MWE HOLDINGS BERHAD

(5713-D)

ANNUAL REPORT 2013

Contents

Corporate Information

DIRECTORS

Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat
(Independent Non-Executive Chairman)
P.S.M., S.P.S.K., S.S.A.P., S.P.T.J., S.P.D.K., D.P.C.M., D.S.A.P., D.I.M.P., K.M.N., A.M.N.

Tang King Hua
(Managing Director)

Lim Kong Yow
(Executive Director)

Krian Upatkoon
(Executive Director)

Tan Sri Dato' Surin Upatkoon
(Non-Independent Non-Executive Director)
P.S.M., D.S.P.N., D.M.P.N.

Dato' Lawrence Lim Swee Lin
(Independent Non-Executive Director)
D.I.M.P.

Dato' Yogesvaran a/l T. Arianayagam
(Independent Non-Executive Director)
D.I.M.P.

Tan Chor Teck
(Independent Non-Executive Director)

SECRETARY

Lim Kong Yow (MIA 4979)

REGISTERED OFFICE

846, Jalan Raya
14209 Sungei Bakap
Seberang Perai Selatan
Penang
Tel : 04-585 8188
Fax : 04-585 8199

REGISTRARS

METRA MANAGEMENT SDN BHD
30.02, 30th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2698 3232
Fax : 03-2698 0313

AUDITORS

Messrs Ernst & Young
Chartered Accountants

SOLICITORS

Messrs Ghazi & Lim

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MWE
Stock Code : 3921

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad

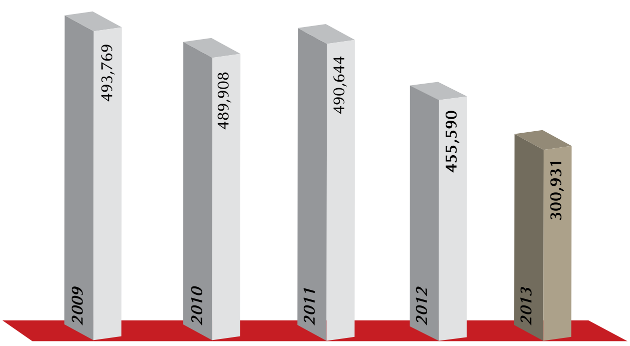
WEBSITE

www.mweh.com.my

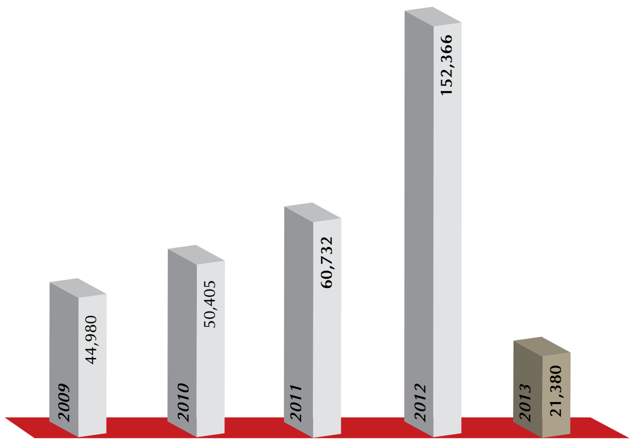
Group Financial Highlights

	2013 (RM'000)	2012 (RM'000)	2011 (RM'000)	2010 (RM'000)	2009 (RM'000)
Revenue	*300,931*	455,590	490,644	489,908	493,769
Profit Before Tax	*21,380*	152,366	60,732	50,405	44,980
Paid-up capital	*231,559*	231,559	231,559	231,559	231,559
Shareholders' Funds	*628,341*	597,452	434,622	396,632	332,569
Total Assets	*839,908*	794,423	735,209	623,693	543,968
Net Assets per share (sen)	*2.73*	259	188	172	144
Earnings per share (sen)	*6*	61	20	19	14
Net Dividend per share (sen)	*2*	15	10	10	8

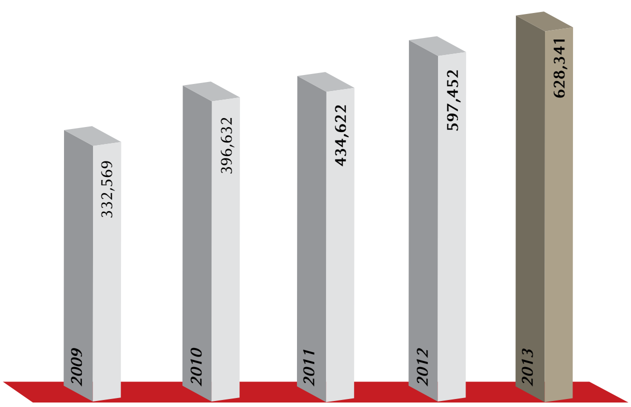
REVENUE
(RM'000)



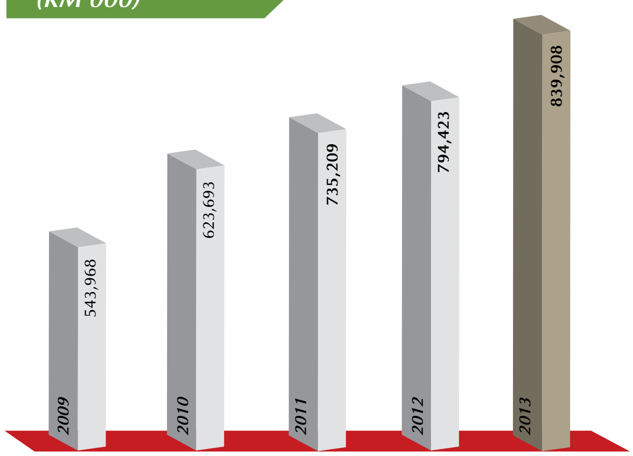
PROFIT BEFORE TAX
(RM'000)



SHAREHOLDERS' FUND
(RM'000)



TOTAL ASSETS
(RM'000)



Corporate Structure

MWE HOLDINGS BERHAD
(5713-D)

- TEXTILE DIVISION
- ELECTRONICS DIVISION
- PROPERTIES DIVISION
- INDUSTRIAL DIVISION
- LEISURE DIVISION
- CORPORATE/SERVICES DIVISION
- PLANTATION DIVISION
- INTERNATIONAL DIVISION

- 100% MWE Weaving Mills Sdn Bhd
- 100% MWE Spinning Mills Sdn Bhd
  - 100% MWE Textile Industries Sdn Bhd
  - 100% United Sweethearts Garment (Vietnam) Co., Ltd
- 100% United Sweethearts Garment Sdn Bhd
  - 50% Sun Meridian Global Ltd ^
  - 20% CNT Garments Sdn Bhd ^

- 100% Davex Holdings Berhad
  - 68% Daviscomms (S) Pte Ltd
    - 100% Daviscomms (Malaysia) Sdn Bhd
  - 51% Round and Round Pte Ltd
  - 36% Advanced Mobile Services & Solutions Sdn Bhd ^

- 100% MWE Properties Sdn Bhd
  - 100% MWE Precast Concrete Sdn Bhd
  - 100% Metra PMC Sdn Bhd
  - 100% Prime Achiever Sdn Bhd
  - 100% Melati Mewah Sdn Bhd
    - 100% Melati Mewah Property Services Sdn Bhd
    - 100% Versatile Development Sdn Bhd
  - 60% MWE Tiravest Sdn Bhd
  - 60% Jurangjaya Sdn Bhd
  - 51% MWE Macadam Sdn Bhd
  - 50% Ribuan Wangsa Sdn Bhd ^
  - 50% Weld Quay Development Sdn Bhd ^
- 25% Kumpulan Europlus Berhad ^

- 90% Alu-Paste & Pigments Sdn Bhd
  - 43% Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd
- 20% Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd

- 100% MWE Golf & Country Club Berhad

- 100% Ganda Pesona Sdn Bhd
- 30% Premier Capital Holdings Sdn Bhd ^
- 100% Metra Management Sdn Bhd
  - 100% Metra Nominees Sdn Bhd

- 100% Fauzi-Lim Plantation Sdn Bhd
- 100% Etika Gangsa Sdn Bhd
- 100% Taka Worldwide Trading Sdn Bhd

- 100% First Cosmopolitan Sdn Bhd
  - 100% Devanna Limited

^ Associate Company

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013.

FINANCIAL PERFORMANCE

I wish to report that the Group registered revenue of RM300.9 million, decrease of approximately 34% from RM455.6 million recorded in the previous financial year. The decrease in revenue was mainly due to the loss of revenue contribution from our lighting subsidiaries, which was disposed of in year 2012.

The profit before tax dropped to RM21.4 million as compared to RM152.4 million reported in the previous year. The higher profit registered in year 2012 was mainly due to an exceptional gain of RM117.5 million arising from the disposal of our lighting subsidiaries.

At the Company level, the profit before tax increased from RM30.8 million to RM35.4 million for the current financial year. The favourable profit was due primarily to dividend income received from quoted investments.

DIVIDEND

The Board has recommended a final single tier dividend of 2% (Year 2012: Nil), representing a net dividend per share of 2.0 sen per share (Year 2012: 15.0 sen per share) for the financial year ended 31 December 2013. The proposed final dividend amounting to RM4.6 million will be subject to shareholders' approval at the forthcoming Annual General Meeting and if approved, will be paid to shareholders on 31 July 2014.

CORPORATE DEVELOPMENT

During the year, the Group completed the purchases of 141,400,000 shares in Kumpulan Europlus Bhd ("Keuro") for cash consideration of RM187.6 million thereby making Keuro, our associated company.

Keuro is principally an investment holding company whilst its subsidiaries are mainly involved in property development, manufacturing and trading of resinated felt products and design, construction, development and toll operation of the West Coast Expressway.

REVIEW OF OPERATIONS

Textile Division

The Textile Division reported a marginal increase in revenue; its revenue grew from RM164.5 million recorded in year 2012 to RM167.5 million for the current financial year. Correspondingly, profit before tax improved to RM13.7 million as compared to RM13.4 million achieved in the previous year.

During the year, the performance of the Textile Division was greatly affected by high operating cost following the implementation of Minimum Wage 2013 in Malaysia coupled with stiff price competition. In this regard, the division will implement further quality improvement plan, cost saving measures and aim to achieve a higher production output through the implementation of efficient sewing processes and tightening of raw materials consumption. In addition, the division will continue to focus on developing new products and source new customers in USA and Europe in order to diversify its customer's base and expand its business prospects.

Notwithstanding the above, the landscape of the garment industry will continue to be challenging in year 2014 due to uncertainties in developed economies and rising operational costs will also continue to add pressure to the division's future earnings.

Electronics Division

During the year, the Electronics Division's revenue dropped from RM223.5 million recorded in the previous year to RM67.0 million following the disposal of its lighting subsidiaries in year 2012. Consequently, its profit before tax reduced to RM2.6 million as compared to RM36.0 million registered over the same period.

The Telecommunications Section under Daviscomm Group reported an increase in revenue by 11% to RM66.9 million as compared to RM60.3 million in the previous year. In tandem with the higher revenue, its profit before tax rose from RM1.9 million to RM3.0 million for the current financial year. Key drivers of this success were attributed to higher sales volume in Mobile Personal Emergency Recovery ("MPER") and Smartmeter products as well as strong sales from Pagers and Biometric Sensor products.

The Original Design Manufacturer ("ODM") business continues to grow at a steady pace as more products for MPER segment are being developed to cater for different customer's needs. This uptrend augurs well for the section and with the world's ageing population, it indicates that there is continued demand for our products. Wireless track sensors/tracking products utilising 3G/GPS are gaining traction too as enquiries for products to remotely track vehicles, personnel, pets and environmental sensors had multiplied over the years.

However, the section foresees the Electronic Manufacturing Services ("EMS") business which involves our Smartmeter and Biometric Sensor products to slowdown in year 2014. This is mainly due to the cut back effects of the Quantitative Easing ("QE") program whereby the section's major US customers, who mainly serve the US governmental organisations, had begun to reduce their orders.

During the year under review, the Group disposed of the entire freight subsidiaries for a cash consideration of RM3.6 million.

Properties Division

During the year, the Properties Division's revenue decreased to RM15.5 million as compared to RM20.8 million recorded in the previous year. Despite the lower revenue, its profit before tax increased to RM7.6 million from previous year's RM5.1 million. The improvement in profit was mainly due to fair value gain from investment properties.

The rental income from our MWE Plaza, Penang has further improved due to a higher occupancy rate of 98% from previous year of 96%.

Plantation Division

During the year, the Plantation Division's revenue declined to RM7.5 million as compared to RM8.7 million reported in the previous year, a drop of 14%, impacted mainly by lower Fresh Fruit Bunches ("FFB") prices. However, it turned around from loss before tax of RM1.1 million to profit before tax of RM2.2 million due to better crop yield and lower operating costs.

Despite the challenges faced by the division, the Management will continue to focus on stringent estate operation programmes to enhance better crop yield thereby improve its earnings.

Industrial Division

Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd ("Dongfeng") has shown encouraging performance during the year. Its revenue strengthened to RM22.8 million, up by almost 16% against RM19.7 million in the previous year. It was boosted mainly by high demand for heavy commercial vehicles, parts and services. Consequently, the company has turned around from loss before tax of RM0.9 million in year 2012 to profit before tax of RM0.3 million for the current financial year.

Year 2013 marks the 5th year of the company's distribution of China Dongfeng's commercial vehicles in Malaysia and todate, it has broaden its range of services into providing 3-S services which include sale of new vehicles, after-sale engineering services and sale of spare parts via its branches and service dealers located at strategic towns throughout Peninsular Malaysia. It also operates 24-hour breakdown service from its three (3) main workshops located at Batu Caves (Selangor), Johor Baru (Johor) and Butterworth (Penang).

Concerted marketing efforts were embarked in year 2013 to further promote Dongfong heavy vehicles in container, haulage and general cargo sectors and with the launch of new models in construction, mining and timber sectors, the division expects its sales volume to grow steadily in the ensuing years.

PROSPECTS

The global economic climate will likely remain uncertain and challenging in year 2014. In Malaysia, the economy continued to recover at a moderate pace, mainly due to the rising material costs and the weakening of Malaysian Ringgit against major world currencies.

Despite these challenges, with the combination of the performance momentum we carried forward from last year, the strength of our operating capabilities and higher efficiencies through better business processes and supported by the continued implementation of the Malaysian Government initiatives under Government Transformation Programme ("GTP") and Economic Transformation Programme ("ETP"), we are optimistic that the Group's performance in year 2014 will be favourable.

Moving forward, the Group remain focused on enhancing shareholders' value and will increase its core capabilities to ensure the sustainability and long term growth of the Group.

DIRECTORATE

On behalf of the Board, I am pleased to welcome Mr Krian Upatkoon who joined the Board as an Executive Director on 17 April 2014. We look forward to his valuable contribution to the Group.

APPRECIATION

We wish to express our sincere appreciation to all our valued shareholders, customers, business associates, advisors, suppliers, bankers and all government agencies, for their unwavering support over the years.

To the Management and all the staff of MWE Group, we wish to place on record our heartfelt gratitude for their resolute hard work and efforts.

Lastly, I thank my fellow Board Members for their continued support and contributions.

TAN SRI DATO' SERI (DR) ASEH BIN HAJI CHE MAT
Independent Non-Executive Chairman
24 April 2014

Directors' Profile

TAN SRI DATO' SERI (DR) ASEH BIN HJ CHE MAT
(Independent Non-Executive Chairman)

Tan Sri Dato' Seri Dr. Aseh, 63, a Malaysian, was appointed to the Board of MWE Holdings Berhad ("MWE") on 23 July 2008 as an Independent Non-Executive Director and subsequently on 28 July 2008 as Independent Non-Executive Chairman. Tan Sri Aseh obtained his Bachelor of Economics (Honours) degree from the University of Malaya in 1974 and obtained his Masters in Public Administration degree from the University of Southern California, USA in 1984. In year 2007, Tan Sri Aseh received his PhD in International Relations from Lim Kok Wing University of Creative Technology, Cyberjaya.

Upon his graduation in 1974, Tan Sri Aseh joined the Ministry of Finance as Assistant Secretary. Prior to his retirement in October 2007 as Secretary General of the Ministry of Home Affairs, he held various positions in the civil service, ranging from Principal Assistant Secretary in the Education Services Commission, serving Sarawak and Sabah for 7 years from 1977 to 1981, and other various positions in the Ministry of Home Affairs before being appointed Deputy Director-General of Immigration Malaysia and thereafter, Director-General of Immigration Malaysia.

Tan Sri Aseh is active in community services and is currently the President of Putrajaya Corporation, Chairman of RELA Cooperative, Chairman of FAM Monitoring and Integrity Committee, President of Rifle Association Malaysia, President of Tiara Golf & Country Club, Melaka Advisor of PAPITA (Singer Association of Malaysia). Tan Sri Aseh was also active in the Administrative and Diplomatic Service (ADS) and was its longest serving President. Tan Sri Aseh is currently a director of another public listed company, Lion Diversified Holdings Berhad.

Tan Sri Aseh does not hold any shares in MWE or its subsidiaries.

TAN SRI DATO' SURIN UPATKOON
(Non-Independent Non-Executive Director)

Thai, aged 65, was appointed to the Board of MWE Holdings Berhad ("MWE") on 29 July 1976.

Tan Sri Surin is currently the Managing Director of MPHB Capital Berhad, Chairman of Magnum Berhad and Magnum 4D Berhad respectively.

Tan Sri Surin has played a key role in the expansion and development of MWE Group of Companies. He was first appointed the Managing Director of MWE Spinning Mills Sdn Bhd on 30 November 1974, taking charge of its day-to-day operations. Subsequently, he was appointed the Managing Director of MWE Weaving Mills Sdn Bhd.

Tan Sri Surin is actively involved in community services for the benefit of education and charity. He is a Trustee of the Chang Ming Thien Foundation and Magnum Foundation, a Director of Kuen Cheng Girls' High School and also Vice President of Penang Table Tennis Association. He also sits on the boards of several public and private limited companies.

Tan Sri Surin does hold substantial shareholding in MWE. Details of his shareholdings are as set out in the Directors' Report for the year ended 31 December 2013. He is deemed to have interest in shares in all the subsidiaries to the extent MWE has an interest.

TANG KING HUA
(Managing Director)

Malaysian, aged 56, was appointed as an Executive Director of MWE Holdings Berhad ("MWE") on 2 February 2000 and subsequently as a Managing Director on 28 August 2002. Mr. Tang graduated with a Bachelor degree in Industrial Engineering from Canada Technical University of Nova Scotia in 1982. He started his career in 1983 by working in a multi-national electronics company overseeing quality control, production and engineering functions.

His vast experience in the field of electronics had enabled him to spearhead the pioneer team in setting-up a company called Eastrade Electronics (M) Sdn Bhd. Currently, Mr. Tang is the Managing Director of Davex Group of Companies and he oversees the overall profitability and viability of the Group. He is responsible for the identification and penetration of any new and potential markets for the Group both locally and overseas.

Mr. Tang does have shares in MWE and its subsidiaries. Details of his shareholdings in MWE and its subsidiaries are set out in the Directors' Report for the year ended 31 December 2013.

LIM KONG YOW
(Executive Director)

Malaysian, aged 59, was appointed to the Board of MWE Holdings Berhad ("MWE") on 11 December 2001. Mr. Lim obtained his professional qualifications from Chartered Institute of Management Accountants (United Kingdom) in 1982 and is a member of Malaysian Institute of Accountants. He has more than 20 years of working experience in the field of audit, accounting, management, tax and secretarial services.

Mr. Lim started his career by working in Multi-Purpose Holdings Berhad attached to Internal Audit Department for 2 years before moving to Hong Leong Group of Companies. In December 1989, he joined MWE Group of Companies as a Group Chief Accountant and was later promoted to Group Financial Controller. He is principally involved in the accounting, administration, financial functions and management of the MWE Group. He sits on the boards of several private limited companies.

Mr. Lim does have shares in MWE. Details of his shareholdings in MWE are set out in the Directors' Report for the year ended 31 December 2013.

KRIAN UPATKOON
(Executive Director)

Thai, aged 35, was appointed to the Board of MWE Holdings Berhad ("MWE") as an Executive Director on 17 April 2014. Mr. Krian holds a Master of Science and Engineering in Computer Engineering and Bachelor of Science and Engineering in Computer Engineering, both from University of Michigan, Ann Arbor, USA.

He is currently the Chief Information Officer of Monhan Holdings Sdn Bhd, specialising in digital marketing and IT consulting services. He has more than 10 years of working experiences in web and application development, embedded development and all IT related infrastructure. Prior to this, he was previously employed in online video content delivery, network architecture, electronic games development and mobile technologies research.

Mr. Krian does not hold any shares in MWE and its subsidiaries.

DATO' LAWRENCE LIM SWEE LIN
(Independent Non-Executive Director)

Malaysian, aged 57, was appointed to the Board of MWE Holdings Berhad ("MWE") on 1 August 1989. Dato' Lim holds a Bachelor of Arts degree in Economics (Honours) from University of Sheffield and a Masters degree in Business Administration from University of Manchester, United Kingdom.

