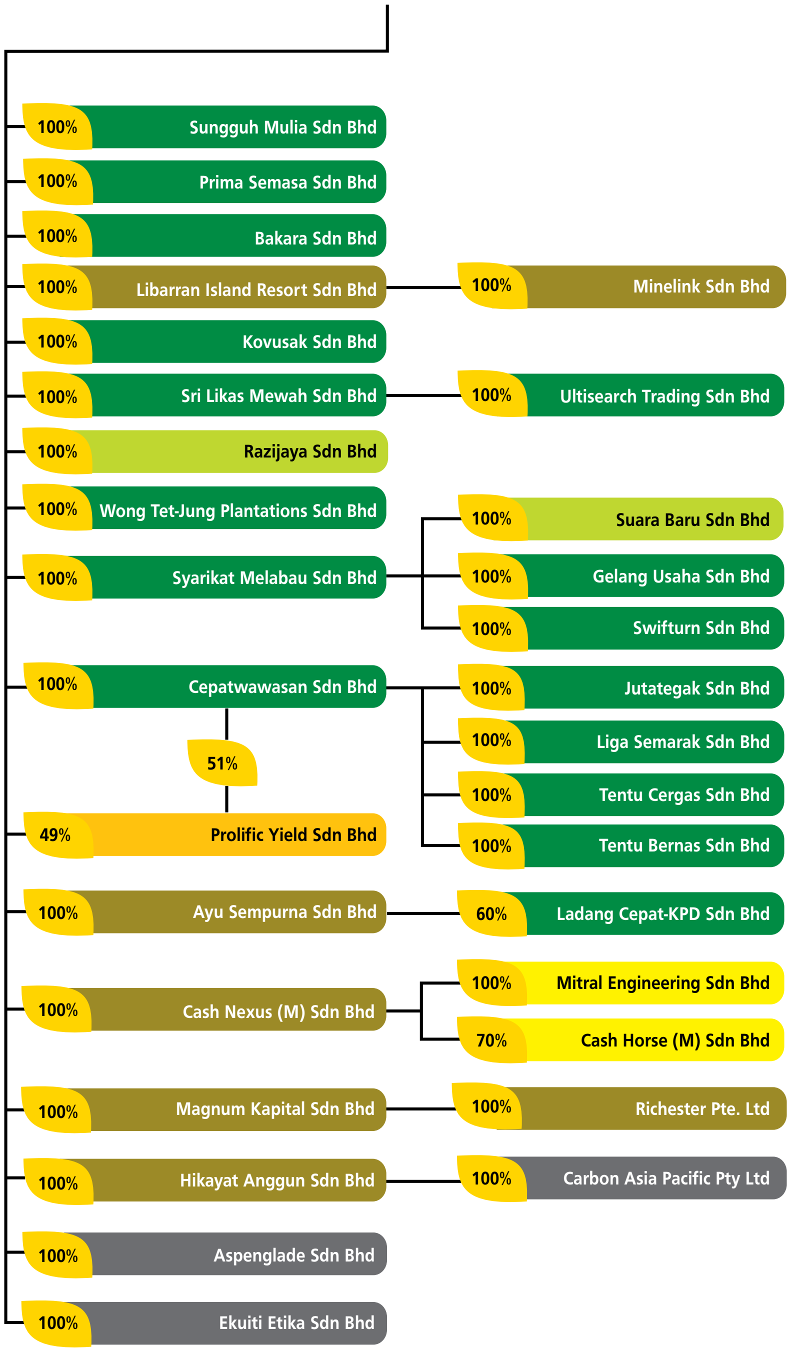
Mr. Choong Pak Wan was appointed as an Independent Non-Executive Director of the Company on 25 February 2009. He is a member of the Audit Committee and Nomination Committee.

He is a Project Director in an established architect firm in Ipoh. He has more than 40 years experience in the property development and construction industries, mainly in development planning, project feasibility study and implementation. He also acts as adviser and is a director in various development companies namely AI Archi-Management Sdn Bhd, MC Square Sdn Bhd, CNT Builders Sdn Bhd and Simpulai Land Sdn Bhd.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

Group Structure

CEPATWAWASAN GROUP BERHAD
(Company No: 536499-K)



Legend

- Plantation
- Investment Holding
- Plantation / Quarry
- Power generation
- Palm oil mill / plantation
- Dormant

Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2014.

Group's Performance

The Group recorded revenue of RM243.91 million and profit before tax of RM27.10 million in 2014 as compared to RM233.91 million and 31.68 million respectively in 2013. Profit after tax declined from RM26.44 million in 2013 to RM21.47 million and hence, the Group's net earnings per share decreased from 8.10 sen to 6.65 sen. Net tangible assets per share attributable to ordinary equity holders of the Company is now 1.47 sen.

The increase in revenue of RM10.00 million as compared to the previous financial year was mainly due to increases in CPO and PK sales volume of 4% and 10% respectively, higher PK prices by 27%, the sale of electricity and oil proceeds from empty fruit bunches. Although profit after tax declined by 14% mainly due to lower profit margin from milling and power generation, the Group achieved higher CPO and PK sales volume by 4% and 10% respectively, higher PK prices by 27% and a 7% increase in the production of Fresh Fruit Bunches ("FFB").

In 2014, the Group produced 156,288 Metric Tonnes ("MT") of FFB at an average yield of 20.81 MT per hectare, which includes production from the newly matured area of about 1,712 hectares in Paitan, Sabah.

The Group's Palm Oil Mill produced 78,576 MT of CPO at an average Oil Extraction Rate of 20.50% and 18,472 MT of PK at an average Kernel Extraction Rate of 4.82%. In 2014, CPO was sold at an average price of RM2,280 per MT whereas PK was sold at an average price of RM1,600 per MT.

Our 12MW Biomass Power Plant commenced operation in November 2014 generating and exporting 25,805,383 kW amounting to revenue of RM0.94 million for 2014. Our 2MW Biogas Power Plant, which commenced operation in 2013, generated and exported 4,490,442 kW amounting to revenue of RM1.80 million in 2014.

Dividend

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2014 of 2% on 308,967,310 ordinary shares amounting to a dividend payable of RM6,179,346 will be proposed for your approval.

Reverse Take-over of Timah Resources Limited

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

i) The disposal by CNSB of 100% of the equity interest in Mistral Engineering Sdn. Bhd. to TRL for a total consideration of AUD 8,550,000 (equivalent to RM23,791,230) to be fully satisfied by the issuance of 85,500,000 TRL Shares at an issue price of AUD 0.10 per Consideration Share ("Proposed Disposal"); and

ii) The subscription by CNSB and/or its nominee(s) of 10,000,000 TRL Shares for a total cash consideration of AUD 2,000,000 (equivalent to RM5,565,200) or AUD 0.20 per TRL Share in conjunction with the transfer listing from the National Stock Exchange to the Australian Stock Exchange to be undertaken by TRL.

Simultaneous with the execution of the conditional share sale agreement for the Proposed Disposal on 10 October 2014, CNSB had also entered into a call option agreement with Timah Pasir Sdn. Bhd. ("TPSB") or the ("Grantor"), being a substantial shareholder of TRL, for CNSB to have the option to acquire 9,500,000 TRL Shares from TPSB on a pre-consolidation basis at any time within one (1) year from the date of the Call Option Agreement for a total cash consideration of up to AUD 950,000 (equivalent to RM2,643,470).

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

Prospects

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

Thus, barring any unforeseen circumstances, your Board is confident that the Group will achieve higher profit in the current financial year ending 31 December 2015 as the Group strives to maintain a low operating cost. Moreover, about 25% of the Group's total planted area, which matured in 2008 and 2009, has reached peak production, thereby significantly enhancing the Group's FFB production in 2015.

The Group also expects positive contributions from its bio-renewable energy plants in 2015 especially from the newly commissioned 12MW Biomass Power Plant which commenced operation in November 2014.

Corporate Social Responsibility ("CSR")

The Group is committed to the development and expansion of its CSR programme.

The Group together with its holding company, MHC Plantations Bhd, have contributed RM4 million towards the establishment of Malaysia's first Parkinson and Movement Disorders Centre operating in University of Malaya ("UM"). Located on prime land in UM Petaling Jaya campus and near UM Medical Centre, it is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The UM Parkinson Centre is being set up at an estimated total cost of RM10 million excluding land cost, and the Group's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre.

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

Acknowledgement

I wish to express my gratitude to our Management and Staff for their dedicated services and contributions throughout the year.

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

And finally, to all our shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Dato' Seri Mah King Thian @ Mah King Thiam
Executive Chairman

Corporate Governance Statement

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

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

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

1. Directors

1.1 Board Composition and Independence

The Board currently consists of five Directors as at the date of this report:-

Executive Chairman
Dato' Seri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Seri Mah King Seng

Independent Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

The Chairman and Managing Director have many years of experience in the operations of plantations and palm oil mill. The Non-Executive Directors are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account.

The roles of the Chairman and Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities in the implementation of Board policies and decisions as well as some of the Group's day-to-day operations.

The Company has complied with the requirement of paragraph 15.02 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad whereby half of the Board of Directors are Independent Non-Executive Directors.

The Board has conducted an assessment on the Independent Directors and found that one of the Independent Directors, Chua Kim Yin has served the Company exceeding a cumulative terms of nine (9) years. The Board recommends him to continue to act as Independent Director of the Company based on the following justifications:

a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;

b. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;

c. He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders; and

d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Chua Kim Yin is proposed by the Board to be re-appointed as Independent Director at the forthcoming Annual General Meeting.

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

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

The Board held four (4) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:-

Name	Meetings attended
Dato' Seri Mah King Thian @ Mah King Thiam	4/4
Dato' Seri Mah King Seng	4/4
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Group. In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

The Board has a formal schedule of matters reserved to itself, which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

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

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

1. Directors (cont'd)

1.4 Appointment and Re-election of Directors

The Articles of Association of the Company requires that all Directors shall be subject to re-election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation at least once in every three (3) years at the Annual General Meeting.

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') to assist in the performance of certain duties of the Board under specific terms of reference. Three (3) of the Committees are composed of a majority of Non-Executive Directors. The Board considers that the mix of commercial experience from the Non-Executive Directors will complement the Executive Directors and create an effective Board.

The Committees established are as follows:

(i) Audit Committee

The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing the financial reports and the internal controls of the Company. The composition and terms of reference of this Committee together with its report are presented on pages 25 to 29 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee consists of three members, all of whom are Independent Non-Executive Directors and its Chairman is a Senior Independent Director appointed by the Board.

The functions of the Nomination Committee are as follows:

- Recommend to the Board the candidates for all directorships to be filled by the shareholders or the Board.
- Recommend to the Board the Directors to fill the seats on Committees of Directors.
- Review the required mix of skills and experience and other qualities including core competencies which Non-Executives should bring to the Board.
- Assess the effectiveness of the Board as a whole, the Committees of Directors and the contribution of each Director.

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

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

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(ii) Nomination Committee (cont'd)

The director who is subject to re-election and/or re-appointment at next Annual General Meeting is assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee is based on the yearly assessment conducted.

As all members of the Nomination Committee are Independent Directors, the assessment of their independence has been conducted by the Board as a whole.

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

- Review the mix of skill and experience and other qualities of the Board.
- Assess the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discuss the Company's Directors' retirement by rotation.

The Nomination Committee was satisfied with the effectiveness of the Board/Board Committees. The assessment and evaluation is properly documented.

(iii) Remuneration Committee

The Remuneration Committee consists of three members, the majority of whom are Independent Non-Executive Directors.

The responsibilities and functions of the Remuneration Committee include the following:

- To recommend to the Board the remuneration packages of the Executive Directors of the Company.
- To set up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors.

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

The Board has established a remuneration policy and to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision the remuneration packages of the Executive Directors.

