ANNUAL **REPORT**



2013

NPC Resources Berhad (502313-P)

CONTENTS

NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at the Conference Room 3, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, on Wednesday, 25 June 2014 at 11.00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.	*Please refer to Explanatory Notes (a)*
2.	To declare a final single tier dividend of 2 sen per share in respect of the financial year ended 31 December 2013.	*Resolution 1*
3.	To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:	
	a) Dr Edmond Fernandez	*Resolution 2*
	b) Tan Sri Dato' Sri Koh Kin Lip	*Resolution 3*
4.	To approve the payment of Directors' fees of RM 80,000 for the financial year ended 31 December 2013.	*Resolution 4*
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	*Resolution 5*

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

Proposed Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965

(a)	"That pursuant to Section 129(6) of the Companies Act, 1965, Mr Loo Ngin Kong be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting. "	*Resolution 6*
(b)	"That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting. "	*Resolution 7*

NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING *(continued)*

7. To consider and if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

Proposed Retention of Independent Non-Executive Directors

(a) " That subject to the passing of Resolution 2, Dr Edmond Fernandez who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." *Resolution 8*

(b) "That subject to the passing of Resolution 7, Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." *Resolution 9*

(c) " That Mr Lim Ted Hing who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting. " *Resolution 10*

8. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Authority to issue shares pursuant to Section 132D, Companies Act, 1965 *Resolution 11*

" THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional new ordinary shares to be issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company. "

9. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Renewal Of The Existing Shareholders' Mandate and Proposed New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature *Resolution 12*

"THAT, approval be and is hereby given, for the Renewal of the Existing Shareholders' Mandate for the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 4 June 2014 with the related parties described therein provided such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

AND THAT a New Shareholders' Mandate be and is hereby granted for the Company and/or its Subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to the Shareholders dated 4 June 2014 with the related parties described therein provided such transactions are necessary for the day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

AND THAT, such approval shall continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

(c) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT the directors be and are hereby authorized to complete and do such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution. "

10. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Renewal Of Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Issued And Paid Up Share Capital *Resolution 13*

" THAT subject to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all other applicable laws, rules, regulations, and orders and the approvals of all relevant regulatory authorities, the Company is hereby authorized to purchase and/or hold such amount of ordinary shares of RM1.00 each ("Shares") in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid up share capital of the Company and that an amount of the funds not exceeding the retained profits of the Company, be utilized for Share buy-back;

AND THAT such Shares purchased may be retained as treasury shares and/or distributed as dividends and/or resold on the market of Bursa Securities and/or be cancelled, as the Directors may deem fit and expedient in the interest of the Company;

AND THAT such authority hereby given shall take effect immediately and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company at which time it shall lapse unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by a resolution passed by the Shareholders in a general meeting,

whichever is the earlier.

AND FURTHER THAT the Directors be hereby authorised to do all such acts and things as may be required by the relevant authorities (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation. "

11. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING *(continued)*

GENERAL MEETING RECORD OF DEPOSITORS

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose determining a member who shall be entitled to attend this Fourteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 68(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 19 June 2014. Only a depositor whose name appears on the Record of Depositors as at 19 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

By Order of the Board
NPC Resources Berhad

Dorothy Luk Wei Kam (MAICSA 7000414)
Tan Vun Su (MIA 8095)
Company Secretaries

Kota Kinabalu, Sabah
Dated: 4 June 2014

Notes:

a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.

b) A member shall be entitled to appoint one (1) but not more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies to attend and vote instead of him at the same Meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, either under its Common Seal or the hands of its officers or attorney duly authorised.

e) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING *(continued)*

Explanatory Notes

(a) Audited Financial Statements for Financial Year Ended 31 December 2013

Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.

(b) Proposed Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965

The proposed Resolution 6 and 7 in relation to the re-appointment of Mr Loo Ngin Kong and Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood, being persons over the age of 70 years, Directors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company, shall, pursuant to Section 129(6) of the Companies Act 1965, take effect if the proposed Resolution 6 and 7 have been passed by a majority of not less than three-fourths (3/4) of such members being entitled to vote in person or, where proxies are allowed, by proxy, at the Fourteenth Annual General Meeting.

(c) Proposed Retention of Independent Non-Executive Directors

In relation to the proposed Resolution 8, 9 and 10, the Nomination Committee has assessed the independence of Dr Edmond Fernandez, Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood and Mr Lim Ted Hing who had served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommend that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(i) they have fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) they have ensured check and balance in the proceedings of the Board and the Board Committees;
(iii) they have actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board;
(iv) they have devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company; and
(v) they have exercised due care in the interest of the Company and shareholders during their tenure as Independent Non-Executive Directors of the Company.

(d) Proposed Authority To Directors To Issue New Shares Under Section 132D Of The Companies Act, 1965

The proposed Resolution 11, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 25 June 2013. The Company did not utilize the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(e) Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed Resolution 12, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties provided that such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders. Shareholders are directed to refer to the Circular to Shareholders dated 4 June 2014 for more information.

(f) Proposed Renewal of Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Issued And Paid Up Share Capital

The proposed Resolution 13, if passed, shall empower the Directors of the Company to buy back and/or to hold the shares of the Company not exceeding ten percent (10%) of its issued and paid up share capital from time to time being quoted on Bursa Malaysia Securities Berhad as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company. Shareholders are directed to refer to the Statement to Shareholders dated 4 June 2014 for more information.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Loo Ngin Kong
(Executive Chairman)

Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood
(Independent Non-Executive Deputy Chairman)

Dato' Loo Pang Kee
(Executive Director/Group Managing Director)

Wong Siew Ying
(Executive Director)

Lim Ted Hing
(Independent Non-Executive Director)

Dr Edmond Fernandez
(Independent Non-Executive Director)

Tan Sri Dato' Sri Koh Kin Lip, JP
(Non-Independent Non-Executive Director)

Tan Vun Su
(Executive Director)

AUDIT COMMITTEE

Lim Ted Hing (Chairman)
Dr Edmond Fernandez (Member)
Tan Sri Dato' Sri Koh Kin Lip, JP (Member)

COMPANY SECRETARIES

Dorothy Luk Wei Kam (MAICSA 7000414)
Tan Vun Su (MIA 8095)

REGISTERED OFFICE

Lot 9, T3 Taman Tshun Ngen
Mile 5, Jalan Labuk 90000 Sandakan, Sabah
Tel : 089-274488 Fax : 089-226711

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301, Petaling Jaya, Selangor
Tel : 03-78418000
Fax : 03-78418008

INDEPENDENT AUDITORS

Ernst & Young Chartered Accountants
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah

PRINCIPAL BANKERS

AmBank (M) Berhad
AmIslamic Bank Berhad
Public Bank Berhad
RHB Bank Berhad

SOLICITORS

M.F. Poon, Hiew & Associates
Advocates & Solicitors
Mezzanine Floor, Lot 1 & 2,
Block B, Taman Grandview,
Jalan Buli Sim-Sim,
90000 Sandakan, Sabah

STOCK EXCHANGE LISTING

Main Board of the
Bursa Malaysia Securities Berhad

DIRECTORS' PROFILE

Loo Ngin Kong, a Malaysian citizen, aged 77, was appointed as Executive Chairman of NPC on 31 January 2002. He has over 40 years' experience in the fields of oil palm plantation and palm oil milling. He started his business venture in the plantation industry in the 1960s and 1970s when he was involved in oil palm cultivation and contracting works for Federal Land Development Authority ("FELDA") in Pahang Darul Makmur and Low Nam Hui Sdn. Bhd. and its subsidiaries and Johor Tenggara Development Authority in Johor Darul Takzim. He expanded his business to Sabah in 1981 when he acquired Growth Enterprise Sdn. Bhd., now a subsidiary of the Company. He also sits on the Board of various private limited companies. He is the father of Dato' Loo Pang Kee, a director and a substantial shareholder of the Company and the husband of Wong Siew Ying, a director and a deemed substantial shareholder of the Company. Save as disclosed in note 30 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended three (3) out of five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

Dato' Seri Tengku Dr. Zainal Adlin bin Tengku Mahamood, a Malaysian citizen, aged 74, was appointed as Non-Executive Deputy Chairman of NPC on 31 January 2002. He was redesignated as Independent Non-Executive Deputy Chairman on 12 July 2004. He obtained his Advanced Course in Local Government Administration Certificate from the University of Birmingham, United Kingdom and Institute of Local Government Studies, Sigtuna, Sweden in 1967. In 1981, he obtained the Top Management Programme Certificate from the Asian Institute of Management, and in 1995 was conferred Doctor of Philosophy (Hon.) from University Kebangsaan Malaysia. He began his career as a professionally trained pilot in the late fifties and early sixties. He subsequently served in the Kelantan Civil Service and the Malaysian Home and Diplomatic Service and had served in the capacity of Assistant District Officer, acting District Officer and Assistant State Secretary of Kelantan from 1961 to 1967 and was seconded from the Home and Diplomatic Service to the Sabah State Government for five (5) years from 1968 to 1973 in the capacity of Chief Executive Officer of the newly formed Sabah State Housing Commission. From 1974 to prior to retirement from Government service in 1996, he served the Yayasan Sabah in various capacities including Group Projects Development Manager, Deputy Director, Group Deputy Managing Director and Corporate Advisor. He was appointed as the Chairman of the Sabah Tourism Board by the Sabah State Government from May 2000 to May 2013. He is then appointed as the Chairman of The Sabah Parks Board of Trustees since 1 June 2013 until to date. He is the President Emeritus and Past Chairman of the World Wide Fund for Nature (WWF) Malaysia. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended four (4) out of five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

Dato' Loo Pang Kee, a Malaysian citizen, aged 45, was appointed as Group Managing Director of NPC on 31 January 2002. He is an alumnus of Harvard Business School. He has over twenty (20) years of working experience in the field of plantation-based activities. His responsibilities include overseeing the overall management activities of the Group, the expansion of the Group's business ventures and the formulation and implementation of the Group's business strategies. In 2007, he completed the Executive Education - Owner/President Management Program organised by Harvard Business School, the United States of America. He is the son of Loo Ngin Kong, a director and a substantial shareholder of the Company. Save as disclosed in note 30 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

DIRECTORS' PROFILE *(continued)*

Wong Siew Ying, a Malaysian citizen, aged 60, was appointed as Executive Director of NPC on 31 January 2002. She has played an instrumental role in the management of the NPC group of companies over the last 30 years and her areas of responsibility include managing the Group's financial affairs, project funding requirements and credit management. She is the wife of Loo Ngin Kong, a director and a substantial shareholder of the Company. Save as disclosed in note 30 to the Financial Statements, she has no other conflict of interest with the Company. She has never been convicted for any offence within the past 10 years. She attended all the five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

Lim Ted Hing, a Malaysian citizen, aged 59, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He obtained his Fundamentals of Accounting from the North East London Polytechnic in 1977. Upon completion, he joined Malvern & Co., a firm of chartered accountants based in London, as an Articled Clerk during which he completed the ICAEW professional examinations in 1983. He joined Ernst & Young in 1985 and was the Senior Manager of its office in Sandakan prior to joining Syarikat Tekala Sdn. Bhd. in 1994 as the Group Financial Controller. Later in June 1996, he was appointed as an Executive Director/Chief Operating Officer of Tekala Corporation Berhad ("Tekala"), a company listed on the Main Market of Bursa Malaysia, and its subsidiaries. In January 2013, he was appointed as the Chief Executive Officer of Tekala. Other than his business interest in Tekala Group, he also sits on the board of several other private limited companies. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

Dr. Edmond Fernandez, a Malaysian citizen, aged 59, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He graduated in 1981 from the University of Mysore, India. He started his medical practice in 1982 as a Medical Officer in Queen Elizabeth Hospital, Kota Kinabalu, Sabah and later in 1984, he was posted to Sandakan Health Department, Sabah as the Area Medical Officer. From 1988 onwards, he practised as a Private Medical Practitioner with Klinik Elopura Sdn. Bhd. ("KESB") and he was appointed as the Director of KESB in 1995. In 2001, he obtained his Licientiate of the Faculty of Occupational Medicine from Ireland and he was also appointed as a committee member of the Sandakan Water Watch Committee. He is the founding President of the Sandakan Toastmasters Club and the current chairman of the Plantation Health Committee of the Malaysian Medical Association. He has no family relationship with any other directors or major shareholders of the Company. Save as disclosed in note 30 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

DIRECTORS' PROFILE (continued)

Tan Sri Dato' Sri Koh Kin Lip, JP, a Malaysian citizen, aged 65, was appointed as the Non-Independent Non-Executive Director of NPC on 12 July 2007. He was subsequently appointed as an Audit Committee member on 27 February 2008. He received his early education in Sabah prior to his pursuit of higher education in Plymouth Polytechnic, United Kingdom. Upon completion, he was awarded a Higher National Diploma in Business Studies and a Council's Diploma in Management Studies. He returned to Malaysia in 1977 and joined The Standard Chartered Bank, Sandakan as a trainee assistant. In 1978, he joined his family business and was principally involved in administrative and financial matters of the family business. In 1985, he assumed the role as a Chief Executive Officer for the family business. In 1987 he was pivotal and instrumental in the formation of Rickoh Holdings Sdn. Bhd., the flagship company of the family business which engaged in various core business activities ranging from properties investments, properties letting, securities investments, oil palm plantations, sea and land transportation for crude palm oil and palm kernel, information technology, property development, hotel business, trading in golf equipment and accessories, and quarry operations. He is also involved in similar enterprises in his personal capacity with some of his business associates. He is holding numerous directorships in most of these companies. He also sits on the boards as an independent non-executive director of Daya Materials Berhad and Cocoaland Holdings Berhad, which are companies listed on the Main Market of Bursa Malaysia. He has no family relationship with any other directors or major shareholders of the Company. Save as disclosed in note 30 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

Tan Vun Su, a Malaysian citizen, aged 47, was appointed as Executive Director of NPC on 7 November 2008. He joined the NPC Group in October 1998 as Group Accountant. After completing his G.C.E. 'A' Level at Raffles Junior College, Singapore in 1986, he returned to Malaysia and joined KPMG, Sandakan Office as an audit trainee in 1987. He obtained his professional qualification in Accountancy with the Malaysian Association of Certified Public Accountants ("MACPA") in June 1992. He is also a member of the Malaysian Institute of Accountants. In 1987, he started his career with KPMG as an audit trainee by signing a four (4) year articleship with the firm to undertake the professional examinations of MACPA. He has about seven (7) years of audit working experience serving a wide variety of clients and was seconded to KPMG, Kuala Lumpur Office from 1990 to 1991 to gain more audit exposure. In 1994, he joined Coopers and Lybrand, Kota Kinabalu as an Assistant Audit Manager before joining Sabah Shipyard Sdn. Bhd., Labuan as Accountant in 1995. In 1997, he joined TimberMaster Timber Complex (Sabah) Sdn. Bhd. as Accountant where he was in charge of the finance and account department prior to joining the NPC Group of companies. He is currently overseeing the finance and accounting functions of the NPC Group. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2013 to 31 December 2013.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and the Audited Financial Statements for the Group and also the Company for the financial year ended 31 December 2013.