Dato' Lim is currently the Chief Executive Officer of Magnum Corporation Sdn Bhd, Executive Director of Magnum 4D Berhad and Non-Independent Non-Executive Director of Magnum Berhad. Prior to this, Dato' Lim was with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitisation and project financing. In addition, he sits on the boards of a number of private and public limited companies both in Malaysia and overseas.

Dato' Lim does have shares in MWE. Details of his shareholdings are set out in the Directors' Report for the year ended 31 December 2013.

DATO' YOGESVARAN T. ARIANAYAGAM
(Independent Non-Executive Director)

Dato' Yogesvaran T. Arianayagam, aged 63, a Malaysian, was appointed to the Board of MWE Holdings Berhad ("MWE") on 1 July 2008.

Dato' Yogesvaran is a Fellow of the Chartered Institute of Management Accountant, UK, a Chartered Accountant with Malaysian Institute of Accountants and an Associate Member of the British Institute of Management, UK.

Dato' Yogesvaran started his career as a Management Accountant with British Steel Corporation, England in 1974. Upon his return to Malaysia in 1976, he joined Aseambankers Malaysia Berhad and was the Senior Manager and Head of the Corporate Finance Division. In 1984, he left Aseambankers Malaysia Berhad and joined Sampoorna Holdings Berhad as its Chief Executive Officer. In November 1989, he joined Murnivest Sdn Bhd as Managing Director and currently he is the Managing Director of Asian Pac Management Sdn Bhd, a position he holds since January 2003. Dato' Yogesvaran brings along 30 years of experience in Corporate Finance, Financial Management and in Mergers and Acquisitions.

Dato' Yogesvaran also sits on the boards of Perisai Petroleum Teknologi Berhad, a public listed company and several private limited companies in Malaysia, Singapore and India.

Dato' Yogesvaran does not hold any shares in MWE or its subsidiaries.

TAN CHOR TECK
(Independent Non-Executive Director)

Malaysian, aged 52, was appointed to the Board of MWE Holdings Berhad ("MWE") on 14 September 2000. Mr. Tan graduated with a degree in Law & Arts from Melbourne University in 1984. He started his career by working on various projects in Sydney before returning to Malaysia in 1996.

Currently, Mr. Tan sits on the boards of several private limited companies that are involved in property development, property management and general investments.

Mr. Tan does have shares in MWE. Details of his shareholdings in MWE are set out in the Directors' Report for the year ended 31 December 2013.

Particulars of Directors

Name	Nationality	Details of membership in Board Committees	Family relationship with any director and/ or major shareholder of MWE	Conflict of interest with MWE	Convictions for offences within the past 10 years other than traffic offences
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat (Appointed on 23 July 2008)	Malaysian/ Malay	-	NIL	NIL	NIL
Tang King Hua (Appointed on 2 February 2000)	Malaysian/ Chinese	-	NIL	NIL	NIL
Lim Kong Yow (Appointed on 11 December 2001)	Malaysian/ Chinese	-	NIL	NIL	NIL
Krian Upatkoon (Appointed on 17 April 2014)	Thai/ Chinese	-	Son of Tan Sri Dato' Surin Upatkoon, a Director and major shareholder of MWE	NIL	NIL
Tan Sri Dato' Surin Upatkoon (Appointed on 29 July 1976)	Thai/ Chinese	RC & NC	Father of Mr. Krian Upatkoon, an Executive Director of MWE	NIL	NIL
Dato' Lawrence Lim Swee Lin (Appointed on 1 August 1989)	Malaysian/ Chinese	AC	NIL	NIL	NIL
Tan Chor Teck (Appointed on 14 September 2000)	Malaysian/ Chinese	AC, NC & RC	NIL	NIL	NIL
Dato' Yogesvaran a/l T. Arianayagam (Appointed on 1 July 2008)	Malaysian/ Indian	AC, NC & RC	NIL	NIL	NIL

AC - Audit Committee
RC - Remuneration Committee
NC - Nomination Committee

Statement on Corporate Social Responsibility

MWE Holdings Berhad ("MWE") recognises the importance of being responsible in business and that we have a duty to make life better in the communities in which we operate. In order to achieve sustainable success over the long term, we need to build trust, develop mutual respect and make a real difference to our stakeholders by addressing issues that they care about.

MWE remains committed to a systematic and unwavering focus on our corporate responsibility at all levels. Being a good corporate citizen is embedded in every aspect of our operations; from ensuring highest standards in safety and health, to protecting the environment, operating with the highest business integrity and contributing to the communities where we work. This section describes the corporate citizenship efforts and accomplishments of MWE and the other subsidiaries in Malaysia.

HUMAN CAPITAL DEVELOPMENT AND WORKPLACE

Our people are our single biggest investment. The meritorious Long Service Awards and Student Excellence Awards for school-going children of employees are just one of the many ways we extend our employees' welfare. Adequate insurance coverage and other employee benefits are just some of the many human resource strategies we have in place to ensure a positive working environment.

Human capital training and development is part of our bigger plans of nurturing and bringing the best out of our people.

The Group also emphasised on health and safety aspects at the workplace and continues to roll out its ongoing Occupational Health and Safety ("OHS") initiatives which include OHS training, CPR and First Aid training, fire evacuation drills, periodic checks, certification audits by regulatory authorities and hazardous work controls. All of these initiatives helped the Group to reduce the number of accidents and workdays lost during the year.

COMMUNITY

Beyond just caring for our employees, our philanthropic work extends to various underprivileged and deserving parts of the society. Over the past years, we have been strongly committed to support those in need, reaching out to poor neighbourhoods, orphanages, old folk's homes and the disabled. This incorporates activities initiated by our subsidiaries.

During the year, the Group continued to involve in various community activities, amongst others:-

i) donation in monies and in-kind to the underprivileged and needy children, such as Society for the severe mentally handicapped, Alzheimer's Disease Foundation, House of Hope, Association Y.R.J.S. Handicapped Children's Home and also to the Education, Welfare & Research Foundation Malaysia;

ii) Sponsorship to Help University for facilitating the teachers to attend the quality program; and

iii) donation in books and stationeries to the less fortunate students.

Programmes like these keep us moving and motivated and we were proud to be part of these social activities and will continue to be supportive in these charitable deeds.

ENVIRONMENT

As an environmental socially responsible corporate citizen, the Group undertook several initiatives in preserving the environment including upgrading its IT infrastructure on its move to a paperless environment, reducing the usage of papers via electronic communication and recycling paper waste as well as contributing through donations to the environmental programmes.

Continuous initiatives are carried out and practiced throughout the organisation in aid of preserving the environment including:-

- Communication via emails to reduce usage of papers on letter or memorandum.
- Document management system in place to store documents electronically in pursuit of paperless environment.
- Staffs are encouraged to print double-sided to reduce usage of papers.

MARKET PLACE

To be socially responsible in the economic boundaries it operates by maintaining high integrity at the market place through ethical business conduct, good corporate governance practices and enhancement of the shareholders' value through exceptional management accounting practices. In achieving the corporate goals, the Group will not compromise its ethical values to provide fair and equitable opportunities to the stakeholders.

Statement on Corporate Governance

The Board of Directors ("Board") of MWE Holdings Berhad ("MWE" or "Company") is committed towards ensuring that good corporate governance is observed throughout the Group. Upholding integrity and professionalism in its management of the affairs of the Group, the Board aims to enhance business prosperity and corporate accountability with the ultimate objective of realising long term shareholders' value and safeguarding interests of other stakeholders.

As a public company listed on the Main Market of Bursa Malaysia Securities Berhad, the MWE Group conforms with the requirements, principles and best practices of corporate governance establishing by the Malaysian Code on Corporate Governance 2012 ("Code") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD OF DIRECTORS

1. Board Charter

The main objective of the Company's Board Charter is to set out the roles and responsibilities of the Board of Directors. The Board is guided by the Board Charter which provides reference for directors in relation to the Board's role, powers, duties and functions. The Board Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

A copy of the Board Charter is available on the Company website at www.mweh.com.my.

2. Board Composition & Board Balance

The Board is responsible for the overall governance of the Group and the Board discharges these responsibilities through compliance with the relevant rules, regulations and guidelines to adopt the best practices in the Malaysian Code of Corporate Governance.

The composition of the Board reflects a balance with a mix of technical, administrative and business experiences that has been vital to the direction of the Group.

Currently, the Board comprises one (1) Group Managing Director, two (2) Executive Directors and a strong presence of five (5) Non-Executive directors out of whom, four (4) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Hence, the number of independent & non-executive directors make up more than one third (1/3) of the memberships of the Board and their presence provided fair and independent view to the Board.

The respective roles of Chairman, the Managing Director and Executive Directors are clearly defined, so as to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director and Executive Directors have overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions.

The Board also delegates specific responsibilities to various committees such as Audit Committee, Nomination and Remuneration Committee to assist in discharging their duties. The management functions have been delegated to the managing and executive directors. The delegation of authority by the Board enables the Board to achieve operational efficiency and yet maintain control over major policies and decisions.

The Board has nominated Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat, the Chairman of the Board, to whom any concerns of shareholders or investors may be conveyed.

The Board is also mindful of the recommendation of the Code on limiting the tenure of independent directors to nine (9) years of service. Each of the four (4) Independent Directors of the Company has provided an annual confirmation of his independence at the assessment carried out on the Independent Director, in particular Dato' Lawrence Lim Swee Lin and Mr. Tan Chor Teck, who have both served on the Board of more than eleven (11) years, that:-

(a) they have no interest or ties in the Company that could adversely affect independent and objective judgement and place the interest of the Company above all other interests;

(b) they have met the criteria for independence as set out in Chapter 1 of the MMLR of Bursa Securities;

(c) they continue to remain objective and are able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company; and

(d) they exercise due care as Independent Directors of the Company and carries out their profession and fiduciary duties in the best interest of the Company and shareholders.

The Board is of the view that there are significant advantages to be gained from the long-serving Directors who possess great insight and knowledge of the Company's affairs. Furthermore, the ability of a Director to serve effectively as an Independent Director is very much a function of his caliber, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company, has no compelling relationship to his tenure as an Independent Director. Although, term limits could help to ensure that there are fresh ideas and viewpoints available to the Board, they do pose the disadvantage of losing experienced Independent Directors who overtime have developed increased insight to the Company's and/or the Group's operations and therefore, provide an increasing contribution to the effectiveness of the Board as a whole.

The Board therefore opined that imposing a fixed term for Independent Directors does not necessarily assure independence. The Board, therefore, recommends and supports the retention of Dato' Lawrence Lim and Mr. Tan as Independent Non-Executive Directors of the Company. Thus, the retention of Dato' Lawrence Lim and Mr. Tan as Independent Directors will not be put forward to shareholders for approval.

The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single director as all members of the Board fulfill this role individually and collectively.

The profiles of the Members of the Board are presented on pages 10 to 12 of the Annual Report.

3. Duties and Responsibilities of the Board

The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations. The Board assumes, amongst others, reviewing and adopting strategic plan, overseeing the proper conduct of business, succession plan, risk management, shareholders' communication, internal control, management information systems to measure and manage risks. The presence of independent non-executive directors helps in providing independent and constructive views, advice and opinions to the benefit of the investors, customers, and other stakeholders. They also represent the element of objectivity, impartiality and independent judgment of the Board. This ensures that there is adequate check and balance at the Board level.

4. Board Meetings

The Board conducts at least four (4) scheduled meetings annually, with additional meetings convened as and when necessary. During the financial year, six (6) Board meetings were held.

The attendance record of each Director was as follows:-

Directors	Attendance
Tan Sri Dato' Seri (Dr) Aseh bin Hj. Che Mat	6/6
Tang King Hua	6/6
Lim Kong Yow	6/6
Tan Sri Dato' Surin Upatkoon	6/6
Dato' Lawrence Lim Swee Lin	6/6
Dato' Yogesvaran a/l T. Arianayagam	6/6
Tan Chor Teck	6/6
Krian Upatkoon (appointed on 17 April 2014)	N/A

5. Supply of Information

All Directors have unrestricted access to information relating to the Group's operations in the discharge of their duties and may require to be provided with further information on the Board Meeting agenda item.

The Directors are regularly updated by the Company Secretary on the regulatory requirements in discharging their duties and responsibilities.

The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings and decision made during the Board meetings are properly kept.

The Directors have full access to the senior management and the advice and services of the Company Secretary. In addition, the Directors may also seek independent professional advice, at the Company's expense, if any.

6. Board Committees

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board the outcomes of the Committee meeting and such reports are included in the Board papers.

A summary of the various Committees at MWE and their compositions are as follows:-

Name	Audit Committee	Remuneration Committee	Nomination Committee
Tan Sri Dato' Surin Upatkoon	-	member	member
Dato' Yogesvaran a/l T. Arianayagam	Chairman	member	member
Dato' Lawrence Lim Swee Lin	member	-	-
Tan Chor Teck	member	Chairman	Chairman

7. Board Evaluation

The Board conducted an annual evaluation on the performance of the Board and its Board Committees. The evaluation process is led by the Nomination Committee and supported by the Company Secretary. The evaluation results are considered by the Nomination Committee which then make recommendations to the Board, are aimed at helping the Board to discharge its duties and responsibilities.

The Board has also undertaken an annual assessment of the independence of its Independent Director with the support of the Company Secretary. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

8. Appointment to the Board

Any proposed appointment of new director to the Board will be deliberated at the Nomination Committee to ensure that the process of nominating and appointing new members to the Board is fair and transparent.

The decision as to who shall be nominated remains the responsibility of the full Board after considering the recommendations of the Nomination Committee. The Board, through the Nomination Committee, will review the suitability of an individual to be appointed taking into account the skills, expertise, background and experience.

9. Re-election of Directors

The capacity, energy and enthusiasm of a Director is not necessarily link to age. It is deemed not appropriate to prescribe age limits for the retirement of Directors. The Board believes in having a healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit of the Board apart from what is laid down under the Companies Act, 1965. Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

In accordance with the Company's Articles of Association, all Directors are subject to election at the first Annual General Meeting after their appointment. A Director shall at least once every three (3) years retire at each Annual General Meeting in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Articles also provide that at least one third (1/3) of the Directors, or, if their number is not a multiple of three (3), the number nearest to but not exceeding one-third (1/3) shall retire from office at each Annual General Meeting and offer themselves for re-election by rotation at each Annual General Meeting.

Directors who are appointed by the Board during the financial year shall be subjected to re-election at the next Annual General Meeting after their appointment.

10. Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme conducted by the Approved Organiser. The Directors aware and are encouraged to attend continuing education training programmes to keep themselves abreast of the current developments and business environment affecting their roles and responsibilities to the Group.

During the financial year ended 31 December 2013, all the directors have attended their training programme on "IC Interpretation 15, Malaysian Financial Reporting Standard 10, 11 & 12 and Goods and Services Tax".

11. Directors' Remuneration

The Remuneration Committee is entrusted with the responsibility of developing the policy on Group Managing Director and Executive Director ("GMD&ED") remuneration package and recommending to the Board the remuneration and compensation of GMD&ED.

The determination of the remuneration package of the Non-Executive Directors shall be a matter for the Board as a whole, with the Director concerned abstaining from deliberation and voting on decisions in respect of his remuneration.

Directors' fees are approved by the shareholders together with the Audited Financial Statements of the Company at the Annual General Meeting.

The aggregate remuneration of the Directors for the year ended 31 December 2013, are categorised into the following components:-

	Fees (RM)	Salary (RM)	Bonus and Incentive (RM)	EPF (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	99,000	1,272,300	331,425	174,118	2,666,000	4,542,843
Non-Executive Directors	228,000	-	-	-	22,500	250,500
Total	327,000	1,272,300	331,425	174,118	2,688,500	4,793,343

The number of Directors whose remuneration fall in each successive band of RM50,000 are set out below:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	4
50,001 - 100,000	-	1
550,001 – 600,000	1	-
3,950,001 – 4,000,000	1	-

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of maintaining accountability and transparency to its shareholders through regular and timely dissemination of information to shareholders of the Company via annual report and financial statements, circulars to shareholders, quarterly financial reports and various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operations to facilitate informed investment decisions.

The Annual General Meeting ("AGM") provides an appropriate forum for the shareholders to dialogue with the Board. Additionally, queries from investors and potential investors are dealt with by our Investor Relations. The Company also has its own website www.mweh.com.my with contact details of a dedicated officer for such purpose. At the AGM, the Chairman of the Board reviews the progress and performance of the Company with the shareholders. A question and answer session is also conducted to allow shareholders the opportunity to question Management on the Company's business and the proposed resolutions. The Chairman, the Board members and the external auditors are available at the AGM to respond to questions.

Care has been taken to ensure that no market sensitive information, such as corporate proposals, financial results or other material information is disseminated to any party without first making an official announcement to the Bursa Malaysia Securities Berhad.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board holds responsible to provide and present to its shareholders, a balanced and understandable assessment of the Group's financial performance and prospects at the end of each financial year, through its annual financial statements, quarterly and half-yearly announcement of results to shareholders as well as the Chairman's Statement and review of operations in the annual report.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

2. Audit Committee

The composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report.

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems.

3. Risk Management Framework and Internal Controls

The Group outsourced its internal audit function to a professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control and governance systems. The internal audit's role is to provide independent reports on the organisation's management, records, accounting policies and controls to the Board.

The internal audit function reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

The Board acknowledges that it is responsible for maintaining a sound system of risk management and internal controls, which provides reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. A Statement on Risk Management and Internal Control of the Group is set out on page 28 of the Annual Report.

4. Relationship with the Auditors

The Audit Committee meets with the Group's external auditors at least twice a year to review the scope and adequacy of the audit process, the annual financial statements and their audit finding. The Audit Committee also meets with the external auditors whenever it deemed necessary.

The external auditors will report to the Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

CODE AND POLICIES

1. Code of Ethics and Conduct

The Directors continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. In addition, the Board has established a Code of Ethics and Conduct for Directors that aims to outline the standards of business conduct and ethical behaviour which the Directors should possess in discharging their duties and responsibilities, and to enhance the high standards of personal integrity and professionalism of the Directors.

2. Whistle-Blowing Policy

The Whistle-Blowing Policy of the Company was adopted on 26 April 2013 following the introduction of the Whistleblower Protection Act 2010 to enhance the coverage and protection to whistleblowers, which encompasses report of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The aim of this policy is to encourage the reporting of such matters, in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

The Whistle-Blowing Policy is posted on the Company's website at www.mweh.com.my for ease of access for reporting by employees and associates of the Group.

3. Corporate Disclosure Policy

The Board places importance in ensuring disclosure made to shareholders and investors is comprehensive, accurate and on a timely and even basis as it is critical building and maintaining corporate credibility and investor confidence. A Corporate Disclosure Policy for the Group to set out the policies and procedures for disclosure of material information is being addressed, following the emphasis of Bursa Securities as outlined in its Corporate Guide.

This Corporate Governance Statement has been approved by the Board of MWE on 24 April 2014.

Continuing Corporate Disclosure

SHARE BUYBACKS
As at 31 December 2013, the number of treasury shares held was 1,324,000. None of the treasury shares were resold or cancelled during the financial year ended 31 December 2013.

UTILISATION OF PROCEEDS
During the financial year, there were no corporate proposals in which proceeds had been raised.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES
No options, warrants or convertible securities were exercised during the financial year.

IMPOSITION OF SANCTIONS/PENALTIES
There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, directors or management by the relevant regulatory bodies.

NON-AUDIT FEES
During the financial year, there were no non-audit fees paid to the external auditors.

PROFIT ESTIMATE, FORECAST OR PROJECTION
There were no variances of ten percent (10%) or more between the results for the financial year and the unaudited results and the profit forecast previously made or released by the Company.

PROFIT GUARANTEE
During the financial year, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS INVOLVING DIRECTORS/SUBSTANTIAL SHAREHOLDERS' INTERESTS
During the financial year, there were no material contracts on the Company and its subsidiaries involving directors or substantial shareholders' interest.

CONTRACTS RELATING TO LOANS
There were no contracts relating to loans by the Company in respect of the material contracts involving directors' and major shareholders' interests.

REVALUATION OF LANDED PROPERTIES
The Company does not have a revaluation policy on landed properties.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME
During the financial year, the Company did not sponsor any ADR or GDR programme.

Directors' Responsibility Statement

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of financial year and of its result and cash flow for that year then ended.

In preparing the financial statements for the year ended 31 December 2013, the Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

Audit Committee Report

The Board presents the Audit Committee Report to provide insight on the discharge of the Audit Committee's functions for the Group in 2013.