The remuneration policy and procedure can be found at the Company's website at www.cepatgroup.com.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iii) Remuneration Committee (cont'd)

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2014 is as follows:-

	Fees RM	Emoluments RM	EPF RM	Total RM
Executive Directors	20,000	1,520,760	182,496	1,723,256
Non-Executive Directors	159,000	-	-	159,000
Total	179,000	1,520,760	182,496	1,882,256

The numbers of Directors whose total remuneration falls within the following range are as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM 50,001 to RM100,000	-	3
RM850,001 to RM900,000	2	-

The Company has on 30 September 2004 obtained a shareholders' mandate on payment of Director fees of not exceeding RM240,000 per annum.

(iv) Executive Committee ("EXCO")

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board. The EXCO acts on behalf of the Board on matters concerning administrations, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review and decide on administrative and operational matters, budgets and investment strategies of the Group.

2. Diversity Policy

A diversity policy has been established by the Board. The Board endeavours to have at least one woman participate on the Board at all times. The Board endeavours to have diversity of the Board as well as its workforce in terms of experience, qualification, ethnicity and age.

During selection process, any list of proposed candidates to the Board shall consist of woman candidate, wherever reasonably possible. The Nomination Committee is responsible in ensuring that diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

3. Directors' Training

The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment on the training needs of each director after taking into account the training programmes the Directors had attended in the past three years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

During the financial year ended 31 December 2014, the following training programmes and seminars were attended by the Directors:

- Rabobank's seminar – Palm Oil Outlook and Solutions;
- NVivo 10 Advanced Training; and
- Understand of Goods and Service Tax.

4. Corporate Disclosure

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

5. Shareholders

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders.

Communication between the Company and its shareholders are done in the following manner:

a. Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

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

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the websites of the Company and Bursa Malaysia Securities Berhad .

5. Shareholders (cont'd)

b. The Annual General Meeting

The Annual General Meeting is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by the Board for consideration.

The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

6. Sustainability Policy

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

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

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

The Group is committed to the continuous development and expansion of its CSR programme.

The Group together with its holding company, MHC Plantations Bhd have contributed RM 4 million towards the establishment of Malaysia's first Parkinson's and Movement Disorders Centre operating in University of Malaya ("UM"). Located on prime land in UM Petaling Jaya campus and near UM Medical Centre, it is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The UM Parkinson's Centre is being set up at an estimated total cost of RM 10 million excluding land cost, and the Group's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre.

In addition, the Group also contributed RM 200,000 to Yayasan Orang Asli Semenanjung Malaysia.

7. Financial Reporting

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited financial statements on page 24.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board, prior to release for announcement to Bursa Malaysia Securities Berhad.

8. Internal Control

The Directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, the proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on Risk Management and internal control, which can be found on page 30 and 32.

9. Relationship with Auditors

The Company has always maintained a formal and transparent relationship with its auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on pages 25 to 29.

10. Compliance Statement

The Company complied with the Principles of Corporate Governance as contained in the Code except for the following exceptions that, in the opinion of the Directors, adequately suits the circumstances:

i. Disclosure of remuneration is not made in detail for each Director. However, the remuneration paid is disclosed in aggregates of the categories of remuneration and, in compliance with the Listing Requirements, is analysed into bands of RM50,000.

ii. There is no female director on Board at the moment.

At the moment, the Company does not have any female director on the Board. However, if there is any vacancy arises, the Company may invite female candidate if she has the expertise and experience in the related industry to meet the Company's gender diversity policy

11. Additional Compliance Information

In compliance with the Listing Requirements, the following additional information is provided:

11.1 Utilisation of Proceeds

This was not applicable during the financial year.

11. Additional Compliance Information (cont'd)

11.2 Share Buybacks

During the financial year, the Company purchased 200 Shares and all the purchases were made in April 2014 and October 2014. The relevant price details are as follow:

Highest price paid	:	RM1.05
Lowest price paid	:	RM0.94
Average price paid	:	RM1.00
Total consideration paid	:	RM199.00 *(excluding transaction cost)*

As at 31 December 2014, all the purchased shares were retained as treasury shares and there was no resale or cancellation of these purchased shares.

11.3 Options, Warrants or Convertible Securities

There are no options, warrants or convertible securities exercised in respect of the financial year under review.

11.4 Depository Receipt ('DR') Programme

During the financial year, the Company did not sponsor any DR programme.

11.5 Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities.

11.6 Non-Audit Fees

No non-audit fees were paid to the external auditors in respect of the financial year.

11.7 Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimates, forecasts or projections for the financial year ended 31 December 2014.

11.8 Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

11.9 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2014 or entered into since the previous financial year except for those disclosed under related party transactions on pages 116 to 117.

11.10 Recurrent Related Party Transactions

There are no recurrent related party transactions transacted by the Company and its subsidiaries.

Statement of Directors' Responsibility for Preparing the Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

Audit Committee Report

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairman
Mr. Chua Kim Yin
(Senior Independent Non-Executive Director)

Committee Members
Mr. Chan Kam Leong
(Independent Non-Executive Director)
Mr. Choong Pak Wan
(Independent Non-Executive Director)

TERMS OF REFERENCE

1. Composition

1.1 The Committee shall comprise of at least three directors who must be Non-Executive Director and a majority of whom are independent directors. There shall be at least one member who is:

(a) a member of the Malaysian Institute of Accountants, or

(b) otherwise, he shall have at least 3 years' working experience and

(i) he shall have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
(ii) he shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) he fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the audit committee shall elect a Chairman from among their number who shall be an independent director.

1.3 No alternate director, Managing Director or Executive Director shall be appointed as a member of the Audit Committee.

1.4 Any vacancy in the Audit Committee resulting in the non-compliance of the above, shall be filled within three months.

2. Authority

The audit committee shall:

(a) have the authority to investigate any activity of the Group within its terms of reference;

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

(c) have full and unrestricted access to the Group's information;

(d) have direct communication channels with the external auditors, internal auditors and all employees of the Group;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both (excluding the executive directors and employees), if necessary.

3. Functions

The audit committee is to:

3.1 Review the following and report the same to the board of directors:

(a) with the external auditors:

(i) the external audit plan,
(ii) the evaluation of the system of internal controls; and
(iii) the external audit report.

(b) adequacy of the scope, functions, competency and resources of the internal audit functions;

(c) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken;

(d) the quarterly financial reports and year end financial statements, prior to the approval by the board of directors;

(e) any related party transactions and conflict of interest situation that may arise within the Group;

(f) letter of resignation from the external auditors, if any; and

(g) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.

3. Functions (cont'd)

3.2 Consider the nomination of external auditors.

3.3 Review the scope of audit and general extent of the external auditor.

3.4 Review the Company's general policies and procedures.

3.5 Discuss with the external auditors any relevant recommendations in their letter of comments.

3.6 Evaluate the cooperation received by the external auditors during their examination.

3.7 Review the scope and results of the internal audit procedures.

4. Quorum and Attendance of Meetings

4.1 The quorum of meetings of the Committee shall be majority of the members who are Independent Directors.

4.2 Members of the audit committee are to be present at all meetings. If necessary or desirable, the chairman may request that members of management, the head of internal audit and representatives of the external auditors be present at meetings of the Committee.

4.3 The Company Secretary or his/her representative shall be the secretary of the Audit Committee.

5. Frequency of Meetings and Minutes

5.1 The Audit Committee is to meet at least four times per year.

5.2 At least twice a year, the Committee shall meet with the external auditors, the internal auditors or both without the presence of any executives of the Company.

5.3 Minutes of each Audit Committee meeting are to be made available to the Board of Directors.

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2014.

The attendance of the members at the Audit Committee meetings is as follows:

Member	**Meetings attended**
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended the meetings by invitation.

ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

(i) Reviewed the scope of work and audit plan of the external auditors.

(ii) Reviewed with the external auditors, the results of their audit, the audit report and internal control recommendations in respect of improvements in the internal control procedures noted in the course of their audit.

(iii) Reviewed the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.

(iv) Reviewed the necessity and need for special audit.

(v) Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the compliance of the Company with the Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vii) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(viii) Reviewed the related party transactions entered into by the Group.

ACTIVITIES (cont'd)

(ix) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

(x) Reviewed the status of compliance of the Company with the Malaysian Code on Corporate Governance for the purpose of issuing the Corporate Governance Statement pursuant to the requirement of paragraph 15.25 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(xi) Reviewed the statement on risk management and internal control before recommending to the Board for approval for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

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

Two internal audits were performed performed during the financial year under review. The internal audit activities carried out for the financial year include, inter alia, the following:

- Land Preparation for oil palm planting;
- Quarry management;
- Estate field upkeep;
- Replanting and Ganoderma management; and
- Maximise on crop recovery and loose fruit collection.

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

Statement on Risk Management and Internal Control

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of internal control of the Group during the financial year.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the adequacy and effectiveness of the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage the Group's risks within an acceptance risk profile, rather than eliminate the risk of failure to achieve corporate objectives of the Group. Accordingly, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that the risk management and the system of internal controls in place for the year under review and up to the date of the issuance of the financial statements are sound and sufficient to safeguard the shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL

The Management has reviewed the Group's internal control system and formalised the risk management practices to comply with the Malaysian Code on Corporate Governance 2012 (the "Code"). In consequence, a formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. These include operational risk, market risk, legal risk and environmental risk.

The Board is supported by the Group Risk Management Committee that comprises the Executive Chairman, Managing Director, and senior management in overseeing the risk management efforts within the Group. The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually. The ongoing implementation is monitored by the Management and is reported quarterly to the Board.

INTERNAL AUDIT FUNCTION

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

The internal audit function is outsourced to Crowe Horwarth Consultants Sdn. Bhd. and Pantropical Agricultural Services (Pantropas) Sdn. Bhd. which report directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the internal audit function for the financial year ended 31 December 2014 were RM 33,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

i. BOARD MEETINGS

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Executive Director, leads the presentations of board papers and provides comprehensive explanation of pertinent issues. The Board is also kept updated on the Company and the Group's activities and operations on a regular basis including any material issues.

ii. AUDIT COMMITTEE

The Audit Committee of the Group reviews any internal control issues identified by the internal auditors, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also reviews the internal audit functions and quality of internal audits. The minutes of the Audit Committee meetings are tabled to the Board.

iii. ORGANISATIONAL STRUCTURE

The Group's organisational structure is formed with formally defined reporting lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operational performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. The EXCO is aware of the significant issues identified in those meetings, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.

iv. PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a monthly basis to facilitate the Board's review of the Group's financial and operating performance. The review covers areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Board has reviewed and approved the Group's budget for the next financial year. The budgeting process involves the preparation of budgets by individual operating units, which are then reviewed and approved at management level and ultimately by the Board. The Management will monitor the actual performance against the Group's budget on a monthly basis. Significant variances are identified, investigated and reported.

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2014 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of Cepatwawasan Group Berhad.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 16 February 2015.

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 17 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit net of tax	21,471	28,343
Profit attributable to:		
Owners of the parent	20,559	28,343
Non-controlling interests	912	-
	21,471	28,343

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

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

Dividend

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

	RM'000
In respect of the financial year ended 31 December 2013 as reported in the Directors' report of that year:	
Final single-tier dividend of 2% on 308,967,410 ordinary shares (excluding 9,478,800 treasury shares), declared on 30 April 2014 and paid on 21 May 2014	6,179

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2014 of 2% on 308,967,310 ordinary shares, amounting to a dividend payable of RM6,179,346 (2 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

Directors

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

Dato' Seri Mah King Thian @ Mah King Thiam
Dato' Seri Mah King Seng
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
Name of directors	**1.1.2014**	**Acquired**	**Sold**	**31.12.2014**
The Company				
Direct interest:				
Choong Pak Wan	15,000	-	-	15,000
Indirect interest:				
Dato' Seri Mah King Thian @ Mah King Thiam	118,831,200	-	-	118,831,200
Dato' Seri Mah King Seng	118,831,200	-	-	118,831,200
Chan Kam Leong#	500,000	40,000	-	540,000
The holding company, MHC Plantations Bhd.				
Direct interest:				
Dato' Seri Mah King Thian @ Mah King Thiam	93,248	-	-	93,248
Dato' Seri Mah King Seng	338,948	-	-	338,948
Indirect interest:				
Dato' Seri Mah King Thian @ Mah King Thiam	92,688,024	-	-	92,688,024
Dato' Seri Mah King Seng	92,688,024	-	-	92,688,024
Chan Kam Leong#	321,086	163,000	-	484,086

Interest by virtue of shares held by spouse.