BACKGROUND

NPC RESOURCES BERHAD is principally an investment holding company while its subsidiaries are involved in investment holding, provision of management services, operation of oil palm plantations and palm oil mills, trading of fresh fruit bunches ("FFB"), provision of transportation services, property letting, fish rearing and operation of hotel. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

In Sabah, the Group currently operates approximately 12,783 hectares of plantation land and two palm oil processing mills which have a combined production capacity of 135 tonnes of FFB per hour, of which 8,774 hectares are located in the Sandakan region and 4,009 hectares in the Banggi Island of Sabah. The palm oil processing mills owned by the Group are located at Kilometre 87, Sandakan-Lahad Datu Highway, Segaliud Lokan in the district of Kinabatangan ("SROPP mill") and at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill").

Todate, the Group has a total plantation land area of 36,117 hectares in Kalimantan Timur, Indonesia, 30,553 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). For the financial year 2013, the Group's total planted hectarage in Indonesia was 6,161 hectares.

INDUSTRY TREND AND DEVELOPMENT

The year 2013 saw mixed performance of the Malaysian oil palm industry. Crude Palm Oil (CPO) production and export demand increased while imports were low throughout the year. The average price of CPO although lower than the previous year, was on an uptrend from a low of RM2,221 in January 2013 to close at RM2,574.50 in December 2013.

The oil palm planted area in 2013 reached 5.23 million hectares, an increase of 3.0% as against 5.08 million hectares recorded in the previous year. This was mainly due to the increase in new planted area in Sarawak, which recorded an increase of 7.9% or 84,660 hectares. Sabah is still the largest oil palm planted state, with 1.48 million hectares or 28% of total oil palm planted area, followed by Sarawak with 1.16 million hectares or 22%, while Peninsular Malaysia accounted for 2.59 million hectares or 50%.

In 2013, CPO production recorded an increase of 2.3% to 19.21 million tonnes against 18.79 million tonnes recorded in 2012. This was due to the higher FFB yield by 0.7% as well as additional new matured areas coming into production especially in Sarawak. CPO production in Peninsular Malaysia recorded an increase of 0.1% to 10.33 million tonnes, while Sabah increased by 4.2% to 5.78 million tonnes and Sarawak increased by 6.4% to 3.11 million tonnes.

The FFB yield for 2013 was higher by 0.7% to arrive at 19.02 tonnes per hectare from 18.89 tonnes per hectare achieved in 2012. Sabah accounted for the highest FFB yield, registering an increase of 2.4% to 20.88 tonnes per hectare as 65% of Sabah's oil palm planted areas are in the peak production age (10 to 24 years). Peninsular Malaysia also recorded an increase of 1.1% to 19.26 tonnes per hectare, while Sarawak decreased by 1.7% to register at 16.23 tonnes per hectare. Sarawak's FFB yield is relatively lower as 28% of the matured areas are young palms (4-6 years).

OER was lower in 2013, registering a decline of 0.5 % to 20.25 percent. This was mainly due to the effect of excessive rainfalls; and hot and dry weather in June and July as well as low quality crops from new matured areas coming into production especially in Sarawak.

CHAIRMAN'S STATEMENT *(continued)*

Palm oil stocks in 2013 was down by 24.4% to close at 1.99 million tonnes as compared to 2.63 million tonnes recorded in 2012. The lower closing stock was mainly due to higher exports by 3.1% to 18.12 million tonnes as well as decline in imports by 60.1% to 0.56 million tonnes.

In 2013, CPO price showed an upward trend as a result of the Government's measure to re-structure the CPO export duty. CPO price increased marginally by RM170.00 from its lowest level at RM2,221.00 in January 2013 to RM2,391.00 in February 2013. After which the price was generally on a downward trend until May, 2013, reaching the second lowest level at RM2,270.00, mainly resulting from market concerns over the build-up in domestic palm oil stock levels. However, the CPO price rebounded in June to RM2,386.50, but declined again to RM2,325 in July. After that, prices rebounded to its highest level at RM2,574.50 in December mainly supported by higher export performance during the 3rd quarter of the year and concerns over palm oil supply disruption as a result of the monsoon season in the East Coast of Malaysia. The super typhoon Haiyan in the Philippines that could tighten coconut oil supplies and the possible shifting demand to palm oil-based substitutes added to the positive price sentiment.

However, the annual average CPO prices in 2013 was lower, reaching RM2,371.00 per tonne against RM2,764.00 per tonne in 2012, mainly pressured by market sentiments of higher palm oil stock level at 2.56 million tonnes and 2.43 million in January and February 2013 respectively. In addition, the weaker soyabean and rapeseed oils prices in 2013, down by US$169/tonne and US$158/tonne to US$1,057/tonne and US$1,082/tonne respectively, added to the bearish palm oil sentiment.

The average price of Palm Kernel in 2013, declined by 9.9% to RM1,371.50 compared to RM1,522.50 registered in 2012. The lower Palm Kernel price was mainly due to lower domestic CPKO price sentiments during the first half of the year. The price of CPKO also declined by 18.2% to RM2,659.50 from RM3,249.50 registered in 2012. The lower prices were in tandem with the weaker world lauric oil prices, namely that of PKO which was lower by 19.2% to US$897/tonne and coconut oil by 15.3% to US$941/tonne.

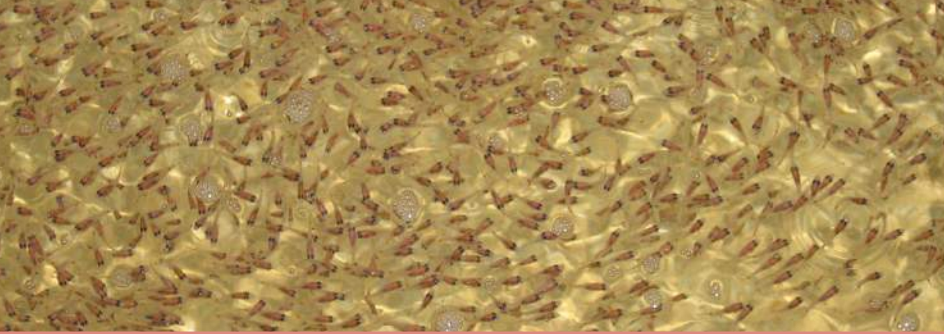
The average FFB price at 1% OER was lower by 19.2% to RM24.39, down from RM30.18 achieved in the previous year, which was in tandem with the lower CPO and palm kernel prices. Based on the national OER, the average price of FFB in 2013 was equivalent to RM485 per tonne as against RM615 per tonne in the previous year.

(Source: Overview of the Malaysian Oil Palm Industry 2013 by the MPOB)

GROUP PERFORMANCE

For the financial year ended 2013, the average CPO price realised by the Group was RM2,260 per tonne representing a 17.5% decrease as compared to RM2,740 per tonne realised in 2012 and the average palm kernel (PK) price realised was RM1,311 per tonne, representing a 11.8% decrease as compared to RM1,486 per tonne realised in 2012. The Group achieved total CPO production of 144,004 tonnes and PK production of 37,236 tonnes for the financial year ended 2013 as compared to the CPO production of 126,959 tonnes and PK production of 31,176 tonnes in 2012. The total FFB processed by the Group for 2012 was 680,075 tonnes as compared to 597,614 tonnes in previous financial year. The Group's revenue of RM418,821,750 for 2013 was higher as compared to RM400,162,204 for 2012 due to higher milling throughput despite the lower average CPO and PK price realised.

The CPO extraction rates of the Group had decreased to 21.17% for 2013 as compared to 21.24% for 2012 while the PK extraction rates of the Group had increased to 5.48% for 2013 as compared to 5.22% for 2012. The profit net of tax of RM14,907,392 recorded for 2013 was slightly higher as compared to RM14,145,004 recorded for 2012.



CHAIRMAN'S STATEMENT (continued)

SIGNIFICANT EVENTS

(a) On 3 July 2013, the Group's wholly owned subsidiary, Miasa Plantation Sdn Bhd ("Miasa") had completed the acquisition of 95% equity interest in PT Nala Palma Cadudasa, a limited liability company incorporated in Indonesia which is involved in the development of oil palm plantation.

(b) On 4 December 2013, the Group's wholly-owned subsidiary, Permata Alam Sdn Bhd ("Permata") together with PT Rimba Melawai Mahakam, Ir. Heppy Trenggono and Hj. Rima Melati had completed the disposal of 5,000 fully paid up shares of IDR1,000,000 each representing 100% equity interests in PT Prasetia Utama (PU). Permata had 90% beneficial interests in the equity of PU.

(c) On 15 January 2014, Miasa had on the same date entered into:-

(i) the Share and Warrant Subscription Agreement with PT Sawit Nusantara Makmur Utama and ("SNMU") and Cstone Financial Holdings Ltd ("Cstone") to subscribe for 2,604 new ordinary shares of IDR1,000,000 each ("New Shares"), representing 9.43% equity interest of the enlarged paid-up capital of SNMU and 1,781,136 new warrants in SNMU, at a consideration of USD2,000,000 or approximately RM6.52 million (based on the exchange rate of USD1.00:RM3.26 as at 13 January 2014); and

(ii) the Conditional Share and Warrant Subscription Agreement ("CSWSA") with SNMU and Cstone to subscribe for 8,033 new ordinary shares of IDR1,000,000 each ("New Additional Shares"), representing 22.54% equity interest of the enlarged paid-up capital of SNMU and 5,494,572 new warrants in SNMU, at a consideration of USD6,170,000 or approximately RM20.11 million (based on the exchange rate of USD1.00:RM3.26 as at 13 January 2014).

(d) On 24 January 2014, NPC Resources Berhad ("NPC") and Miasa had entered into a Summary of Principal Terms and Conditions of the Business Combination ("Term Sheet') with Cstone and SNMU for the following:

(i) Proposed subscription by SNMU of collectively 95% of the enlarged equity interest in PT Borneo Indosubur, PT Enggang Alam Sawita, PT Agronusa Bumi Sejahtera and PT Nala Palma Cadudasa ("Nala"), Indonesian subsidiaries of NPC (collectively "NPC Indon Subsidiaries") for an indicative consideration of USD30.40 million (equivalent to approximately RM101.23 million1) to be satisfied entirely by the issuance of new primary shares in SNMU to Miasa, the number of which to be determined later, subject to any post valuation adjustments to be conducted ("Post Valuation Adjustments") after the completion of due diligence ("Proposed NPC Indon Subsidiaries Shares Subscriptions"); and

(ii) Proposed additional subscription by Miasa of new primary shares in SNMU, the number of which is also to be determined later and subject to Post Valuation Adjustments for an indicative cash consideration of USD21.83 million (equivalent to approximately RM72.69 million[1]) ("Proposed SNMU Shares Subscriptions").

[1] (based on the exchange rate of USD1.00:RM3.33 as at 23 January 2014).

DIVIDENDS

(a) For the financial year ended 31 December 2012, the final single-tier dividend of 1 sen per share amounting to RM1,200,000 which was approved by the shareholders at the Annual General Meeting on 25 June 2013 was paid on 30 August 2013.


CHAIRMAN'S STATEMENT (continued)

(b) The Board had on 21 February 2014 proposed a final single tier dividend of 2 sen per ordinary share on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2013, amounting to a dividend payable of RM2,400,000 for shareholders' approval at the forthcoming Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY PRACTICES

The Group adopts the following practices as part of its environmental conservation efforts:-

(a) zero burning in land development and re-development activities;
(b) soil and water conservation methods tailored to the topography and drainage characteristics of the land;
(c) recycling of empty fruit bunches ("EFB");
(d) self-sufficiency in energy inputs in our palm oil mills; and
(e) where practical, buffaloes are used for infield FFB evacuation thus reducing the consumption of non-renewable fuel.

GROUP PROSPECTS

Plantation segment

Given the current level of CPO and PK prices, the Group's plantation segment will remain profitable for the next financial year and its performance will be in line with the industry norm. There is yet to be any significant revenue and profit contribution from the Group's plantation operation in Indonesia for the next financial year as majority of the plantation area is still in the preliminary development and immature stage.

Hotel segment

The prospect of the hotel segment is expected to continue to be favourable for the next financial year due to the expected increase in tourist arrivals.

Fishery segment

The fishery segment is expected to maintain the same level of revenue and breakeven position for the next financial year from its current fish rearing activities as compared to current financial year due to continuing sluggish demand and low grouper fish selling prices.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere gratitude to the management and valued employees of the Group who have continued with their commitment, dedication and co-operation during the year.

I would also like to express our sincere appreciation for the long-standing support, co-operation and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities.

Lastly, to the shareholders of the Company, we thank you for your faith in us and for your continuous support to the Group.

Thank you.

Loo Ngin Kong
Executive Chairman

STATEMENT ON CORPORATE GOVERNANCE

A. BOARD OF DIRECTORS

Board responsibilities

The Board and Management are committed to ensuring good corporate governance are observed throughout the Group. The Board views corporate governance as synonymous with three key concepts; namely transparency, accountability as well as corporate performance.

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the goals. A Strategic Plan has been adopted as one of the key policies in ensuring that the Group crystallises its future plans and provides a clear direction for the Board and Officers of the Group. The Strategic Plan promotes sustainability and its sustainability policies and implementation are disclosed in the Corporate Social Responsibility Practices section of the Chairman Statement on page 15 of this Annual Report. A structured risk management process has also been established to better identify, formalise, monitor within the various operating units and manage the business risks affecting the Group.

Other key responsibilities of the Board include the following:-

(a) overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
(b) approving the Group's budget and reviewing the Group's actual results against budget;
(c) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
(d) managing the delegation of duties to the Group's management;
(e) succession planning for senior management positions; and
(f) implementing shareholder communications policy.

To facilitate the Board in carrying out their responsibilities, the Board has drawn up and approved the approval guidelines for group transactions, specifying the approval limits with regards to type and quantum or threshold of transactions to be entered into. During the year, the Board has formalised the Board Charter which sets out the role, composition and responsibilities of the Board and is posted at the Company's corporate website. The Board will review the Board Charter annually to ensure it remains consistent with the Board's objectives and responsibilities. In carrying out its role and responsibilities, the Board is further guided by the existing code of conduct formalised in the Group's Human Resource Handbook and its compliance is to be strictly observed throughout the Group.