COMPOSITION

The Committee comprises three Independent Non-Executive Directors. The following are the Committee members:-

Dato' Yogesvaran a/l T. Arianayagam
Dato' Lawrence Lim Swee Lin
Tan Chor Teck

Dato' Yogesvaran a/l T Arianayagam is a Fellow of the Chartered Institute of Management Accountant, UK, a Chartered Accountant with Malaysian Institute of Accountants and an Associate Member of the British Institute of Management, UK. Accordingly, MWE Holdings Berhad complies with paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

TERMS OF REFERENCE

The Committee members shall:-

- be appointed from members of the Board of Directors;
- consist of not less than three in number;
- comprise fully, independent directors;
- elect a Chairman from among their number, who is an independent director; and
- not be an alternate director.

AUTHORITY

The Committee is authorised by the Board:-

- to investigate any activity within its terms of reference;
- to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee;
- to obtain outside legal or other independent professional advice as necessary; and
- to meet with the external auditors of the Company, without the attendance of the executive members of the Committee, whenever deemed necessary.

FUNCTIONS AND RESPONSIBILITIES

The functions and responsibilities of the Audit Committee shall include the following:-

1. review the following and report the same to the Board of Directors of the Company:-

   a) the audit plan with the external auditors;

   b) evaluation of the system of internal controls with the external auditors;

   c) audit report with the external auditors;

   d) the assistance given by the employees of the Company to the external auditors;

   e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

   f) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

   g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-

      - changes in or implementation of major accounting policy changes;
      - significant and unusual events; and
      - compliance with accounting standards and other legal requirements;

   h) any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

   i) any letter of resignation from the external auditors of the Company; and

   j) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

2. the engagement of Internal Audit Services Provider.

3. recommend the nomination of a person or persons as external auditors.

4. promptly report to the Bursa Malaysia Securities Berhad on a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad.

5. perform any other function that may be agreed upon by the Committee and the Board.

MEETINGS AND MINUTES

Meetings of the Committee shall be held regularly, and as often as necessary. Other directors of the Company and relevant personnel may only attend meetings at the invitation of the Committee. If required, the presence of the external auditors at the meeting of the Committee may be requested. The auditors, both internal and external, may request the Committee to convene a meeting if one is necessary, to consider any matter which any of the auditors believe should be brought to the attention of the Directors and/or shareholders of the Company.

The quorum shall consist of a majority of Committee members who must be independent directors.

The Secretary shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of meetings for the Committee, and circulating them to the Committee members and to other members of the Board as the Committee deems necessary.

The Company Secretary will act as the Secretary of the Committee.

The Committee convened six (6) meetings during the financial year ended 31 December 2013 and the attendance record is as follows:-

	28 Feb	26 April	23 May	10 July	28 Aug	15 Nov
Dato' Yogesvaran a/l T. Arianayagam	✓	✓	✓	✓	✓	✓
Tan Chor Teck	✓	✓	✓	✓	✓	✓
Dato' Lawrence Lim Swee Lin	✓	✓	✓	✓	✓	✓

ACTIVITIES

During the year under review, the Audit Committee undertook the following activities:-

- Reviewed and approved the annual internal audit plan for year 2013.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Group Financial Controller and Finance Manager of the Company.
- Reviewed the audited financial statements for the financial year ended 31 December 2013 with the external auditors prior to submission to the Board for their consideration and approval.
- Reviewed the internal audit reports of the Company's subsidiaries, highlighting the audit issues, recommendations and management's response.
- Reviewed significant related party transactions entered into by the Group.

INTERNAL AUDIT FUNCTION

The group outsourced its internal audit function to a reputable professional services firm with international affiliation, which is independent from the activities of the Company and reports directly to the Committee, who in turn decides on the remit of the internal audit function.

Its principal responsibility is to provide independent assessments of the Group's internal control systems to ensure adequate, efficient and effective compliance with systems and standard operating procedures in each of the operations in the Group and the scope encompasses the audits of all the companies within the Group over a period of two (2) years per cycle. The Audit Committee has received several reports from the Internal Auditors on the audit work, recommendations and management's responses prior to the Committee meetings. During the year, it had carried out the audits according to the audit plan, which had been approved by the Audit Committee.

The final internal audit reports undertaken during the year were forwarded to the Management for necessary corrective and preventive actions as recommended. The Management is responsible for ensuring that the actions are implemented within the required time frame.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2013 was RM42,000.00.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2013, which has been prepared and guided in accordance with paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers ("the Guidelines"). The statement below outlines the nature and scope of the risk management and internal control of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board recognises its overall responsibility in promoting good corporate governance and maintaining a sound system of risk management and internal control and the need to review the adequacy and integrity of such systems on a regular basis to safeguard the shareholders' interests and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, such a system is designed to manage and reduce, rather than eliminate the risk of failure to achieve business objectives. Hence, such system by its nature can only provide reasonable and not absolute assurance against errors, material misstatement or financial loss.

RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the Group's business activities involve some degree of risks and key management staff and Heads of Department are responsible for managing identified risks within defined parameters and standards.

Though the Group does not have a specific committee for overseeing risks but the Board has identified a competent staff, the Chief Financial Controller with the assistance of key management staff, to identify, evaluate and manage the significant risks faced by the Group. During the year under review, the process was carried out through periodic management meetings held to communicate and deliberate on key issues and risks amongst Management team members. Significant risks identified are escalated to the Board for their attention by the Group Managing Director or the Chief Financial Controller.

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

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's risk management and internal control systems are:-

1. A defined organisational structure with clear lines of accountability and a documented delegation of authority that sets out the decisions that need to be taken and the appropriate authority levels of management including matters that require the Board's approval.

2. The Audit Committee reviews the quarterly financial reports, annual financial statements and the internal audit reports on a periodic basis.

3. Discussions with Management were held to deliberate on the actions that are required to be taken to address risk management and internal control matters identified by the outsourced internal audit function.

4. A comprehensive business planning and budgeting process which establishes plans and targets against which performances are monitored on an on-going basis. The business planning process of the Group determines business objectives, examines strengths, weaknesses, opportunities, threats and key business risks, from which action plans are formulated thereon.

5. The Group has also in place a Whistle Blowing Policy approved by the Board. The policy encourages employees to report any wrongdoing by any persons in the Group to the proper authorities so that appropriate action can be taken immediately. The policy outlines the principles, procedures and actions to guide staff in directing their information to the appropriate designated officers and includes provisions to safeguard the identity of the whistle blower and measures to avoid abuse of the policy for purposes of making false or malicious allegations.

6. Adequate insurance and physical security of major assets are in place to ensure the Group's assets are sufficiently covered against any mishap that will result in material losses to the Group.

ASSURANCE ON RISK MANAGEMENT AND INTERNAL CONTROL TO THE BOARD

The responsibility for reviewing the adequacy and integrity of the risk management and internal control systems has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the risk management and internal control systems through independent reviews conducted via reports it received from the external auditors, internal auditors and management.

The Group outsourced its internal audit function to a professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of the system of internal control. During the financial year, the internal audit function reviewed the internal controls in key activities of the Group according to the annual internal audit plan approved by the Audit Committee. Opportunities for improving the system of internal control were identified and presented to the Audit Committee via internal audit reports, whilst Management formulated the relevant action plans to implement them.

In addition, the internal audit function also carried out follow-up visits to ensure recommendations for improvement on the internal control system are satisfactorily implemented. Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material losses or contingencies that would require a separate disclosure in this annual report.

The Board currently does not regularly review the risk management and internal control systems of its associates, as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interest is served through representation on the Board of the associates. This representation also provides the Board with information for timely decision-making on the continuity of the Group's investments based on the performances of the associates.

ASSESSMENT FROM THE BOARD

The Board is of the view that the risk management and internal control system in place throughout 2013 up to the date of approval of this statement is operating adequately and effectively, in all material aspects, and has received the same assurance from both the Managing Director and the Chief Financial Controller of the Group.

The Board is committed in ensuring continuous review of the system to effectively safeguard shareholders' investments, the interests of customers, regulators and employees, and the Group's assets.

REVIEW OF EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

CONCLUSION

The Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control and risk management framework.

This statement was approved by the Board of Directors on 24 April 2014.

Financial Statements

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

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are disclosed in Notes 10 and 11 to the financial statements respectively.

There have been no significant change in the nature of these activities during the financial year except for the disposal of Phili-Orient Lines (Penang) Sdn Bhd as disclosed in Note 40.

Results

	Group RM	Company RM
Profit net of tax	15,929,294	27,500,093
Attributable to:		
Owners of the parent	14,538,877	27,500,093
Non-controlling interests	1,390,417	-
	15,929,294	27,500,093

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2012 were as follows:

In respect of the financial year ended 31 December 2012 as reported in the Directors' Report of that year:

	RM
- Second interim dividend of 4% single tier and a special dividend of 5% single tier on 230,235,015 ordinary shares declared on 28 February 2013 and paid on 2 April 2013	20,721,151

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2013, of 2% on 230,235,015 ordinary shares, amounting to a dividend payable of RM4,604,700 (2 sen per ordinary shares) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

Issue of shares and debentures

The Company did not issue any shares or debentures during the financial year.

Repurchase of shares

Approval granted by the shareholders at the extraordinary general meeting of the Company held on 20 June 2013, for the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company, will expire at the conclusion of the forthcoming Annual General Meeting ("AGM").

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

As at 31 December 2013, a total of 1,324,000 (2012: 1,324,000) ordinary shares are held as treasury shares. Such treasury shares are held at a carrying amount of RM1,930,638 (2012: RM1,930,638).

The Company did not undertake any share buy-back during the financial year. The shares purchased in previous financial year are being held as treasury shares and carried at cost in accordance with the requirements of Section 67A of the Companies Act, 1965. There has been no sale or cancellation of such shares to date.

Directors

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

Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat
Tan Sri Dato' Surin Upatkoon
Tang King Hua
Lim Kong Yow
Dato' Lawrence Lim Swee Lin
Tan Chor Teck
Dato' Yogesvaran a/l T Arianayagam
Krian Upatkoon *(appointed on 17 April 2014)*

In accordance with the Company's Articles of Association, Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat, Dato' Lawrence Lim Swee Lin and Mr Krian Upatkoon retire from the board at the forthcoming AGM and, being eligible, offer themselves for re-election.

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of its related corporation as shown in Note 43 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.

Directors' interests

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

	Number of ordinary shares of RM1.00 each			
	1.1.2013	Acquired	Sold	31.12.2013
The Company				
Direct Interest:				
Tan Sri Dato' Surin Upatkoon	786,630	-	-	786,630
Tang King Hua	12,030,800	-	-	12,030,800
Lim Kong Yow	48,000	-	-	48,000
Dato' Lawrence Lim Swee Lin	448,000	-	-	448,000
Tan Chor Teck	420,000	-	-	420,000
Deemed Interest:				
Tan Sri Dato' Surin Upatkoon	75,100,939	-	-	75,100,939
Tang King Hua	2,181,700	-	-	2,181,700
Lim Kong Yow	4,000	-	-	4,000
Dato' Lawrence Lim Swee Lin	287,000	-	-	287,000
Tan Chor Teck	9,884,280	-	-	9,884,280

By virtue of his interests in shares in the Company, Tan Sri Dato' Surin Upatkoon is deemed to have interests in shares in all the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held any shares or had any interests in shares in the related corporations of the Company during the financial year, except for the interests in shares held by Mr Tang King Hua in the following subsidiaries:

	Number of ordinary shares			
	1.1.2013	Acquired	Sold	31.12.2013
Subsidiary - Daviscomms (S) Pte Ltd				
Direct Interest	24,000	-	-	24,000

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 values 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.

Other statutory information (cont'd)

(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 material 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 material 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 materially 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 Notes 21 and 40 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 51 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 24 April 2014.

Tang King Hua **Lim Kong Yow**

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

We, Tang King Hua and Lim Kong Yow, being two of the directors of MWE Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 38 to 133 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 53 to the financial statements on page 134 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit 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 24 April 2014.

Tang King Hua **Lim Kong Yow**

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

I, Lim Kong Yow, being the director primarily responsible for the financial management of MWE Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 134 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 Lim Kong Yow
at Kuala Lumpur, Federal Territory
on 24 April 2014.

Lim Kong Yow

Before me,

Agong Sia (W460)
Commissioner for Oaths

Report on the financial statements

We have audited the financial statements of MWE Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 133.

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 Group's and the Company'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 Group's and of the Company'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 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act,1965 in Malaysia.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 10 to the 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 53 to the financial statements on page 134 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

Lee Seng Huat
No. 2518/12/15 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 April 2014

Statements of Financial Position
As At 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Assets					
Non-current assets					
Property, plant and equipment	4	69,470,754	72,712,540	-	-
Investment properties	5	60,745,000	55,855,500	-	-
Biological assets	6	8,568,238	-	-	-
Land use rights	7	25,560,914	341,477	-	-
Intangible assets	8	134,996	2,231,787	-	-
Land held for property development	9	9,419,597	25,905,383	-	-
Investment in subsidiaries	10	-	-	294,940,275	296,000,883
Investment in associates	11	175,853,271	3,007,322	172,508,001	1
Other investments	12	285,820,814	251,370,802	283,507,749	247,567,992
Amount due from subsidiaries	14	-	-	2,402,210	3,629,918
		635,573,584	411,424,811	753,358,235	547,198,794
Current assets					
Inventories	15	40,906,713	37,418,666	-	-
Property development costs	16	8,049,004	3,541	-	-
Trade and other receivables	17	48,227,915	68,743,986	1,334,247	10,916
Amount due from subsidiaries	14	-	-	19,287,028	23,387,604
Amount due from associates	18	18,104,278	16,417,011	-	-
Prepayments		1,964,742	2,255,672	-	-
Current tax receivable		2,758,192	5,205,674	2,316,400	2,189,547
Cash and bank balances	19	84,320,569	216,418,450	5,835,751	7,027,612
Derivatives	20	2,520	-	-	-
		204,333,933	346,463,000	28,773,426	32,615,679
Assets of disposal group classified as held for sale	21	-	36,535,285	-	-
		204,333,933	382,998,285	28,773,426	32,615,679
Total assets		839,907,517	794,423,096	782,131,661	579,814,473

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	22	44,762,268	44,760,127	9,285,178	3,779,429
Amount due to subsidiaries	14	-	-	177,473,975	43,657,756
Amount due to associates	18	440,565	427,691	-	-
Loans and borrowings	23	91,008,100	65,694,486	88,342,022	60,350,000
Current tax payable		1,621,017	1,963,801	-	-
		137,831,950	112,846,105	275,101,175	107,787,185
Liabilities directly associated with disposal group classified as held for sale	21	-	579,818	-	-
		137,831,950	113,425,923	275,101,175	107,787,185
Net current assets/(liabilities)		66,501,983	269,572,362	(246,327,749)	(75,171,506)
Non-current liabilities					
Loans and borrowings	23	47,174,017	55,858,301	44,000,000	50,000,000
Deferred tax liabilities	13	1,888,900	1,732,200	-	-
Deferred income	25	13,402,819	13,521,505	-	-
		62,465,736	71,112,006	44,000,000	50,000,000
Total liabilities		200,297,686	184,537,929	319,101,175	157,787,185
Net assets		639,609,831	609,885,167	463,030,486	422,027,288
Equity attributable to owners of the parent					
Share capital	26	231,559,015	231,559,015	231,559,015	231,559,015
Reserves	27	398,712,684	367,823,564	233,402,109	192,398,911
Treasury shares	28	(1,930,638)	(1,930,638)	(1,930,638)	(1,930,638)
		628,341,061	597,451,941	463,030,486	422,027,288
Non-controlling interests		11,268,770	12,433,226	-	-
Total equity		639,609,831	609,885,167	463,030,486	422,027,288
Total equity and liabilities		839,907,517	794,423,096	782,131,661	579,814,473

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

Statements of Comprehensive Income
For The Year Ended 31 December 2013

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Revenue	30	300,931,065	455,589,978	54,922,669	59,096,372
Cost of sales	31	(239,173,982)	(339,263,073)	-	-
Gross profit		61,757,083	116,326,905	54,922,669	59,096,372
Other items of income					
Interest income	32	3,174,221	2,736,269	3,265,776	1,220,351
Other income	33	11,646,160	126,696,811	1,240,736	1,050,550
Other items of expense					
Administrative and other expenses		(43,405,597)	(69,444,824)	(20,561,118)	(24,948,657)
Marketing and distribution		(5,229,322)	(16,811,790)	-	-
Finance costs	34	(5,032,978)	(7,487,955)	(3,516,710)	(5,656,688)
Share of results of associates		(1,529,256)	350,959	-	-
Profit before tax from continuing operations	35	21,380,311	152,366,375	35,351,353	30,761,928
Income tax expense	36	(4,400,683)	(11,610,161)	(7,851,260)	(3,817,396)
Profit from continuing operations, net of tax		16,979,628	140,756,214	27,500,093	26,944,532
Discontinued operation					
(Loss)/Profit from discontinued operations, net of tax	37	(1,050,334)	1,150,423	-	-
Profit net of tax		15,929,294	141,906,637	27,500,093	26,944,532
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Fair value gain on available-for-sale financial assets		34,224,256	54,258,044	34,224,256	54,258,044
Foreign currency translation		3,242,294	(1,269,554)	-	-
Share of other comprehensive income of associate		742,250	-	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		38,208,800	52,988,490	34,224,256	54,258,044
Total comprehensive income for the year		54,138,094	194,895,127	61,724,349	81,202,576

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit attributable to:					
Owners of the parent		14,538,877	139,723,550	27,500,093	26,944,532
Non-controlling interests		1,390,417	2,183,087	-	-
		15,929,294	141,906,637	27,500,093	26,944,532
Total comprehensive income attributable to:					
Owners of the parent		52,310,271	192,876,759	61,724,349	81,202,576
Non-controlling interests		1,827,823	2,018,368	-	-
		54,138,094	194,895,127	61,724,349	81,202,576
Earnings per ordinary share attributable to owners of the parent (sen per share)					
Basic/diluted	38	6.31	60.69		
Earnings per share from continuing operations attributable to owners of the parent (sen per share)					
Basic/diluted	38	6.62	60.33		
(Loss)/Earnings per share from discontinued operations attributable to owners of the parent (sen per share)					
Basic/diluted	38	(0.31)	0.36		

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

Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2013

	← Attributable to owners of the parent →										
		← Non-distributable →						Distributable			
	Share capital (Note 26)	Share premium (Note 27)	Treasury shares (Note 28)	Exchange translation reserve (Note 27)	Capital reserve (Note 27)	Revaluation reserve (Note 27)	Fair value reserve (Note 27)	Retained earnings (Note 29)	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2012	231,559,015	23,586,099	(234,841)	4,477,393	704,156	3,636,411	56,464,698	114,429,360	434,622,291	19,212,035	453,834,326
Total comprehensive income	-	-	-	(1,104,835)	-	-	54,258,044	139,723,550	192,876,759	2,018,368	194,895,127
Transactions with owners:											
Purchase of treasury shares	-	-	(1,695,797)	-	-	-	-	-	(1,695,797)	-	(1,695,797)
Disposal of subsidiaries	-	-	-	(2,918,870)	-	-	-	-	(2,918,870)	(3,887,818)	(6,806,688)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(406,373)	(406,373)
Dividends on ordinary shares (Note 39)	-	-	-	-	-	-	-	(25,432,442)	(25,432,442)	-	(25,432,442)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,502,986)	(4,502,986)
	-	-	(1,695,797)	(2,918,870)	-	-	-	(25,432,442)	(30,047,109)	(8,797,177)	(38,844,286)
At 31 December 2012	231,559,015	23,586,099	(1,930,638)	453,688	704,156	3,636,411	110,722,742	228,720,468	597,451,941	12,433,226	609,885,167
At 1 January 2013	231,559,015	23,586,099	(1,930,638)	453,688	704,156	3,636,411	110,722,742	228,720,468	597,451,941	12,433,226	609,885,167
Total comprehensive income	-	-	-	3,547,138	-	-	34,224,256	14,538,877	52,310,271	1,827,823	54,138,094
Transactions with owners:											
Disposal of subsidiaries	-	-	-	-	(700,000)	-	-	-	(700,000)	(2,494,719)	(3,194,719)
Dividends on ordinary shares (Note 39)	-	-	-	-	-	-	-	(20,721,151)	(20,721,151)	-	(20,721,151)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(497,560)	(497,560)
	-	-	-	-	(700,000)	-	-	(20,721,151)	(21,421,151)	(2,992,279)	(24,413,430)
At 31 December 2013	231,559,015	23,586,099	(1,930,638)	4,000,826	4,156	3,636,411	144,946,998	222,538,194	628,341,061	11,268,770	639,609,831

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

Statement of Changes in Equity
For The Year Ended 31 December 2013

		←	Non-distributable	→	Distributable	
	Share capital (Note 26) RM	Share premium (Note 27) RM	Treasury shares (Note 28) RM	Fair value reserve (Note 27) RM	Retained earnings (Note 29) RM	Total RM
At 1 January 2012	231,559,015	23,586,099	(234,841)	56,464,698	56,577,980	367,952,951
Shares purchased held as treasury shares	-	-	(1,695,797)	-	-	(1,695,797)
Total comprehensive income	-	-	-	54,258,044	26,944,532	81,202,576
Dividends paid (Note 39)	-	-	-	-	(25,432,442)	(25,432,442)
At 31 December 2012	231,559,015	23,586,099	(1,930,638)	110,722,742	58,090,070	422,027,288
At 1 January 2013	231,559,015	23,586,099	(1,930,638)	110,722,742	58,090,070	422,027,288
Total comprehensive income	-	-	-	34,224,256	27,500,093	61,724,349
Dividends paid (Note 39)	-	-	-	-	(20,721,151)	(20,721,151)
At 31 December 2013	231,559,015	23,586,099	(1,930,638)	144,946,998	64,869,012	463,030,486