	Number of warrants (2012/2017)			
	1.1.2014	**Bought**	**Exercised**	**31.12.2014**
The holding company, MHC Plantations Bhd.				
Direct interest:				
Dato' Seri Mah King Thian @ Mah King Thiam	26,642	-	-	26,642
Dato' Seri Mah King Seng	96,842	-	-	96,842
Indirect interest:				
Dato' Seri Mah King Thian @ Mah King Thiam	26,482,473	-	-	26,482,473
Dato' Seri Mah King Seng	26,482,473	-	-	26,482,473
Chan Kam Leong #	133,653	-	-	133,653

Interest by virtue of shares held by spouse.

Dato' Seri Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

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

Treasury shares

During the financial year, the Company repurchased 200 of its issued ordinary shares from open market at an average price of RM1 per share. The total consideration paid for the repurchase including transaction costs was RM281.

As at 31 December 2014, the Company held as treasury shares a total of 9,478,900 of its 318,446,210 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,097,031 and further relevant details are disclosed in Note 26 to the financial statements.

Holding company

The Directors regard MHC Plantations Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

Other statutory information

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

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

 (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 36 to the financial statements.

Subsequent event

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

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 April 2015.

Dato' Seri Mah King Thian @ Mah King Thiam

Dato' Seri Mah King Seng

Statement by Directors

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

We, Dato' Seri Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng, being two of the Directors of Cepatwawasan Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 129 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 April 2015.

Dato' Seri Mah King Thian @ Mah King Thiam

Dato' Seri Mah King Seng

Statutory Declaration

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

I, Nok Chung Yuan, being the Officer primarily responsible for the financial management of Cepatwawasan Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 130 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Nok Chung Yuan at Sandakan in the State of Sabah on 29 April 2015.

Nok Chung Yuan

Before me,

RAMSAH BINTI HJ. MOHD TAHA
Commissioner for Oaths (No. S-029)

Independent Auditors' Report to the Members of

CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Cepatwawasan Group Berhad, which comprise the statements of financial position as at 31 December 2014 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 129.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report to the Members of
CEPATWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 40 on page 130 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Chin Mui Khiong Peter
1881/03/16(J)
Chartered Accountant

Sandakan, Malaysia
29 April 2015

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Revenue	3	243,912	233,910	32,523	4,903
Cost of sales		(201,007)	(194,952)	-	-
Gross profit		42,905	38,958	32,523	4,903
Other items of income					
Interest income	4	4,667	3,662	901	804
Other income	5	1,913	6,385	-	-
Other items of expense					
Marketing and distribution costs		(5,930)	(5,765)	-	-
Administrative expenses		(11,935)	(7,705)	(3,991)	(2,868)
Finance costs	6	(4,525)	(3,852)	(899)	(803)
Profit before tax	7	27,095	31,683	28,534	2,036
Income tax expense	10	(5,624)	(5,241)	(191)	(178)
Profit net of tax		21,471	26,442	28,343	1,858
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation		4	(62)	-	-
Total comprehensive income for the year		21,475	26,380	28,343	1,858
Profit attributable to:					
Owners of the parent		20,559	25,027	28,343	1,858
Non-controlling interests		912	1,415	-	-
		21,471	26,442	28,343	1,858
Total comprehensive income for the year attributable to:					
Owners of the parent		20,563	24,965	28,343	1,858
Non-controlling interests		912	1,415	-	-
		21,475	26,380	28,343	1,858
Earnings per share attributable to owners of the parent (sen per share):					
Basic	11	6.65	8.10		
Diluted	11	6.65	8.10		

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

Consolidated Statements of
Financial Position

As at 31 December 2014

	Note	31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	12	191,069	181,955	169,781
Biological assets	13	157,199	154,171	152,460
Investment properties	14	42,700	41,600	37,000
Intangible assets	15	92,088	92,088	92,088
Land use rights	16	2,022	2,050	2,078
Deferred tax assets	18	3,565	3,045	2,443
Trade and other receivables	19	108,184	94,855	69,537
		596,827	569,764	525,387
Current assets				
Inventories	20	20,623	16,816	20,467
Trade and other receivables	19	21,107	17,968	14,481
Tax recoverable		3,809	1,501	2,855
Short term investments	21	10,892	10,443	12,942
Cash and bank balances	22	23,433	24,331	22,362
		79,864	71,059	73,107
Total assets		676,691	640,823	598,494
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	23	65,433	32,000	13,462
Trade and other payables	24	27,755	29,588	22,832
Income tax payable		252	522	491
		93,440	62,110	36,785
Net current (liabilities)/assets		(13,576)	8,949	36,322
Non-current liabilities				
Deferred tax liabilities	18	47,238	47,560	47,408
Loans and borrowings	23	60,228	69,788	75,026
Lease rental payable	25	267	267	267
		107,733	117,615	122,701
Total liabilities		201,173	179,725	159,486
Net assets		475,518	461,098	439,008

Consolidated Statements of Financial Position

As at 31 December 2014 (cont'd)

	Note	31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
Equity attributable to owners of the parent				
Share capital	26	318,446	318,446	318,446
Treasury shares	26	(11,097)	(11,096)	(11,096)
Foreign currency translation reserve	27	4	*	62
Retained earnings	28	148,062	134,409	112,472
		455,415	441,759	419,884
Non-controlling interests		20,103	19,339	19,124
Total equity		475,518	461,098	439,008
Total equity and liabilities		676,691	640,823	598,494

* Below RM1,000

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

Company Statements of Financial Position

As at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,029	3,145
Investments in subsidiaries	17	337,505	229,458
		340,534	232,603
Current assets			
Trade and other receivables	19	44,918	132,352
Tax recoverable		25	-
Cash and bank balances	22	573	363
		45,516	132,715
Total assets		386,050	365,318
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	23	29,000	-
Trade and other payables	24	10,717	41,112
Income tax payable		-	28
		39,717	41,140
Net current assets		5,799	91,575
Non-current liabilities			
Deferred tax liabilities	18	56	64
Total liabilities		39,773	41,204
Net assets		346,277	324,114
Equity attributable to owners of the parent			
Share capital	26	318,446	318,446
Treasury shares	26	(11,097)	(11,096)
Retained earnings	28	38,928	16,764
Total equity		346,277	324,114
Total equity and liabilities		386,050	365,318

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			← Attributable to owners of the parent →					
				← Non-distributable →			Distributable	
2014								
Opening balance at 1 January 2014 (Restated)		461,098	441,759	318,446	(11,096)	*	134,409	19,339
Profit for the year		21,471	20,559	-	-	-	20,559	912
Other comprehensive income for the year, net of tax								
Foreign currency translation		4	4	-	-	4	-	-
Total comprehensive income for the year		21,475	20,563	-	-	4	20,559	912
Contributions by and distributions to owners								
Purchase of treasury shares	26	(1)	(1)	-	(1)	-	-	-
Dividend on ordinary shares	29	(6,979)	(6,179)	-	-	-	(6,179)	(800)
		(6,980)	(6,180)	-	(1)	-	(6,179)	(800)
Changes in ownership interest in subsidiaries								
Acquisition of non-controlling interests		(75)	(727)	-	-	-	(727)	652
Total transactions with owners in their capacity as owners		(7,055)	(6,907)	-	(1)	-	(6,906)	(148)
Closing balance at 31 December 2014		475,518	455,415	318,446	(11,097)	4	148,062	20,103

* Below RM1,000

Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			← Attributable to owners of the parent →					
				← Non-distributable →			Distributable	
2013								
Opening balance at 1 January 2013:								
- as previously reported		437,568	418,876	318,446	(11,096)	62	111,464	18,692
- prior year adjustments	37	1,440	1,008	-	-	-	1,008	432
- as restated		439,008	419,884	318,446	(11,096)	62	112,472	19,124
Profit for the year		26,442	25,027	-	-	-	25,027	1,415
Other comprehensive income for the year, net of tax								
Foreign currency translation		(62)	(62)	-	-	(62)	-	-
Total comprehensive income for the year		26,380	24,965	-	-	(62)	25,027	1,415
Contributions by and distributions to owners								
Purchase of treasury shares	26	*	*	-	*	-	-	-
Dividend on ordinary shares	29	(4,290)	(3,090)	-	-	-	(3,090)	(1,200)
Total contributions by and distributions to owners		(4,290)	(3,090)	-	*	-	(3,090)	(1,200)
Closing balance at 31 December 2013		461,098	441,759	318,446	(11,096)	*	134,409	19,339

* Below RM1,000

Statements of Changes in Equity

For the financial year ended 31 December 2014 (cont'd)

	Note	Equity, total RM'000	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Distributable Retained earnings RM'000
Company					
2014					
Opening balance at 1 January 2014		324,114	318,446	(11,096)	16,764
Profit for the year, representing total comprehensive income for the year		28,343	-	-	28,343
Contributions by and distributions to owners					
Purchase of treasury shares	26	(1)	-	(1)	-
Dividend on ordinary shares	29	(6,179)	-	-	(6,179)
Total contributions by and distributions to owners		(6,180)	-	(1)	(6,179)
Total transactions with owners in their capacity as owners		22,163	-	(1)	22,164
Closing balance at 31 December 2014		346,277	318,446	(11,097)	38,928

Statements of Changes in Equity
For the financial year ended 31 December 2014 (cont'd)

	Note	Equity, total RM'000	← Non-distributable Share capital RM'000	Treasury shares → RM'000	Distributable Retained earnings RM'000
Company					
2013					
Opening balance at 1 January 2013		325,346	318,446	(11,096)	17,996
Profit for the year, representing total comprehensive income for the year		1,858	-	-	1,858
Contributions by and distributions to owners					
Purchase of treasury shares	26	*	-	*	-
Dividend on ordinary shares	29	(3,090)	-	-	(3,090)
Total contributions by and distributions to owners		(3,090)	-	*	(3,090)
Total transactions with owners in their capacity as owners		(1,232)	-	*	(1,232)
Closing balance at 31 December 2013		324,114	318,446	(11,096)	16,764

* Below RM1,000

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

Statements of
Cash Flows

For the financial year ended 31 December 2014

	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Operating activities				
Profit before tax	27,095	31,683	28,534	2,036
Adjustments for:				
Dividend income	-	-	(29,400)	(1,800)
Net gain from fair value adjustment of investment properties	(1,100)	(4,600)	-	-
Net gain on disposal of plant and equipment	-	(41)	-	-
Interest income	(4,667)	(3,662)	(901)	(804)
Net unrealised gain on foreign exchange	(74)	(194)	-	-
Finance costs	4,525	3,852	899	803
Depreciation of property, plant and equipment	8,289	6,246	258	224
Amortisation of land use rights	28	28	-	-
Amortisation of quarry development expenditure	110	179	-	-
Bad debts written off	6	260	-	-
Doubtful debts expenses	2,304	-	-	-
Plant and equipment scrapped	20	5	-	-
Total adjustments	9,441	2,073	(29,144)	(1,577)
Operating cash flows before changes in working capital	36,536	33,756	(610)	459
Changes in working capital				
(Increase)/decrease in inventories	(3,807)	3,651	-	-
(Increase)/decrease in receivables	(14,589)	(26,107)	899	(61)
(Decrease)/increase in payables	(1,834)	6,756	162	7
Total changes in working capital	(20,230)	(15,700)	1,061	(54)
Cash flows from operations	16,306	18,056	451	405
Interest received	552	704	901	804
Interest paid	(4,525)	(4,338)	(899)	(803)
Income taxes refunded	134	2,694	-	-
Income taxes paid	(9,178)	(7,000)	(252)	(157)
Net cash flows from operating activities	3,289	10,116	201	249