To ensure its members' time commitment in carrying their responsibilities to the Company, the Board has adopted Recommendation 4.1 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") whereby all board members should notify the Chairman of the Company before accepting any new directorship of other public listed companies. The notification should include an indication of time that will be spent on the new appointment.

Board Committees

The Board has three standing committees; the Audit Committee, the Remuneration Committee and Nomination Committee. The Board of Directors delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency as stated on pages 31 to 32 of this Annual Report. The Chairman of the Audit Committee reports back to the Board the outcome of the Committee meetings. The membership and Terms of Reference of the Committee are as stated on pages 27 to 30 of this Annual Report.

Board Balance

The Board of Directors comprises eight members comprising four Executive Directors, one Non-Independent Non-Executive Director and three Independent Non-Executive Directors. The Board is well balanced in size and composition and the interest of shareholders of the Company are fairly represented through the current composition. The Board recognizes the importance and contribution of its non-executive directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is sufficient check and balance at the Board level.

The Directors combined in them expertise and experience in various fields such as palm oil industry, investment, public services and accounting. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group. The profile of each Director is presented on pages 9 to 11 of this Annual Report. In addition, all the members of the Board have attended the Mandatory Accreditation Program as required and prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Pursuant to best practices, Mr. Lim Ted Hing has been identified and appointed as the Senior Independent Non-Executive Director, to whom any concerns pertaining to the Group may be conveyed.

The Board will undertake an annual assessment of its independent directors. Recommendation 3.2 of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Board has assessed, reviewed and determined that the three independent Directors, namely Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood, Mr Lim Ted Hing and Dr Edmond Fernandez who have served the Company as independent directors for more than nine years, remain objective and independent based on the following justifications:-

(a) they have fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(b) they have ensured check and balance in the proceedings of the Board and the Board Committees;
(c) they have actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board;
(d) they have devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company; and
(e) they have exercised due care in the interest of the Company and shareholders during their tenure as Independent Non-Executive Directors of the Company.

The Company has yet adopted the Recommendations 3.4 and 3.5 of the MCCG 2012 whereby the chairman of the Company must be a non-executive member of the Board and the board must comprise a majority of independent directors where the chairman of the board is not an independent director. These non-compliances are mitigated in the events of dealing with matters in the board meetings which have potential conflict of interests with the Chairman of the Company who is also an Executive Director and any other executive directors of the Company, the Deputy Chairman, Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood who is a non-executive independent director will assume the role of the Chairman in the board meetings.

Board Meetings

The Board had held 5 meetings during the financial year ended 31 December 2013. Details of the attendance of the Directors at the Board Meetings are as follows:

NAME		MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
1.	Loo Ngin Kong	3	5
2.	Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	4	5
3.	Dato' Loo Pang Kee	5	5
4.	Wong Siew Ying	5	5
5.	Lim Ted Hing	5	5
6.	Dr. Edmond Fernandez	5	5
7.	Tan Sri Dato' Sri Koh Kin Lip, JP	5	5
8.	Tan Vun Su	5	5

At the board meetings, the Board had among others:-

(a) reviewed and approved the Unaudited Quarterly Financial Results of the Group;
(b) reviewed and approved the year end Financial Statements and Annual Report of the Company together with the Reports of the Directors and Auditors;
(c) reviewed the Internal Auditors' Reports;
(d) reviewed each quarter's related party transactions;
(e) reviewed and approved the Group's Annual Budget;
(f) reviewed management reports on business operations; and
(g) deliberated, and in the process evaluated the viability of business propositions and corporate proposals.

The Board's deliberations of issues discussed and decisions reached were recorded in the minutes of meetings. Minutes of each board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes before the commencement of the next Board meeting.

In the interval between Board meetings, for matters requiring urgent Board decisions, Board approvals were sought via circular resolutions which were attached with sufficient information required for an informed decision.

Supply of information

The Company Secretaries, in consultation with the Executive Chairman and the Group Managing Director, issue formal agenda with the relevant board meeting papers, at least one (1) week prior to each meeting. Any one of the Directors may at any time and the Company Secretaries shall on requisition of a Director summon a meeting of Directors. All Directors have access to the advice and services of the Management and Company Secretaries together with all information within the Group whether as full board members or in their individual capacity, in furtherance of their duties. The appointment and removal of Company Secretaries are matters for the Board as a whole. The Board recognises the strong and positive support of the Company Secretaries for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Directors are informed and aware they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group. The Company Secretaries are members of the Malaysian Institute of Accountants (MIA) or the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

Appointments

In compliance with the Listing Requirements, a Nomination Committee was established by the Board on 22 November 2002. The Committee comprises two Independent Non-Executive Directors. The members as at the date of this Annual Report are:

1. Mr. Lim Ted Hing (Independent Non-Executive Director) - Chairman
2. Dr. Edmond Fernandez (Independent Non-Executive Director)

The Committee is entrusted to formally and transparently review annually the Board structure, size and composition; to nominate candidates to fill vacancies; and recommend for re-election of Directors who are retiring. All Directors will be subject to the same assessment criteria and process. The Board through this Committee ensures that there is an appropriate induction and training programme for new Board members. The Committee is entitled to the services of the Company Secretaries who must ensure all appointments are properly made and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting regulatory requirements.

In making recommendations and performing its annual review, the Committee considers the directors'

(a) mix of skills, knowledge, expertise and experience;
(b) professionalism and integrity; and
(c) in the case of audit committee members, each member's ability to discharge responsibilities and functions as required such as the ability to read, analyse and interpret financial statements.

The Committee is aware of the board gender diversity objectives stated in the Corporate Governance Blueprint 2011 which target at least 30% women participation at the board by year 2016 and will:-

(a) annually review the proportion of women at board level;
(b) continuously review suitability and credibility of potential women candidates for the Board to reach 30% women participation by year 2016; and
(c) annually report on the outcomes to the Board.

The full Committee met twice during the financial year. The meeting on 25 February 2013 was to assess the effectiveness of the Board, Board Committees and the contribution of individual director.

On 25 April 2013, the Committee met to consider and recommend the:-

(a) re-appointment of Mr Loo Ngin Kong and Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood retiring as directors pursuant to Section 129(6) of the Companies Act, 1965 at the Thirteenth Annual General Meeting;
(b) re-election of Dato' Loo Pang Kee and Mr Lim Ted Hing retiring as directors pursuant to Article No. 93, at the Thirteenth Annual General Meeting; and
(c) proposed retention of Mr Lim Ted Hing and Dr Edmond Fernandez as independent non- executive directors.

Reappointment/Re-election

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years 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 who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting and that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Recommendation 3.3 of the MCCG 2012, any independent directors who have served in that capacity for more than nine years and to be retained by the Board in that capacity are subject to shareholders' approval at every annual general meeting.

B. DIRECTOR'S REMUNERATION

The Level and Make-up of Remuneration

In compliance with the Listing Requirements, a Remuneration Committee was established by the Board on 22 November 2002. The Committee comprises two Independent Non-Executive Directors. The members as at the date of this Annual Report are:

1. Dr. Edmond Fernandez (Independent Non-Executive Director) - Chairman
2. Mr. Lim Ted Hing (Independent Non-Executive Director)

The Board as a whole determines the remuneration of the Directors with individual Directors abstaining from decisions in respect of their own remuneration.

Procedures

The Committee is delegated with the following duties in accordance with its approved terms of reference:

- to annually review in a formal and transparent manner, the remuneration packages of all the Executive Directors and make recommendations therewith; and
- to recommend to the Board the Company's framework for retaining and rewarding the Executive Directors.

The Committee shall ensure that the Company attracts and retains the Directors needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the performance of the Directors and business, whilst the Non-Executive Directors are to be rewarded to reflect their experience and level of responsibilities.

The full Committee met twice during the financial year. The meeting on 25 February 2013 was to review and recommend revisions to Executive Directors' remuneration for financial year 2013 with regards to industry norm for remuneration to Executive Directors, the performance of the Group for 2012 and the work scope of the Managing Director.

On 21 May 2013, the Committee met to consider and recommend an annual incentive scheme for the Managing Director which is performance driven and in line with the Group's profit maximization objective.

Disclosure

The details of the remuneration for the Directors of the Company during the financial year ended 31 December 2013 are as follows:

Directors' Remuneration	***Executive Directors RM***	***Non-Executive Directors RM***
Fees	40,000	40,000
Emoluments	3,693,352	314,580
Benefits-in-kind	60,565	-
Total	3,793,917	354,580

The number of Directors whose remuneration during the financial year ended 31 December 2013 falls within the following bands is as follows:

	NUMBER OF DIRECTORS	
Directors' Remuneration	***Executive***	***Non-Executive***
RM		
50,001 to 100,000	-	3
100,001 to 150,000	-	1
450,001 to 500,000	1	-
550,001 to 600,000	1	-
850,001 to 900,000	1	-
1,850,001 to 1,900,000	1	-

C. DIRECTORS' TRAINING AND EDUCATION

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Malaysia.

The Directors are required to attend talks, seminars, workshops, conferences and other training programmes to update themselves on, inter-alia, areas relevant to the Group's operations; Directors' responsibilities and corporate governance issues, new business development, as well as on changes to statutory requirements and regulatory guidelines.

STATEMENT ON CORPORATE GOVERNANCE (continued)

Details of training attended by the Directors for the financial year ended 31 December 2013 are as follows:

TRAINING PROGRAMME	ATTENDED BY :
Limited Liability Partnership: Introduction of a New Business Vehicle in Malaysia and Taxation Issues organised by Institute of Approved Company Secretaries	• Loo Ngin Kong
Company Secretaries Training Programme Significant (Part A) organised by Suruhanjaya Syarikat Malaysia	• Loo Ngin Kong • Wong Siew Ying
Finance & Accounting Masterclass 2, Corporate Tax Planning, Employee Taxation organised by Quantumac Management	• Wong Siew Ying
Various presentations and briefings on Sabah Tourism	• Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood
Internal briefings on recent accounting standards and tax developments	• Dato' Loo Pang Kee
Smart Investment In Property Seminar (IX) 2013 Post GE 13 – Where? organised by FIABCI-Malaysia International Real Estate Federation Malaysia 50 Years On Expectations Vs Reality organised by The Borneo Heritage Foundation of Sabah, Malaysia Risk, Governance & Self-Regulation "Within & Beyond"	• Lim Ted Hing
Seminar on 2014 Budget, Recent Tax Development & GST	• Wong Siew Ying • Lim Ted Hing • Tan Sri Dato' Sri Koh Kin Lip, JP • Tan Vun Su
FX & Economic Outlooks Briefing organised by RHB Bank Berhad Enterprise Risk Management – What's is it & the implications to the Board & Management of Listed Issuers organised by KPMG Management & Risk Consulting Sdn Bhd	• Tan Sri Dato' Sri Koh Kin Lip, JP
7th Annual Conference – An Update On Environmental Health Concerns in Malaysia organised by Academy of Occupational and Environmental Medicine Malaysia 19th Technical Update – Plantation Health organised by Academy of Occupational and Environmental Medicine Malaysia 21st Technical Update – Update on Foreign Workers Health organised by Academy of Occupational and Environmental Medicine Malaysia	• Dr. Edmond Fernandez
4th International PALMEX Conference on new Business Opportunities in Biomass Downstream organised by POIC Sabah Sdn Bhd	• Tan Vun Su

D. SHAREHOLDERS

Dialogue between Companies and Investors

The Board believes in clear and regular communication with its shareholders and institutional investors. Besides the various announcements made during the financial year and release of financial results on a quarterly basis, the Board anticipates through its Twelfth Annual Report to provide shareholders with an overview of the Group's performance and its business activities.

The Board recognises the importance of timely and equal dissemination of information to shareholders. As such, it strictly adheres to the disclosure requirements of the Bursa Malaysia.

To provide regular research coverage of the Company to existing and prospective investors, the Company is a participating company in the CMDF – Bursa Research Scheme.

Annual General Meeting ("AGM")

The Board understands that the AGM is the principal forum for dialogue with shareholders. Hence opportunities will be made for shareholders to raise questions pertaining to the business activities of the Group. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved. In respect of re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Shareholders are encouraged to post questions and to seek clarifications in relation to general meetings' agenda by way of posting the enquiries through our Contact section of our corporate website before the commencement of the general meetings. These enquiries will be read out and answered at the general meetings. At the commencement of the general meetings, the chairman of the meetings will inform shareholders of their right to demand a poll vote for each agenda. Answers to the enquiries will also be posted on the corporate website as soon as practicable after the general meetings.

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 41 of this annual report.

Corporate Disclosures Policies and Procedures

The Company Secretaries and the Head of the Group Finance Department are responsible for implementing the disclosure policies and procedures which are in compliance with the disclosure requirements as set out in Bursa Malaysia Listing Requirements. All corporate announcements to Bursa Malaysia have to be vetted by the Executive Directors and circulated to other board members for approval before announcements are made.

The Company also has established a corporate website at www.npc.com.my for dissemination of corporate information.

Internal Control

The Directors acknowledge their responsibilities for maintaining a sound system of internal control which is necessary to safeguard the Group's assets and shareholders' investment. In this respect, the Board affirms its overall responsibility for the Group's internal control system, which encompasses risk management practices as well as financial, operational and compliance controls. Information on the Group's internal control system is presented in the Statement on Internal Control laid out on pages 31 to 32 of this annual report.

Relationship with Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 27 to 30 of this annual report. A summary of the activities of the Audit Committee during the year, including the evaluation of the internal audit process, is set out in the Audit Committee Report on page 30 of this annual report.

Compliance statement

The Group had substantially complied with the relevant Principles and Recommendations of the MCCG 2012 as at date of this statement except those which have been stated otherwise with justifications and mitigation steps taken to address the non-compliance.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 28 April 2014.

DIRECTORS' RESPONSIBILITY STATEMENT *IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS*

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

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

ADDITIONAL COMPLIANCE *INFORMATION*

The following additional information is provided in compliance with the Listing Requirement of the Bursa Malaysia:-

1. Utilisation of Proceeds Raised From Corporate Proposals

This was not applicable during the financial year.

2. Share Buybacks

During the financial year, there were no share buybacks by the Company.

3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year.

4. American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

5. Imposition of Sanctions/Penalties

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

6. Non-Audit Fees

The amount of non-audit fees paid/payable to an associate of the auditors for the year is RM77,700.

7. Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimate, forecast or projection for the financial year ended 31 December 2013.

8. Profit Guarantee

During the financial year, there were no profit guarantee given by the Company.

9. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year.

10. Recurrent Related Party Transactions

The details of the related party transactions are set out in note 30 to the financial statements.

AUDIT COMMITTEE REPORT
COMPOSITION, TERMS OF REFERENCE AND FUNCTIONS

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee and their respective designations are as follows:-

NAME	***DESIGNATION***	***DIRECTORSHIP***
(a) Lim Ted Hing	Chairman	Independent Non-Executive Director
(b) Dr. Edmond Fernandez	Member	Independent Non-Executive Director
(c) Tan Sri Dato' Sri Koh Kin Lip, JP	Member	Non-Independent Non-Executive Director

The Audit Committee was formed by the Board of Directors on 19 March 2002.

The Chairman of the Audit Committee, Mr. Lim Ted Hing is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

The Company has complied with the Malaysian Code of Corporate Governance 2012 and Paragraph 15.10 of the Bursa Malaysia Listing Requirements which require that all members of the audit committee should be non-executive directors.

Terms of reference

The Audit Committee is governed by the following terms of reference:

1. Composition of the audit committee

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise at least three directors, all must be non-executive directors with a majority of them shall be independent of other fellow directors, substantial shareholders, senior management and operating executives and unencumbered by any relationships that might, in the opinion of the Board of Directors, be considered conflict of interest. The members of the Audit Committee shall elect a chairman from among themselves who shall be an independent director.

All members of the audit committee should be financially literate and at least one member of the audit committee:-

(a) must be a member of the Malaysian Institute of Accountants (MIA); or
(b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-

    (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
    (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia.

No alternate director shall be appointed as a member of the audit committee.

2. *Authority*

The Audit Committee is authorised by the Board of Directors to:

(a) investigate any activities within its terms of reference;
(b) have the resources required to perform its duties;
(c) have full and unrestricted access to any information and documents relevant to its activities;
(d) have direct communication channels with the internal and external auditors and senior management of the Group;
(e) be able to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

3. *Duties*

The duties of the Committee should include the following:

(a) to recommend the nomination of a person or persons as external auditors, and to consider the audit fee and any questions of re-appointment, resignation or dismissal of external auditors;
(b) to assess the suitability and independence of external auditors by reviewing the terms of engagement for the services rendered by them;
(c) to discuss with the external auditors before audit commences, the nature and scope of the audit contained in the audit plan, and ensure coordination where more than one audit firm is involved;
(d) to review the assistance given by the Company and its officers to the external and internal auditors;
(e) to review the adequacy and the integrity of the Group's internal control systems and management information systems with the external auditors;
(f) to review the quarterly and year-end financial statements of the Company prior to the approval by the Board; focusing particularly on:

    (i) any changes in or implementation of major accounting policies and practices;
    (ii) significant and unusual events;
    (iii) significant adjustments arising from the audit;
    (iv) the going concern assumption; and
    (v) compliance with applicable Financial Reporting Standards in Malaysia and other legal requirements;

(g) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
(h) to review the external auditors' audit report, management letter and management's response;
(i) to perform the following in respect of the internal audit function:

    (i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
    (ii) review the internal audit program, processes and results of the internal audit program, process or investigation undertaken and where necessary ensure that appropriate actions taken on the recommendations of the internal auditors;
    (iii) review any appraisal or assessment of the performance of the internal audit function;
    (iv) approve any appointment or termination of internal auditors; and

(v) inform itself of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning;

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

(k) to consider the major findings of internal investigations and management's response; and

(l) to report the above to the Board and consider other topics as defined by the Board.

4. Quorum and procedures for meetings

The Audit Committee meetings shall not be less than four times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Representatives of external auditors may be required to be in attendance at meetings where matters relating to the audit of the statutory accounts are to be discussed. However, at least twice a year, the Audit Committee shall meet with the external auditors without any executive Board Members present, if deemed necessary.

The Committee shall meet at least once annually with the internal auditors to discuss the internal audit findings for the financial year without any executive Board Members present, if deemed necessary.

Other appropriate officers of the Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Chairman of the Audit Committee.

The quorum for the meeting shall be any two members, one of whom shall be an independent director.

The Company Secretaries shall be Secretaries to the Audit Committee. The Secretaries in conjunction with the Chairman, shall draw up agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

5. Retirement and resignation

In the event of any vacancy in an audit committee resulting in the non-compliance of subparagraphs 15.10(1) of Bursa Malaysia Listing Requirements, the vacancy must be filled within 3 months.

6. Review of the audit committee

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT
COMPOSITION, TERMS OF REFERENCE AND FUNCTIONS *(continued)*

INTERNAL AUDIT

The Company has outsourced its internal audit function to an independent accounting firm, which reports directly to the Audit Committee. The main activities undertaken by the internal auditors during the financial year are as follow:

(a) to review the key internal controls relating to road maintenance programme, vehicle cost allocation, workshop charges allocation function, vehicles efficiency monitoring function and consumables for lorries issuing function of one of the estate divisions of the Group;
(b) to review the key internal controls relating to the estate payroll system of one of the estate divisions and the mill payroll of one of the mills of the Group; and
(c) to report the findings and recommendations from the above review to the Audit Committee.

The results of the internal audit function are set out in the Statement of Internal Control.

MEETINGS AND SUMMARY OF ACTIVITIES

The Committee had held five meetings during the financial year. The attendance record of the Audit Committee members in each of the meetings is as follows:

NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
Lim Ted Hing	5	5
Dr. Edmond Fernandez	5	5
Tan Sri Dato' Sri Koh Kin Lip, JP	5	5

The main activities undertaken by the Committee were as follows:

(a) reviewed the unaudited Quarterly Financial Results of the Group and its disclosure requirements before recommending them for the Board's approval;
(b) reviewed the year end financial statements of the Company prior to submission to the Board for their consideration and approval. This review was to ensure that the financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia;
(c) reviewed each quarter's related party transactions and report the same to the Board;
(d) reviewed the audit plans and service charter presented by the external auditors; and
(e) reviewed the internal audit program, processes and results of the internal audit processes.

Details of training attended by each Audit Committee member are disclosed on pages 22 of the Statement on Corporate Governance.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 28 April 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility

The Board recognises that it is responsible for the Group's system of risk management and internal control and for reviewing its adequacy and effectiveness.

The Board confirms that there is an ongoing process of identifying, evaluating and managing the significant risks faced by the Group which are present throughout the financial year under review and up to date of approval of the annual report and financial statements. This is in accordance with the guidance as contained in the publication – Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Risk Management Framework and Control Self - Assessment

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. The risk management framework has been formalised in compliance with Bursa Malaysia Listing Requirements with emphasis on compliance with the Corporate Governance and Internal Control. The Board reviews the risk management framework annually and the management has been entrusted to continuously monitor the identified principal risks of the Group, evaluate existing controls and formulate the necessary action plans with its respective process owners. The Executive Directors are tasked with the responsibility of continuous monitoring and reviewing strategic directions and significant operational matters of the Group.

Other Key Elements of Internal Control

Scheduled meetings at head office and operation sites were held to identify, discuss and resolve business and operational issues. The Board was aware of, and involved in, when necessary in resolving any significant issues identified at those meetings. The Executive Directors are actively involved in the day-to-day operations of the Group.

The Group has a clear management structure that clearly defines lines of accountability and delegated authority. There is also proper segregation of duties to ensure safe custody of the Group's assets. The Group's organisation chart includes the Management Committee, headed by the Group Managing Director. The Management Committee meets monthly at head office or operation sites to discuss and review the Group's operations and ensures that they are carried out in accordance with the standards set and expected by the Board. There is a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

The Board has reviewed the Group's budget for the current financial year. The budgeting process includes the preparation of budgets by individual operating units, which are approved at management level and ultimately by the Board. Actual performance and results are monitored against budgets, with reasons for significant variances identified and highlighted to management and the Board for the appropriate corrective measures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

Internal Audit Function

The Board remains committed towards continuous improvement and enhancement of its internal controls to ensure that there is increased certainty of the achievement of business objectives, thus enhancing the shareholders' value.

The Group has outsourced its Internal Audit function to an independent accounting firm, which reports directly to the Audit Committee. The internal audit was carried out based on the Internal Audit plan that was reviewed by the Audit Committee and approved by the Board of Directors. The amount of internal audit fees payable to the internal auditors for the year is RM13,000.

The risk based internal audit approach has examined, evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the effectiveness of the internal control system and assessed the consequences of any potential risks and suggested any improvements required.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

A number of minor internal control weaknesses were identified during the year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report. The board confirms that its system of risk management and internal control was operational throughout the financial year and up to the date of approval of the Annual Report.

Review of Statement by 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 the Board has adopted in the review of the adequacy and integrity of internal controls within the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 28 April 2014.

Contents

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 activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are operation of oil palm plantation, palm oil mill and trading of fresh fruit bunches. Other activities include investment holding, property letting, provision of management services on purchasing of consumable stores, provision of transportation services, hotelier and fishery.

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

Results

	Group RM	Company RM
Profit net of tax	14,531,105	2,915,010
Profit attributable to:		
Owners of the Company	13,869,285	2,915,010
Non-controlling interests	681,820	-
	14,531,105	2,915,010

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

(a) The amounts of dividends paid by the Company since 31 December 2012 were as follows:

	RM
In respect of the financial year ended 31 December 2012 as reported in the Directors' report of that year:	
Final single tier dividend of 1 sen per ordinary share, on 120,000,000 ordinary shares, approved by the shareholders at the Annual General Meeting on 25 June 2013 and paid on 30 August 2013	1,200,000

(b) At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2013 of 2 sen per ordinary share on 120,000,000 ordinary shares, amounting to a dividend payable of RM2,400,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

Directors

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

Loo Ngin Kong
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood
Dato' Loo Pang Kee
Wong Siew Ying
Lim Ted Hing
Dr. Edmond Fernandez
Tan Sri Dato' Sri Koh Kin Lip, JP
Tan Vun Su

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 10 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 the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM1 each			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
The Company				
Direct Interest:				
Loo Ngin Kong	7,961,724	-	-	7,961,724
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	1	-	-	1
Dato' Loo Pang Kee	10,206,906	-	-	10,206,906
Wong Siew Ying	3,622,684	-	(750,000)	2,872,684
Lim Ted Hing	804,000	-	-	804,000
Dr. Edmond Fernandez	32,300	-	-	32,300
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	-	-	19,783,344
Tan Vun Su	1	-	-	1
Indirect Interest:				
Dato' Loo Pang Kee	38,400,000	-	-	38,400,000
Wong Siew Ying	38,400,000	-	-	38,400,000
Tan Sri Dato' Sri Koh Kin Lip, JP	2,817,350	-	-	2,817,350
Indirect interest of Loo Ngin Kong and Wong Siew Ying in the Company by virtue of shareholdings of their children	6,200,000	750,000	-	6,950,000
Indirect interest of Tan Sri Dato' Sri Koh Kin Lip, JP in the Company by virtue of shareholding of his child	70,000	-	-	70,000

Directors' interest (continued)

The Directors, Loo Ngin Kong, Dato' Loo Pang Kee, Wong Siew Ying and Tan Sri Dato' Sri Koh Kin Lip, JP by virtue of their interests in shares in the Company, are also deemed to have interest in shares in all of the Company's subsidiaries to the extent the Company has an interest.

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

Other statutory information (continued)

(f) In the opinion of the Directors:

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

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

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Notes 18 and 35 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Notes 36 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 28 April 2014.

Dato' Loo Pang Kee **Wong Siew Ying**

Statement by Directors

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

We, Dato' Loo Pang Kee and Wong Siew Ying, being two of the Directors of NPC Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 128 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 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2014.

Dato' Loo Pang Kee **Wong Siew Ying**

Statutory Declaration

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

I, Tan Vun Su, being the Director primarily responsible for the financial management of NPC Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 129 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
Tan Vun Su at Kota Kinabalu in the State of Sabah on 28
April 2014

Tan Vun Su

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NPC RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of NPC Resources 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 42 to 128.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Report on other legal and regulatory requirements (continued)

(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 38 on page 129 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

Chau Nam Kong
3096/12/15(J)
Chartered Accountant

Sandakan, Malaysia
28 April 2014

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	418,821,159	400,162,204	16,841,067	15,459,500
Cost of sales		(354,130,238)	(337,571,558)	-	-
Gross profit		64,690,921	62,590,646	16,841,067	15,459,500
Other items of income					
Interest income	5	1,086,536	211,653	2,398,793	2,596,932
Other income	6	5,343,196	4,988,955	258,030	2,800
Other items of expense					
Marketing and distribution		(33,428,821)	(32,205,410)	-	-
Administrative expenses		(12,285,179)	(10,888,817)	(7,353,813)	(6,903,325)
Finance costs	7	(7,459,392)	(4,469,510)	(7,977,218)	(5,123,921)
Other expenses		(218,113)	(267,841)	(1,553)	(191,119)
Profit before tax	8	17,729,148	19,959,676	4,165,306	5,840,867
Income tax expense	11	(3,178,043)	(5,814,672)	(1,250,296)	(1,219,377)
Profit net of tax		14,551,105	14,145,004	2,915,010	4,621,490
Other comprehensive expense: Item that may be reclassified subsequently to profit or loss: Foreign currency translation		(27,577,752)	(6,545,972)	-	-
Other comprehensive expense for the year, net of tax		(27,577,752)	(6,545,972)	-	-
Total comprehensive (expense)/income for the year		(13,026,647)	7,599,032	2,915,010	4,621,490

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit attributable to:					
Owners of the Company		13,869,285	12,530,968	2,915,010	4,621,490
Non-controlling interests		681,820	1,614,036	-	-
		14,551,105	14,145,004	2,915,010	4,621,490
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(13,530,602)	5,984,996	2,915,010	4,621,490
Non-controlling interests		503,955	1,614,036	-	-
		(13,026,647)	7,599,032	2,915,010	4,621,490
Earnings per share attributable to owners of the Company (sen per share):					
Basic, for profit for the year	12	11.56	10.44		