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

Statements of Cash Flows
For The Year Ended 31 December 2013

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash flows from operating activities				
Profit before tax from continuing operations	21,380,311	152,366,375	35,351,353	30,761,928
(Loss)/Profit before tax from discontinued operations	(942,080)	1,229,127	-	-
Profit before tax, total	20,438,231	153,595,502	35,351,353	30,761,928
Adjustments for:				
Amortisation of biological assets	614,093	614,093	-	-
Amortisation of land use rights	500,171	500,171	-	-
Bad debts written off	49,559	4,863,844	-	4,666,803
Depreciation of property, plant and equipment	4,102,165	7,276,400	-	-
Fair value adjustment on investment properties	(6,168,500)	671,126	-	-
Gain on disposal of property, plant and equipment	(100,189)	(7,468,633)	-	-
Impairment of goodwill	2,114,000	13,285,515	-	-
Impairment loss on				
- trade receivables	496,511	265,713	-	-
- other receivables	400,467	2,074,522	23,787	21,919
- advances to subsidiaries	-	-	51,621	115,948
- advances to associates	139,600	278,300	-	-
- unquoted equity investments	166,938	2,833,674	166,938	1,424,029
- investment in subsidiaries	-	-	2,825,447	16,546,671
- investment in associates	14,010,703	-	15,133,453	-
Loss/(Gain) on disposal of subsidiaries	1,200,986	(117,482,762)	-	-
(Gain)/Loss on disposal of investment property	(91,000)	18,000	-	-
Net fair value (gain)/loss on derivative assets/liabilities	(2,520)	6,170	-	-
Property, plant and equipment written off	103,560	29,189	-	-
Reversal of impairment loss on				
- trade receivables	(53,879)	(362,849)	-	-
- other receivables	(877,449)	(362,389)	(877,449)	(362,389)
- advances to subsidiaries	-	-	-	(50,000)
Share of loss/(profit) of associates	1,529,256	(350,959)	-	-
Write-down of inventories	193,530	737,160	-	-
Write-off of investment in unquoted equity investment	1	-	-	-
Unrealised foreign exchange loss	256,534	384,207	-	-
Gross dividend income	(13,622,669)	(10,596,372)	(54,922,669)	(59,096,372)
Interest income	(3,174,221)	(2,736,269)	(3,265,776)	(1,220,351)
Interest expenses	5,032,978	7,487,955	3,516,710	5,656,688
Operating profit/(loss) before working capital changes carried forward	27,258,856	55,561,308	(1,996,585)	(1,535,126)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash flows from operating activities (cont'd)				
Operating profit/(loss) before working capital changes brought forward	27,258,856	55,561,308	(1,996,585)	(1,535,126)
Changes in inventories	(2,741,276)	2,683,376	-	-
Changes in property development costs and land held for property development	8,440,323	8,423,270	-	-
Changes in receivables	13,832,962	(35,430,045)	(469,670)	5,355,056
Changes in payables	2,118,352	(1,651,867)	5,505,749	(5,729,764)
Changes in trade line borrowings	(2,402,000)	(20,631)	-	-
Cash generated from/(used in) operations	46,507,217	29,565,411	3,039,494	(1,909,834)
Interest received	3,174,221	2,736,269	3,265,776	1,220,351
Interest paid	(5,032,978)	(7,487,955)	(3,516,710)	(5,656,688)
Tax paid	(1,014,213)	(9,760,645)	-	-
Net cash generated from/(used in) operating activities	43,634,247	15,053,080	2,788,560	(6,346,171)
Cash flows from investing activities				
Capital return by a subsidiary	-	-	1,481,659	1,907,143
Additions in investment in a subsidiary	-	-	(3,000,000)	-
Capital return from other investments	37,420,305	-	35,930,561	-
Disposal of subsidiary, net of cash (Note 40)	(733,708)	153,415,411	-	-
Net advances from subsidiaries	-	-	5,030,165	4,606,165
Net dividends received from subsidiaries	-	-	34,725,000	46,000,000
Net dividends received from other investments	12,219,557	7,955,220	12,219,557	7,955,220
Purchase of property, plant and equipment	(1,581,734)	(4,545,495)	-	-
Purchase of investment properties	-	(520,126)	-	-
Purchase of biological assets	-	(99,276)	-	-
Purchase of associates	(187,641,453)	-	(187,641,453)	-
Purchase of other investments	(37,813,000)	(12,294,000)	(37,813,000)	(12,294,000)
Proceeds from disposal of property, plant and equipment	118,059	16,368,624	-	-
Proceeds from disposal of investment properties	1,370,000	420,000	-	-
Net cash (used in)/generated from investing activities	(176,641,974)	160,700,358	(139,067,511)	48,174,528

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Cash flows from financing activities				
Advances from subsidiaries	-	-	160,218,311	35,641,823
Bank borrowings raised	26,750,000	-	16,750,000	-
Dividends paid to shareholders	(20,721,151)	(25,432,442)	(20,721,151)	(25,432,442)
Dividends paid to non-controlling interests	(497,560)	(4,502,986)	-	-
Repayment of bank borrowings	(12,577,270)	(43,564,689)	-	(42,040,000)
Repayment of hire purchase and finance lease instalments	(536,028)	(1,012,415)	-	-
Refinance of property, plant and equipment	-	810,000	-	-
Repayment to subsidiaries	-	-	(26,402,092)	-
Repurchase of shares	-	(1,695,797)	-	(1,695,797)
Net cash (used in)/generated from financing activities	(7,582,009)	(75,398,329)	129,845,068	(33,526,416)
Net (decrease)/increase in cash and cash equivalents	(140,589,736)	100,355,109	(6,433,883)	8,301,941
Effects of foreign exchange rate changes	219,256	70,639	-	-
	(140,370,480)	100,425,748	(6,433,883)	8,301,941
Cash and bank balances at beginning of year	216,990,227	117,472,034	7,027,612	(1,274,329)
Effects of foreign exchange rate changes	2,458,800	(907,555)	-	-
	219,449,027	116,564,479	7,027,612	(1,274,329)
Cash and bank balances at end of year	79,078,547	216,990,227	593,729	7,027,612
Represented by:				
Cash and bank balances	84,320,569	217,119,089	5,835,751	7,027,612
Bank overdrafts	(5,242,022)	(128,862)	(5,242,022)	-
	79,078,547	216,990,227	593,729	7,027,612

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

1. **Corporate information**

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are disclosed in Note 10 and 11 respectively. There have been no significant change in the nature of these activities during the financial year except for the disposal of Phili-Orient Lines (Penang) Sdn Bhd as disclosed in Note 40.

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 ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2013 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia (RM) 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 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	Effective for annual periods beginning on or after
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
FRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
FRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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

2.2 Changes in accounting policies (cont'd)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

The application of FRS 10 did not affect the accounting for the Group.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

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

2.2 Changes in accounting policies (cont'd)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below: (cont'd)

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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 Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
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
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

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

FRS 9 Financial Instruments

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

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 its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. On 7 August 2013, MASB had further deferred the adoption of the new MFRS Framework to another year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
(ii) Evaluation of any training requirements; and
(iii) Preparation of a conversion plan

The Group has commenced its assessment and planning phase, with work progressing in each of the areas described above. This phase is expected to be completed during the upcoming financial year.

(b) Implementation and review phase

This phase aims to:

(i) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
(ii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework;
(iii) develop disclosures required by the MFRS Framework; and
(iv) develop training programs for the staff

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

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

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

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 involvement with the investee, and

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

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

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

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

(iii) Rights arising from other contractual arrangements; and

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

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

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

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

2.4 Basis of consolidation (cont'd)

Business combinations

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

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

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

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

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

2.6 Investments in associates

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

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

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

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

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

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

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

In the Company's separate financial statements, investments in associates and joint ventures 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. Summary of significant accounting policies (cont'd)

2.7 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) Foreign operations

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

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

2.8 Intangible assets

(a) Goodwill

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

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

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

2.8 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Club membership

Club membership was acquired separately and is carried at cost less accumulated impairment losses.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at cost. Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	Remaining lease term
Buildings	1% - 2%
Plant and machinery	7.5% - 40%
Motor vehicles	10% - 30%
Furniture, fixtures and equipment	10% - 50%

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

2.9 Property, plant and equipment (cont'd)

The residual values, useful life and depreciation method are reviewed for impairment at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2.10 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, 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 losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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 2.9 up to the date of change in use.

2.11 Biological assets

Biological assets comprise initial oil palm plantation development expenditure and subsequent replanting expenditure incurred for land clearing and upkeep of trees to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the estimated useful life of 22 years.

2.12 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.

2.13 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.

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

2.13 Impairment of non-financial assets (cont'd)

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

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.14 Financial assets

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

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

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

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

2.14 Financial assets (cont'd)

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories and not classified as held to maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group's and the Company commit to purchase or sell the asset.

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

2.15 Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables and amounts due from associates, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that 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.

2.17 Land held for property development and property development costs

(a) Land held for property development

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

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

(b) Property development costs

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

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

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

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

2.18 Inventories

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

Cost is determined principally on the weighted average, first-in first-out and specific identification bases appropriate to the type of inventory.

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

2.18 Inventories (cont'd)

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average, first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

2.20 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.21 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.22 Borrowing costs

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

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

2.23 Leases

(a) As lessee

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

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

2.23 Leases (cont'd)

(a) As lessee (cont'd)

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.27(c).

2.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition and the sale is highly probable subject only to terms that are usual and customary.

On initial classification as held for sale, a non-current asset is measured at the lower of its carrying amount and fair value less costs to sell. Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset is measured in accordance with applicable FRSs.

An impairment loss is recognised in the profit or loss for any initial or subsequent write-down of the asset to its fair value less costs to sell. Subsequent increase in fair value less costs to sell is recognised as a gain in the profit or loss to the extent any cumulative impairment loss that has been recognised previously in the profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired with a view to resale.

2.25 Employee benefits

(a) Defined contribution plan

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 Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Termination benefit

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

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

2.25 Employee benefits (cont'd)

(c) Short term benefits

Salaries, wages, allowances, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the profit or loss as and when incurred.

2.26 Discontinued operations

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.27 Revenue

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

(a) Sale of goods

Sale of goods are measured at the fair values of the considerations received or receivable, net of returns and discounts and are recognised in the profit or loss when significant risks and rewards of ownership have been transferred to the customers.

(b) Services rendered

Revenue from services rendered is measured at fair value of the consideration received or receivable and is recognised on an accrual basis when services are rendered.

(c) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(d) Sale of development properties

Property development revenue is recognised in the profit or loss using the percentage of completion method, which is applied in circumstances where the outcome of the development activities can be reliably estimated. The stage of completion is estimated by the proportion of cost incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual development work performed are included as costs incurred to-date.

Where the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable.

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

2.27 Revenue (cont'd)

(e) Dividend income

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

(f) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

(g) Licence fees

Licence fees in respect of club membership received by a subsidiary are recognised on time proportion basis over the licence period commencing from the respective dates of signing the licence agreements to 31 August 2089. Licence fees received and receivable which relate to the unexpired licence period are reflected in the consolidated statement of financial position as deferred income.

2.28 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2.10, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, 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)**

2.28 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

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

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

(c) Sales tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

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

2.29 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 50, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

2.31 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.

2.32 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.

2.33 Fair value measurements

Fair values of financial instruments measured at amortised cost are disclosed in Note 2.14 and 2.20.

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 Company.

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)

2.33 Fair value measurements (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 Company 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) prices in active markets for identical assets or liabilities
- Level 2 — Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 — Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of between investment properties and property, plant and equipment

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on FRS 140 in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

(a) Classification of between investment properties and property, plant and equipment (cont'd)

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production and supply of goods and services or for administrative purposes.

Judgement is also made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of investments in subsidiaries

The Company has carried out the impairment test based on the estimate of the higher of the value-in-use or fair value less cost to sell of the cash-generating units ("CGU") to which the investments in subsidiaries belong to.

Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries of the Company as at 31 December 2013 amounted to RM294,940,275 (2012: RM296,000,883) as disclosed in Note 10.

(b) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2013, the entire goodwill of the Group have been impaired.

(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 loans and receivables at the reporting date is disclosed in Note 17.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Notes 9 and 16.

(e) Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. The total carrying value of unrecognised temporary differences of the Group was RM38,338,992 (2012: RM43,714,312). Further details are disclosed in Note 13.

4. Property, plant and equipment

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Total RM
Group								
At 31 December 2013								
At cost								
At 1 January 2013	3,213,857	20,895,700	500,257	61,748,607	41,057,686	5,509,056	24,910,670	157,835,833
Additions	-	-	-	-	587,534	1,019,765	349,683	1,956,982
Disposals	-	-	-	-	(740,296)	(684,583)	(258,748)	(1,683,627)
Write-off	-	-	-	(96,760)	(251,072)	-	(165,432)	(513,264)
Disposal of subsidiaries	-	-	-	(919,800)	-	(1,786,705)	(2,236,881)	(4,943,386)
Reclassified from assets of disposal group classified as held for sale	-	-	-	228,469	183,398	1,398,350	79,350	1,889,567
Exchange differences	-	-	-	407,260	613,394	30,367	211,871	1,262,892
At 31 December 2013	3,213,857	20,895,700	500,257	61,367,776	41,450,644	5,486,250	22,890,513	155,804,997
Accumulated depreciation								
At 1 January 2013	-	4,289,266	198,386	18,450,714	35,943,934	3,701,301	22,539,692	85,123,293
Charge for the year	-	216,655	11,412	898,578	1,371,951	548,292	880,981	3,927,869
Disposals	-	-	-	-	(722,460)	(684,582)	(258,715)	(1,665,757)
Write-off	-	-	-	-	(250,933)	-	(165,265)	(416,198)
Disposal of subsidiaries	-	-	-	(139,503)	-	(981,117)	(2,152,925)	(3,273,545)
Reclassified from assets of disposal group classified as held for sale	-	-	-	191,112	172,730	1,318,939	72,595	1,755,376
Exchange differences	-	-	-	130,749	526,647	21,286	204,523	883,205
At 31 December 2013	-	4,505,921	209,798	19,531,650	37,041,869	3,924,119	21,120,886	86,334,243
Net carrying amount								
At 31 December 2013	3,213,857	16,389,779	290,459	41,836,126	4,408,775	1,562,131	1,769,627	69,470,754

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

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Total RM
Group								
At 31 December 2012								
At cost								
At 1 January 2012	3,213,857	22,491,911	6,532,484	74,679,598	60,944,415	12,499,807	29,916,728	210,278,800
Additions	-	-	-	1,163,750	1,659,956	1,034,017	687,772	4,545,495
Disposals	-	(1,518,211)	(3,010,163)	(5,473,859)	(1,935,493)	(1,981,422)	(287,415)	(14,206,563)
Write-off	-	-	-	-	(30,254)	(176,001)	(86,596)	(292,851)
Reclassication	-	-	-	4,343,604	(3,683,094)	-	(660,510)	-
Disposal of a subsidiary	-	(78,000)	(3,022,064)	(12,586,091)	(15,384,290)	(4,452,067)	(4,469,164)	(39,991,676)
Reclassified to assets of disposal group classified as held for sale	-	-	-	(212,669)	(207,766)	(1,397,250)	(86,217)	(1,903,902)
Exchange differences	-	-	-	(165,726)	(305,788)	(18,028)	(103,928)	(593,470)
At 31 December 2012	3,213,857	20,895,700	500,257	61,748,607	41,057,686	5,509,056	24,910,670	157,835,833
Accumulated depreciation								
At 1 January 2012	-	4,175,395	1,089,038	15,553,478	49,975,485	7,997,857	26,938,905	105,730,158
Charge for the year	-	235,285	76,859	1,170,757	2,583,819	1,663,234	1,546,446	7,276,400
Disposals	-	(108,807)	(502,430)	(550,806)	(1,922,115)	(1,940,509)	(281,905)	(5,306,572)
Write-off	-	-	-	-	(19,117)	(175,997)	(68,548)	(263,662)
Reclassication	-	-	-	4,343,604	(2,884,415)	-	(660,510)	798,679
Adjustment	-	-	-	46,340	-	-	(845,019)	(798,679)
Disposal of subsidiaries	-	(12,607)	(465,081)	(1,885,924)	(11,361,811)	(2,637,232)	(3,926,813)	(20,289,468)
Reclassified to assets of disposal group classified as held for sale	-	-	-	(174,034)	(171,418)	(1,197,236)	(66,985)	(1,609,673)
Exchange differences	-	-	-	(52,701)	(256,494)	(8,816)	(95,879)	(413,890)
At 31 December 2012	-	4,289,266	198,386	18,450,714	35,943,934	3,701,301	22,539,692	85,123,293
Net carrying amount								
At 31 December 2012	3,213,857	16,606,434	301,871	43,297,893	5,113,752	1,807,755	2,370,978	72,712,540

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

(a) During the financial year, the Group acquired property, plant and equipment amounting to RM1,977,734 (including RM20,752 in Note 21) (2012: RM4,545,495) of which RM396,000 (2012: RM Nil) was financed under hire purchase and finance lease arrangement.

In previous financial year, the Group refinanced its property, plant and equipment with the carrying amount of RM621,237 for an additional drawdown of RM810,000.

The property, plant and equipment of the Group acquired under hire purchase and finance lease are as follows:

	Group	
	2013 RM	2012 RM
At net carrying amount		
Plant and machinery	1,236,704	1,491,379
Motor vehicles	540,808	659,374
	1,777,512	2,150,753

Details of the terms and condition of the hire purchase and finance lease arrangements are disclosed in Note 24.

(b) The property, plant and equipment pledged as securities for banking and other credit facilities granted to the Group are as follows:

	Group	
	2013 RM	2012 RM
At net carrying amount		
Long term leasehold land	16,389,779	16,606,434
Buildings	33,933,908	34,550,827
Motor vehicles	385,973	350,282
Furniture, fixtures and equipment	66,622	76,695
	50,776,282	51,584,238

5. Investment properties

	Group 2013 RM	2012 RM
At fair value		
At 1 January	55,855,500	56,444,500
Additions from acquisition	-	520,126
Disposals	(1,279,000)	(438,000)
Fair value adjustments	6,168,500	(671,126)
At 31 December	60,745,000	55,855,500
Investment properties consist of:		
Freehold land and buildings	52,307,000	45,518,500
Long term leasehold land and buildings	8,438,000	10,337,000
	60,745,000	55,855,500

The fair values of the investment properties at the end of the financial year, are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued.

The investment properties of certain subsidiaries pledged as securities for bank borrowings granted to the Company are as follows:

	Group 2013 RM	2012 RM
At net carrying amount		
Freehold land and buildings	34,850,000	32,948,500
Long term leasehold land and buildings	8,000,000	8,000,000
	42,850,000	40,948,500

The investment properties are carried at Level 2 fair value measurement hierarchy as defined in Note 2.33. There have been no transfers between Level 1 and Level 2 during the reporting year ended 31 December 2013.