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Investing activities				
Purchase of property, plant and equipment	(17,162)	(17,061)	(142)	(286)
Acquisition of non-controlling interests	(75)	-	(250)	-
Proceeds from disposal of plant and equipment	-	167	-	-
Additions of biological assets	(3,028)	(1,711)	-	-
Dividend received	-	-	1,200	1,800
Net (investment in)/redemption of short term money market funds	(449)	2,499	-	-
Increase in amounts due from subsidiary companies	-	-	(21,263)	(9,479)
Net cash flows used in investing activities	(20,714)	(16,106)	(20,455)	(7,965)
Financing activities				
Dividend paid to equity holders of the parent	(6,179)	(3,090)	(6,179)	(3,090)
Dividend paid to non-controlling interests	(800)	(1,200)	-	-
Purchase of treasury shares	(1)	*	-	-
Proceeds from borrowings	30,500	15,992	29,000	-
Repayment of borrowings	(5,750)	(2,582)	-	-
Repayment of obligations under finance leases	(1,247)	(1,293)	-	-
Net change in amounts due to subsidiary companies	-	-	(2,357)	10,569
Net cash flows from financing activities	16,523	7,827	20,464	7,479
Net (decrease)/increase in cash and cash equivalents	(902)	1,837	210	(237)
Net foreign exchange difference	4	132	-	-
Cash and cash equivalents at 1 January	24,331	22,362	363	600
Cash and cash equivalents at 31 December (Note 22)	23,433	24,331	573	363

*Below RM1,000

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah.

The holding company of the Company is MHC Plantations Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The holding company produces financial statements available for public use.

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 17 to the financial statements.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

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

2.2 Changes in accounting policies

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

On 1 January 2014, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivation and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

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

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

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

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

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under FRS 10.

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

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13 Fair Value Measurements.

The application of these amendments has no impact on the disclosures in the Group's and the Company's financial statements.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011–2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012–2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018

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

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

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

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

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

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

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

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

Amendments to FRS 101: Disclosure Initiatives

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

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

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

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 14: Regulatory Deferral Accounts

FRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of FRS. Entities that adopt FRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing FRS preparer, this standard would not apply.

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

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

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

FRS 9: Financial Instruments

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

Annual Improvements to FRSs 2010–2012 Cycle

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

Standards	Descriptions
FRS 2 Share-based Payment	This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including: - A performance condition must contain a service condition; - A performance target must be met while the counterparty is rendering service; - A performance target may relate to the operations or activities of an entity, or those of another entity in the same group; - A performance condition may be a market or non-market condition; and - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
FRS 3 Business Combinations	The amendments to FRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.
FRS 8 Operating Segments	The amendments are to be applied retrospectively and clarify that: - an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and - the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

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

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

Annual Improvements to FRSs 2010–2012 Cycle (cont'd)

Standards	Descriptions
FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets	The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
FRS 124 Related Party Disclosures	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to FRSs 2011–2013 Cycle

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

Standards	Descriptions
FRS 3 Business Combinations	The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.
FRS 13 Fair Value Measurement	The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).
FRS 140 Investment Property	The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether: - the property meets the definition of investment property in terms of FRS 140; and - the transaction meets the definition of a business combination under FRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

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

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

Annual Improvements to FRSs 2012–2014 Cycle

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

Standards	Descriptions
FRS 5 Non-current Assets Held for Sale and Discontinued Operations	The amendment to FRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.
FRS 7 Financial Instruments: Disclosures	The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required. In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
FRS 119 Employee Benefits	The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
FRS 134 Interim Financial Reporting	FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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

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

Malaysian Financial Reporting Standards ("MFRS Framework")

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

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including their parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 2 September 2014, all Transitioning Entitiesshall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2017. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

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

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

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

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

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

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

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The Group and the Company are currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

MFRS 15: Revenue from Contracts with Customers

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

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation

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

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

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

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

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

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

2.4 Basis of consolidation (cont'd)

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

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

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

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

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

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

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

Business combinations

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

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

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

The accounting policy for goodwill is set out in Note 2.12.

2.5 Subsidiaries

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

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

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

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

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

2.6 Foreign currency

(a) Functional and presentation currency

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

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

2.6 Foreign currency (cont'd)

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2.7 Property, plant and equipment

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

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

2.7 Property, plant and equipment (cont'd)

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

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

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

- Leasehold property	2%
- Plantation infrastructure development expenditure	Over remaining lease term of land
- Long term leasehold land	Over remaining lease term of land
- Oil mill and other buildings	5% - 7%
- Heavy equipment, plant and machinery	6% - 10%
- Motor vehicles	15%
- Furniture, fittings and equipment	10%

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

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

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

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

2.8 Service concession arrangements

A subsidiary of the Company, Cash Horse (M) Sdn Bhd, and Sabah Electricity Sdn Bhd ("SESB") have entered into the Renewable Energy Power Purchase Agreement on 2 November 2010 ("REPPA") to design, construct, own, operate and maintain a Renewable Energy Power Plant ("the Facilities"), to sell and deliver electrical energy to SESB under the Small Renewable Energy Power Programme.

In accordance to the terms of the REPPA, SESB agrees to purchase the Annual Baseline Energy generate from the Facilities at a fixed tariff for 21 years from the commercial operation date.

The Group recognises revenue from the construction of the Facilities in accordance with its accounting policy for construction contracts set out in Note 2.9. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

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

2.8 Service concession arrangements (cont'd)

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.16.

2.9 Construction contracts

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

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

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

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

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

2.10 Biological assets

Biological assets comprise oil palm planting expenditure. New planting expenditure incurred on land clearing and upkeep of palms to maturity is stated at cost and capitalised under biological assets. A portion of the direct overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity.

No amortisation is considered necessary on oil palm planting expenditure as its value is maintained through replanting programme. Replanting expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

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

2.11 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognised, investment properties are measured at fair value which reflects market conditions at the reporting date.Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or loss arising from changes in the fair values of the investment properties are included in profit or loss in the year in which they arise.

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

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

2.12 Intangible assets

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

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

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

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

2.13 Land use rights

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

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

2.14 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

2.15 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

2.16 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 19.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2014 and 2013.

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Available-for-sale (AFS) financial investments (cont'd)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 23.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Financial guarantee contracts (cont'd)

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

Derecognition

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investmentsthat are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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

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

2.18 Inventories

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

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

- Consumable stores: purchase costs and expenses in bringing them into store on a weighted average cost method.

- Oil palm nurseries: purchase costs and upkeep expenses on a weighted average cost method.

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

2.19 Provisions

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

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

2.20 Borrowing costs

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

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

2.21 Employee benefits

Defined contribution plans

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

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

2.22 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.23 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

2.23 Fair value measurement (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

2.24 Revenue

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

(a) Sales of plantation produce

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

(b) Sales of earth and stones

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

(c) Supply of electricity

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

(d) Dividend income

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

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

2.24 Revenue (cont'd)

(e) Management fees

Revenue from management service is recognised upon rendering of services to subsidiary companies.

(f) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.9.

2.25 Taxes

(a) Current income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

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

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

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

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

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

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

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

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

2.30 Significant accountingjudgement and estimates

Key sources of estimation uncertainty

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

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2.42% (2013: 1.26%) variance in the Group's profit for the year.

(b) Impairment of goodwill

Goodwillare tested for impairment annually and at other times when such indicators exist. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. This requires an estimation of the recoverable amounts of the cash-generating units to which goodwill are allocated.

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

(c) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 19.

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

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

2.30 Significant accountingjudgement and estimates(cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Revaluation of investment properties (cont'd)

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at 31 December 2014.Fair value of the investment properties was determined based on sales comparison approach.

The key assumptions used to determine the fair value of the investment properties, are further explained in Note 14.

3. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Sale of:				
- crude palm oil	181,572	173,597	-	-
- palm kernel	29,973	21,428	-	-
- fresh fruit bunches	13,339	13,738	-	-
- earth and stones	2,877	2,958	-	-
- empty fruit bunches oil	2,059	-	-	-
Construction of service concession facilities	13,153	22,189	-	-
Supply of electricity	939	-	-	-
Management fees from subsidiaries	-	-	3,123	3,103
Dividend income from subsidiaries	-	-	29,400	1,800
	243,912	233,910	32,523	4,903

4. Interest income

Interest on:				
- Advances given	-	-	895	803
- Short term investments and fixed deposits	552	704	6	1
- Amount due from customer on service concession	4,115	2,958	-	-
	4,667	3,662	901	804

5. Other income

	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Net gain from fair value adjustment of investment properties	1,100	4,600	-	-
Equipment hiring income	218	187	-	-
Insurance claim	105	6	-	-
Insurance commission	101	103	-	-
Net gain on disposal of plant and equipment	-	41	-	-
Rental income	3	3	-	-
Sale of:				
- empty fruit bunches	-	239	-	-
- palm kernel shell	4	91	-	-
- scrapped iron	117	234	-	-
- sludge oil	-	195	-	-
- fibre	26	24	-	-
Transportation income	13	10	-	-
Gain on foreign exchange				
- realised	-	426	-	-
- unrealised	206	194	-	-
Miscellaneous	20	32	-	-
	1,913	6,385	-	-

6. Finance costs

	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Interest expense on:				
Advances obtained	-	-	443	803
Bank loans	2,666	3,409	-	-
Revolving credits	1,748	780	456	-
Obligation under finance leases	111	149	-	-
	4,525	4,338	899	803
Less: Interest expense capitalised in assets under construction (Note 12)	-	(486)	-	-
	4,525	3,852	899	803

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

7. Profit before tax

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Auditors' remuneration:				
- statutory audit				
- current year	142	125	38	37
- underprovision in prior years	24	6	1	1
- other services	45	39	3	3
Employee benefits expense (Note 8)	24,138	21,367	2,122	2,201
Non-executive Directors' remuneration (Note 9)	192	192	159	159
Depreciation of property, plant and equipment (Note 12)	8,289	6,246	258	224
Plant and equipment scrapped	20	5	-	-
Amortisation of land use rights (Note 16)	28	28	-	-
Amortisation of quarry development expenditure (Note 12)	110	179	-	-
Bad debts written off	6	260	-	-
Unrealised loss on foreign exchange	132	-	-	-
Rental of land and buildings	187	187	-	-
Doubtful debts expenses	2,304	-	-	-

8. Employee benefits expense

	Group 2014	Group 2013	Company 2014	Company 2013
Wages and salaries	23,508	20,459	1,911	1,980
Contributions to defined contribution plan	1,058	1,034	203	214
Social security contributions	97	88	8	7
	24,663	21,581	2,122	2,201
Capitalised in:				
- Immature plantations	441	162	-	-
- Inventories	84	52	-	-
Recognised in income statement	24,138	21,367	2,122	2,201

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,493,636 (2013: RM2,709,426) and RM851,628 (2013: RM954,528) respectively.