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

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	14	269,604,714	254,974,184	1,261,307	1,165,824
Land use rights	15	32,548,265	21,659,730	-	-
Biological assets	16	178,788,021	131,426,356	-	-
Intangible asset	17	4,258,029	4,258,029	-	-
Investments in subsidiaries	18	-	-	325,585,243	283,116,520
Other receivables	20	16,291,578	35,399,188	-	-
Deferred tax assets	25	948,140	1,214,985	581,431	1,210,880
		502,438,747	448,932,472	327,427,981	285,493,224
Current assets					
Biological assets	16	2,762,769	2,333,997	-	-
Inventories	19	17,022,385	32,379,772	-	-
Investment deposit	35(b)	-	10,215,146	-	-
Trade and other receivables	20	22,430,566	21,534,696	17,040	31,404
Prepayments		235,164	176,115	-	-
Income tax refundable		3,812,768	3,399,279	2,089,234	393,414
Cash and bank balances	21	45,146,247	10,953,997	753,467	1,737,367
		91,409,899	80,993,002	2,859,741	2,162,185
TOTAL ASSETS		593,848,646	529,925,474	330,287,722	287,655,409
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	22	66,605,826	61,186,382	33,332,280	38,693,772
Trade and other payables	23	47,035,728	38,086,661	50,416,346	35,283,571
Provision for litigation claim	35(a)	-	861,549	-	-
Income tax payable		767,675	71,965	-	-
		114,409,229	100,206,557	83,748,626	73,977,343
Net current liabilities		(22,999,330)	(19,213,555)	(80,888,885)	(71,815,158)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 *(CONTINUED)*

		Group		Company	
	Note	**2013**	**2012**	**2013**	**2012**
		RM	**RM**	**RM**	**RM**
Non-current liabilities					
Loans and borrowings	22	157,106,785	93,997,106	123,213,147	92,067,127
Employee benefits	24	464,326	-	-	-
Deferred tax liabilities	25	34,874,556	34,973,822	-	-
		192,445,667	128,970,928	123,213,147	92,067,127
Total liabilities		306,854,896	229,177,485	206,961,773	166,044,470
Net assets		286,993,750	300,747,989	123,325,949	121,610,939
Equity attributable to owners of the Company					
Share capital	26	120,000,000	120,000,000	120,000,000	120,000,000
Retained earnings	27	197,855,574	185,186,289	3,325,949	1,610,939
Foreign currency translation reserve	28	(34,568,543)	(7,168,656)	-	-
		283,287,031	298,017,633	123,325,949	121,610,939
Non-controlling interests		3,706,719	2,730,356	-	-
Total equity		286,993,750	300,747,989	123,325,949	121,610,939
TOTAL EQUITY AND LIABILITIES		593,848,646	529,925,474	330,287,722	287,655,409

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

			Attributable to owners of the Company				
				Non- distributable			
2013	Note	Equity, total RM	Equity attributable to owners of the Company RM	Share capital (Note 26) RM	Foreign currency translation reserve (Note 28) RM	Distributable retained earnings (Note 27) RM	Non-controlling interests RM
Group							
Opening balance at 1 January 2013		300,747,989	298,017,633	120,000,000	(7,168,656)	185,186,289	2,730,356
Profit for the year		14,551,105	13,869,285	-	-	13,869,285	681,820
Other comprehensive income							
Foreign currency translation		(27,577,752)	(27,399,887)	-	(27,399,887)	-	(177,865)
Total comprehensive income for the year		(13,026,647)	(13,530,602)	-	(27,399,887)	13,869,285	503,955
Distributions to owners							
Dividends	13	(1,200,000)	(1,200,000)	-	-	(1,200,000)	-
Changes in ownership interest in subsidiaries							
Acquisition of a subsidiary	18	472,408	-	-	-	-	472,408
Total transactions with owners in their capacity as owners		(727,592)	(1,200,000)	-	-	(1,200,000)	472,408
Closing balance at 31 December 2013		286,993,750	283,287,031	120,000,000	(34,568,543)	197,855,574	3,706,719

		← Attributable to owners of the Company →		← Non-distributable →			
2012	Note	Equity, total RM	Equity attributable to owners of the Company RM	Share capital (Note 26) RM	Foreign currency translation reserve (Note 28) RM	Distributable retained earnings (Note 27) RM	Non-controlling interests RM
Group							
Opening balance at 1 January 2012		299,154,441	296,832,637	120,000,000	(622,684)	177,455,321	2,321,804
Profit for the year		14,145,004	12,530,968	-	-	12,530,968	1,614,036
Other comprehensive income							
Foreign currency translation		(6,545,972)	(6,545,972)	-	(6,545,972)	-	-
Total comprehensive income for the year		7,599,032	5,984,996	-	(6,545,972)	12,530,968	1,614,036
Distributions to owners							
Dividends	13	(4,800,000)	(4,800,000)	-	-	(4,800,000)	-
Dividends paid to non-controlling interests		(1,663,455)	-	-	-	-	(1,663,455)
Changes in ownership interest in subsidiaries							
Acquisition of a subsidiary		457,971	-	-	-	-	457,971
Total transactions with owners in their capacity as owners		(6,005,484)	(4,800,000)	-	-	(4,800,000)	(1,205,484)
Closing balance at 31 December 2012		300,747,989	298,017,633	120,000,000	(7,168,656)	185,186,289	2,730,356

	Note	Equity, total RM	Non-distributable share capital (Note 26) RM	Distributable retained earnings (Note 27) RM
2013				
Company				
Opening balance at 1 January 2013		121,610,939	120,000,000	1,610,939
Profit for the year, representing total comprehensive income for the year		2,915,010	-	2,915,010
Distributions to owners				
Dividends	13	(1,200,000)	-	(1,200,000)
Total transactions with owners in their capacity as owners		1,715,010	-	1,715,010
Closing balance at 31 December 2013		123,325,949	120,000,000	3,325,949
2012				
Opening balance at 1 January 2012		121,789,449	120,000,000	1,789,449
Profit for the year, representing total comprehensive income for the year		4,621,490	-	4,621,490
Distributions to owners				
Dividends	13	(4,800,000)	-	(4,800,000)
Total transactions with owners in their capacity as owners		(178,510)	-	(178,510)
Closing balance at 31 December 2012		121,610,939	120,000,000	1,610,939

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Operating activities					
Profit before tax		17,729,148	19,959,676	4,165,306	5,840,867
Adjustments for:					
Interest income	5	(1,086,536)	(211,653)	(2,398,793)	(2,596,932)
Impairment loss on other receivables	8	179,420	-	-	-
Bad debts written off	8	35,374	-	-	-
Property, plant and equipment scrapped	8	4	-	-	-
Gain on disposal of property, plant and equipment	6	(195,124)	(167,700)	(540)	-
Finance costs	7	7,459,392	4,469,510	7,977,218	5,123,921
Amortisation of land use rights	8	78,921	78,921	-	-
Depreciation of property, plant and equipment	8	11,656,543	11,553,288	66,459	61,899
Loss on disposal of property, plant and equipment	8	-	650	-	595
Net unrealised foreign exchange (gain)/loss		(37,899)	260,156	(255,937)	190,524
Total adjustments		18,090,095	15,983,172	5,388,407	2,780,007
Operating cash flows before changes in working capital		35,819,243	35,942,848	9,553,713	8,620,874
Changes in working capital					
Increase in biological assets		(360,466)	(524,985)	-	-
Decrease in inventories		17,134,627	753,863	-	-
(Increase)/decrease in trade and other receivables		(6,420,341)	4,558,331	14,364	(1,394)
(Increase)/decrease in prepayments		(59,049)	111,442	-	-
(Decrease)/increase in trade and other payables		(672,426)	3,615,068	(174,100)	(677,805)
Total changes in working capital		9,622,345	8,513,719	(159,736)	(679,199)
Cash flows from operations		45,441,588	44,456,567	9,393,977	7,941,675
Interest received	5	1,086,536	211,653	2,398,793	2,596,932
Income taxes paid		(3,156,591)	(10,983,641)	(2,316,667)	(1,250,000)
Interest paid		(7,081,913)	(4,260,505)	(7,689,663)	(4,961,643)
Net cash flows from operating activities		36,289,620	29,424,074	1,786,440	4,326,964

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Investing activities					
Net repayments from subsidiaries		-	-	6,951,433	-
Net cash outflow on acquisition of a subsidiary	18	(8,100,300)	(4,121,744)	-	-
Subscription of additional shares in a subsidiary		-	-	-	(2,350,000)
Purchase of property, plant and equipment	14	(28,939,427)	(61,412,322)	(162,602)	(498,023)
Additions of land use rights	15	-	(206,715)	-	-
Additions of biological assets		(34,467,769)	(16,502,076)	-	-
Deposits paid for leases of land		(1,881,037)	-	-	-
Advances of working capital to foreign companies to be acquired		(2,830,860)	(31,192,673)	-	-
Payments received from disposal of investment in a foreign company		10,215,146	-	-	-
Proceeds from disposal of property, plant and equipment		225,702	230,965	1,200	1,000
Net cash flows (used in)/from investing activities		(65,778,545)	(113,204,565)	6,790,031	(2,847,023)
Financing activities					
Net repayment of amounts due to subsidiaries		-	-	(34,113,281)	-
Net advances to subsidiaries		-	-	-	(64,131,087)
Dividends paid		(1,200,000)	(4,800,000)	(1,200,000)	(4,800,000)
Dividends paid to non-controlling interests		-	(1,663,455)	-	-
Proceeds from drawdown of term loans		76,000,000	50,000,000	46,000,000	50,000,000
Net (repayment)/proceeds from drawdown of revolving credits		(114,337)	28,000,000	(10,064,430)	18,000,000
Net proceeds from drawdown of bankers' acceptances		59,000	1,246,000	-	-
Repayment of bank loans		(10,604,848)	(4,940,040)	(10,604,847)	(4,940,040)
Repayment of hire purchase liabilities		(875,621)	(181,271)	-	-
Net cash flows from/(used in) financing activities		63,264,194	67,661,234	(9,982,558)	(5,871,127)
Net increase/(decrease) in cash and cash equivalents		33,775,269	(16,119,257)	(1,406,087)	(4,391,186)
Effect of exchange rate changes on cash and cash equivalents		250,731	(190,524)	255,937	(190,524)
Cash and cash equivalents at beginning of year		10,768,015	27,077,796	1,551,385	6,133,095
Cash and cash equivalents at end of year	21	44,794,015	10,768,015	401,235	1,551,385

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

1. Corporate Information

NPC Resources Berhad ("the Company) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are operation of oil palm plantation, palm oil mill and trading of fresh fruit bunches. Other activities include investment holding, property letting, provision of management services on purchasing of consumable stores, provision of transportation services, hotelier and fishery.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the 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 a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

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.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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 127: Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	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 Associates 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

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

<u>FRS 12: Disclosures of Interests in Other Entities</u>

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.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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 and the Company 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 and the Company. 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 Items of Other Comprehensive Income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

Revised FRS 119: Employee Benefits

The Revised FRS 119 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs previously recognised over the average vesting period to be recognised immediately in profit or loss when incurred.

The Revised FRS 119 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The Revised 119 has no impact to the Group.

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.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivation and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
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 expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, except as discussed below:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

2. Summary of significant accounting policies (continued)

2.3 Standards and interpretations issued but not yet effective (continued)

FRS 9: Financial Instruments: Classification and Measurement

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 and the Company's financial assets, but will not have an impact on classification and measurements of the Group's and the Company's financial liabilities. The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards

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

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including the 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 three years. 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 earnings.

At the date of this 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 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 (continued)

2.4 Basis of consolidation

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

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

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.

Business combinations

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.9.

2. Summary of significant accounting policies (continued)

2.5 Subsidiaries

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.7 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.

2. Summary of significant accounting policies (continued)

2.7 Foreign currency (continued)

b) Foreign currency transactions (continued)

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 Property, plant and equipment

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

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

2. Summary of significant accounting policies (continued)

2.8 Property, plant and equipment (continued)

Long term leasehold land and its related plantation and fishery infrastructure development expenditure are amortised over the respective leases which range from 48 years to 889 years.

Capital work-in-progress is stated at cost and not depreciated as this asset is not available for use.

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:

Buildings	2% - 10%
Mill structure	5%
Plantation infrastructure development expenditure on short term leasehold land	Over remaining lease term of land
Oil mill and estate plant and machinery	8% - 20%
Heavy equipment	8% - 20%
Motor vehicles	8% - 20%
Furniture, fittings and equipment	10% - 20%
Platforms, net cages and water tanks	10% - 20%
Renovation	2% - 10%
Hotel plant and machinery	10% - 20%

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

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

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

2. Summary of significant accounting policies (continued)

2.9 Intangible assets

Goodwill

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

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

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

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

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.

2.10 Land use rights

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

2. Summary of significant accounting policies (continued)

2.11 Biological assets

(i) Oil Palm Planting Expenditure

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

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

(ii) Broodstocks

All costs incurred on immature broodstocks which are accumulated on a project basis, are capitalised until such time when the broodstocks commence breeding. Costs incurred on immature broodstocks consist of the acquisition cost of the mother fish, cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads.

The costs of broodstocks are amortised over the economic egg production lives of 10 years.

Upon the disposal of broodstocks, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(iii) Fishery Livestock

Fishery livestock is stated at cost. The cost includes the cost of feeds and medication, direct labour cost and an appropriate proportion of farm operating overheads accumulated on a project basis and is recognised in income statement upon disposal.

2.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2. Summary of significant accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations 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.

For assets excluding goodwill, 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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

2.13 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

a) Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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 of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

ii) Loans and receivables

Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

a) Financial assets (continued)

iv) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently 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 de-recognised.

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

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. 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.

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

b) Financial liabilities

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition 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.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at amortised cost

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

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

a) Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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) Financial assets 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 had 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

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

c) Available-for-sale financial assets (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known 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.

2.16 Inventories

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

Cost of crude palm oil and milled oil palm produce are determined on the first in, first out method. The cost comprises direct material cost, direct labour cost, other direct charges and an appropriate proportion of factory overheads.

Cost of fresh fruit bunches, consumable stores, culverts, food, beverages, tobacco and operating supplies are determined on the weighted average cost method. The cost comprises the actual cost of purchases and expenses in bringing them into stores.

Cost of oil palm nurseries is determined using the weighted average cost method. The cost comprises the actual cost of seedlings and upkeep expenses.

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

2.17 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. Summary of significant accounting policies (continued)

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.19 Financial guarantee

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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Employee benefits

a) Short term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the owners of the Company after certain adjustments. The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Wages, salaries, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group

2. Summary of significant accounting policies (continued)

2.21 Employee benefits (continued)

b) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually dependent on one or more factors such as age, years of service or compensation.

i) Defined contribution plans

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

ii) Defined benefit plans

The Company recognizes employee benefits liability based on the provisions of Labor Law No. 13/2003 dated March 25, 2003 ("the Law").