6. Biological assets

	Group 2013 RM	Group 2012 RM
Oil palm plantation development expenditure		
Cost		
At 1 January	-	12,000,000
Addition	-	99,276
Reclassified from/(to) assets of disposal group classified as held for sale	12,099,276	(12,099,276)
At 31 December	12,099,276	-
Accumulated amortisation		
At 1 January	-	2,302,852
Amortisation for the year	-	614,093
Reclassified from/(to) assets of disposal group classified as held for sale	3,531,038	(2,916,945)
At 31 December	3,531,038	-
Net carrying amount		
At 31 December	8,568,238	-

7. Land use rights

	Long term leasehold land RM	Short term leasehold land RM	Total RM
Group			
At 31 December 2013			
Cost			
At 1 January 2013	-	602,608	602,608
Reclassified from assets of disposal group classified as held for sale	28,000,000	-	28,000,000
At 31 December 2013	28,000,000	602,608	28,602,608

7. **Land use rights (cont'd)**

	Long term leasehold land RM	Short term leasehold land RM	Total RM
Group			
At 31 December 2013			
Accumulated amortisation			
At 1 January 2013	-	261,131	261,131
Charge for the year	-	20,087	20,087
Reclassified from assets of disposal group classified as held for sale	2,760,476	-	2,760,476
At 31 December 2013	2,760,476	281,218	3,041,694
Net carrying amount			
At 31 December 2013	25,239,524	321,390	25,560,914
Amount to be amortised			
- Not later than one year	480,084	20,087	500,171
- Later than one year but not later than five years	1,920,336	100,435	2,020,771
- Later than five years	22,839,104	200,868	23,039,972
At 31 December 2012			
Cost			
At 1 January 2012	28,000,000	602,608	28,602,608
Reclassified to assets of disposal group classified as held for sale	(28,000,000)	-	(28,000,000)
At 31 December 2012	-	602,608	602,608
Accumulated amortisation			
At 1 January 2012	1,800,308	241,044	2,041,352
Charge for the year	480,084	20,087	500,171
Reclassified to assets of disposal group classified as held for sale	(2,280,392)	-	(2,280,392)
At 31 December 2012	-	261,131	261,131
Net carrying amount			
At 31 December 2012	-	341,477	341,477
Amount to be amortised			
- Not later than one year	-	20,087	20,087
- Later than one year but not later than five years	-	100,435	100,435
- Later than five years	-	220,955	220,955

8. Intangible assets

	Goodwill RM	Club membership RM	Total RM
Group			
Cost			
At 1 January 2012	31,611,490	291,084	31,902,574
Disposal of a subsidiary	(1,669,033)	-	(1,669,033)
Exchange differences	-	(10,093)	(10,093)
At 31 December 2012	29,942,457	280,991	30,223,448
Exchange differences	-	29,033	29,033
At 31 December 2013	29,942,457	310,024	30,252,481
Accumulated impairment			
At 1 January 2012	14,901,272	169,066	15,070,338
Impairment	13,285,515	-	13,285,515
Disposal of subsidiaries	(358,330)	-	(358,330)
Exchange differences	-	(5,862)	(5,862)
At 31 December 2012	27,828,457	163,204	27,991,661
Impairment	2,114,000	-	2,114,000
Exchange differences	-	11,824	11,824
At 31 December 2013	29,942,457	175,028	30,117,485
Net carrying amount			
At 31 December 2012	2,114,000	117,787	2,231,787
At 31 December 2013	-	134,996	134,996

(a) Impairment test for cash-generating unit ("CGU") containing goodwill

The goodwill of the Group arose from business combinations. For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which comprise properties, lighting, plantation and other operating divisions at which the goodwill is monitored. Full impairment loss is made on goodwill of any CGU which is expected to make losses and where the future potential revival of such unit is uncertain.

(b) Impairment testing of goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period or by the fair value of the asset held by asset-based subsidiaries which have not commenced its operations. As at 31 December 2013, the entire goodwill have been impaired.

9. Land held for property development

	Group 2013 RM	Group 2012 RM
Freehold land, at cost		
At 1 January	23,632,213	23,845,160
Addition	-	3,231,451
Transfer to property development costs (Note 16)	(7,736,218)	-
Transfer to associate company	(621,978)	-
Disposal	(7,384,147)	(3,444,398)
At 31 December	7,889,870	23,632,213
Development costs		
At 1 January	2,273,170	3,785,994
Cost incurred during the year	1,005,533	327,286
Transfer to property development costs (Note 16)	(309,245)	-
Transfer to associate company	(19,757)	-
Disposal	(1,419,974)	(1,840,110)
	1,529,727	2,273,170
At 31 December	9,419,597	25,905,383

10. Investment in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares at cost	377,566,719	375,801,880
Less: Accumulated impairment losses	(82,626,444)	(79,800,997)
	294,940,275	296,000,883

Included in investment in subsidiaries of the Company in previous financial year was an entire investment in a subsidiary amounting to RM37,079,042 that was pledged as security for a bank loan (Note 23).

10. Investment in subsidiaries (cont'd)

The subsidiaries, all of which are incorporated in Malaysia, except where indicated, are as follows:

Subsidiaries of the Company	Principal activities	Proportion of ownership interest held by the Group		non-controlling interest	
		2013 %	2012 %	2013 %	2012 %
Davex Holdings Berhad *	Investment holding	100	100	-	-
Devanna Limited * (incorporated in British Virgin Islands)	Investment holding	100	100	-	-
Etika Gangsa Sdn Bhd *	Dormant	100	100	-	-
Fauzi-Lim Plantation Sdn Bhd *	Manage and operate oil palm plantation	100	100	-	-
First Cosmopolitan Sdn Bhd *	Investment holding	100	100	-	-
Ganda Pesona Sdn Bhd *	Provision of accounting, secretarial and insurance agency services	100	100	-	-
Melati Mewah Property Services Sdn Bhd **	Provision of property management services	100	100	-	-
Melati Mewah Sdn Bhd *	Property investment and development	100	100	-	-
Metra Management Sdn Bhd *	Provision of share registration, management and secretarial services	100	100	-	-
Metra Nominees Sdn Bhd **	Provision of nominee services	100	100	-	-
Metra PMC Sdn Bhd **	Provision of property management services	100	100	-	-
MWE Golf & Country Club Berhad *	Management of a golf course and clubhouse and the provision of landscaping services	100	100	-	-
MWE Precast Concrete Sdn Bhd **	Inactive	100	100	-	-

10. Investment in subsidiaries (cont'd)

The subsidiaries, all of which are incorporated in Malaysia, except where indicated, are as follows (cont'd):

Subsidiaries of the Company	Principal activities	Proportion of ownership interest held by the Group 2013 %	the Group 2012 %	non-controlling interest 2013 %	non-controlling interest 2012 %
MWE Properties Sdn Bhd *	Property investment and development, contracting and management agency services	100	100	-	-
MWE Spinning Mills Sdn Bhd *	Investment holding	100	100	-	-
MWE Textile Industries Sdn Bhd *	Renting of its investment properties	100	100	-	-
MWE Weaving Mills Sdn Bhd *	Inactive	100	100	-	-
Prime Achiever Sdn Bhd **	Property development	100	100	-	-
Taka Worldwide Trading Sdn Bhd *	Dormant	100	100	-	-
United Sweethearts Garment Sdn Bhd *	Manufacturing and sale of garments	100	100	-	-
United Sweethearts Garment (Vietnam) Co Ltd ** (incorporated in Vietnam)	Production of garment products for export	100	100	-	-
Versatile Development Sdn Bhd **	Property development	100	100	-	-
Alu-Paste & Pigments Sdn Bhd *	Investment holding	90	90	10	10
Daviscomms (S) Pte Ltd (incorporated in the Republic of Singapore) **	Design, manufacturing and distribution of tele-communication products	68	68	32	32
Daviscomms (Malaysia) Sdn Bhd *	Contract manufacturing of electronic products	68	68	32	32
Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd *	Importing and distributing of trucks	58	48	42	52
Jurangjaya Sdn Bhd **	Property development and property management	60	60	40	40
MWE Tiravest Sdn Bhd *	Property development	60	60	40	40

10. Investment in subsidiaries (cont'd)

The subsidiaries, all of which are incorporated in Malaysia, except where indicated, are as follows (cont'd):

Subsidiaries of the Company	Principal activities	Proportion of ownership interest held by the Group 2013 %	the Group 2012 %	non-controlling interest 2013 %	non-controlling interest 2012 %
MWE Macadam Sdn Bhd **	Building construction	51	51	49	49
Round and Round Pte Ltd ** (incorporated in the Republic of Singapore)	Importing and exporting of electronic power conversion products	51	51	49	49
Phili-Orient Lines (Penang) Sdn Bhd *	Provision of sea freight forwarding services	-	69	-	31
Phili-Orient Airfreight (Penang) Sdn Bhd *	Provision of international air and sea freight forwarding services	-	69	-	31
Phili-Orient Airfreight (Malaysia) Sdn Bhd *	Provision for air and sea freight forwarding services	-	69	-	31

* *Audited by Ernst & Young, Malaysia*

** *Audited by firms other than Ernst & Young*

On 20 August 2013, the Group's subsidiary company, Dongfeng Commercial Vehicle (Malaysia) Sdn Bhd ("DF") allotted an additional 3,000,000 ordinary shares of RM1 each which was fully paid-up by the Company. As a result, DF effectively became a 58% subsidiary of the Group.

At 31 December 2013, impairment losses on value of investment in certain subsidiaries were made based on their net tangible asset values at 31 December 2013. After analysing the past performance of these subsidiaries, the management considered the value of investment in these subsidiaries was not expected to be recoverable in the near future.

The management reviews the carrying amount of the investment in subsidiaries at each reporting date to determine whether there is any indication of impairment. The management's assessment on whether there is an indication is based on external and internal sources of information as well as based on indicative values (value-in-use) calculations. If such indication exists, the recoverable amount of the investment is estimated to determine the impairment loss on the value of such investment.

The recoverable amount is determined based on value-in-use calculations using the approved cash flow projections by the management. Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the investment in subsidiaries to exceed their recoverable amounts.

The non-controlling interest of the Group are not material to the Group. As such, the summarised Statement of Financial Position, Statement of Comprehensive Income and summarised Cash Flows are not presented.

11. Investments in associates

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Quoted shares at cost	187,641,453	-	187,641,453	-
Less: Accumulated impairment losses	(14,010,703)	-	(15,133,453)	-
	173,630,750	-	172,508,000	-
Group's share of post- acquisition reserves and profit	(1,122,750)	-	-	-
	172,508,000	-	172,508,000	-
Unquoted shares at cost	19,484,867	20,196,934	16,747,096	16,747,096
Less: Accumulated impairment losses	-	-	(16,747,095)	(16,747,095)
	19,484,867	20,196,934	1	1
Group's share of post-acquisition reserves and profit	(16,139,596)	(17,189,612)	-	-
	3,345,271	3,007,322	1	1
	175,853,271	3,007,322	172,508,001	1
Market value				
- equity instruments quoted in Malaysia	172,508,000	-	172,508,000	-

11. **Investments in associates (cont'd)**

(a) **Details of the Group's associates are as follows:**

Name of associates	Principal activities	Proportion of ownership interest 2013 %	2012 %
Ribuan Wangsa Sdn Bhd	Property development	50	50
Sun Meridian Global Ltd (incorporated in British Virgin Island)	Operating a textile and apparel manufacturing plant	50	50
Weld Quay Development Sdn Bhd	Property development and investment holding	50	50
Advanced Mobile Services & Solutions Sdn Bhd	Investment holding	36	36
Premier Capital Holdings Sdn Bhd	Investment holding	30	30
Kumpulan Europlus Bhd	Investment holding	25	-
CNT Garments Sdn Bhd	Sewing contractor of textiles and garments	20	20
Airport Automative Workshop Sdn Bhd (dissolved)	Operating of automative vehicle workshop	-	49

All the above companies are incorporated in Malaysia unless otherwise disclosed and are audited by firms other than Ernst & Young and applied the equity method accounting model.

The financial statements of the above associates are coterminous with those of the Group, except for Premier Capital Holdings Sdn Bhd and Kumpulan Europlus Bhd which have a financial year end of 31 March. For the purpose of applying the equity method of accounting, the financial statements of Premier Capital Holdings Sdn Bhd and Kumpulan Europlus Bhd for the year ended 31 January 2013 and 31 March 2013 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2013 and that date. Kumpulan Europlus Bhd had during the year changed its financial year end from 31 January to 31 March.

11. Investments in associates (cont'd)

(b) Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the FRS financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	Kumpulan Europlus Bhd	
	2013	2012
	RM	RM
Non-current assets	322,941,000	-
Current assets	153,184,000	-
Total assets	476,125,000	-
Non-current liabilities	135,000	-
Current liabilities	289,626,000	-
Total liabilities	289,761,000	-
Net assets	186,364,000	-

(ii) Summarised statement of comprehensive income

	Kumpulan Europlus Bhd	
	2013	2012
	RM	RM
Revenue	1,945,000	-
Loss before tax	(7,446,000)	-
Loss for the period	(7,335,000)	-
Other comprehensive income	2,969,000	-
Total comprehensive loss	(4,366,000)	-

* The summarised statements of comprehensive income above was extracted from the date of acquisition of the associate to the financial year end.

11. **Investments in associates (cont'd)**

(b) **Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information represents the amounts in the FRS financial statements of the associate and not the Group's share of those amounts. (cont'd)**

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	Kumpulan Europlus Bhd 2013 RM	2012 RM
Net assets at date of acquisition	190,730,000	-
Loss for the period	(7,335,000)	-
Other comprehensive income	2,969,000	-
Net assets at 31 December	186,364,000	-
Interest in associate	25%	-
Net assets of Group's interest in associate	46,591,000	-
Provisional intangible asset arising from acquisition	120,309,703	-
Goodwill	19,618,000	-
Less: Impairment	(14,010,703)	
Carrying value of Group's interest in associate	172,508,000	-

The fair value of the acquired identifiable intangible assets of RM120 million is provisional.

(c) **Aggregate information of associates that are not individually material**

	Group 2013 RM	2012 RM
The Group's share of profit/(loss) before tax	710,343	(458,424)
The Group's share of profit/(loss) after tax	381,932	(560,718)
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive income	381,932	(560,718)

(d) **Unrecognised share of losses in associates**

	Group 2013 RM	2012 RM
The unrecognised share of loss in associates for the year	(103,282)	(395,061)
Cumulative share of loss in associates	(5,968,240)	(5,864,958)

12. Other investments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Available-for-sale financial assets				
Equity instruments quoted in Malaysia				
- At market value	268,162,525	231,298,551	268,162,520	231,298,546
Equity instruments quoted outside Malaysia				
- At market value	134,595	123,869	134,595	123,869
Unquoted equity instruments at cost	43,070,099	48,841,944	30,581,489	32,773,523
Less: Accumulated impairment losses	(25,546,405)	(28,893,562)	(15,370,855)	(16,627,946)
	17,523,694	19,948,382	15,210,634	16,145,577
	285,820,814	251,370,802	283,507,749	247,567,992
Market value				
- equity instruments quoted in Malaysia	268,162,525	231,298,551	268,162,520	231,298,546
- equity instruments quoted outside Malaysia	134,595	123,869	134,595	123,869
	268,297,120	231,422,420	268,297,115	231,422,415

The directors review the carrying amounts of other investments at each reporting date to determine whether there is any indication of impairment. The directors' assessment on whether there is an indication is mainly based on the latest available financial statements of these investee companies. If such indication exists, the recoverable amounts of these investments are estimated based on the sources of information available to directors to determine impairment loss of these investments.

Included in the other investments of the Group and of the Company are quoted investments of RM208,651,040 (2012: RM230,440,547) pledged to the bank for banking facilities granted to the Company.

Impairment losses

During the financial year, the Group and the Company recognised impairment losses of RM166,938 (2012: RM2,833,674) and RM166,938 (2012: RM1,424,029) for unquoted equity instruments carried at cost respectively as these investments have been consecutively incurring losses for a prolonged period. The Group and the Company treats "prolonged" as greater than 24 months.

13. Deferred tax

	Group 2013 RM	Group 2012 RM
At 1 January	(1,732,200)	(1,025,768)
Recognised in profit or loss (Note 36)	(155,551)	209,151
Disposal of a subsidiary	-	(905,007)
Exchange differences	(1,149)	(10,576)
At 31 December	(1,888,900)	(1,732,200)
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	-
Deferred tax liabilities	(1,888,900)	(1,732,200)
	(1,888,900)	(1,732,200)

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

Deferred tax assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM	Others RM	Total RM
At 1 January 2013	1,665,753	18,378	1,684,131
Recognised in profit or loss	(1,505,972)	34,720	(1,471,252)
Exchange differences	-	(1,149)	(1,149)
At 31 December 2013	159,781	51,949	211,730
At 1 January 2012	1,504,508	1,140,517	2,645,025
Recognised in profit or loss	161,245	(190,769)	(29,524)
Disposal of a subsidiary	-	(920,183)	(920,183)
Exchange differences	-	(11,187)	(11,187)
At 31 December 2012	1,665,753	18,378	1,684,131

13. Deferred tax (cont'd)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Land held for property development RM	Investment properties RM	Total RM
At 1 January 2013	(702,876)	(1,501,318)	(1,212,137)	(3,416,331)
Recognised in profit or loss	23,524	1,501,318	(209,141)	1,315,701
At 31 December 2013	(679,352)	-	(1,421,278)	(2,100,630)
At 1 January 2012	(957,338)	(1,501,318)	(1,212,137)	(3,670,793)
Recognised in profit or loss	238,675	-	-	238,675
Disposal of a subsidiary	15,176	-	-	15,176
Exchange differences	611	-	-	611
At 31 December 2012	(702,876)	(1,501,318)	(1,212,137)	(3,416,331)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2013 RM	Group 2012 RM
Unused tax losses	34,357,148	38,921,113
Unabsorbed capital allowances	2,916,285	3,368,976
Other deductible temporary differences	1,065,559	1,424,223
	38,338,992	43,714,312

Unused tax losses

At the reporting date, the Group has tax losses of approximately RM34,357,148 (2012: RM38,921,113) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for 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. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences (2012: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

14. Amount due from/(to) subsidiaries

	Company 2013 RM	Company 2012 RM
Non-current		
Loan to subsidiaries	2,402,210	3,629,918
Current		
Amount due from subsidiaries	29,793,891	33,842,846
Less: Allowance for impairment	(10,506,863)	(10,455,242)
	19,287,028	23,387,604
Current		
Amount due to subsidiaries	(177,473,975)	(43,657,756)

(a) Amount due from subsidiaries

The loan to subsidiaries and amount due from subsidiaries are unsecured. The former are not expected to be repaid within the next 12 months while the latter are repayable on demand.

The amount due from subsidiaries was earning effective interest rates of between 4.20% and 6.43% (2012: 4.20% and 6.43%) per annum.

(b) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

15. Inventories

	Group 2013 RM	Group 2012 RM
Cost		
Raw materials	17,596,817	15,464,704
Work-in-progress	9,354,073	8,422,316
Finished goods	2,219,906	1,235,176
Consumable stores and spares	6,061,185	5,087,975
Commercial trucks held for sale	4,431,342	5,933,105
Inventories of completed development units	1,143,390	1,143,390
	40,806,713	37,286,666
Net realisable value		
Commercial trucks held for sale	100,000	132,000
	40,906,713	37,418,666

15. Inventories (cont'd)

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM219,188,219 (2012: RM316,049,270).

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of committed sales prices.

Inventories are reviewed on a regular basis and the Group will write-down excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories which are specifically affected by such factors, and additional write-down for slow moving inventories may be required.

Inventories pledged to bank for banking facilities granted to a subsidiary are as follows:

	Group	
	2013 RM	2012 RM
Consumable stores and spares	5,787,832	5,087,974
Commercial trucks held for sale	4,531,342	6,065,105
	10,319,174	11,153,079

16. Property development costs

	Group	
	2013 RM	2012 RM
At 1 January		
Freehold land, at cost	-	6,086,400
Leasehold land, at cost	16,443,832	16,443,832
Development costs	95,465,132	89,772,281
	111,908,964	112,302,513
Add: Development costs incurred	-	5,737,324
Transfer from land held for property development (Note 9)		
- freehold land	7,736,218	-
- development costs	309,245	-
	119,954,427	118,039,837
Less: Costs transferred to associated company	-	(6,130,873)
Less: Costs recognised as an expense in the profit or loss		
- Recognised in previous financial years	(111,905,423)	(105,601,473)
- Recognised during the year (Note 31)	-	(6,303,950)
	(111,905,423)	(111,905,423)
At 31 December	8,049,004	3,541

16. Property development costs (cont'd)

The Group recognises property development activities based on the percentage of completion method. The stage of completion of the property development activities is determined by the proportion of the actual development costs incurred to-date bear to estimated total costs.

17. Trade and other receivables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Third parties	37,027,910	36,458,138	-	-
Less: Allowance for impairment	(4,498,320)	(5,596,588)	-	-
Trade receivables, net	32,529,590	30,861,550	-	-
Other receivables				
Third parties	27,931,401	49,843,765	1,758,022	1,288,353
Less: Allowance for impairment	(12,919,906)	(12,888,432)	(428,275)	(1,281,937)
Other receivables, net	15,011,495	36,955,333	1,329,747	6,416
Deposits	686,830	927,103	4,500	4,500
	15,698,325	37,882,436	1,334,247	10,916
Total trade and other receivables	48,227,915	68,743,986	1,334,247	10,916
Add: Cash and bank balances (Note 19)	84,320,569	216,418,450	5,835,751	7,027,612
Add: Amount due from subsidiaries (Note 14)	-	-	21,689,238	27,017,522
Add: Amount due from associates (Note 18)	18,104,278	16,417,011	-	-
Total loans and receivables	150,652,762	301,579,447	28,859,236	34,056,050

Trade receivables comprise amounts receivable from progress billings made to customers on contract works performed, sale of goods and services rendered to customers, sale of development properties, rental receivable from tenants and retention sums receivable. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are granted credit periods of 7 to 180 (2012: 7 to 120) days.

Other receivables and deposits are from the normal business transactions of the Group.

The collectibility of receivables is assessed on an ongoing basis. Allowance for impairment is made for any receivables when there is objective evidence that an impairment loss has been incurred.