9. Directors' remuneration

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Executive:				
Salaries and other emoluments	1,888	2,058	630	715
Fees	30	40	-	-
Bonus				
- current year's provision	393	393	131	131
- underprovision in prior years	-	14	-	7
Defined contribution plan	183	204	91	102
Total executive directors' remuneration (Note 8)	2,494	2,709	852	955
Non-executive:				
Fees (Note 7)	192	192	159	159
Total directors' remuneration	2,686	2,901	1,011	1,114

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Executive:				
Salaries and other emoluments	1,258	1,429	630	715
Fees	20	30	-	-
Bonus				
- current year's provision	262	262	131	131
- underprovision in prior years	-	14	-	7
Defined contribution plan	183	204	91	102
	1,723	1,939	852	955
Non-executive:				
Fees	159	159	159	159
	1,882	2,098	1,011	1,114

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

9. Directors' remuneration (cont'd)

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

	Number of Directors 2014	2013
Executive Directors:		
RM200,001 to RM250,000	-	1
RM850,001 to RM900,000	2	2
Non-executive Directors:		
RM50,001 to RM100,000	3	3

10. Income tax expense

Major components of income tax expense

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	6,739	5,626	198	181
- (Over)/underprovision in respect of previous years	(273)	65	1	12
	6,466	5,691	199	193
Deferred income tax:				
- Origination and reversal of temporary differences	812	1,712	(8)	(9)
- (Over)/underprovision in respect of previous years	(1,610)	33	-	(4)
- Effect of reduction in tax rate	(44)	(2,195)	-	(2)
	(842)	(450)	(8)	(15)
Income tax expense recognised in profit or loss	5,624	5,241	191	178

10. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit before tax	27,095	31,683	28,534	2,036
Tax at Malaysian statutory taxrate of 25% (2013: 25%)	6,774	7,920	7,133	509
Adjustments:				
Effect of reduction in tax rate	(44)	(2,195)	-	(2)
Income not subject to taxation	(522)	(306)	(7,350)	(450)
Non-deductible expenses	1,572	603	407	113
Effect of utilisationpreviouslyunrecognised unabsorbed capitalallowances	(53)	(59)	-	-
Deferred tax assets not recognised	-	100	-	-
Deferred tax recognised at differenttax rate	(220)	(920)	-	-
(Over)/underprovision of current income tax in respect of previous years	(273)	65	1	12
(Over)/underprovision of deferred income tax in respect of previous years	(1,610)	33	-	(4)
Income tax expense recognised in profit or loss	5,624	5,241	191	178

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced from the current year's rate of 25% to 24% with effect from the year of assessment 2016.

The computation of deferred tax as at 31 December 2014 has reflected the changes in tax rate.

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

11. Earnings per share

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

The Group has no potential ordinary shares in issue as at reporting date and therefore diluted earnings per share is same as basic earnings per share.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2014 and 2013:

	Group	
	2014	**2013**
	RM'000	**RM'000**
		(Restated)
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	20,559	25,027
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation *	308,967	308,968
Basic earnings per share (sen)	6.65	8.10

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

12. Property, plant and equipment

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Cost							
At 1 January 2013							
- as previously reported	63,141	67,150	49,721	5,235	3,584	102,535	291,366
- prior year adjustments	-	-	-	-	-	(62,443)	(62,443)
At 1 January 2013 (restated)	63,141	67,150	49,721	5,235	3,584	40,092	228,923
Additions	-	1,926	2,795	439	536	13,036	18,732
Disposal	-	-	(172)	-	(1)	-	(173)
Scrapped	-	-	(33)	(27)	(17)	-	(77)
Reclassifications	-	3,840	33,239	-	-	(37,079)	-
At 31 December 2013	63,141	72,916	85,550	5,647	4,102	16,049	247,405
Accumulated depreciation and impairment losses							
At 1 January 2013	4,254	12,842	36,737	2,854	2,456	-	59,143
Depreciation charge for the year (Note 7)	778	1,965	2,755	678	249	-	6,425
Disposal	-	-	(46)	-	-	-	(46)
Scrapped	-	-	(32)	(27)	(13)	-	(72)
At 31 December 2013	5,032	14,807	39,414	3,505	2,692	-	65,450
Net carrying amount							
At 31 December 2013	58,109	58,109	46,136	2,142	1,410	16,049	181,955

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

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Cost							
At 1 January 2014 (restated)	63,141	72,916	85,550	5,647	4,102	16,049	247,405
Additions	-	5,727	1,360	323	740	9,383	17,533
Scrapped	-	-	(105)	(10)	(2)	-	(117)
Reclassifications	-	11,944	1,382	-	34	(13,360)	-
At 31 December 2014	63,141	90,587	88,187	5,960	4,874	12,072	264,821
Accumulateddepreciation and impairment losses							
At 1 January 2014	5,032	14,807	39,414	3,505	2,692	-	65,450
Depreciation chargefor the year (Note 7)	777	2,455	4,384	488	295	-	8,399
Scrapped	-	-	(85)	(10)	(2)	-	(97)
At 31 December 2014	5,809	17,262	43,713	3,983	2,985	-	73,752
Net carrying amount							
At 31 December 2014	57,332	73,325	44,474	1,977	1,889	12,072	191,069

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

Buildings, plantation infrastructure and quarry comprise:

	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
Group					
Cost					
At 31 December 2014					
At 1 January 2014	780	27,548	35,140	9,448	72,916
Additions	-	388	5,339	-	5,727
Reclassifications	-	7,976	3,968	-	11,944
At 31 December 2014	780	35,912	44,447	9,448	90,587
Accumulated depreciation and impairment losses					
At 1 January 2014	188	11,234	2,606	779	14,807
Depreciation charge for the year	-	1,874	471	110	2,455
At 31 December 2014	188	13,108	3,077	889	17,262
Net carrying amount					
At 31 December 2014	592	22,804	41,370	8,559	73,325

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

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

Buildings, plantation infrastructure and quarry comprise:

	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
Group					
At 31 December 2013					
Cost					
At 1 January 2013	780	22,526	34,396	9,448	67,150
Additions	-	1,725	201	-	1,926
Reclassifications	-	3,297	543	-	3,840
At 31 December 2013	780	27,548	35,140	9,448	72,916
Accumulated depreciation and impairment losses					
At 1 January 2013	188	9,883	2,171	600	12,842
Depreciation charge for the year	-	1,351	435	179	1,965
At 31 December 2013	188	11,234	2,606	779	14,807
Net carrying amount					
At 31 December 2013	592	16,314	32,534	8,669	58,109

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

Company

	Buildings RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2014				
Cost				
At 1 January 2014	2,777	507	661	3,945
Additions	-	16	126	142
Reclassification	661	-	(661)	-
At 31 December 2014	3,438	523	126	4,087
Accumulated depreciation				
At 1 January 2014	638	162	-	800
Depreciation charge for the year (Note 7)	207	51	-	258
At 31 December 2014	845	213	-	1,058
Net carrying amount				
At 31 December 2014	2,593	310	126	3,029
At 31 December 2013				
Cost				
At 1 January 2013	2,765	497	397	3,659
Additions	12	10	264	286
At 31 December 2013	2,777	507	661	3,945
Accumulated depreciation				
At 1 January 2013	465	111	-	576
Depreciation charge for the year (Note 7)	173	51	-	224
At 31 December 2013	638	162	-	800
Net carrying amount				
At 31 December 2013	2,139	345	661	3,145

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

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

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM17,533,420 and RM141,862 (2013: RM18,731,983 and RM286,052) respectively as follows:.

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Borrowing costs capitalised	-	486	-	-
Property, plant and equipment acquired under finance lease	371	1,185	-	-
Cash payments made for acquisition of property, plant and equipment	17,162	17,061	142	286
	17,533	18,732	142	286

(ii) Capitalisation of borrowing costs

The Group's assets under construction include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of plants. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to Nil (2013:RM486,046).

(iii) Assets held under finance leases

The net carrying amount of plant and equipment held under finance leases at the reporting date are as follows:

	Group	
	2014 RM'000	2013 RM'000
Heavy equipment	2,367	3,780
Motor vehicles	760	938
	3,127	4,718

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 23.

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

(iv) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of Group's property, plant and equipment pledged as securities for the Group's bank loans (Note 23) are as follows:

	Group	
	2014 RM'000	2013 RM'000 (Restated)
Long term leasehold land	15,115	15,972
Buildings	10,939	9,265
Plant and machinery	42,048	36,156
Plantation infrastructure development expenditure	24,795	18,985
Furniture, fittings and equipment	757	426
Assets under construction	8,596	-
	102,250	80,804

13. Biological assets

Plantation development expenditure

Cost

At 1 January	154,171	152,460
Additions during the financial year	3,028	1,711
At 31 December	157,199	154,171

Additions during the financial year included the following:

Employee benefits expense (Note 8)	441	162

The Group's biological assets with a net carrying amount of RM44,246,934 (2013: RM29,715,412) are mortgaged to secure the Group's bank loans as disclosed in Note 23.

14. Investment properties

	Group 2014 RM'000	2013 RM'000
Freehold land at fair value		
At 1 January	41,600	37,000
Net gain from fair value adjustment	1,100	4,600
At 31 December	42,700	41,600

Fair value information

Fair value of investment properties are categories as follows:

	Level 1 RM'000	Group 2014 Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land	-	42,700	-	42,700

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Level 2 fair values of freehold land has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between level 1 and 2 fair values

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

Level 3 fair value

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

Transfer into or out of level 3

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

15. Intangible assets

	Group 2014 RM'000	Group 2013 RM'000
Goodwill		
At 1 January and 31 December	92,088	92,088

Allocation of goodwill

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

	Group 2014 RM'000	Group 2013 RM'000
Plantation segment	55,266	55,266
Mill segment	32,106	32,106
Quarry segment	4,716	4,716
	92,088	92,088

Based on indicative market value information, the fair value less cost to sell which represents the recoverable amounts exceed the carrying amounts of the plantation, mill and quarry segments respectively. The Directors are therefore of the opinion that there is no indication of impairment in relation to the goodwill on consolidation.

16. Land use rights

	Group 2014 RM'000	Group 2013 RM'000
Cost:		
At 1 January and 31 December	2,236	2,236
Accumulated amortisation		
At 1 January	186	158
Amortisation for the year	28	28
At 31 December	214	186
Net carrying amount		
At 31 December	2,022	2,050
Amount to be amortised:		
- Not later than one year	28	28
- Later than one year but not later than five years	112	112
- Later than five years	1,882	1,910
	2,022	2,050

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

17. Investments in subsidiaries

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost:		
At 1 January	229,458	229,458
Subscription of additional shares	108,047	-
Acquisitions of subsidiaries	*	-
At 31 December	337,505	229,458

* Below RM1,000

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2014	Proportion (%) of Ownership Interest 2013
Incorporated in Malaysia:			
Held by the Company:			
Cepatwawasan Sdn. Bhd.	Cultivation of oil palm	100	100
Syarikat Melabau Sdn. Bhd.	Cultivation of oil palm	100	100
Wong Tet-Jung Plantations Sdn. Bhd.	Cultivation of oil palm	100	100
Razijaya Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Sri Likas Mewah Sdn. Bhd.	Cultivation of oil palm	100	100
Kovusak Sdn. Bhd.	Cultivation of oil palm	100	100
Libarran Island Resort Sdn. Bhd.	Investment holding	100	100
Bakara Sdn. Bhd.	Cultivation of oil palm	100	100
Sungguh Mulia Sdn. Bhd.	Cultivation of oil palm	100	100
Prima Semasa Sdn. Bhd.	Cultivation of oil palm	100	100
Ayu Sempurna Sdn. Bhd.	Investment holding	100	100
Cash Nexus (M) Sdn. Bhd.	Investment holding	100	100
Magnum Kapital Sdn. Bhd.	Investment holding	100	100
Hikayat Anggun Sdn. Bhd.	Investment holding	100	100
Aspenglade Sdn. Bhd.	Dormant	100	-
Ekuiti Etika Sdn. Bhd.	Dormant	100	-

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2014	2013
Incorporated in Malaysia:			
Held through Cepatwawasan Sdn. Bhd.			
Prolific Yield Sdn. Bhd.	Milling and sales of oil palm products	100	100
Jutategak Sdn. Bhd.	Cultivation of oil palm	100	100
Liga Semarak Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Cergas Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Bernas Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Syarikat Melabau Sdn. Bhd.			
Suara Baru Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Gelang Usaha Sdn. Bhd.	Cultivation of oil palm	100	100
Swifturn Sdn. Bhd.	Letting of oil palm fresh fruit bunches collection center	100	100
Held through Sri Likas Mewah Sdn. Bhd.			
Ultisearch Trading Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Libarran Island Resort Sdn. Bhd.			
Minelink Sdn. Bhd.	Investment property holding	100	100

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	**Principal Activities**	**Proportion (%) of Ownership Interest 2014**	**2013**
Incorporated in Malaysia:			
Held through Ayu Sempurna Sdn. Bhd.			
Ladang Cepat - KPD Sdn. Bhd.	Cultivation of oil palm	60	60
Held through Cash Nexus (M) Sdn. Bhd.			
Mistral Engineering Sdn. Bhd.	Power generation	100	70
Cash Horse (M) Sdn. Bhd.	Power generation and sale of biomass by-products	70	70
Held through Magnum Kapital Sdn. Bhd.			
Incorporated in Singapore:			
Richester Pte Ltd.	Investment holding	100	100
Held through Hikayat Anggun Sdn. Bhd.			
Incorporated in Australia:			
Carbon Asia Pacific Pty Ltd.	Dormant	100	100

All the above companies, except for Richester Pte Ltd. is audited by Ernst & Young, Malaysia.

17. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries

(a) On 10 February 2014, the Company acquired 2 ordinary shares of RM1 each in Aspenglade Sdn. Bhd., representing its entire equity interest for a total consideration of RM2.

(b) On 10 February 2014, the Company acquired 2 ordinary shares of RM1 each in Ekuiti Etika Sdn. Bhd., representing its entire equity interest for a total consideration of RM2.

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

Details and summarised financial information of subsidiaries which have non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Details of subsidiaries

	Proportion of ownership Interest held by non-controlling interests	
	2014	**2013**
Name of company	%	%
Ladang Cepat – KPD Sdn. Bhd.	40	40
Cash Horse (M) Sdn. Bhd.	30	30
Mistral Engineering Sdn. Bhd.	-	30

17. Investments in subsidiaries (cont'd)

	Ladang Cepat-KPD 2014 RM'000	Ladang Cepat-KPD 2013 RM'000 (Restated)	Mistral Engineering 2014 RM'000	Mistral Engineering 2013 RM'000 (Restated)	Cash Horse 2014 RM'000	Cash Horse 2013 RM'000 (Restated)	Total 2014 RM'000	Total 2013 RM'000 (Restated)
(ii) Summarised statements of financial position								
Non-current assets	22,765	22,919	23,877	24,150	112,658	98,084	159,300	145,153
Current assets	14,385	14,203	1,262	270	9,591	3,478	25,238	17,951
Total assets	37,150	37,122	25,139	24,420	122,249	101,562	184,538	163,104
Current liabilities	1,119	1,524	6,273	12,025	73,805	48,949	81,197	62,498
Non-current liabilities	4,029	4,029	12,113	13,216	43,752	49,297	59,894	66,542
Total liabilities	5,148	5,553	18,386	25,241	117,557	98,246	141,091	129,040
Net assets	32,002	31,569	6,753	(821)	4,692	3,316	43,447	34,064
Equity attributable to owners of the Company	13,277	12,964	6,753	(591)	3,314	2,352	23,344	14,725
Non-controlling interests	18,725	18,605	-	(230)	1,378	964	20,103	19,339

17. Investments in subsidiaries (cont'd)

	Ladang Cepat-KPD 2014 RM'000	Ladang Cepat-KPD 2013 RM'000 (Restated)	Mistral Engineering 2014 RM'000	Mistral Engineering 2013 RM'000 (Restated)	Cash Horse 2014 RM'000	Cash Horse 2013 RM'000 (Restated)	Total 2014 RM'000	Total 2013 RM'000 (Restated)
(iii) Summarised statements of comprehensive income								
Revenue	10,524	9,299	424	438	19,381	22,190	30,329	31,927
Profit/(loss) for the year	2,434	1,708	(1,425)	(647)	1,376	2,386	2,385	3,447
Profit/(loss) attributable to:								
Owners of the Company	2,313	821	(1,425)	(453)	585	1,664	1,473	2,032
Non-controlling interests	121	887	-	(194)	791	722	912	1,415
	2,434	1,708	(1,425)	(647)	1,376	2,386	2,385	3,447
Other comprehensive income attributable to:								
Owners of the Company	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total comprehensive income/ (loss)	2,434	1,708	(1,425)	(647)	1,376	2,386	2,385	3,447
Total comprehensive income/ (loss)attributable to:								
Owners of the Company	2,313	821	(1,425)	(453)	585	1,664	1,473	2,032
Non-controlling interests	121	887	-	(194)	791	722	912	1,415
	2,434	1,708	(1,425)	(647)	1,376	2,386	2,385	3,447

17. Investments in subsidiaries (cont'd)

	Ladang Cepat-KPD		Mistral Engineering		Cash Horse		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(iv) Summarised cash flows								
Net cash generated from/ (used in) operating activities	2,623	1,861	1,782	2,546	4,185	(7,816)	8,590	(3,409)
Net cash used in investing activities	(144)	(601)	(237)	(2,406)	(945)	(3,615)	(1,326)	(6,622)
Net cash (used in)/generated from financing activities	(2,449)	(501)	(1,114)	(157)	(724)	9,808	(4,287)	9,150
Net increase/(decrease) in cash and cashequivalents	30	759	431	(17)	2,516	(1,623)	2,977	(881)
Cash and cash equivalents at beginningof the year	2,511	1,752	81	98	1,471	3,094	4,063	4,944
Cash and cash equivalents at end of the year	2,541	2,511	512	81	3,987	1,471	7,040	4,063

18. Deferred tax

Deferred income tax as at reporting date relates to the following:

	As at 1 January 2013 RM'000 (Restated)	Recognised in profit or loss RM'000 (Restated)	As at 31 December 2013 RM'000 (Restated)	Recognised in profit or loss RM'000	As at 31 December 2014 RM'000
Group					
Deferred tax liabilities:					
Investment properties	836	230	1,066	55	1,121
Property, plant and equipment	21,921	2,120	24,041	1,359	25,400
Biological assets	34,485	(1,066)	33,419	637	34,056
Amount due from customer on service concession	450	830	1,280	7,758	9,038
	57,692	2,114	59,806	9,809	69,615
Deferred tax assets:					
Unutilised tax losses	(6,080)	(63)	(6,143)	(402)	(6,545)
Unabsorbed agriculture and capital allowances	(6,647)	(2,501)	(9,148)	(8,867)	(18,015)
Unabsorbed reinvestment allowances	-	-	-	(1,382)	(1,382)
	(12,727)	(2,564)	(15,291)	(10,651)	(25,942)
	44,965	(450)	44,515	(842)	43,673
Company					
Deferred tax liabilities:					
Property, plant and equipment	79	(15)	64	(8)	56

	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,565)	(3,045)	-	-
Deferred tax liabilities	47,238	47,560	56	64
	43,673	44,515	56	64

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

18. Deferred tax (cont'd)

Unrecognised deferred tax assets

At the reporting date, the Group has unabsorbed capital allowances of approximately RM1,110,000 (2013: RM1,321,000) that are available for offset against future taxable profits of the companies in which the unabsorbed capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unabsorbed capital allowancesfor offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. Trade and other receivables

	Group			Company	
	31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)	31.12.2014 RM'000	31.12.2013 RM'000
Current					
Trade receivables					
Third parties	12,375	13,156	9,087	-	-
Amount due from customer on service concession	3,537	644	-	-	-
Less: Allowance for impairment	(533)	(229)	(229)	-	-
Trade receivables, net	15,379	13,571	8,858	-	-
Other receivables					
Amounts due from subsidiaries					
- Interest bearing advances	-	-	-	23,362	112,286
- Non-interest bearing advances	-	-	-	21,253	18,864
	-	-	-	44,615	131,150
Amount recoverable from former directors and third parties	-	-	377	-	-
Deposits	4,106	2,750	2,910	289	1,178
Prepayments	768	683	445	14	24
Sundry receivables	1,322	1,432	2,359	272	272
	6,196	4,865	6,091	575	1,474
Less: Allowance for impairment	(468)	(468)	(468)	(272)	(272)
Other receivables, net	5,728	4,397	5,623	303	1,202
	21,107	17,968	14,481	44,918	132,352

19. Trade and other receivables (cont'd)

	Group 31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)	Company 31.12.2014 RM'000	31.12.2013 RM'000
Non-Current					
Trade receivables					
Amount due from customer on service concession	102,923	88,819	64,315	-	-
Other receivables					
Deposit for acquisition of machinery	-	-	168	-	-
Prepayment of equity shares in a foreign company	3,595	3,516	3,076	-	-
Sundry receivables	3,666	2,520	1,978	-	-
Less: Allowance for impairment	(2,000)	-	-	-	-
Other receivables, net	5,261	6,036	5,222	-	-
	108,184	94,855	69,537	-	-
Total trade and other receivables (current and non-current)	129,291	112,823	84,018	44,918	132,352
Add: Cash and cash equivalents (Note 22)	23,433	24,331	22,362	573	363
Less: Prepayments and non refundable deposits	(2,455)	(5,116)	(10,125)	(253)	(1,181)
Total loans and receivables	150,269	132,038	96,255	45,238	131,534

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 30 days (2013: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group		
	31.12.2014 RM'000	31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
Neither past due nor impaired	14,134	11,764	8,213
1 to 30 days past due not impaired	36	356	91
31 to 60 days past due not impaired	76	141	91
61 to 90 days past due not impaired	35	224	13
More than 91 days past due not impaired	565	857	221
	712	1,578	416
Impaired	533	229	229
	15,379	13,571	8,858

Trade receivables that are neither past due nor impaired

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

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM712,793 (2013: RM1,578,316) that are past due at the reporting date but not impaired.

Trade receivables that are impaired

	Group	
	2014 RM'000	2013 RM'000
At 1 January	229	229
Charge for the year	304	-
At 31 December	533	229

19. Trade and other receivables (cont'd)

(b) Other receivables

These amounts are unsecured and are repayable upon demand.

The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company.

Other receivables that are impaired

	Group RM'000
At 1 January 2014 and 31 December 2013	-
Charge for the year	2,000
At 31 December	2,000

(c) Prepayment of equity shares in a foreign company

On 7 September 2011, a wholly owned subsidiary, Magnum Kapital Sdn. Bhd., a wholly owned subsidiary, Magnum Kapital Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement ("CSPA") with three Indonesian citizens in relation to the Proposed Acquisition of 500 fully paid up shares of IDR25,000,000 each in PT Mukti Sejahtera Abadi, at a maximum purchase consideration of IDR125,000,000 (approximately RM46,125).

The acquisition is yet to be completed pending the satisfaction of certain conditions as stated in the CSPA.As at 31 December 2014, costs and prepayments totalling RM3,595,000 (2013: RM3,516,000) had been incurred or paid for the purpose of acquiring plantation land in Indonesia.

20. Inventories

	Group	
Cost	2014 RM'000	2013 RM'000
Empty fruit bunches oil	66	-
Crude palm oil	2,771	2,418
Palm kernels	947	1,020
Quarry stocks	14,667	10,495
Fertilisers and chemicals	220	779
Store, spares and consumable supplies	1,321	1,588
Nurseries	631	516
	20,623	16,816

There were no inventories stated at net realisable value as at 31 December 2014 and 2013.