Effective January 1, 2013, the Company has adopted PSAK No. 24 (Revised 2010), "Employee Benefits". The Company adopted the systematic methods of faster recognition for the recognition of actuarial gains or losses. The adoption of this revised PSAK had no impact on the recognition and measurement principles applied in previous years.

Under PSAK No. 24 (Revised 2010), the cost of providing employee benefits under the Law is determined using the projected-unit-credit method. Employee benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurement are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

2. Summary of significant accounting policies (continued)

2.21 Employee benefits (continued)

b) Post-employment benefits (continued)

ii) Defined benefit plans (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. The Group recognises the following changes in employee benefits under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in statements of comprehensive income (by function) or capitalised under biological assets in accordance with Note 2.11(a).

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-rounding settlements
- Net interest expense or income

2.22 Leases

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

a) As lessee

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

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

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

b) As lessor

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

2. Summary of significant accounting policies (continued)

2.23 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.

(i) Sale of fresh fruit bunches, crude palm oil, palm kernel and fish

Revenue from sale of fresh fruit bunches, crude palm oil, palm kernel and fish are recognised upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Management and transportation income

Revenue from management and transportation services is recognised upon rendering of services to customers.

(iii) Dividend income

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

(iv) Revenue from hotel operations

Revenue from room sales, and sale of food and beverage, are recognised net of sales taxes and discounts on an accrual basis.

(v) Sundry sales

Revenue from usage of telephone, laundry and other related services is recognised upon the rendering of services, net of sales taxes.

2.24 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.

2. Summary of significant accounting policies (continued)

2.24 Income taxes (continued)

b) Deferred tax (continued)

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, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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.

2. Summary of significant accounting policies (continued)

2.24 Income taxes (continued)

(c) Value-added tax ("VAT")

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

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT 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 VAT included.

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

2.25 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 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

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

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

2.27 Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

b) a present obligation that arises from past events but is not recognised because:

   i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (continued)

2.27 Contingencies (continued)

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

Contingent liabilities and assets are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting estimates

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

Key sources of estimation uncertainty

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

a) Useful lives of plant and equipment

The cost of plant and machinery of agriculture, fishery and hotel equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 12.5 years. These are common life expectancies applied in the plantation, fishery and hotel industries respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 14. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.5% (2012: 1.8%) variance in the Group's profit for the year.

b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 17.

3. **Significant accounting estimates (continued)**

(c) **Impairment of property, plant and equipment and biological assets**

The Group assesses whether there are any indication of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.

During the current financial year, the Group has recognised impairment loss in respect of a subsidiary's property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment and biological assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

d) **Impairment of investments in subsidiaries**

During the current financial year, the fair values of investments in non-current quoted shares, which were included within the investments in subsidiaries were lower than the carrying amounts as highlighted in Note 18. The Group had carried out impairment test as stated in Note 3(b) above and concludes that no impairment is considered necessary as the value-in-use is higher than the carrying amounts in which those asset belongs to. As at 31 December 2013, the carrying amount of investments in subsidiaries of the Company was RM325,585,243 (2012: RM283,116,520).

e) **Deferred tax assets**

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

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

The carrying values of deferred tax assets of the Group and the Company at 31 December 2013 are disclosed in Note 25. The recognised tax losses and recognised, unabsorbed capital and, agriculture and reinvestment allowances of the Group and of the Company were RM23,123,360 (2012: RM18,759,928) and RM2,550,300 (2012: RM5,039,580) respectively and the unrecognised tax losses and unabsorbed capital and investment tax allowances of the Group wasere RM19,169,639 (2012: RM20,782,309).

f) **Defined benefit plan**

The cost of defined benefit pension plans and other post employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. The net employee liability as at 31 December 2013 is RM464,326 (2012: Nil). Further details are given in Note 24.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are given in Note 24.

4. Revenue

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Sale of:				
- crude palm oil	350,339,849	339,152,838	-	-
- palm kernels	49,199,217	45,388,900	-	-
- fresh fruit bunches	8,940,213	7,091,685	-	-
- fishes	1,489,087	1,538,132	-	-
- rooms	5,143,018	3,409,671	-	-
- food and beverages	3,564,251	3,435,125	-	-
Hotel sundry sales	136,204	83,763	-	-
Management fees	-	-	7,574,400	7,459,500
Dividend income from subsidiaries	-	-	9,266,667	8,000,000
Transportation income	9,320	62,090	-	-
	418,821,159	400,162,204	16,841,067	15,459,500

5. Interest income

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Interest on advances given	-	-	2,392,620	2,566,566
Interest on fixed deposits	469,887	80,368	2,179	26,814
Other interest income	616,649	131,285	3,994	3,552
	1,086,536	211,653	2,398,793	2,596,932

6. Other income

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Gain on disposal of property, plant and equipment	195,124	167,700	540	-
Gain on disposal of investments	836,484	-	-	-
Realised gain on foreign exchange	3,112	-	-	-
Rental income	466,209	526,069	-	-
Sale of waste products	2,656,730	3,430,577	-	-
Unrealised gain on foreign exchange	257,490	-	257,490	-
Miscellaneous income	928,047	864,609	-	2,800
	5,343,196	4,988,955	258,030	2,800

7. Finance costs

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Interest expense on:				
Advances from subsidiaries	-	-	887,090	694,171
Bankers' acceptances	108,385	91,763	-	-
Bank overdrafts	203,068	171,516	40,668	12,423
Bank loans	6,606,033	3,543,829	5,554,926	3,543,829
Obligations under finance leases	294,905	15,957	-	-
Revolving credits	2,237,828	1,408,696	1,172,044	873,498
Others	359,109	-	322,490	-
Total finance costs	9,809,328	5,231,761	7,977,218	5,123,921
Less : Interest capitalised in biological assets (Note 16)	(2,349,936)	(762,251)	-	-
Net finance costs	7,459,392	4,469,510	7,977,218	5,123,921

8. Profit before tax

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Amortisation of land use rights (Note 15)	78,921	78,921	-	-
Auditors' remuneration:				
- current year	202,500	201,187	33,000	30,000
- underprovision in prior years	6,500	13,500	3,000	-
- other services	77,000	93,600	20,000	13,000
Depreciation of property, plant and equipment (Note 14)	11,656,543	11,553,288	66,459	61,899
Employee benefits expense (Note 9)	31,153,009	27,144,133	5,740,596	5,164,828
Non-executive Directors' remuneration (Note 10)	462,580	411,747	354,580	339,747
Rental of premises	130,577	247,613	102,400	157,000
Lease rental of land	590,860	1,049,465	-	-
Property, plant and equipment scrapped	4	-	-	-
Impairment loss on other receivables	179,420	-	-	-
Bad debts written off	35,374	-	-	-
Loss on disposal of property, plant and equipment	-	650	-	595
Unrealised foreign exchange loss	219,591	260,156	1,553	190,524

9. Employee benefits expense

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Salaries and wages	37,491,535	28,607,203	4,949,491	4,425,201
Contributions to defined contribution plans	1,788,256	1,526,452	773,848	724,054
Social security contributions	114,010	139,539	17,257	15,573
	39,393,801	30,273,194	5,740,596	5,164,828
Capitalised in:				
- capital work-in-progress	(39,841)	(31,229)	-	-
- biological assets	(6,506,549)	(2,714,701)	-	-
- oil palm nurseries	(1,694,402)	(383,131)	-	-
Recognised in income statements	31,153,009	27,144,133	5,740,596	5,164,828

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM3,942,039 (2012: RM3,759,836) and RM3,733,352 (2012: RM3,553,672) respectively as further disclosed in Note 10.

10. Directors' remuneration

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Executive Directors of the Company				
Salaries, bonus and other emoluments	3,693,352	3,513,672	3,693,352	3,513,672
Fees	40,000	40,000	40,000	40,000
	3,733,352	3,553,672	3,733,352	3,553,672
Executive Directors of a Subsidiary				
Salaries, bonus and other emoluments	208,687	206,164	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 9)	3,942,039	3,759,836	3,733,352	3,553,672
Benefits-in-kind	60,565	60,565	60,565	60,565
Total Executive Directors' remuneration (including benefits-in-kind)	4,002,604	3,820,401	3,793,917	3,614,237

10. Directors' remuneration (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Non-Executive Directors of the Company				
Allowances and other emoluments	314,580	299,747	314,580	299,747
Fees	40,000	40,000	40,000	40,000
Total Non-Executive Directors' remuneration	354,580	339,747	354,580	339,747
Non-Executive Directors of a subsidiary				
Fees	108,000	72,000	-	-
Total Non-Executive Directors' remuneration (Note 8)	462,580	411,747	354,580	339,747
Total Directors' remuneration	4,465,184	4,232,148	4,148,497	3,953,984

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	Number of Directors 2012
Executive directors:		
RM450,001 - RM500,000	1	1
RM550,001 - RM600,000	1	1
RM850,001 - RM900,000	1	1
RM1,700,001 - RM1,750,000	-	1
RM1,850,001 - RM1,900,000	1	-
Non-Executive directors:		
RM50,001 - RM100,000	3	3
RM100,001 – RM150,000	1	1

11. Income tax expense

Major components of income tax expense

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current Malaysian income tax:				
On results for the year	3,685,418	5,983,121	917,870	1,154,121
(Over)/underprovision in prior years	(246,606)	(96,774)	(297,023)	295,249
	3,438,812	5,886,347	620,847	1,449,370
Deferred income tax (Note 25):				
Relating to origination and reversal of temporary differences	472,571	(204,557)	58,987	(251,896)
Relating to reduction in tax rates	(1,108,087)	-	24,844	-
Underprovision in prior years	374,747	132,882	545,618	21,903
	(260,769)	(71,675)	629,449	(229,993)
Income tax expense recognised in profit or loss	3,178,043	5,814,672	1,250,296	1,219,377

11. Income tax expense (continued)

Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Accounting profit before tax	17,729,148	19,959,676	4,165,306	5,840,867
Taxation at statutory tax rate of 25% (2012: 25%)	4,432,287	4,989,919	1,041,327	1,460,217
Effect of reduction in tax rate from 25% to 24%	(1,108,087)	-	24,844	-
Effect of income not subject to tax	(499,745)	(1,024)	(64,470)	(750,000)
Effect of expenses not deductible for tax purposes	628,615	713,666	-	192,008
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	23,883	184,322	-	-
Deferred tax assets recognised on previously unrecognised tax losses	(427,051)	(108,319)	-	-
Underprovision of deferred tax in prior years	374,747	132,882	545,618	21,903
(Over)/underprovision of current income tax expense in prior years	(246,606)	(96,774)	(297,023)	295,249
Income tax expense recognised in profit or loss	3,178,043	5,814,672	1,250,296	1,219,377

11. Income tax expense (continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced from the current year's rate of 25% to 24% with effective from the year of assessment 2016.

The computation of deferred tax as 31 December 2013 has reflected these changes.

The corporate tax rate applicable to the Indonesian subsidiary of the Group is 25% (2012: 25%).

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Tax savings recognised during the year arising from utilisation of tax losses brought forward	216,364	-	52,906	-

12. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year. The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2013 and 2012:

	Group	
	2013	2012
Profit attributable to ordinary equity holders of the Company (RM)	13,869,285	12,530,968
Weighted average number of ordinary shares in issue	120,000,000	120,000,000
Basic earnings per share for profit for the year (Sen)	11.56	10.44

(b) Diluted

The Group has no potential ordinary shares in issue as at statements of financial position date and therefore, diluted earnings per share is same as basic earnings per share.

13. Dividends

	Group and Company 2013 RM	2012 RM
Recognised during the financial year:		
Single tier dividend on 120,000,000 ordinary shares:		
Dividend for 2012:		
Final dividend of 1 sen per ordinary share	1,200,000	-
Interim dividend of 2 sen per ordinary share	-	2,400,000
Final dividend for 2011 of 2 sen per ordinary share	-	2,400,000
	1,200,000	4,800,000
Proposed but not recognised as a liability at 31 December:		
Final single tier dividend on 120,000,000 ordinary shares, subject to shareholders' approval at the AGM of 2 sen (2012: 1 sen) per ordinary share	2,400,000	1,200,000

At the forthcoming Annual General Meeting ("AGM"), a final single tier dividend in respect of the financial year ended 31 December 2013 of 2 sen per ordinary share on 120,000,000 ordinary shares, amounting to a dividend payable of RM2,400,000 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.

14. Property, plant and equipment

Group	Long Term Leasehold Land, Buildings and Mill Structure RM	Plantation and Fishery Infrastructure Development Expenditure RM	Oil Mill and Estate Plant and Machinery RM	Heavy Equipment and Motor Vehicles RM	Furniture, Fittings and Equipment RM	Platforms, Net Cages and Water Tanks RM	Hotel and Office Renovations RM	Hotel Plant and Machinery RM	Capital Work-in-Progress RM	Total RM
Cost:										
At 1 January 2012	152,277,898	19,244,849	56,894,293	29,058,285	10,302,402	881,368	4,067,624	4,402,077	916,204	278,045,000
Additions	33,092,354	431,537	723,083	15,365,994	673,406	900	-	63,494	13,226,954	63,577,722
Disposals	(5,000)	-	-	(757,429)	(9,300)	-	-	-	-	(771,729)
Reclassifications	3,552,436	977,865	530,545	-	18,000	47,589	-	-	(5,126,435)	-
Acquisition of a subsidiary Note 18)	2,278,114	2,032,673	367,044	668,512	85,619	-	2,667	-	18,487,408	23,922,037
Exchange differences	(33,737)	(10,964)	(2,260)	(59,022)	(15,526)	-	(1,365)	-	(105,991)	(228,865)
At 31 December 2012 and 1 January 2013	191,162,065	22,675,960	58,512,705	44,276,340	11,054,601	929,857	4,068,926	4,465,571	27,398,140	364,544,165
Additions	1,105,586	1,725,192	1,148,525	7,759,206	546,505	-	6,080	59,140	20,110,393	32,460,627
Disposals	-	-	-	(842,109)	(6,600)	-	-	-	-	(848,709)
Scrapped	-	-	-	(158,002)	-	-	-	-	-	(158,002)
Reclassifications	5,650,820	458,471	(148,318)	(20,775)	820,616	192,592	483,954	-	(7,454,082)	(16,722)
Adjustments	(565,686)	-	-	-	-	-	-	-	(40,892)	(606,578)
Acquisition of a subsidiary (Note 18)	392,019	68,646	355,499	2,917,493	101,796	-	-	-	89,515	3,924,968
Exchange differences	(501,855)	(379,446)	(132,998)	(1,699,109)	(73,950)	-	(2,391)	-	(3,635,703)	(6,425,452)
At 31 December 2013	197,242,949	24,548,823	59,735,413	52,233,044	12,442,968	1,122,449	4,556,569	4,524,711	36,467,371	392,874,297