The allowance for impairment is made based on a review of all outstanding amounts as at the reporting date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

17. Trade and other receivables (cont'd)

Ageing analysis of trade receivables

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

	Group 2013 RM	Group 2012 RM
Neither past due nor impaired	19,203,529	25,906,469
1 to 30 days past due not impaired	6,326,937	1,737,321
31 to 60 days past due not impaired	4,971,572	1,586,970
61 to 90 days past due not impaired	758,745	1,241,455
91 to 120 days past due not impaired	424,700	100,739
More than 121 days past due not impaired	844,107	288,596
	13,326,061	4,955,081
Impaired	4,498,320	5,596,588
Total	37,027,910	36,458,138

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM13,326,061 (2012: RM4,955,081) that are past due at the reporting date but not impaired and are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired 2013 RM	Group Individually impaired 2012 RM
Trade receivables - nominal amounts	4,498,320	5,596,588
Less : Allowance for impairment	(4,498,320)	(5,596,588)
	-	-

17. Trade and other receivables (cont'd)

Movement in allowance accounts - trade receivables

	Group 2013 RM	Group 2012 RM
At 1 January	5,596,588	5,972,787
Charge for the year (Note 35)	496,511	265,713
Written off	(21,508)	(37,268)
Reversal of impairment losses (Note 33)	(53,879)	(362,849)
Disposal of subsidiaries	(1,540,427)	(243,077)
Exchange differences	21,035	1,282
At 31 December	4,498,320	5,596,588

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables that are impaired

At the reporting date, the Group and the Company have provided an allowance of RM12,919,906 (2012: RM12,888,432) and RM428,275 (2012: RM1,281,937) respectively for impairment of the unsecured advances given to third parties.

Movement in allowance accounts - other receivables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 January	12,888,432	11,916,058	1,281,937	2,171,066
Charge for the year (Note 35)	400,467	2,074,522	23,787	21,919
Impairment recovered (Note 33)	(877,449)	(362,389)	(877,449)	(362,389)
Written off	-	(548,659)	-	(548,659)
Exchange differences	508,456	(191,100)	-	-
At 31 December	12,919,906	12,888,432	428,275	1,281,937

18. Amount due from/(to) associates

	Group 2013 RM	Group 2012 RM
Amount due from associates	19,672,178	17,845,311
Less: Allowance for impairment	(1,567,900)	(1,428,300)
	18,104,278	16,417,011
Amount due to associate	(440,565)	(427,691)

The amount due from/(to) the associates is unsecured, non-interest bearing and repayable on demand.

19. Cash and bank balances

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash on hand and at banks	62,395,379	192,519,911	3,320,702	3,839,115
Deposits with				
- Licensed banks in Malaysia	11,260,828	12,908,804	2,515,049	3,188,497
- Foreign banks	10,664,362	11,690,374	-	-
	84,320,569	217,119,089	5,835,751	7,027,612
Reclassified to assets of disposal group classified as held for sale (Note 21)	-	(700,639)	-	-
	84,320,569	216,418,450	5,835,751	7,027,612

Included in cash and bank balances of the Group are the following monies for specific purposes:

- amounts of RM663,871 (2012: RM493,721) maintained in a housing development accounts by certain subsidiaries in accordance with Part III, Section 7A of the Housing Development (Control and Licensing) Act 1966 (Act 118) & Regulations.

- amounts of RM12,124 (2012: RM65,388) placed in trust accounts pursuant to Clauses 11.01, 12.02 and 13.01 of the Trust Deed entered into by a subsidiary with AmTrustee Berhad and Licensees of Monterez Golf & Country Club Bhd.

19. Cash and bank balances (cont'd)

The effective interest rates of the deposits are as follows:

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Licensed banks in Malaysia	2.25 - 3.20	1.89 - 3.70	2.75 - 3.20	2.70 - 3.10
Foreign banks	6.00 - 9.00	6.50 - 7.00	-	-

All the deposits have maturity periods of less than one year.

Fixed deposits amounting to RM1,433,750 (2012: RM2,426,081) and NIL (2012: RM188,497) of the Group and of the Company specifically are pledged as securities for bank guarantees and other credit facilities granted to the Group and the Company.

Included in fixed deposits of the Group is an amount of RM295,779 (2012: RM244,337) placed in trust accounts pursuant to Clauses 12.02 and 13.01 of the Trust Deed entered into by a subsidiary with AmTrustee Berhad and Licensees of Monterez Golf & Country Club Bhd.

20. Derivatives

	Group			
	2013		2012	
	Contract/ Notional Amount RM	Assets RM	Contract/ Notional Amount RM	Assets RM
Non-hedging derivatives				
Current				
Forward currency contracts	390,720	2,520	-	-
Total held for trading financial assets		2,520		-

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

Forward currency contracts are used to manage the transaction exposure of the Group's receivables denominated in United States Dollars (USD) for which firm commitments existed at the reporting date, extending to January 2014 (Note 48(d)).

During the financial year, the Group recognised a gain of RM2,520 (2012: Nil) arising from fair value changes of derivative. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 47.

21. Assets and liabilities of disposal group classified as held for sale

In February 2013, the Company entered into a Sales and Purchase agreement to dispose its 100% owned subsidiaries, Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd ("Plantation group") which was previously reported in the plantation segment. The decision is consistent with the Group's strategy to focus on its core businesses and to dispose companies which are either loss making and non-core to the Group's main business activities.

As at 31 December 2012, the assets and liabilities related to the Plantation group have been presented in the statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". As the Group may have the intention in the future to venture back into the plantation segment when deemed feasible, the results of the plantation segment was not disclosed as a discontinued operation.

During the year, the Company entered into a Rescission Agreement with the Purchaser to mutually terminate the Sale and Purchase Agreement for the disposal of 100% equity interest in Plantation group.

As at 31 December 2013, the Group reclassified the "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" to its assets or liabilities of the Group as it is uncertain that the proposed sale is highly probable to complete within the next twelve months.

Statements of financial position disclosures

The assets and liabilities of the disposal group classified as held for sale on the statement of financial position as at 31 December 2013 and 2012 are as follows:

	Group	
	2013 RM	2012 RM
Assets of disposal group classified as held for sale		
Property, plant and equipment (Note 4)	-	294,229
Biological assets (Note 6)	-	9,182,331
Land use rights (Note 7)	-	25,719,608
Inventories	-	187,607
Trade and other receivables	-	391,672
Prepayments	-	59,199
Cash and bank balances (Note 19)	-	700,639
	-	36,535,285
Liabilities directly associated with disposal group classified as held for sale		
Trade and other payables	-	(497,626)
Loans and borrowings	-	(82,192)
	-	(579,818)
Net assets directly associated with disposal group classified as held for sale	-	35,955,467

21. Assets and liabilities of disposal group classified as held for sale (cont'd)

	Property plant and equipment RM	Biological assets RM	Land use rights RM
Group			
At cost			
At 1 January 2013	1,903,902	12,099,276	28,000,000
Additions	20,752	-	-
Write-off	(35,087)	-	-
Reclassified to			
- property, plant and equipment	(1,889,567)	-	-
- biological assets	-	(12,099,276)	-
- land use rights	-	-	(28,000,000)
At 31 December 2013	-	-	-
Accumulated depreciation/amortisation			
At 1 January 2013	1,609,673	2,916,945	2,280,392
Charge for the year	174,296	614,093	480,084
Write-off	(28,593)	-	-
Reclassified to			
- property, plant and equipment	(1,755,376)	-	-
- biological assets	-	(3,531,038)	-
- land use rights	-	-	(2,760,476)
At 31 December 2013	-	-	-

22. Trade and other payables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables				
Third parties	13,704,935	15,729,607	-	-
Other payables				
Other payables	13,897,458	8,230,360	5,474,352	-
Deposits	3,527,832	4,671,755	-	100,000
Accruals	13,632,043	16,128,405	3,810,826	3,679,429
	31,057,333	29,030,520	9,285,178	3,779,429
Total trade and other payables	44,762,268	44,760,127	9,285,178	3,779,429
Add: Amount due to subsidiaries (Note 14)	-	-	177,473,975	43,657,756
Add: Amount due to associates (Note 18)	440,565	427,691	-	-
Add: Loans and borrowings (Note 23)	138,182,117	121,552,787	132,342,022	110,350,000
Total financial liabilities carried at amortised cost	183,384,950	166,740,605	319,101,175	157,787,185

(a) Trade payables

Trade payables comprise amounts outstanding from trade purchases.

The normal credit periods granted by trade suppliers and sub-contractors are between 7 and 180 (2012: 7 and 120) days.

(b) Other payables, deposits and accruals

Other payables, deposits and accruals are from the normal business transactions of the Group. These amounts are non-interest bearing and are normally settled on an average term of 15 to 120 (2012: 30 to 60) days.

Included in other payables is RM5,374,071 of potential damages payable for an alleged breach of contract with interest accumulated at 4% per annum received by the Company on 7 January 2013. On 4 November 2011, the Group was summoned to pay damages to the Plaintiff of which was subsequently appealed at the Court of Appeal and granted in favour of the Group on 7 January 2013. The Plaintiff had on 13 May 2013 filed an appeal to the Federal Court of which the hearing was fixed on 24 April 2014.

23. Loans and borrowings

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current				
Secured:				
Obligations under finance lease (Note 24)	476,456	455,623	-	-
Bankers' acceptances and trust receipts	-	2,402,000	-	-
Bank overdrafts	5,242,022	128,862	5,242,022	-
Revolving credit	77,600,000	50,850,000	77,100,000	50,350,000
Term loans	6,389,622	10,558,001	6,000,000	10,000,000
	89,708,100	64,394,486	88,342,022	60,350,000
Unsecured:				
Revolving credit	1,300,000	1,300,000	-	-
	91,008,100	65,694,486	88,342,022	60,350,000
Non-current				
Secured:				
Obligations under finance lease (Note 24)	1,035,389	1,310,782	-	-
Term loans	46,138,628	54,547,519	44,000,000	50,000,000
	47,174,017	55,858,301	44,000,000	50,000,000
Total loans and borrowings	138,182,117	121,552,787	132,342,022	110,350,000

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

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
On demand or within one year	91,008,100	65,694,486	88,342,022	60,350,000
More than 1 year and less than 2 years	24,870,602	27,573,217	24,000,000	26,000,000
More than 2 years and less than 5 years	21,302,675	26,503,154	20,000,000	24,000,000
5 years or more	1,000,740	1,781,930	-	-
	138,182,117	121,552,787	132,342,022	110,350,000

23. Loans and borrowings (cont'd)

The effective interest rates per annum of the bank borrowings are as follows:

	Group		Company	
	2013	2012	2013	2012
	%	%	%	%
Bankers' acceptances and trust receipts	1.75 - 3.27	4.91 - 5.52	-	-
Bank overdrafts	7.60 - 8.85	7.60 - 8.85	7.60	7.60
Revolving credit	4.49 - 5.76	4.28 - 5.27	4.49 - 4.75	4.28 - 5.20
Term loan	4.60 - 4.63	4.60 - 5.60	4.60	4.60 - 5.60

The secured bankers' acceptances, trust receipts, bank overdrafts and revolving credit of the Group and of the Company are secured by certain assets of the Group as disclosed in Note 4(b), Note 5, Note 10, Note 12 and Note 15.

The term loans of the subsidiaries are secured by freehold and leasehold properties as well as fixed and floating charges over the assets of these subsidiaries.

The term loans of the Company are secured by the following:
(a) Third party fixed charge over the leasehold lands, buildings and investment properties of certain subsidiaries as disclosed in Note 4(b) and Note 5.
(b) Charge over all shares of a subsidiary in previous financial year.
(c) Charge over certain equity instruments as disclosed in Note 12.

Other information on financial risks of borrowings are disclosed in Note 48.

24. Finance lease commitments

	Group	
	2013	2012
	RM	RM
Minimum lease payments		
Not later than 1 year	556,062	562,818
Later than 1 year and not later than 2 years	532,676	527,171
Later than 2 years and not later than 5 years	574,004	878,050
Later than 5 years	-	24,789
Total future minimum lease payments	1,662,742	1,992,828
Less: Future finance charges	(150,897)	(226,423)
Present value of minimum lease payments	1,511,845	1,766,405

24. Finance lease commitments (cont'd)

	Group 2013 RM	2012 RM
Analysis of present value of finance lease liabilities		
Not later than 1 year	476,456	455,623
Later than 1 year and not later than 2 years	491,306	457,215
Later than 2 years and not later than 5 years	544,083	829,151
Later than 5 years	-	24,416
	1,511,845	1,766,405
Less: Amount due within 12 months (Note 23)	(476,456)	(455,623)
Amount due after 12 months (Note 23)	1,035,389	1,310,782

The effective interest rates of the hire purchase and finance lease liabilities are between 2.36% and 4.00% (2012: 2.22% and 4.75%) per annum. These finance lease liabilities are secured by a charge over the leased assets (Note 4).

25. Deferred income

Deferred income represents club membership licence fees received in advance by a subsidiary. The licence fees received are recognised in the statements of comprehensive income on a time proportion basis over the licence period.

26. Share capital

	Number of ordinary shares of RM1 each 2013	2012	Amount 2013 RM	2012 RM
Authorised				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January/31 December	231,559,015	231,559,015	231,559,015	231,559,015

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 residual assets.

27. Reserves

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable				
Share premium account	23,586,099	23,586,099	23,586,099	23,586,099
Exchange translation reserve	4,000,826	453,688	-	-
Capital reserve	4,156	704,156	-	-
Revaluation reserve	3,636,411	3,636,411	-	-
Fair value reserve	144,946,998	110,722,742	144,946,998	110,722,742
	176,174,490	139,103,096	168,533,097	134,308,841
Distributable				
Retained earnings	222,538,194	228,720,468	64,869,012	58,090,070
	398,712,684	367,823,564	233,402,109	192,398,911

(a) Exchange translation reserve

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

(b) Capital reserve

The capital reserve represents the bonus shares issued by certain subsidiaries from the capitalisation of subsidiaries' post-acquisition reserves.

(c) Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) Revaluation reserve

Revaluation reserve represents the cumulative fair value changes, net of tax, of a subsidiary's property, plant and equipment carried at cost less accumulated depreciation prior to its transfer to investment property which is carried at fair value.

28. Treasury shares

	2013 RM	2012 RM
At 1 January	1,930,638	234,841
Shares purchased during the year	-	1,695,797
At 31 December	1,930,638	1,930,638

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

The Company repurchased 355,000 ordinary shares in the year 2005 for a total consideration of RM234,841 from the open market at prices ranging from RM0.65 to RM0.67 per share.

During the previous financial year, the Company repurchased totalling 969,000 ordinary shares at a total consideration of RM1,695,797 from the open market at prices ranging from RM1.68 to RM1.80 per share.

The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividend and participation in other distribution.

As at 31 December 2013, the number of treasury shares held is 1,324,000 (2012: 1,324,000) ordinary shares.

29. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2013 and 31 December 2012 under the single tier system.

30. Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sale of goods	263,036,892	414,971,908	-	-
Rendering of services	8,490,751	8,890,066	-	-
Revenue from sale of development properties	-	9,037,979	-	-
Sales of properties	10,246,651	6,239,568	-	-
Rental income from				
- investment properties	4,398,970	4,945,857	-	-
- others	39,600	94,267	-	-
Profit from project	1,095,532	813,961	-	-
Dividend income				
- subsidiaries	-	-	41,300,000	48,500,000
- equity instruments (quoted in Malaysia)	13,262,312	10,592,495	13,262,312	10,592,495
- equity instruments (quoted outside Malaysia)	360,357	3,877	360,357	3,877
	300,931,065	455,589,978	54,922,669	59,096,372

31. Cost of sales

	Group	
	2013 RM	2012 RM
Cost of goods sold	219,188,219	316,049,270
Cost of services rendered	9,327,450	9,167,912
Direct operating costs relating to rental income of investment properties	1,854,192	2,457,433
Cost of properties sold (Note 9)	8,804,121	5,284,508
Cost of development properties sold (Note 16)	-	6,303,950
	239,173,982	339,263,073

32. Interest income

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income from				
- subsidiaries	-	-	1,234,589	1,092,838
- licensed institutions	3,174,221	2,736,269	2,031,187	127,513
	3,174,221	2,736,269	3,265,776	1,220,351

33. Other income

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Bad debts recovered	21,218	319,879	-	286,702
Fair value adjustment on investment property	6,168,500	-	-	-
Fair value gain on derivative assets	2,520	-	-	-
Gain on disposal of property, plant and equipment	33,050	5,442,875	-	-
Gain on disposal of investment property	91,000	-	-	-
Gain on disposal of subsidiaries	-	117,482,762	-	-
Gain on realised foreign exchange	275,303	-	23,804	-
Rental income	665,120	281,021	-	-
Reversal of impairment loss on:				
- trade receivables	53,879	362,849	-	-
- other receivables	877,449	362,389	877,449	362,389
- advances to subsidiaries	-	-	-	50,000
Unwinding of discount on advances to subsidiaries	-	-	264,831	351,459
Other income	3,458,121	2,445,036	74,652	-
	11,646,160	126,696,811	1,240,736	1,050,550

34. Finance costs

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest expense on:				
- bank borrowings	4,928,078	7,301,987	3,516,710	5,656,688
- obligation under finance leases	104,900	185,968	-	-
	5,032,978	7,487,955	3,516,710	5,656,688

35. Profit before tax from continuing operations

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

	Group			
	Continuing operations		Discontinued operations	
	2013 RM	2012 RM	2013 RM	2012 RM
Employee benefits expense (Note 42)	57,762,012	77,259,412	2,923,711	3,214,059
Amortisation of biological assets (Note 6 and 21)	614,093	614,093	-	-
Amortisation of land use rights (Note 7 and 21)	500,171	500,171	-	-
Auditors' remuneration:				
- current year	254,935	389,706	12,000	18,300
- under/(over) provision in prior year	4,180	(85,828)	20	(420)
- other services	5,000	5,000	-	-
Bad debts recovered	(21,218)	(319,879)	-	(5,000)
Bad debts written off	49,559	4,863,844	-	-
Depreciation of property, plant and equipment (Note 4 and 21)	3,825,855	6,917,757	276,310	358,643
Fair value adjustment for investment property (Note 5)	(6,168,500)	671,126	-	-
Impairment of goodwill (Note 8)	2,114,000	13,285,515	-	-
Impairment loss on				
- trade receivables	496,511	237,820	-	27,893
- other receivables	400,467	2,074,522	-	-
- associates	139,600	278,300	-	-
- unquoted equity investments	166,938	2,833,674	-	-
- investment in associates	14,010,703	-	-	-
Loss/(Gain) on disposal of subsidiaries	1,200,986	(117,482,762)	-	-
Net fair value (gain)/loss on derivative assets/ liabilities	(2,520)	6,170	-	-
Net gain on disposal of property, plant and equipment	(33,050)	(5,442,875)	(67,139)	(2,025,758)
Net (gain)/loss on disposal of investment property	(91,000)	18,000	-	-
Net (gain)/loss on foreign exchange				
- realised	(260,405)	5,602,073	(14,898)	(84,232)
- unrealised	256,534	417,256	-	(33,049)

35. Profit before tax from continuing operations (cont'd)

The following amounts have been included in arriving at profit before tax (cont'd) :

	Group			
	Continuing operations		Discontinued operations	
	2013	2012	2013	2012
	RM	RM	RM	RM
Operating leases				
- rental of equipment	-	360	36,628	45,857
- rental of land	1,265,049	1,479,055	-	-
- rental of machinery	89,247	83,111	-	-
- rental of premises	1,792,669	2,800,216	318,019	166,495
- rental of vehicles	-	-	103,939	117,659
Property, plant and equipment written off	103,560	29,189	-	-
Write-down of inventories	193,530	737,160	-	-
Write-off of investment in unquoted equity instruments	1	-	-	-

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

	Company	
	2013	2012
	RM	RM
Employee benefits expense (Note 42)	28,500	26,500
Auditors' remuneration:		
- current year	45,000	39,400
- under provision in prior year	5,600	-
- other services	5,000	5,000
Bad debts written off	-	4,666,803
Impairment loss on		
- advances to subsidiaries	51,621	115,948
- other receivables	23,787	21,919
- investment in subsidiaries	2,825,447	16,546,671
- investment in associates	15,133,453	-
- unquoted equity investment	166,938	1,424,029
Net realised gain on foreign exchange	(23,804)	-

36. Income tax expense

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current income tax:				
Malaysian income tax	3,408,158	9,519,303	7,919,000	4,282,000
Foreign tax	1,492,519	3,742,119	-	-
	4,900,677	13,261,422	7,919,000	4,282,000
Overprovision in prior years:				
Malaysian income tax	(585,053)	(1,322,345)	(67,740)	(464,604)
Foreign tax	(70,492)	(119,765)	-	-
	4,245,132	11,819,312	7,851,260	3,817,396
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	129,991	(216,149)	-	-
Under provision in prior years	25,560	6,998	-	-
	155,551	(209,151)	-	-
Income tax attributable to continuing operations	4,400,683	11,610,161	7,851,260	3,817,396
Income tax attributable to discontinued operations (Note 37)	108,254	78,704	-	-
Income tax expense recognised in profit or loss	4,508,937	11,688,865	7,851,260	3,817,396

36. Income tax expense (cont'd)

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

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax from continuing operations	21,380,311	152,366,375	35,351,353	30,761,928
(Loss)/Profit before tax from discontinued operations	(942,080)	1,229,127	-	-
Accounting profit before tax	20,438,231	153,595,502	35,351,353	30,761,928
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	5,109,558	38,398,876	8,837,838	7,690,482
Expenses not deductible for tax purposes	6,889,922	9,347,673	5,071,346	6,487,096
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	24,500	386,444	-	-
Income not subject to tax	(3,974,708)	(31,909,200)	(5,990,184)	(9,895,578)
Utilisation of previously unrecognised deductible temporary differences	(1,368,331)	(702,983)	-	-
Tax effect of differences in tax rate	(1,982,159)	(2,301,969)	-	-
(Over)/Under provision of tax expense in prior years				
- continuing operations	(655,545)	(1,442,110)	(67,740)	(464,604)
- discontinued operations	57,826	(7,124)	-	-
Underprovision of deferred tax in prior years	25,560	6,998	-	-
Share of results of associates	382,314	(87,740)	-	-
Income tax expense recognised in profit or loss	4,508,937	11,688,865	7,851,260	3,817,396

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

37. Discontinued operation

On 28 October 2013, the Company announced the disposal of one of its 69% owned subsidiary, Phili-Orient Lines (Penang) Sdn Bhd ("POLP") which was previously reported in the other operations segment. The decision is consistent with the Group's strategy to focus on its core businesses and to dispose companies which are either loss making and non-core to the Group's main business activities. The disposal of POLP was completed on 3 December 2013.