During the year, the amount of inventories recognised as an expense in cost of sales of the Company was RM14,846,544 (2013: RM21,432,772).

21. Short term investments

	Group 2014 RM'000	Group 2013 RM'000
AmIncome	10,442	9,963
AmCash Management	450	480
	10,892	10,443

(a) AmIncome

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

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

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

(b) AmCash Management

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

Short term investments earn interest at respective short term deposit rates. The weighted average effective interest rates at 31 December 2014 were 2.41% to 2.84% (2013: 2.20% to 2.82%) per annum.

22. Cash and bank balances

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash at bank and on hand	13,102	10,054	573	363
Short term deposits with licensed banks	10,331	14,277	-	-
Cash and bank equivalents	23,433	24,331	573	363

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2014 for the Group was 2.92% (2013: 2.95%).

Short term deposits with licensed banks of the Group amounting to RM150,808 (2013: RM150,808) are pledged as securities for banking facilities.

23. Loans and borrowings

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current				
Secured:				
Obligation under finance leases (Note 31(b))	683	1,194	-	-
Revolving credits:				
- at ICOF + 1.20% p.a.	29,000	-	29,000	-
- at COF + 1.125% p.a.	16,000	16,000	-	-
- at COF + 1.5% p.a.	10,000	8,500	-	-
Bank loans:				
- RM loan at COF + 1.125% p.a.	2,100	2,156	-	-
- RM loan at COF + 1.5% p.a.	7,650	4,150	-	-
	65,433	32,000	29,000	-
Non-current				
Secured:				
Obligation under finance leases (Note 31(b))	519	885	-	-
Bank loans:				
- RM loan at COF + 1.125% p.a.	6,146	8,190	-	-
- RM loan at COF + 1.5% p.a.	53,563	60,713	-	-
	60,228	69,788	-	-
Total loans and borrowings	125,661	101,788	29,000	-

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
On demand or within one year	65,433	32,000	29,000	-
More than 1 year and less than 2 years	10,098	10,345	-	-
More than 2 years and less than 5 years	32,943	32,211	-	-
5 years or more	17,187	27,232	-	-
	125,661	101,788	29,000	-

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

23. Loans and borrowings (cont'd)

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 6.75% p.a. (2013: 6.96% p.a.). These obligations are denominated in Ringgit Malaysia (RM).

Revolving credits

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

RM loan at COF + 1.125% p.a.

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

RM loan at COF + 1.5% p.a.

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

24. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables				
Third parties	10,387	11,615	-	-
Other payables				
Amounts due to subsidiaries	-	-	9,794	40,351
Accruals	9,750	6,321	890	727
Retention sum payable to contractor	4,852	8,092	-	-
Sundry payables	2,766	3,560	33	34
	17,368	17,973	10,717	41,112
Total trade and other payables	27,755	29,588	10,717	41,112
Add: Loans and borrowings (Note 23)	125,661	101,788	29,000	-
Total financial liabilities carried at amortised cost	153,416	131,376	39,717	41,112

24. Trade and other payables (cont'd)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2013: 30 to 90 days) terms.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured and are repayable on demand.

These amounts are subject to interest charge based on recovery of borrowing cost incurred by the respective subsidiaries concerned.

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2013: average term of three months).

25. Lease rental payable

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

26. Share capital and treasury shares

	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM'000	2013 RM'000
Authorised share capital:				
At 1 January and 31 December	500,000,000	500,000,000	500,000	500,000

	Number of ordinary shares of RM1 each		Amount	
Issued and fully paid	Share capital	Treasury share	Share capital RM'000	Treasury share RM'000
At 1 January 2013	318,446,210	(9,478,500)	318,446	(11,096)
Purchase of treasury shares	-	(200)	-	*
At 31 December 2013	318,446,210	(9,478,700)	318,446	(11,096)
Purchase of treasury shares	-	(200)	-	(1)
At 31 December 2014	318,446,210	(9,478,900)	318,446	(11,097)

* Below RM1,000

26. Share capital and treasury shares (cont'd)

(a) Share capital

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

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 200 of its issued ordinary shares from open market at an average price of RM1 per share. The total consideration paid for the repurchase includes transaction costs of RM281.

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. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

27. Foreign currency translation reserve

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

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 31 December 2013 under the single tier system.

29. Dividend

	Group and Company 2014 RM'000	2013 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final single-tier dividend for 2013 of 2 sen (For 2012: 1 sen) per share	6,179	3,090

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2014, of 2% on 308,967,310 ordinary shares, amounting to a dividend payable of RM6,179,346 (2 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

30. Related party transactions

(a) Sale and purchase of goods and services

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

	Group 2014 RM'000	2013 RM'000
Transaction with a Director's spouse:		
Rent of premises	-	12
Transaction with a Director:		
Professional fee	50	-

	Company 2014 RM'000	2013 RM'000
Transactions with subsidiary companies:		
Management fees received	3,123	3,103
Interest on advances given	895	803
Interest on advances obtained	443	803
Gross dividend income	29,400	1,800

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

30. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group 2014 RM'000	2013 RM'000	Company 2014 RM'000	2013 RM'000
Short-term employee benefits	4,504	4,608	1,436	1,472
Defined contribution plan	415	430	148	153
	4,919	5,038	1,584	1,625

31. Commitments

The Group's commitments as at the reporting date are as follows:

(a) Capital commitments

	Group 2014 RM'000	2013 RM'000 (Restated)	Company 2014 RM'000	2013 RM'000
Property, plant and equipment:				
Approved and contracted for	5,302	7,560	-	-
Approved but not contracted for	6,705	9,093	-	-
	12,007	16,653	-	-

(b) Service concession facilities commitments

Property, plant and equipment:				
Approved and contracted for	-	8,803	-	-

(c) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, heavy equipment, plant and machinery (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

31. Commitments (cont'd)

(c) Finance lease commitments (cont'd)

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

	Group 2014 RM'000	Group 2013 RM'000
Minimum lease payments:		
Not later than 1 year	737	1,293
Later than 1 year and not later than 2 years	356	625
Later than 2 years and not later than 5 years	192	314
Total minimum lease payments	1,285	2,232
Less: Amounts representing finance charges	(83)	(153)
Present value of minimum lease payments	1,202	2,079
Present value of payments:		
Not later than 1 year	683	1,194
Later than 1 year and not later than 2 years	344	593
Later than 2 years and not later than 5 years	175	292
Present value of minimum lease payments	1,202	2,079
Less: Amount due within 12 months (Note 23)	(683)	(1,194)
Amount due after 12 months (Note 23)	519	885

32. Fair value of financial instruments

Set out below, is a comparison by classes of the carrying amounts and fair values of the financial instruments, other than those with carrying amounts are reasonable approximate of fair value:

	2014 Carrying Amount RM'000	2014 Fair Value (Level 2) RM'000	2013 Carrying Amount RM'000	2013 Fair Value (Level 2) RM'000
Group				
Financial Liabilities:				
Loans and borrowings (non current)				
- Obligations under finance lease	519	502	885	868

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

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, short-term loan and borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

Finance lease obligations

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

Financial guarantees

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

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

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

33. Financial risk management objectives and policies

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

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

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

(a) Credit risk (cont'd)

Exposure to credit risk

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

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

- A nominal amount of RM95,459,000 (2013: RM99,709,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

At the reporting date, approximately 92% (2013: 85%) of the Group's trade receivables were due from 3 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with financial liabilities that are settled by delivery of cash or another financial assets. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 52% (2013: 32%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

(i) The table below summarises the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted amounts.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2014				
Financial assets:				
Trade and other receivables	28,793	40,222	118,656	187,671
Cash and cash equivalents	23,433	-	-	23,433
Total undiscounted financial assets	52,226	40,222	118,656	211,104
Financial liabilities:				
Trade and other payables	27,755	-	-	27,755
Loans and borrowings	71,485	55,966	17,342	144,793
Total undiscounted financial liabilities	99,240	55,966	17,342	172,548
Total net undiscounted financial (liabilities)/assets	(47,014)	(15,744)	101,314	38,556

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

(b) Liquidity risk (cont'd)

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

(i) The table below summarises the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted amounts. (cont'd)

	On demand or within one year RM'000 (Restated)	One to five years RM'000 (Restated)	Over five years RM'000 (Restated)	Total RM'000 (Restated)
2013				
Financial assets:				
Trade and other receivables	16,368	40,222	52,199	108,789
Cash and cash equivalents	24,331	-	-	24,331
Total undiscounted financial assets	40,699	40,222	52,199	133,120
Financial liabilities:				
Trade and other payables	29,588	-	-	29,588
Loans and borrowings	38,140	58,520	30,121	126,781
Total undiscounted financial liabilities	67,728	58,520	30,121	156,369
Total net undiscounted financial (liabilities)/assets	(27,029)	(18,298)	22,078	(23,249)

(ii) At the reporting date, all the Company's financial assets and liabilities which based on contractual undiscounted amounts are due either on demand or settle within one year.

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

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rateshad been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM181,903(2013: RM190,433) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Euro) amounted to RM2.8 million (2013: RM 4.2million).

Sensitivity analysis for foreign currency risk

At the reporting date, if the Euro hadbeen 5% strengthened/weakened, with all other variables held constant, the Group's profit net of tax would have been RM126,918(2013: RM195,197) higher/lower.

(e) Commodity price risk

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

Sensitivity analysis for commodity price risk

At the reporting date, if the Crude Palm Oil price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM3,229,501 (2013: RM2,146,512) higher/lower.

34. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptance level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

		Group		Company	
	Notes	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Loans and borrowings	23	125,661	101,788	29,000	-
Trade and other payables	24	27,755	29,588	10,717	41,112
Less:Cash and cash equivalents	22	(23,433)	(24,331)	(573)	(363)
Net debt		129,983	107,045	39,144	40,749
Capital: Equity attributable to owners of the parent		455,415	441,759	346,277	324,114
Capital and net debt		585,398	548,804	385,421	364,863
Gearing ratio		22%	20%	10%	11%

35. Segment information

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

(i) Plantation - Cultivation oil palm
(ii) Mill - Milling and sale of oil palm products
(iii) Power plant - Power generation and sale biomass by-products
(iv) All other segments - Extraction and sale of earth stones and others

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

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

35. Segment information (cont'd)

	Plantation 2014 RM'000	Plantation 2013 RM'000	Mill 2014 RM'000	Mill 2013 RM'000	Power plant 2014 RM'000	Power plant 2013 RM'000 (Restated)	All other segments 2014 RM'000	All other segments 2013 RM'000	Adjustment and elimination 2014 RM'000	Adjustment and elimination 2013 RM'000 (Restated)	Note	Per consolidated financial statements 2014 RM'000	Per consolidated financial statements 2013 RM'000 (Restated)
Revenue:													
External customers	13,339	13,738	211,545	195,025	16,151	22,189	2,877	2,958	-	-		243,912	233,910
Inter-segment	58,233	47,498	-	-	1,801	438	3,915	4,826	(63,949)	(52,762)	A	-	-
Total revenue	71,572	61,236	211,545	195,025	17,952	22,627	6,792	7,784	(63,949)	(52,762)		243,912	233,910
Results:													
Fair value gain on investment properties	-	-	-	-	-	-	1,100	4,600	-	-		1,100	4,600
Interest income	362	386	2,111	2,062	4,168	3,023	457	804	(2,431)	(2,613)		4,667	3,662
Depreciation and amortisation	2,549	2,250	2,806	1,916	1,979	711	526	947	567	629		8,427	6,453
Segment profit	27,696	18,607	3,306	7,763	1,440	2,889	(12)	4,659	(5,335)	(2,235)	B	27,095	31,683
Assets:													
Additions to non-current assets	11,508	7,655	6,663	5,209	2,494	7,436	146	590	(250)	(447)	C	20,561	20,443
Segment assets	349,787	342,801	92,358	90,963	146,580	125,505	85,599	79,724	2,367	1,830	D	676,691	640,823
Liabilities:													
Segment liabilities	6,311	7,046	34,974	38,788	80,145	83,239	32,505	3,092	47,238	47,560	E	201,173	179,725

35. Segment information (cont'd)

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

A Inter-segment revenues are eliminated on consolidation.