14. Property, plant and equipment (continued)

Group	Long Term Leasehold Land, Buildings and Mill Structure RM	Plantation and Fishery Infrastructure Development Expenditure RM	Oil Mill and Estate Plant and Machinery RM	Heavy Equipment and Motor Vehicles RM	Furniture, Fittings and Equipment RM	Platforms, Net Cages and Water Tanks RM	Hotel and Office Renovations RM	Hotel Plant and Machinery RM	Capital Work-in-Progress RM	Total RM
Accumulated depreciation										
At 1 January 2012	35,183,285	1,382,537	30,801,518	21,035,424	6,184,719	600,462	468,162	2,170,955	-	97,827,062
Depreciation charge for the year:	4,373,439	296,190	3,306,821	2,645,103	817,989	107,164	365,347	582,786	-	12,494,839
Recognised in profit or loss (Note 8)	4,081,456	277,842	3,284,166	2,127,891	794,962	38,858	365,327	582,786	-	11,553,288
Capitalised in biological assets (Note 16)	291,983	18,348	22,655	517,212	23,027	68,306	20	-	-	941,551
Disposals	-	-	-	(700,964)	(6,850)	-	-	-	-	(707,814)
Exchange differences	(4,299)	(228)	(364)	(31,845)	(6,945)	-	(425)	-	-	(44,106)
At 31 December 2012 and 1 January 2013	39,552,425	1,678,499	34,107,975	22,947,718	6,988,913	707,626	833,084	2,753,741	-	109,569,981
Depreciation charge for the year:	5,422,899	392,443	2,772,812	4,759,787	1,324,862	104,482	251,294	292,897	-	15,321,476
Recognised in profit or loss (Note 8)	4,643,200	290,226	2,663,142	2,229,776	1,249,905	36,176	251,221	292,897	-	11,656,543
Capitalised in biological assets (Note 16)	779,699	102,217	109,670	2,530,011	74,957	68,306	73	-	-	3,664,933
Disposals	-	-	-	(812,191)	(5,940)	-	-	-	-	(818,131)
Scrapped	-	-	-	(157,998)	-	-	-	-	-	(157,998)
Adjustments	(90,286)	-	(85,592)	(19,408)	-	-	-	-	-	(195,286)
Exchange differences	(48,536)	(14,685)	(27,090)	(332,142)	(26,967)	-	(1,039)	-	-	(450,459)
At 31 December 2013	44,836,502	2,056,257	36,768,105	26,385,766	8,280,868	812,108	1,083,339	3,046,638	-	123,269,583
Net carrying amount:										
At 31 December 2012	151,609,640	20,997,461	24,404,730	21,328,622	4,065,688	222,231	3,235,842	1,711,830	27,398,140	254,974,184
At 31 December 2013	152,406,447	22,492,566	22,967,308	25,847,278	4,162,100	310,341	3,473,230	1,478,073	36,467,371	269,604,714

14. Property, plant and equipment (continued)

Long term leasehold land, buildings and mill structure of the Group:

	Long term Leasehold Land RM	Buildings and Mill Structure RM	Total RM
Cost:			
At 1 January 2012	79,701,722	72,576,176	152,277,898
Additions	32,905,373	186,981	33,092,354
Disposal	(5,000)	-	(5,000)
Reclassified from capital work-in-progress	-	3,552,436	3,552,436
Acquisition of a subsidiary (Note 18)	-	2,278,114	2,278,114
Exchange differences	-	(33,737)	(33,737)
At 31 December 2012 and 1 January 2013	112,602,095	78,559,970	191,162,065
Additions	39,184	1,066,402	1,105,586
Reclassified from capital work-in-progress	-	5,650,820	5,650,820
Adjustments	(565,686)	-	(565,686)
Acquisition of a subsidiary (Note 18)	-	392,019	392,019
Exchange differences	-	(501,855)	(501,855)
At 31 December 2013	112,075,593	85,167,356	197,242,949
Accumulated depreciation:			
At 1 January 2012	4,352,138	30,831,147	35,183,285
Depreciation charge for the year:	1,076,692	3,296,747	4,373,439
Recognised in profit or loss (Note 8)	1,076,692	3,004,764	4,081,456
Capitalised in biological assets (Note 16)	-	291,983	291,983
Exchange differences	-	(4,299)	(4,299)
At 31 December 2012 and 1 January 2013	5,428,830	34,123,595	39,552,425
Depreciation charge for the year:	1,627,966	3,794,933	5,422,899
Recognised in profit or loss (Note 8)	1,627,966	3,015,234	4,643,200
Capitalised in biological assets (Note 16)	-	779,699	779,699
Adjustments	-	(90,286)	(90,286)
Exchange differences	-	(48,536)	(48,536)
At 31 December 2013	7,056,796	37,779,706	44,836,502
Net carrying amount:			
At 31 December 2012	107,173,265	44,436,375	151,609,640
At 31 December 2013	105,018,797	47,387,650	152,406,447

The buildings of certain subsidiaries are located on several parcels of land leased by the subsidiaries.

14. Property, plant and equipment (continued)

Company

	Office Renovation RM	Furniture, Fittings and Equipment RM	Capital Work-in-Progress RM	Total RM
Cost:				
At 1 January 2012	476,026	528,054	-	1,004,080
Additions	-	39,831	458,192	498,023
Disposals	-	(6,600)	-	(6,600)
At 31 December 2012 and 1 January 2013	476,026	561,285	458,192	1,495,503
Additions	-	54,242	108,360	162,602
Disposals	-	(6,600)	-	(6,600)
Reclassification	483,954	82,598	(566,552)	-
At 31 December 2013	959,980	691,525	-	1,651,505
Accumulated depreciation:				
At 1 January 2012	41,256	231,529	-	272,785
Depreciation charge for the year (Note 8)	9,521	52,378	-	61,899
Disposals	-	(5,005)	-	(5,005)
At 31 December 2012 and 1 January 2013	50,777	278,902	-	329,679
Depreciation charge for the year (Note 8)	10,327	56,132	-	66,459
Disposals	-	(5,940)	-	(5,940)
At 31 December 2013	61,104	329,094	-	390,198
Net carrying amount:				
At 31 December 2012	425,249	282,383	458,192	1,165,824
At 31 December 2013	898,876	362,431	-	1,261,307

14. Property, plant and equipment (continued)

(a) Assets held under finance leases

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM32,460,627 and RM162,602 (2012: RM63,577,722 and RM498,023) respectively as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property, plant and equipment acquired by means of finance leases	3,521,200	2,165,400	-	-
Cash payments made for acquisition of property, plant and equipment	28,939,427	61,412,322	162,602	498,023
	32,460,627	63,577,722	162,602	498,023

Net carrying amounts of property, plant and equipment held under finance leases are as follows:

	Group	
	2013 RM	2012 RM
Heavy equipment	5,595,531	2,385,950
Motor vehicles	615,757	337,000
	6,211,288	2,722,950

Leased assets are pledged as security for the related finance lease liabilities (Note 22).

(b) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 22) are as follows:

	Group	
	2013 RM	2012 RM
Long term leasehold land	73,863,081	44,010,908
Buildings	8,286,162	6,103,407
Plantation infrastructure development expenditure	14,071,358	13,494,296
Capital work-in-progress	489,244	1,153,440
	96,709,845	64,762,051

(c) Capital work-in-progress

The Group's capital work-in-progress represents expenditure for construction of buildings, infrastructure and palm oil mill.

15. Land use rights

		Short Term Land Lease RM
Group		
Cost:		
At 1 January 2012		14,522,746
Additions		206,715
Acquisition of a subsidiary (Note 18)		9,821,864
Exchange differences		(1,030,599)
At 31 December 2012 and 1 January 2013		23,520,726
Additions	-	
Acquisition of a subsidiary (Note 18)		17,142,023
Reclassifications		(364,399)
Exchange differences		(5,445,380)
At 31 December 2013		34,852,970
Accumulated amortisation:		
At 1 January 2012		1,449,964
Amortisation for the year		480,138
Recognised in profit or loss (Note 8)		78,921
Capitalised in biological assets (Note 16)		401,217
Exchange differences		(69,106)
At 31 December 2012 and 1 January 2013		1,860,996
Amortisation for the year		899,328
Recognised in profit or loss (Note 8)		78,921
Capitalised in biological assets (Note 16)		820,407
Exchange differences		(455,619)
At 31 December 2013		2,304,705
Net carrying amount:		
At 31 December 2012		21,659,730
At 31 December 2013		32,548,265

The Group has land use rights over:

(a) a parcel of leasehold land in Malaysia where a subsidiary's oil mill resides and has a remaining tenure of 31 years (2012: 32 years);
(b) several parcels of leasehold plantation land in Malaysia with remaining tenure of 21 years (2012: 22 years). The leases are renewable for a further term of 30 years;
(c) several parcels of leasehold plantation land in Indonesia with certificates of Hak Guna Usaha issued by the Indonesian authority with tenure of 35 years commencing from 19 February 1998, 8 February 2010 and 23 November 2010.

16. Biological assets

	← Non-Current	→	Current Assets	
	Oil Palm Planting Expenditure RM	Broodstock RM	Fishery Livestock RM	Total RM
Group				
Cost/Net Realisable Value:				
At 1 January 2012	107,370,350	486,579	1,740,706	109,597,635
Additions	17,873,327	12,334	2,341,924	20,227,585
Acquisition of a subsidiary (Note 18)	6,304,596	-	-	6,304,596
Disposals	-	(117,305)	(1,732,379)	(1,849,684)
Reclassifications	-	16,254	(16,254)	-
Exchange differences	(441,984)	-	-	(441,984)
At 31 December 2012 and 1 January 2013	131,106,289	397,862	2,333,997	133,838,148
Additions	39,368,534	27,598	2,077,418	41,473,550
Acquisition of a subsidiary (Note 18)	13,925,564	-	-	13,925,564
Disposals	-	(2,968)	(1,287,299)	(1,290,267)
Written off	-	-	(104,153)	(104,153)
Written down	-	(4,841)	(104,831)	(109,672)
Reclassifications	381,121	152,363	(152,363)	381,121
Adjustments	(195,287)	-	-	(195,287)
Exchange differences	(6,277,427)	-	-	(6,277,427)
At 31 December 2013	178,308,794	570,014	2,762,769	181,641,577
Accumulated amortisation:				
At 1 January 2012	-	69,725	-	69,725
Amortisation for the year	-	8,070	-	8,070
At 31 December 2012 and 1 January 2013	-	77,795	-	77,795
Amortisation for the year	-	12,992	-	12,992
At 31 December 2013	-	90,787	-	90,787
Net carrying amount:				
At 31 December 2012, at cost	131,106,289	320,067	2,333,997	133,760,353
At 31 December 2013:				
At cost	178,308,794	-	68,306	178,377,100
At net realisable value	-	479,227	2,694,463	3,173,690
	178,308,794	479,227	2,762,769	181,550,790

16. Biological assets (continued)

(a) Oil palm planting expenditure capitalised during the financial year included the following:

	Group 2013 RM	Group 2012 RM
Amortisation of land use rights (Note 15)	820,407	401,217
Depreciation of property, plant and equipment (Note 14)	3,596,627	873,245
Interest on bank loans (Note 7)	2,349,936	762,251
Employee benefits (Note 24)	511,644	-

(b) Fishery livestock incurred during the financial year included the following:

	Group 2013 RM	Group 2012 RM
Amortisation of broodstock	12,992	8,070
Depreciation of property, plant and equipment (Note 14)	68,306	68,306
	81,298	76,376

(c) Oil palm planting expenditure with an aggregate carrying value of RM78,429,532 (2012: RM63,529,609) are pledged as securities for borrowings (Note 22).

17. Intangible asset

	Group 2013 RM	Group 2012 RM
Goodwill		
Cost		
At 1 January and 31 December	4,375,928	4,375,928
Accumulated impairment loss		
At 1 January and 31 December	117,899	117,899
Net carrying amount		
At 31 December	4,258,029	4,258,029

17. Intangible asset (continued)

Impairment testing of goodwill

Goodwill which arose from business combinations has been allocated to cash-generating units ("CGU") of plantation and milling segment for impairment testing.

The carrying amounts of goodwill for plantation and milling segment amounted to RM4,258,029 (2012: RM4,258,029).

The recoverable amount of the above CGU has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The gross margin and pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

	2013	**2012**
	%	**%**
Growth rates	5.00	5.00
Pre-tax discount rates	12.09	10.00

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are calculated based on the current market outlook of product prices and current cost structure relating to the CGU.

Growth rates – The forecasted growth rates are based on management's expected long term average growth rates and do not exceed the long term average growth rates for the industry relevant to the CGU.

Pre-tax discount rates – Discount rates are calculated based on the weighted average cost of capital ("WACC") of the Group. In determining the cost of equity portion for the WACC, the average rate derived from the dividend growth model and capital asset pricing model is used. The calculation of cost of equity based on dividend growth model takes into account of the expected dividend yield and growth of the Group whereas the capital asset pricing model takes into account of the 3-year Malaysian Government Securities coupon rate as the risk free rate of return, the beta risk of a similar size listed plantation company and the market rate of return.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the plantation and mill segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed its recoverable amount.

18. Investments in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares at cost in Malaysia	186,480,577	186,480,577
Amounts due from subsidiaries*	139,104,666	96,635,943
	325,585,243	283,116,520

* These amounts are unsecured and subject to interest charge at rates ranging from 5.40% to 5.48% per annum (2012: from 4.39% to 7.10% per annum).