As at 31 December, POLP results are presented separately on the statement of comprehensive income as "Loss from discontinued operation, net of tax".

Statements of comprehensive income disclosures

The results of POLP for the years ended 31 December are as follows:

	Group	
	2013 RM	2012 RM
Gross revenue	35,657,639	43,073,728
Cost of sales	(31,467,438)	(38,635,788)
Gross profit	4,190,201	4,437,940
Interest income	21,346	24,545
Other income	168,798	2,109,906
Administrative and other expenses	(4,930,211)	(5,057,429)
Marketing and distribution	(363,028)	(232,795)
(Loss)/Profit from operations	(912,894)	1,282,167
Finance costs	(29,186)	(53,040)
(Loss)/Profit before tax	(942,080)	1,229,127
Tax expense	(108,254)	(78,704)
(Loss)/Profit after tax	(1,050,334)	1,150,423

38. Earnings per share

(a) Basic

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, excluding treasury shares held by the Company.

	2013 RM	2012 RM
Number of ordinary shares at 31 December	231,559,015	231,559,015
Less: Number of treasury shares held at 31 December	(1,324,000)	(1,324,000)
	230,235,015	230,235,015

(b) Diluted

The Company has no potential dilutive event.

39. Dividends

	Company 2013 RM	2012 RM
Recognised during the year		
Second Interim dividend for 2011: 5% single tier on 231,204,015 ordinary shares declared on 24 February 2012 and paid on 30 March 2012 (5 sen per ordinary share)	-	11,560,201
Interim dividend for 2012: 6% tax exempt single tier on 231,204,015 ordinary shares declared on 16 August 2012 and paid on 24 September 2012 (6 sen per ordinary share)	-	13,872,241
Second interim dividend for 2012: 4% single tier and a special dividend of 5% single tier on 230,235,015 ordinary shares declared on 28 February 2013 and paid on 2 April 2013 (9 sen per ordinary share)	20,721,151	-
	20,721,151	25,432,442
Net dividend per ordinary share (sen)	9.00	11.00

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2013, of 2% on 230,235,015 ordinary shares, amounting to a dividend payable of RM4,604,700 (2 sen per ordinary shares) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

40. Analysis of disposal of subsidiaries

During the financial year, the subsidiary of the Company, Davex Holdings Berhad disposed its entire shareholding of 1,832,550 ordinary shares of RM1 each in Phili-Orient Lines (Penang) Sdn Bhd, representing 69% equity interest for a total consideration of RM3,573,473.

In the previous financial year, the subsidiary of the Company, Davex Holdings Berhad disposed its entire shareholding of 5,014,000 ordinary shares of RM1 each in Davex (Malaysia) Sdn Bhd, representing 93% equity interest for a total consideration of RM170,297,327.

40. Analysis of disposal of subsidiaries (cont'd)

The effects of disposal of the subsidiaries on the consolidated net profit, the consolidated financial position and the consolidated statement of cash flows are as follows:

(i) Effect on consolidated net profit

	Group	
	2013 RM	2012 RM
Gross revenue	35,657,639	163,141,774
Cost of sales	(31,467,438)	(99,649,946)
Gross profit	4,190,201	63,491,828
Interest income	21,346	416,931
Other income	168,798	1,078,878
Administrative expenses	(4,930,211)	(21,806,821)
Marketing and distribution	(363,028)	(11,969,144)
Profit from operations	(912,894)	31,211,672
Finance costs	(29,186)	(62,000)
Profit before tax	(942,080)	31,149,672
Tax expense	(108,254)	(6,422,156)
Profit after tax	(1,050,334)	24,727,516
Non-controlling interest	328,803	(1,716,424)
Decrease in Group's net profit	(721,531)	23,011,092

(ii) Effect on consolidated financial position

	Group	
	2013 RM	2012 RM
Non-current assets	1,669,839	21,310,040
Current assets	11,164,928	82,970,577
Non-current liabilities	-	(567,569)
Current liabilities	(4,865,588)	(47,703,498)
	7,969,179	56,009,550
Non-controlling interest	(2,494,720)	(3,887,818)
Decrease in Group's share of net assets	5,474,459	52,121,732

40. Analysis of disposal of subsidiaries (cont'd)

The effects of disposal of the subsidiaries on the consolidated net profit, the consolidated financial position and the consolidated statement of cash flows are as follows (cont'd):

(iii) Effect on consolidated statement of cash flows

	Group	
	2013 RM	2012 RM
Non-current assets	1,669,839	21,310,040
Current assets	11,164,928	82,970,577
Non-current liabilities	-	(567,569)
Current liabilities	(4,865,588)	(47,703,498)
Non-controlling interest	(2,494,720)	(3,887,818)
Net assets disposed	5,474,459	52,121,732
Attributable goodwill	-	623,056
Exchange reserve	-	(2,918,870)
Transfer from capital reserve	(700,000)	-
	4,774,459	49,825,918
Total disposal proceeds	3,573,473	167,308,680
(Loss)/Gain on disposal to the Group	(1,200,986)	117,482,762
Cash inflow/(outflow) arising on disposals:		
Cash consideration	3,573,473	167,308,680
Cash and cash equivalents of subsidiaries disposed	(4,307,181)	(13,893,269)
Net cash (outflow)/inflow on disposal	(733,708)	153,415,411

41. Analysis of liquidation of subsidiaries

On 7 January 2012, the subsidiaries of the Company, MWE Development Sdn Bhd and Lup Ching Holdings Sdn Bhd were dissolved pursuant to Section 272(5) of the Companies Act, 1965.

42. Employee benefits expense

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Wages and salaries	53,112,303	67,811,847	28,500	26,500
Contribution to defined contribution plan	3,137,792	4,366,378	-	-
Other benefits	4,435,628	8,295,246	-	-
	60,685,723	80,473,471	28,500	26,500

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM7,790,287 (2012: RM9,426,769) and RM90,000 (2012: RM90,000) respectively as further disclosed in Note 43.

43. Directors' remuneration

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Executive directors' remuneration:				
Fees				
- current year's provision	170,250	991,321	84,000	84,000
- over provision in prior year	-	(412,500)	-	-
Other emoluments	7,620,037	8,847,948	6,000	6,000
	7,790,287	9,426,769	90,000	90,000
Non-executive directors' remuneration:				
Fees				
- current year's provision	228,000	228,000	228,000	228,000
- underprovision in prior year	17,900	-	17,900	-
Other emoluments	22,500	20,500	22,500	20,500
	268,400	248,500	268,400	248,500
Total directors' remuneration	8,058,687	9,675,269	358,400	338,500

43. Directors' remuneration (cont'd)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive:				
Salaries and other emoluments	3,938,300	1,283,184	6,000	6,000
Fees	99,000	99,000	84,000	84,000
Bonus	331,425	227,642	-	-
Defined contribution plan	174,118	166,196	-	-
	4,542,843	1,776,022	90,000	90,000
Non-executive:				
Salaries and other emoluments	22,500	20,500	22,500	20,500
Fees				
- current year's provision	228,000	228,000	228,000	228,000
- underprovision in prior year	17,900	-	17,900	-
	268,400	248,500	268,400	248,500
	4,811,243	2,024,522	358,400	338,500

Included in salaries and other emoluments of the Group is gratuity payment of RM2,660,000 (2012: Nil) paid to an executive director.

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	
	2013	2012
Executive directors' remuneration:		
RM500,001 - RM600,000	1	1
RM1,200,001 - RM1,300,000	-	1
RM3,900,001 - RM4,000,000	1	-
Non-executive directors' remuneration:		
RM0 - RM50,000	4	4
RM50,000 - RM100,000	1	1

44. Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest charged to subsidiaries	-	-	(1,234,589)	(1,092,838)
Accounting fees charged by a subsidiary	-	-	360,000	360,000
Management fees charged by a subsidiary	-	-	240,000	240,000
Secretarial fees charged by a subsidiary	-	-	125,424	125,806
Insurance premium paid to a company with a common director	600,768	786,713	21,965	21,965
Rental income received from a subsidiary of a company with a common director	(20,533)	(59,674)	-	-
Rental paid to a subsidiary of a company with a common director	56,280	55,440	-	-
Rental income received from an associate	(6,000)	(39,600)	-	-
Profit sharing from an associate	(1,095,532)	(813,962)	-	-

45. Commitments

(a) Capital commitments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Capital expenditure				
Approved and contracted for:				
Investment property	71,802	-	-	-
Property, plant and equipment	-	23,490	-	-

45. Commitments (cont'd)

(b) Operating lease commitments - as lessee

In addition to the land use rights disclosed in Note 7, the Group leases agricultural land under non-cancellable operating leases for the purpose of cultivating them into oil palm plantation. These leases have lease period of 66 years expiring in 2065 and 2074, with an option to renew the leases for a further 33 years upon expiry of the current leases. Changes in lease payments upon the expiry of these leases will be negotiated between the Group and the lessors, which are expected to be based on the prevailing market conditions.

None of the leases of land includes contingent rentals, except for:

(i) the lease of agricultural land of a subsidiary which is payable half yearly in advance, is determined using an agreed formula at the inception of the lease. The variable factor in the formula is the average market price of oil palm fresh fruit bunches ("FFB") of the preceding year. Thus, the future annual lease payments for the land are expected to vary according to the average market price of FFB of the preceding year.

(ii) The Group also entered into commercial leases for a number of office premises, certain motor vehicles, equipment and machineries. These leases have an average tenure of between one to three years, with an option to renew the current leases after the expiry of the respective dates. Changes in lease payments, if any, after the expiry dates, are negotiated between the Group and the lessors which will normally reflect market conditions. None of the leases includes contingent rentals.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2013 RM	2012 RM
Future minimum lease payments		
- Not later than one year	1,234,882	1,394,778
- Later than one year and not later than five years	4,434,606	4,921,907
- Later than five years	48,195,025	60,826,725
	53,864,513	67,143,410

46. Corporate guarantee

<u>Guarantees</u>

The Company has provided corporate guarantees of RM9,801,389 (2012: RM16,403,549), out of which RM4,328,250 (2012: RM9,408,061) relates to credit facilities granted to subsidiaries as shown in Note 23, and credit facilities granted by subsidiaries' suppliers at the reporting date. These amounts represent the maximum exposure to credit risk of the Company arising from corporate guarantee.

47. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2013				
Financial assets:				
Amount due from subsidiaries (non-current)	-	-	2,402,210	2,401,818
Investment securities (non-current)				
- unquoted equity instrument, at cost	17,523,694	*	15,210,634	*
Financial liabilities:				
Loans and borrowings (non-current)				
- obligations under finance lease	1,035,389	1,022,377	-	-
At December 2012				
Financial assets:				
Amount due from subsidiaries (non-current)	-	-	3,629,918	3,573,370
Investment securities (non-current)				
- unquoted equity instrument, at cost	19,948,382	*	16,145,577	*
Financial liabilities:				
Loans and borrowings (non-current)				
- obligations under finance lease	1,310,782	1,183,648	-	-

* Investment in equity instrument carried at cost less impairment (Note 12)

Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost less impairment because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

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

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	17
Amount due from/to subsidiaries (current)	14
Amount due from/to associates	18
Trade and other payables	22
Loans and borrowings	
- Bankers' acceptances and trust receipts	23
- Revolving credit	23
- Term loans	23

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

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings 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.

Amount due from/to subsidiaries and associates

The fair value 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.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Finance lease obligations

The fair value 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.

Derivatives

Forward currency contracts is valued using reference to their indicative offer rates as at the reporting date for similar types of contract terms.

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

B. Determination of fair value (cont'd)

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 all unexpired financial guarantees issued by the Company were deemed nil and were not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote.

C. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2013, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position:

	2013 RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	268,162,525	268,162,525	-	-
Equity instruments quoted outside Malaysia	134,595	134,595	-	-
Company				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	268,162,520	268,162,520	-	-
Equity instruments quoted outside Malaysia	134,595	134,595	-	-

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

C. Fair value hierarchy (cont'd)

As at 31 December 2013, the Group and the Company held the following financial instruments carried at fair value in the statement of financial position (cont'd):

	2012 RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	231,298,551	231,298,551	-	-
Equity instruments quoted outside Malaysia	123,869	123,869	-	-
Company				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity instruments quoted in Malaysia	231,298,546	231,298,546	-	-
Equity instruments quoted outside Malaysia	123,869	123,869	-	-

During the reporting period ended 31 December 2013 and 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

48. 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 market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. 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, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

(a) Credit risk (cont'd)

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.

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.

The maximum exposure to credit risk of the Company arising from corporate guarantees granted to banks for credit facilities granted to subsidiaries, and credit facilities granted by subsidiaries' suppliers at the reporting date is as disclosed in Note 46.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2013		2012	
	RM	% of total	RM	% of total
By country				
Malaysia	26,179,431	80	25,034,102	81
Asia Pacific	6,350,159	20	5,827,448	19
	32,529,590	100	30,861,550	100
By industry sectors				
Lighting and telecommunications	6,350,159	20	5,827,448	19
Textile	20,291,521	62	14,973,313	49
Property	67,013	0	88,863	0
Plantation	142,805	0	-	0
Others	5,678,092	18	9,971,926	32
	32,529,590	100	30,861,550	100

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

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group'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.

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from financial institution and balance its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 66% (2012: 54%) of the Group's loans and borrowings (Note 23) and 67% (2012: 55%) of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At December **2013**				
Group				
Financial liabilities				
Trade and payables	44,762,268	-	-	44,762,268
Amounts due to assoaciates	440,565	-	-	440,565
Loans and borrowings	92,277,371	49,689,795	1,027,407	142,994,573
Total undiscounted financial liabilities	137,480,204	49,689,795	1,027,407	188,197,406

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

(b) Liquidity risk (cont'd)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At December 2013				
Company				
Financial liabilities				
Trade and payables	9,285,178	-	-	9,285,178
Amounts due to subsidiaries	177,473,975	-	-	177,473,975
Loans and borrowings	89,418,189	47,173,466	-	136,591,655
Total undiscounted financial liabilities	276,177,342	47,173,466	-	323,350,808
At December 2012				
Group				
Financial liabilities				
Trade and payables	44,760,127	-	-	44,760,127
Amounts due to assoaciates	427,691	-	-	427,691
Loans and borrowings	68,538,257	58,786,243	2,147,866	129,472,366
Total undiscounted financial liabilities	113,726,075	58,786,243	2,147,866	174,660,184
Company				
Financial liabilities				
Trade and payables	3,779,429	-	-	3,779,429
Amounts due to subsidiaries	43,657,756	-	-	43,657,756
Loans and borrowings	63,016,493	57,582,193	-	120,598,686
Total undiscounted financial liabilities	110,453,678	57,582,193	-	168,035,871

(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 and loans at floating rates given to related parties. The Company's loans at floating rate given to related parties form a natural hedge for its non-current floating rate bank loan.

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

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM162,615 (2012: RM182,798) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollars ("USD"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Euro Dollars ("EURO"), Vietnam Dong ("VND") and British Pound Sterling ("GBP"). The foreign currencies in which these transactions are denominated are mainly USD and AUD.

Approximately 56% (2012: 49%) of the Group's sales are denominated in foreign currencies whilst almost 58% (2012: 48%) of costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

The Group also holds financial assets and liabilities denominated in foreign currencies for working capital purposes. At the reporting date, the currency balances of the Group are as follows:

	Transaction Currencies				
	United States Dollar RM	Singapore Dollar RM	Euro Dollar RM	Vietnam Dong RM	Others RM
Functional currencies of the Group					
At December 2013					
Cash and bank balances					
Ringgit Malaysia	12,409,712	923	-	-	-
United States Dollars	-	2,505,423	1,770,844	9,786,538	12,582
Trade and other receivables					
Ringgit Malaysia	15,158,310	-	-	-	-
Other investment					
Ringgit Malaysia	12,294,000	-	-	-	-
Trade and other payables					
Ringgit Malaysia	(6,700,006)	-	-	-	-
United States Dollars	-	(693,982)	(1,627,214)	-	-

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

(d) Foreign currency risk (cont'd)

The Group also holds financial assets and liabilities denominated in foreign currencies for working capital purposes. At the reporting date, the currency balances of the Group are as follows (cont'd):

	Transaction Currencies				
	United States Dollar RM	Singapore Dollar RM	Euro Dollar RM	Vietnam Dong RM	Others RM
At December **2012**					
Cash and bank balances					
Ringgit Malaysia	8,567,403	-	-	-	283
United States Dollars	-	2,276,205	1,649,232	10,481,164	768
Trade and other receivables					
Ringgit Malaysia	14,716,944	-	-	-	-
Other investment					
Ringgit Malaysia	12,294,000	-	-	-	-
Trade and other payables					
Ringgit Malaysia	(2,104,069)	(2,564)	-	-	-
United States Dollars	-	(2,326,437)	(1,627,214)	-	-

The Group use forward currency contracts to eliminate the currency exposures. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2013, the Group uses forward currency contracts to manage 0.1% of its foreign currency denominated sales, for which firm commitments existed at the reporting date, extending to January 2014.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Singapore and Vietnam. The Group's net investments in foreign operations are not hedged as currency positions in AUD, SGD and USD are considered to be long-term in nature.

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

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

	Group 2013 RM	Group 2012 RM
	Profit net of tax (Decrease)/Increase	
USD/RM - strengthened 2%	478,990	669,486
- weakened 2%	(478,990)	(669,486)
SGD/RM - strengthened 2%	-	(1,056)
- weakened 2%	-	1,056
EUR/RM - strengthened 2%	-	440
- weakened 2%	-	(440)
VND/RM - strengthened 2%	-	209,623
- weakened 2%	-	(209,623)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are listed on SGX-ST in Singapore. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 2% higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM5,228,656 (2012: RM4,502,102) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale. As at the reporting date, the impact of changes in 2% on STI, with all other variables constant, is immaterial to the Group's profit net of tax and equity.

49. 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 2013 and 31 December 2012.

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 between 20% and 40%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

		Group		Company	
		2013	2012	2013	2012
	Note	RM	RM	RM	RM
Loans and borrowings	23	138,182,117	121,552,787	132,342,022	110,350,000
Trade and other payables	22	44,762,268	44,760,127	9,285,178	3,779,429
Amount due to subsidiaries	14	-	-	177,473,975	43,657,756
Amount due to associates	18	440,565	427,691	-	-
Less: Cash and bank balances	19	(84,320,569)	(217,119,089)	(5,835,751)	(7,027,612)
Net debt		99,064,381	(50,378,484)	313,265,424	150,759,573
Equity attributable to the owners of the parent		628,341,061	597,451,941	463,030,486	422,027,288
Less: Fair value reserve	27	(144,946,998)	(110,722,742)	(144,946,998)	(110,722,742)
Total capital		483,394,063	486,729,199	318,083,488	311,304,546
Capital and net debt		582,458,444	436,350,715	631,348,912	462,064,119
Gearing ratio		17%	N/A	50%	33%

50. Segment information

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

I. The textile segment is involved in manufacturing and sale of garments and also leasing out textile factory to third party.

II. The property segment is in the business of constructing, developing and leasing out residential and commercial properties.

III. The lighting and telecommunications segment manufacture and assemble electrical lightings and telecommunication products.

IV. The plantation segment is in the business of manage and operate oil palm plantation.

V. Other segments include importing and distributing of trucks, investment holding, management of a golf course, corporate services, freight forwarding and warehousing services.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

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.