B The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

C Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000 (Restated)
Property, plant and equipment	17,533	18,732
Biological assets	3,028	1,711
	20,561	20,443

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000 (Restated)
Deferred tax assets	3,565	3,045
Inter-segment assets	(1,198)	(1,215)
	2,367	1,830

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2014 RM'000	2013 RM'000 (Restated)
Deferred tax liabilities	47,238	47,560

Geographical information

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

36. Significant events (cont'd)

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

As at 30 December 2014, CHSB and Sabah Electricity Sdn. Bhd. ("SESB") are in the midst of finalising a new REPPA to implement the revised feed-In tariff rate and contract term.

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

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

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

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

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

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

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

37. Prior year adjustments

Prior to 1 January 2014, expenditure incurred in relation to the assets constructed for the purpose of the Renewable Energy Power Purchase Agreement ("REPPA") were classified as property, plant and equipment. During the year, the directors have determined that it is more appropriate to account the transaction arising from the REPPA pursuant to the requirements of IC Interpretation 12: Service Concession Arrangements ("IC 12"), as disclosed in Note 2.8.

The effects of the above prior year adjustments are as follows:

	As Previously stated RM'000	Adjustments RM'000	As restated RM'000
Group			
Statement of financial position			
At 1 January 2013			
Property, plant and equipment	232,223	(62,442)	169,781
Trade and other receivables	19,703	64,315	84,018
Deferred tax liabilities	46,975	433	47,408
Retained earnings	111,464	1,008	112,472
Non-controlling interests	18,692	432	19,124
At 31 December 2013			
Property, plant and equipment	265,637	(83,682)	181,955
Trade and other receivables	23,359	89,464	112,823
Deferred tax liabilities	46,179	1,381	47,560
Deferred tax assets	3,186	(141)	3,045
Retained earnings	131,427	2,982	134,409
Non-controlling interests	18,061	1,278	19,339
Statement of comprehensive income			
For the financial year ended 31 December 2013			
Revenue	211,721	22,189	233,910
Cost of sales	176,867	18,085	194,952
Interest income	704	2,958	3,662
Finance costs	699	3,153	3,852
Profit before tax	27,774	3,909	31,683
Income tax expense	4,152	1,089	5,241
Profit net of tax attributable to:			
- Owners of the parent	23,053	1,974	25,027
- Non-controlling interests	569	846	1,415
Earnings per share			
Basic	7.46	0.64	8.10
Diluted	7.46	0.64	8.10

Notes to the Financial Statements
For the financial year ended 31 December 2014 (cont'd)

38. Subsequent event

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

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 29 April 2015.

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM'000	**2013 RM'000 (Restated)**	**2014 RM'000**	**2013 RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	193,103	179,036	38,984	16,828
- Unrealised	7,894	6,733	(56)	(64)
	200,997	185,769	38,928	16,764
Less: Consolidation adjustments	(52,935)	(51,360)	-	-
Retained earnings as per financial statements	148,062	134,409	38,928	16,764

List of Properties of the Group

as at 31 December 2014

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2014 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation	17,947	2001
	Off KM 63.7,		2070	30.607	hectares	& Oil Mill		
	Sandakan-Lahad Datu Highway		2074	8.010	hectares			
			2075	207.991	hectares			
			2076	9.967	hectares			
			2077	24.460	hectares			2005
			2082	6.463	hectares			
			2082	72.790	hectares			
		Perpetuity						
		(Sublease 99 years)	2097	6.435	hectares			
	Kolapis-Beluran Area	Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
	District of Labuk Sugut			**408.725**	**hectares**			
	Prolific Yield	Under Sub Division	2081	**167.220**	**Sq.M**	Double Storey	139	2002
	Lot 38, Block C	Leasehold 99 years				Terrace Shoplot		
	Taman Indah Jaya Phase 4A,	(Parent title TL077552035)						
	Mile 4, Jalan Utara, Sandakan							
2	Melabau, Suara Baru, Gelang Usaha	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	602	2002
	0.2 KM East of KM 96,		2078	17.110	hectares	Oil Palm Plantation	35,809	2001
	Sandakan-Lahad Datu Highway		2079	260.780	hectares	& Quarry		
			2080	202.303	hectares			
			2081	136.615	hectares			
			2082	88.690	hectares			
			2085	252.660	hectares			
			2086	14.930	hectares			
			2095	4.993	hectares			
			2093	154.700	hectares			
			2097	12.300	hectares			
		Perpetuity						
		(Sublease 99 years)	2075	316.549	hectares			
			2080	136.763	hectares			
			2093	5.751	hectares			
			2097	10.930	hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	3.055	hectares	Plantable Reserve		
				1,645.609	**hectares**			
3	Sri Likas Mewah, Ultisearch Trading							
	2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085	10.120	hectares	Oil Palm Plantation	13,838	2001
			2094	386.100	hectares			
			2096	168.700	hectares			
			2098	47.750	hectares			
				612.670	**hectares**			
4	Bakara	Leasehold 99 years	2085	150.300	hectares	Oil Palm Plantation	12,876	2001
	Bukit Garam/Sg. Lokan		2087	400.000	hectares			
	Off KM 76.5, Sandakan-Lahad Highway			**550.300**	**hectares**			
5	Cepatwawasan & Kovusak	Leasehold 99 years	2061	992.700	hectares	Oil Palm Plantation	40,374	2001
	KM 4.5, Jalan Beluran		2071	133.550	hectares			
			2078	485.300	hectares			
				1,611.550	**hectares**			
6	Razijaya & Sugguh Mulia	Leasehold 99 years	2098	**362.200**	**hectares**	Oil Palm Plantation,	15,005	2001
	Sungai-Sungai Locality,					Quarry &		
	99 KM North-West of Sandakan					Plantable Reserve		

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

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2014 RM'000	Year Acquired
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000 hectares**	Oil Palm Plantation & Plantable Reserve	37,340	2003
8	Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg.Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 hectares 145.710 hectares 48.550 hectares 48.520 hectares **485.580 hectares**	Oil Palm Plantation & Plantable Reserve	7,393	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil Palm Plantation	48,652	2007
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386 Sq.M**	Three Storey Shop/Office	1,539	2009
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	204	2011
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	222	2011
	Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**122.140 Sq.M**	Eight Storey Condominium	354	2014
	Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**105.140 Sq.M**	Eight Storey Condominium	275	2014
11	Mistral Engineering Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	2,906	2012
12	Cash Horse Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	15,712	2012

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

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

Statistical Report
as at 22 April 2015

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,478,900)
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	7,285
Voting Rights	:	One Vote for Every Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	66	0.905	2,811	0.000
100 to 1,000	526	7.220	366,708	0.118
1,001 to 10,000	4,177	57.336	21,093,488	6.827
10,001 to 100,000	2,226	30.555	64,935,164	21.016
100,001 to 15,448,364 (*)	288	3.953	117,682,689	38.089
15,448,365 AND ABOVE (**)	2	0.027	104,886,450	33.947
TOTAL :	**7,285**	**100.000**	**308,967,310**	**100.000**

* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

LIST OF SUBSTANTIAL SHAREHOLDERS
as per the Register of Substantial Shareholders as at 22 April 2015

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%	
MHC Plantations Bhd	88,831,200	28.75	30,000,000	9.71	(1)
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	118,831,200	38.46	(2)
Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(2)
Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(2)
Datin Seri Ooi Ah Thin	-	-	118,831,200	38.46	(2)
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51	(3)

Notes:

(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Yew Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.

(2) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his/her shareholdings in MHC Plantations Bhd.

(3) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Hutan Melintang Plantations Sdn. Berhad.

Statistical Report
as at 22 April 2015 (cont'd)

LIST OF DIRECTORS' SHAREHOLDINGS
as per the Register of Directors' Shareholdings as at 22 April 2015

	Directors	No. of Shares Direct	%	No. of Shares Indirect	%	
1	Dato' Seri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(1)
2	Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(1)
3	Chua Kim Yin	-	-	-	-	
4	Chan Kam Leong	-	-	540,000	0.17	(2)
5	Choong Pak Wan	15,000	-	-	-	

Notes:

(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his shareholdings in MHC Plantations Bhd.

(2) Deemed interested pursuant to Section 134 of the Companies Act 1965 by virtue of his spouse's interest.

LIST OF TOP 30 HOLDERS as at 22 April 2015

No.	Names	Holdings	%
1	MHC PLANTATIONS BHD	88,831,200	28.751
2	YEW LEE HOLDINGS SDN BERHAD	16,055,250	5.196
3	HUTAN MELINTANG PLANTATIONS SDN BERHAD	13,944,750	4.513
4	TLK CAPITAL SDN BHD	6,079,000	1.967
5	LI NAI KWONG	3,804,913	1.231
6	JUWITAWAN SDN BHD	3,373,050	1.091
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD *JINCAN SDN BHD*	2,850,000	0.922
8	HLB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG WENG KUNG*	2,588,800	0.837
9	SEE LENG TAT	1,641,100	0.531
10	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	2,202,000	0.712
11	VUN SHUI MOI @ VUN SIEW MOI	2,191,050	0.709
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JEREMY CHIA PEI CHAI (E-TCS)*	2,001,000	0.647
13	GAN HONG LIANG	1,899,150	0.614
14	LEE GUAN HUAT	1,379,850	0.446
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PB)*	1,350,000	0.436

Statistical Report
as at 22 April 2015 (cont'd)

LIST OF TOP 30 HOLDERS as at 22 April 2015 (cont'd)

No.	Names	Holdings	%
16	MKW JAYA SDN BHD	1,328,250	0.429
17	TEEN INN HOON	1,240,000	0.401
18	AFFIN HWANG NOMINEES (ASING) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR GREAT FOREST LIMITED*	1,186,950	0.384
19	TAN LEE GIEOK	1,130,000	0.365
20	KONG SIAU LING @ NATALIE	1,100,000	0.356
21	KONG YEE LING	1,100,000	0.356
22	MERCSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA*	990,000	0.320
23	CHENG GEK HONG	975,000	0.315
24	ROVENT SDN BHD	968,100	0.313
25	EDMOND HOYT YUNG	961,700	0.311
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG WENG KUNG*	934,100	0.302
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN*	900,000	0.291
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YAP QWEE BENG (E-KPG)*	874,000	0.282
29	LEE MENG GEN	844,000	0.273
30	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD*	800,000	0.258
	TOTAL	**165,523,213**	**53.573**

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Form of Proxy

No of Shares Held

I/We ____ (BLOCK LETTERS)

NRIC No./Company No. ____ of

____

being (a) Member(s) of CEPATWAWASAN GROUP BERHAD (536499-K) hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares to be represented by proxy
1.	
2.	

or failing him/her,

1. ____

2. ____

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Amadeus 1, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Wednesday, 10 June 2015 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this __________ day of ________________________ , 2015

____
Signature / Seal of Member

Notes:

(a) Only members whose names appear on the Record of Depositors as at 4 June 2015 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) 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, speak and vote at the same meeting. A proxy may but need not be a member of the Company.

(c) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(d) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(e) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor Services Sdn. Bhd., Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.

(f) Form of Proxy sent through facsimile transmission shall not be accepted.

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Stamp

CEPATWAWASAN GROUP BERHAD (536499-K)
c/o Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

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