50. Segment information (cont'd)

	Textile RM	Properties RM	Lighting and tele-communications RM	Plantation RM	Other operations RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
31 December 2013								
Revenue								
External customers	167,534,060	15,107,403	66,885,474	7,504,854	43,899,274	-		300,931,065
Inter-segment	-	358,856	-	-	45,037,054	(45,395,910)	A	-
Total revenue	167,534,060	15,466,259	66,885,474	7,504,854	88,936,328	(45,395,910)		300,931,065
Results								
Interest income	1,001,264	133,974	4,340	832	2,033,811	-		3,174,221
Dividend income	-	-	-	-	13,622,669	-		13,622,669
Depreciation and amortisation	1,670,678	328,809	679,122	1,268,473	993,037	-		4,940,119
Share of results of associates	137	335,607	-	-	(1,865,000)	-		(1,529,256)
Other non-cash expenses	96,760	(5,883,356)	482,851	6,494	3,052,939	-	B	(2,244,312)
Segment profit/(loss)	14,861,879	8,148,441	3,136,559	2,449,539	1,460,127	(8,676,234)	C	21,380,311
Assets								
Investment in associates	125,491	3,219,780	-	-	172,508,000	-		175,853,271
Additions to non-current assets	226,790	1,303,647	556,819	20,752	38,138,186	-	D	40,246,194
Segment assets	121,693,592	110,110,011	30,179,502	35,056,745	364,121,208	178,746,459	E	839,907,517
Segment liabilities	16,560,302	3,652,921	5,762,534	220,040	32,409,855	141,692,034	F	200,297,686

50. Segment information (cont'd)

	Textile RM	Properties RM	Lighting and tele-communications RM	Plantation RM	Other operations RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
31 December 2012								
Revenue								
External customers	164,525,376	20,413,216	223,406,773	8,704,734	38,539,879	-		455,589,978
Inter-segment	-	357,402	-	-	49,885,963	(50,243,365)	A	-
Total revenue	164,525,376	20,770,618	223,406,773	8,704,734	88,425,842	(50,243,365)		455,589,978
Results								
Interest income	2,022,478	150,852	419,135	-	143,804	-		2,736,269
Dividend income	-	-	-	-	10,596,372	-		10,596,372
Depreciation and amortisation	1,755,442	286,080	3,405,721	1,361,158	1,223,620	-		8,032,021
Share of results of associates	13,511	337,448	-	-	-	-		350,959
Other non-cash expenses	(19,057)	898,438	351,379	(15,996)	(99,691,363)	-	B	(98,476,599)
Segment profit/(loss)	14,342,558	5,819,354	33,393,211	(771,830)	120,005,593	(20,422,511)	C	152,366,375
Assets								
Investment in associates	123,148	2,884,174	-	-	-	-		3,007,322
Additions to non-current assets	1,845,174	4,078,863	1,958,581	253,203	12,881,813	-	D	21,017,634
Segment assets	97,443,590	112,204,731	28,825,575	36,535,285	508,969,132	10,444,783	E	794,423,096
Segment liabilities	14,654,138	5,338,939	6,609,988	497,626	32,106,258	125,330,980	F	184,537,929

50. Segment information (cont'd)

Notes

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

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	Group 2013 RM	Group 2012 RM
Reversal of impairment loss on:			
- trade receivables	33	(53,879)	(362,849)
- other receivables	33	(877,449)	(362,389)
Bad debts written off	35	49,559	4,863,844
Fair value adjustment on investment property	35	(6,168,500)	671,126
Gain on disposal of property, plant and equipment	35	(33,050)	(5,442,875)
Impairment of goodwill	35	2,114,000	13,285,515
Impairment loss on	35		
- trade receivables		496,511	237,820
- other receivables		400,467	2,074,522
- unquoted equity investments	35	166,938	2,833,674
(Gain)/Loss on disposal of investment property	35	(91,000)	18,000
Loss/(Gain) on disposal of subsidiaries	35	1,200,986	(117,482,762)
Net fair value (gain)/loss on derivative liabilities	35	(2,520)	6,170
Property, plant and equipment written off	35	103,560	29,189
Unrealised foreign exchange loss	35	256,534	417,256
Write-down of inventories	35	193,530	737,160
Write-off of investment in unquoted equity investment	35	1	-
		(2,244,312)	(98,476,599)

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	Group 2013 RM	Group 2012 RM
Finance costs	(5,032,978)	(7,487,955)
Share of results of associates	(1,529,256)	350,959
Impairment of goodwill	(2,114,000)	(13,285,515)
	(8,676,234)	(20,422,511)

50. Segment information (cont'd)

Notes

D Additions to non-current assets consist of:

	Group 2013 RM	Group 2012 RM
Property, plant and equipment	1,427,661	4,545,495
Investment properties	-	520,126
Other investments	37,813,000	12,294,000
Biological assets	-	99,276
Land held for property development	-	3,231,451
Development cost for land held for property development	1,005,533	327,286
	40,246,194	21,017,634

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group 2013 RM	Group 2012 RM
Investment in associates	175,853,271	3,007,322
Intangible assets	134,996	2,231,787
Current tax receivable	2,758,192	5,205,674
	178,746,459	10,444,783

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group 2013 RM	Group 2012 RM
Deferred tax liabilities	1,888,900	1,732,200
Current tax payable	1,621,017	1,963,801
Loans and borrowings	138,182,117	121,552,787
Loans and borrowings reclassified to non-current liabilities held for sale	-	82,192
	141,692,034	125,330,980

50. Segment information (cont'd)

Notes (cont'd)

Geographical information
Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group			
	Revenues		Non-current assets	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysia	233,503,644	245,960,983	454,528,787	401,419,616
Asia Pacific	67,427,421	209,628,995	5,191,526	6,997,873
	300,931,065	455,589,978	459,720,313	408,417,489

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2013 RM	2012 RM
Property, plant and equipment	69,470,754	72,712,540
Investment properties	60,745,000	55,855,500
Biological assets	8,568,238	-
Land use rights	25,560,914	341,477
Intangible assets	134,996	2,231,787
Land held for property development	9,419,597	25,905,383
Other Investments	285,820,814	251,370,802
	459,720,313	408,417,489

Information about a major customer

The Group does not generate revenue from any one major customer.

51. Events occuring after the reporting date

On 17 May 2013, the subsidiary of the Company, MWE Properties Sdn Bhd has entered into a shareholders agreement to dispose off 30% equity interest representing 4,800,000 ordinary shares of RM1 each in Prime Achiever Sdn Bhd to Revive Fortune Sdn Bhd amounting to RM825,000 in exchange for a freehold land (approximate area of 10,876 sqm). The transaction will be taken up in the financial year 2014.

52. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 24 April 2014.

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

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits of the Company and its subsidiaries:				
- Realised profit	206,489,452	217,209,478	64,869,012	58,090,070
- Unrealised profit/(loss)	4,650,076	(1,006,689)	-	-
	211,139,528	216,202,789	64,869,012	58,090,070
Total share of retained profits from associates:				
- Realised loss	(17,265,038)	(17,190,098)	-	-
	193,874,490	199,012,691	64,869,012	58,090,070
Add: Consolidation adjustments	28,663,704	29,707,777	-	-
Retained profits as per financial statements	222,538,194	228,720,468	64,869,012	58,090,070

Top 10 List of Properties Held by MWE Group

Particulars of Titles	Tenure	Land Area	Description/ Existing Use	Net Book Value as at 31.12.2013 (RM)	Approximate Age of Building	Year of Acquisition
H.S.(D) 139105 & 139228 P.T. 3198 & 3321 Mukim of Bukit Raja Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years – expiring on 04.12.2090)	126 acres	Golf course & Clubhouse	44,615,641	19 years	1992
Lot 818, Seksyen 19 Bandar Georgetown Daerah Timur Laut Penang	Freehold	37,703 sq. ft.	20 storey out of 25 storey office block with 1 basement car park – office & for rental	34,800,000	17 years	1990
HS (D) 429, PT 3644 Mukim Relai Daerah Jajahan Gua Musang Kelantan	Leasehold (66 years – expiring on 27.07.2065)	5,000 acres	Agricultural land	21,625,371	-	2008
Lot 1233 Grant (1st Grade) 11818 Section 1, Georgetown Daerah Timur Laut, Penang	Freehold	150,910 sq. ft.	8 storey office building	16,413,000	20 years	1988 to 2011
P.T. No. 38, H.S. (M) 11362 & P.T. 7105, H.S.(D) 16056 Bandar Kulim, Perusahaan Kulim, Daerah Kulim, Kedah	Leasehold (60 years – expiring on 20.04.2048)	401,854 sq. ft.	Factory building	8,000,000	25 years	1988
Lot No. 4792, 4793 & 4794 Mukim of Ampang Daerah Ulu Langat, Selangor and Lot No. 1630, 1631 & 1632 Mukim of Ulu Klang Daerah Gombak, Selangor	Freehold	61,812 sq. ft.	Land for development	7,425,965	-	2010
Geran 25978 & 26200 Lot 4019 & 4478 Mukim Setapak Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	36,821 sq. ft.	Land for development	6,142,425	-	2006
Hakmilik No. 440, Lot 186 Mukim of Bandar Selayang Daerah Gombak Selangor Darul Ehsan	Leasehold (99 years – expiring on 05.09.2074)	92,805 sq. ft.	Office and factory building	4,180,252	24 years	1990
Lot 468 Geran No. 39724 Mukim 12 Seberang Perai Selatan Penang	Leasehold (999 years- expiring on 31.12.2875	11.55 acres	Office and Factory	3,759,255	39 years	1991
Lot 139 & 140, Geran Mukim No. Hakmilik 9 and 57 Mukim A Daerah Barat Daya Penang	Freehold	619,120 sq.ft.	Land for Development	1,993,632	-	2008

Analysis of Shareholdings
As At 30 April 2014

Class of security	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM500,000,000
Total Issued and Paid-up capital	:	RM231,559,015
Voting right	:	1 vote per share
Number of shareholders	:	6,687

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	67	1.00	1,758	0.00
100 – 1,000	1,842	27.55	1,741,225	0.75
1,001 – 10,000	3,958	59.19	16,011,866	6.91
10,001 – 100,000	732	10.95	19,692,850	8.51
100,001 – 11,577,951	85	1.27	98,722,294	42.63
11,577,952 and above	3	0.04	95,389,022	41.20
Total	6,687	100.00	231,559,015	100.00

Directors' Shareholding

Name	No. of shares held*			
	Direct	%*	Indirect	%*
Tan Sri Dato' Surin Upatkoon	786,630	0.34	75,100,939 (a)	32.62
Tang King Hua	12,030,800	5.22	2,181,700 (b)	0.95
Lim Kong Yow	48,000	0.02	4,000 (c)	^
Dato' Lawrence Lim Swee Lin	448,000	0.19	287,000 (d)	0.12
Tan Chor Teck	420,000	0.18	9,884,280 (e)	4.29
Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat	-	-	-	-
Dato' Yogesvaran a/l T. Arianayagam	-	-	-	-

Notes:

* *Excluding a total of 1,324,000 MWE shares bought back by MWE and retained as treasury shares.*
^ *Insignificant.*

(a) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Pinjaya Sdn Bhd, Casi Management Sdn Bhd and Magnum Berhad.*
(b) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Idea Kosmo Sdn Bhd.*
(c) *Held through his spouse.*
(d) *Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Zenbell (Selangor) Sdn Bhd.*
(e) *Deemed interested through his family members and by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd.*

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of shareholders	No. of shares held	% of shares
1.	PINJAYA SDN BHD	49,852,722	21.53
2.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *Qualifier: Pledged Securities Account for Greenland Timber Industries Pte Ltd*	24,487,600	10.58
3.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *Qualifier: Pledged Securities Account for Pinjaya Sdn Bhd*	21,048,700	9.09
4	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD *Qualifier : Driscoll Shipping Ltd*	11,500,000	4.97
5.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Citibase Limited*	11,405,100	4.93
6.	MULTI-PURPOSE INSURANS BHD	11,194,100	4.83
7.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *Qualifier: Pledged Securities Account for Tang King Hua*	9,164,500	3.96
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB for Simansu Sdn Bhd*	8,058,000	3.48
9.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD Qualifier: Pledged Securities Account for MCC Credit Sdn Bhd	5,512,900	2.38
10.	MAGNUM BERHAD (formerly known as Multi-Purpose Holdings Berhad)	3,000,000	1.29
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB Bank for Tang King Hua*	2,866,300	1.24
12.	KEY DEVELOPMENT SDN BERHAD	2,390,100	1.03
13.	CIMB NOMINEES (TEMPATAN) SDN BHD *Qualifier: CIMB Bank for Heng Guan Sendirian Berhad*	2,230,500	0.96
14.	IDEA KOSMO SDN BHD	2,067,500	0.89
15.	CHONG YIEW ON	2,058,500	0.89
16.	KAM LOONG MINING SDN BHD	2,003,000	0.87
17.	TAN TOH HUA	1,400,000	0.60
18.	MWE HOLDINGS BERHAD *Qualifier: Share Buy-Back Account*	1,324,000	0.57
19.	MIKDAVID SDN BHD	1,300,000	0.56
20.	YEAP LEONG PENG	1,050,000	0.45

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of shareholders	No. of shares held	% of shares
21.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *Qualifier : Pledged Securities Account for Claire Foong Ling Chin*	1,000,000	0.43
22.	NG KWENG THEAM	850,000	0.37
23.	CIMSEC NOMINEES (ASING) SDN BHD *Qualifier: Danaharta Managers Sdn Bhd for Surin Upatkoon*	788,392	0.34
24.	GOLDEN BAY HOLDING SDN BHD	743,000	0.32
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Qualifier : Pledged Securities Account for ABM Holdings Sdn Bhd*	700,000	0.30
26.	KHOO SU CHIN	626,700	0.27
27.	CHAN KIM SENDIRIAN BERHAD	600,000	0.26
28.	SUWINI BINGEI	552,017	0.24
29.	PACIFIC & ORIENT INSURANCE CO. BERHAD	537,400	0.23
30.	KEY DEVELOPMENT SDN BERHAD	476,900	0.21
	Total	180,787,931	78.07

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares	%*	Indirect Interest No. of Shares	%*
Pinjaya Sdn Bhd	70,901,422	30.80	-	-
Greenland Timber Industries Pte Ltd	24,487,600	10.64	-	-
Tan Sri Dato' Surin Upatkoon	786,630	0.34	75,100,939(a)	32.62
Tang King Hua	12,030,800	5.22	2,181,700(b)	0.95

Notes:

* *Excluding a total of 1,324,000 MWE shares bought back by MWE and retained as treasury shares.*

(a) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Pinjaya Sdn Bhd, Casi Management Sdn Bhd and Magnum Berhad.*

(b) *Deemed interested through his spouse and by virtue of Section 6A(4) of the Companies Act, 1965 held through Idea Kosmo Sdn Bhd.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of the Company will be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang on Thursday, 12 June 2014 at 10.30 a.m. for the following purposes:-

AGENDA

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

2. To declare a final dividend of 2% single-tier for the financial year ended 31 December 2013. (Resolution 1)

3. To re-elect the following Directors who are retiring in accordance with the provision of the Articles of Association of the Company:-

(i)	Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat	Article 109	(Resolution 2)
(ii)	Dato' Lawrence Lim Swee Lin	Article 109	(Resolution 3)
(iii)	Krian Upatkoon	Article 96	(Resolution 4)

4. To approve the payment of Directors' fees of RM312,000.00 in respect of the year ended 31 December 2013 (2012 : RM312,000.00). (Resolution 5)

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

6. **As Special Business:**
To consider and, if thought fit, pass the following Ordinary Resolutions:-

ORDINARY RESOLUTION 1
RENEWAL OF AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue new ordinary shares in the Company, from time to time and 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 issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional new ordinary shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 7)

ORDINARY RESOLUTION 2
RENEWAL OF THE PROPOSED SHARE BUY-BACK

"**THAT**, subject to compliance with Section 67A of the Companies Act, 1965 and the Listing Requirements of Bursa Securities, the Company be and is hereby authorised to utilise not exceeding the total retained profits and/or share premium account of the Company based on the audited financial statements for the financial year ended 31 December 2013 of RM64,869,012 and RM23,586,099 respectively, to purchase on Bursa Securities up to 23,155,901 ordinary shares of RM1.00 each of the Company which together with the 1,324,000 ordinary shares of RM1.00 each already purchased earlier and retained as treasury shares, represent 10% of the total issued and paid-up share capital of 231,559,015 ordinary shares of RM1.00 each **AND THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:-

RENEWAL OF THE PROPOSED SHARE BUY-BACK (Cont'd)

(a) cancel the shares purchased; or
(b) retain the shares purchased as treasury shares for distribution as dividends to the shareholders of the Company and/or resell on the Bursa Securities; or
(c) retain part of the shares purchased as treasury shares and cancel the remainder.

AND THAT such authority shall commence immediately upon passing of this Ordinary Resolution until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever is earlier; **AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient or to give effect to the proposed share buy-back. (Resolution 8)

7. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 2% single-tier in respect of the financial year ended 31 December 2013, if approved by shareholders, will be paid on 31 July 2014 to depositors registered in the Record of Depositors at the close of business on 14 July 2014.

A Depositor shall qualify for entitlement only in respect of:-

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 July 2014 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

LIM KONG YOW (MIA 4979)
Company Secretary
Penang
21 May 2014

Notes:

A. This Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to the vote by shareholders.

1. A member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A member of the Company who is an authorised nominee as defined under the Central Depositories Act, 1991 may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company.

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

3. The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang not less than 48 hours before the time appointed for holding the Meeting.

5. Only Members whose names appear on the Record of Depositors of the Company as at 3 June 2014 shall be eligible to attend the Annual General Meeting.

EXPLANATORY NOTES

Renewal of Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965
The Proposed Resolution 7, is a renewal of the General Mandate for the Directors to issue and allot shares and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of 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 Annual General Meeting held on 20 June 2013 and which will lapse at the conclusion of the Annual General Meeting held on 12 June 2014.

The General Mandate sought will provide flexibility to the Company of 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. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

Renewal of the Proposed Share Buy-Back
The Proposed Resolution 8, if passed, will empower the Directors of the Company to buy back and/or hold from time to time shares of the Company not exceeding ten percent (10%) of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the next annual general meeting.

The details of the Renewal of the Proposed Share Buy-Back is set out in the Statement to Shareholders dated 21 May 2014 which is despatched together with the Company's 2013 Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

1. **Directors who are standing for re-election at the Annual General Meeting of the Company**

   (i) Tan Sri Dato'Seri (Dr) Aseh bin Hj Che Mat
   (ii) Dato' Lawrence Lim Swee Lin
   (iii) Krian Upatkoon

   Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 10 to 12 of the Annual Report.

2. **Details of attendance of Directors at Board Meetings**

   There were Six (6) Board meetings held during the financial year ended 31 December 2013. Details of attendance of the Directors are set out in the Statement on Corporate Governance appearing on page 18 of the Annual Report.

3. **Place, Date and Time of Annual General Meeting**

   The Annual General Meeting of the Company shall be held at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Pulau Pinang on Thursday, 12 June 2014 at 10.30 a.m.

MWE HOLDINGS BERHAD (5713-D)
(Incorporated in Malaysia)
Registered Office : 846 Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang

FORM OF PROXY

CDS Account No.	No. Of Shares
- -	

I/We, ... Tel No : ....
(FULL NAME IN BLOCK CAPITALS)

NRIC No : .... (old) .... (new) / Co. Reg. No ....

of ....
(ADDRESS)

being a member / members of **MWE HOLDINGS BERHAD**, hereby appoint

PROXY A Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

PROXY B Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing whom, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang on Thursday, 12 June 2014 at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	First Proxy "A"		Second Proxy "B"	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the payment of Final Dividend				
2.	To re-elect Tan Sri Dato' Seri (Dr) Aseh bin Hj Che Mat as Director of the Company				
3.	To re-elect Dato' Lawrence Lim Swee Lin as Director of the Company				
4.	To re-elect Mr. Krian Upatkoon as Director of the Company				
5.	To approve the payment of Directors' fees				
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company				
7.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965				
8.	To approve the renewal of Proposed Share Buy-Back				

* Please indicate with an "X" in the spaces provided how you wish your votes to be cast. (If you do not do so, the Proxy will vote or abstain from voting at his discretion)

Dated this .... day of .... 2014.

....
Signature of Witness
Name :

....
Signature of Shareholder (s) / Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A member of the Company who is an authorised nominee as defined under the Central Depositories Act, 1991 may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company.*

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

3. *The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.*

4. *The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan, Penang not less than 48 hours before the time appointed for holding the Meeting.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

MWE HOLDINGS BERHAD

846 Jalan Raya

14209 Sungei Bakap

Seberang Perai Selatan, Penang

1st fold here

846, JALAN RAYA
14209 SUNGEI BAKAP
SEBERANG PERAI SELATAN, PENANG
TEL: 604-585 8188
FAX: 604-585 8199