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest 2013 %	Proportion of Ownership Interest 2012 %
Incorporated in Malaysia			
Held by the Company:			
Agrisa Trading Sdn. Bhd.	Oil palm plantation	100	100
Berkat Setia Sdn. Bhd.	Oil palm plantation and palm oil mill	100	100
Ballerina Sdn. Bhd.	Property letting	100	100
Dat Soon Trading Sendirian Berhad	Trading of fresh fruit bunches	100	100
Growth Enterprise Sendirian Berhad	Oil palm plantation	100	100
Intan Ramai Sdn. Bhd.	Oil palm plantation	100	100
Kian Merculaba Sdn. Bhd.	Oil palm plantation	100	100
Kidat Sendirian Berhad	Transportation services	100	100
Sinar Ramai Sdn. Bhd.	Oil palm plantation	100	100
Seraya Plantation Sdn. Bhd.	Oil palm plantation	100	100
Sungai Ruku Oil Palm Plantation Sdn. Bhd.	Palm oil mill	100	100
Syarikat Emashijau Sdn. Bhd.	Management services	100	100
Syarikat Sofrah Sdn. Bhd.	Oil palm plantation	100	100
Transglobe Enterprise Sdn. Bhd.	Oil palm plantation	100	100
Wenow Enterprise Sdn. Bhd.	Trading of fresh fruit bunches	100	100
The Palace Ventures Sdn. Bhd.	Hotelier	100	100
Miracle Display Sdn. Bhd.	Dormant	100	100
Better Prospects Sdn. Bhd.	Fish rearing	70	70

18. Investments in subsidiaries (continued)

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest 2013 %	2012 %
Incorporated in Malaysia			
Held by the Company (continued):			
Bintang Kinabalu Plantation Sdn. Bhd. [i]	Investment holding	100	100
Mature Land Sdn. Bhd. [i]	Dormant	100	100
Miasa Plantation Sdn. Bhd. [i]	Investment holding	100	100
Natural Plantation Sdn. Bhd. [i]	Dormant	100	100
Permata Alam Sdn. Bhd. [i]	Investment holding	100	100
Soon Tai Enterprise Sdn. Bhd. [i]	Dormant	100	100
Sungai Kenali Sdn. Bhd. [i]	Oil palm plantation	100	100
Held through Subsidiaries:			
Best Borneo Oil Palm Resources Sdn. Bhd. [i]	Dormant	70	70
Telupid Kelapa Sawit Sdn. Bhd. [i]	Investment holding	70	70
Pedoman Hasil Sdn. Bhd. [i]	Dormant	100	100
Bonus Indah Sdn. Bhd. [i]	Oil palm plantation	70	70
Incorporated in Indonesia:			
Held through Subsidiaries:			
PT Enggang Alam Sawita [ii]	Oil palm plantation	95	95
PT Borneo Indosubur [ii]	Oil palm plantation and palm oil mill	90	90
PT Nala Palma Cadudasa [ii]	Oil palm plantation	95	-

[i] Audited by Ernst & Young, Malaysia
[ii] Audited by Purwantono, Suherman & Surja, Indonesia (member firm of Ernst Young Global).

An investment in a subsidiary with a net carrying amount of RM11,307,642 (2012: RM11,307,642) is pledged as securities for borrowings (Note 22).

18. Investments in subsidiaries (continued)

Summarised financial information of Bonus Indah Sdn. Bhd. which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	Bonus Indah Sdn. Bhd. 2013 RM	2012 RM
Non-current assets	55,797,538	56,039,366
Current assets	8,803	53,149
Total assets	55,806,341	56,092,515
Current liabilities	23,304,997	25,537,729
Non-current liabilities	6,144,753	6,340,012
Total liabilities	29,449,750	31,877,741
Net assets	26,356,591	24,214,774
Equity attributable to owners of the Company	23,745,438	22,335,446
Non-controlling interests	2,611,153	1,879,328

(ii) Summarised statements of comprehensive income

	2013 RM	2012 RM
Revenue	15,295,751	20,741,702
Profit for the year	2,141,817	5,077,068
Profit attributable to:		
Owners of the Company	1,499,272	3,553,948
Non-controlling interests	642,545	1,523,120
	2,141,817	5,077,068
Other comprehensive income attributable to:		
Owners of the Company	55,686	55,686
Non-controlling interests	23,866	23,866
	79,552	79,552
Total comprehensive income	2,221,369	5,156,620
Total comprehensive income attributable to:		
Owners of the Company	1,554,958	3,609,634
Non-controlling interests	666,411	1,546,986
	2,221,369	5,156,620

(iii) Summarised cash flows

	2013 RM	2012 RM
Net cash generated from operating activities	2,941,046	4,814,371
Net cash used in investing activities	(667,188)	(1,193,941)
Net cash used in financing activities	(2,273,972)	(3,619,874)
Net (decrease)/increase in cash and cash equivalents	(114)	556
Cash and cash equivalents at beginning of the year	1,653	1,097
Cash and cash equivalents at end of the year	1,539	1,653

18. Investments in subsidiaries (continued)

Acquisition of subsidiary in 2013

On 7 July 2013, a wholly-owned subsidiary, Miasa Plantation Sdn. Bhd. acquired 95% equity interest in PT Nala Palma Cadudasa ("Nala"), an unlisted limited liability company incorporated in Indonesia, and involved in operation of oil palm plantation.

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

	Fair value RM	Carrying amount RM
Property, plant and equipment (Note 14)	3,924,968	3,924,968
Land use rights (Note 15)	17,142,023	15,506,747
Biological assets (Note 16)	13,925,564	13,925,564
Inventories	2,654,522	2,654,523
Other receivables	453,524	453,524
Cash and bank balances	7,082	7,082
	38,107,683	36,472,408
Trade and Other payables	(29,119,074)	(29,119,074)
Deferred tax liability (Note 25)	(408,819)	-
	(29,527,893)	(29,119,074)
Net identifiable assets	8,579,790	7,353,334
Less: Non-controlling interests	(472,408)	
Cash and cash equivalent in subsidiary acquired	(7,082)	
Group's share of net identifiable assets	8,100,300	

Total cost of business combination

The total cost of the business combination was as follows:

	RM
Cash paid	8,100,300

The net cash outflow on acquisition was equivalent to the total cost of business combination. No goodwill arising on acquisition as the total cost of business combination was equivalent to the Group's share of net identifiable assets.

Impact of acquisition in current financial year's statements of comprehensive income

The acquisition of Nala had no significant impact on the Group's current financial year's statements of comprehensive income as Nala is at the initial stage of developing its oil palm plantation.

18. Investments in subsidiaries (continued)

Acquisition of subsidiary in 2012

On 3 October 2012, a wholly-owned subsidiary, Bintang Kinabalu Plantation Sdn. Bhd. acquired 90% equity interest in PT Borneo Indosubur ("BI"), an unlisted limited liability company incorporated in Indonesia, and involved in operation of oil palm plantation and palm oil mill.

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

	Fair value RM	Carrying amount RM
Property, plant and equipment (Note 14)	23,922,037	23,922,037
Land use rights (Note 15)	9,821,864	8,665,876
Biological assets (Note 16)	6,304,596	6,304,596
Inventories	668,099	668,099
Other receivables	3,291,545	3,291,545
	44,008,141	42,852,153
Other payables	(39,139,427)	(3,913,427)
Deferred tax liability (Note 25)	(288,999)	-
	(39,428,426)	(3,913,427)
Net identifiable assets	4,579,715	3,712,726
Less: Non-controlling interests	(457,971)	
Group's share of net identifiable assets	4,121,744	

Total cost of business combination

The total cost of the business combination was as follows:

	RM
Cash paid	4,121,744

The net cash outflow on acquisition was equivalent to the total cost of business combination. No goodwill arising on acquisition as the total cost of business combination was equivalent to the Group's share of net identifiable assets.

Impact of acquisition in previous financial year's statements of comprehensive income

The acquisition of BI had no significant impact on the Group's previous financial year's statements of comprehensive income as BI is at the initial stage of developing its oil palm plantation.

19. Inventories

	Group 2013 RM	Group 2012 RM
Cost		
Crude palm oil and palm kernel	6,111,957	24,452,142
Consumable stores	3,284,754	3,097,158
Oil palm nurseries	7,096,468	4,415,268
Fish feed	128,035	128,204
Food, beverages and tobacco	339,107	125,851
Operating supplies	62,064	161,149
	17,022,385	32,379,772

There were no inventories stated at net realisable value as at 31 December 2013 and 2012. During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM280,806,776 (2012: RM263,113,381).

20. Trade and other receivables

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Trade receivables				
Third parties	13,338,641	10,532,079	-	-
Other receivables				
Advances to contractors (b)	3,453,751	3,589,321	-	-
Advance to a FFB supplier (c)	1,509,254	3,623,967	-	-
Indonesian value added tax refundable	898,586	713,981	-	-
Judgment sum refundable from litigation case (Note 35(a))	-	565,686	-	-
Amount due from a fishery lessee (d)	176,373	66,909	-	-
Staff loans (e)	961,862	358,200	16,640	14,079
Sundry deposits	435,980	572,059	400	15,712
Sundry receivables	1,838,631	1,515,586	-	1,613
	9,274,437	11,005,709	17,040	31,404
Less: Allowance for impairment Sundry receivables	(182,512)	(3,092)	-	-
	9,091,925	11,002,617	17,040	31,404
	22,430,566	21,534,696	17,040	31,404

20. Trade and other receivables (continued)

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Non-current				
Other receivables				
Foreign companies pending completion of acquisition:				
- Deposits paid for purchase consideration and incidental costs	4,798,056	23,607,263	-	-
- Advances for working capital	1,350,263	8,728,813	-	-
Amounts due from foreign subsidiaries' non-controlling interests	904,835	650,465	-	-
Amount due from a fishery lessee (d)	314,790	466,813	-	-
Deposits paid for leases of land	3,303,326	1,422,289	-	-
Deposit for shipment of mill machinery and related incidental costs	-	523,545	-	-
Deposit for purchase of machineries and seedlings	3,535,618	-	-	-
Deposit for acquisition of additional interest in a subsidiary from non-controlling interests	2,084,690	-	-	-
	16,291,578	35,399,188	-	-
Total trade and other receivables (current and non-current)	38,722,144	56,933,884	17,040	31,404
Add: Cash and bank balances (Note 21)	45,146,247	10,953,997	753,467	1,737,367
Total loans and receivables	83,868,391	67,887,881	770,507	1,768,771

20. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 60 day (2012: 7 to 60 day) term. They are recognised at their original invoice amounts which represent their fair values on intial recognition.

Ageing analysis of trade receivables

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

	Group	
	2013	**2012**
	RM	**RM**
Neither past due nor impaired	13,002,650	9,730,386
1 to 30 days past due not impaired	84,197	209,999
31 to 60 days past due not impaired	78,510	404,683
61 to 90 days past due not impaired	26,798	42,683
91 to 120 days past due not impaired	37,700	63,103
More than 121 days past due not impaired	108,786	81,225
	335,991	801,693
	13,338,641	10,532,079

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. Approximately 92% (2012: 78%) of the Group's trade receivables arise from refinery customers which are subsidiaries of well-established listed plantation groups.

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 RM335,991 (2012: RM801,693) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

(b) Advances to contractors

The advances were made to contractors engaged by the Group's Indonesian subsidiaries for oil palm plantation development and these advances are interest-free and will be deducted against future progress billings for contract work done by the contractors.

20. Trade and other receivables (continued)

(c) Advance to a FFB supplier

The advance was made to a major FFB supplier to secure its long term supply of FFB to a subsidiary's palm oil mill. The advance is subject to interest charge at BLR + 1.5% per annum and to be deducted in fourteen monthly instalments by way of set-off or deduction from the monthly FFB purchase considerations commencing October 2012. However in February 2013, the subsidiary has agreed with the FFB supplier to extend the repayment period for another 3 months to March 2014 and has been fully settled on 15 March 2014.

(d) Amount due from a fishery lessee

The amount is in respect of monthly fishery operating costs incurred since May 2010 which was paid on behalf of a lessee which had entered into a rental agreement with the subsidiary, Better Prospects Sdn. Bhd. to lease a portion of the subsidiary's fish nursery and hatchery building and its equipment. This amount is repayable in 120 monthly instalments and subject to effective interest charge of 8.43% per annum. In the event of the rental agreement is terminated, this amount will be repayable upon demand. The lessee is a Japanese owned company which is currently conducting research and development on fish rearing using indoor fibre tank technology in the subsidiary's fish nursery and hatchery building.

On 1 March 2014, the lessee and the subsidiary entered into a Supplementary Agreement to terminate the rental of a portion of the subsidiary's fish nursery and hatchery building and its equipment effective 1 March 2014. The repayment of the outstanding accrued operating costs by the lessee has been revised to a minimum monthly instalment of RM6,000 until it is fully repaid.

(e) Staff loans

The above amount is unsecured and is repayable upon demand.

<u>Other receivables that are impaired</u>

At the reporting date, the Group has provided an allowance of RM182,512 (2012: RM3,092) for impairment of sundry receivables with nominal amounts of RM182,512 (2012: RM3,092). The debts collection from these sundry receivables which are individually determined to be impaired at the reporting date are doubtful. These sundry receivables are not secured by any collateral or credit enhancements.

The movements of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	**2012**
	RM	**RM**
At 1 January	3,092	3,092
Charge for the year (Note 8)	179,420	-
At 31 December	182,512	3,092

21. Cash and bank balances

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash at banks and on hand	18,381,380	10,940,030	753,467	1,737,367
Short-term fixed deposits with licensed banks	26,764,867	13,967	-	-
Cash and bank balances	45,146,247	10,953,997	753,467	1,737,367

Cash at certain banks earns interest at floating rates based on daily bank deposit rates. Short-term fixed deposits are made for varying periods of between 3 months and 12 months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2013 for the Group and the Company were as follows:

	Group 2013 %	Group 2012 %	Company 2013 %	Company 2012 %
Short-term fixed deposits with licensed banks for subsidiaries in:				
Malaysia	3.19	3.30	-	-
Indonesia	6.03	-	-	-

Short-term fixed deposits with licensed banks of the Group amounting to RM24,967 (2012: RM13,967) are held under lien to secure bank guarantees issued in favour of third parties on behalf of the Group and pledged as securities for borrowings (Note 22).

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash and bank balances	45,146,247	10,953,997	753,467	1,737,367
Bank overdraft (Note 22)	(352,232)	(185,982)	(352,232)	(185,982)
Total cash and cash equivalents	44,794,015	10,768,015	401,235	1,551,385

22. Loans and borrowings

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current				
Unsecured:				
Bank overdraft (Note 21)	352,232	185,982	352,232	185,982
Secured:				
Revolving credits	46,068,595	46,119,170	18,032,688	28,064,430
Bankers' acceptances	4,047,000	3,988,000	-	-
Bank loans	15,006,209	10,443,360	14,947,360	10,443,360
Obligations under finance leases (Note 29(c)	1,131,790	449,870	-	-
	66,605,826	61,186,382	33,332,280	38,693,772
Non-current				
Secured:				
Bank loans	153,213,147	92,067,127	123,213,147	92,067,127
Obligations under finance leases (Note 29(c)	3,893,638	1,929,979	-	-
	157,106,785	93,997,106	123,213,147	92,067,127
Total loans and borrowings				
Bank overdraft (Note 21)	352,232	185,982	352,232	185,982
Revolving credits	46,068,595	46,119,170	18,032,688	28,064,430
Bankers' acceptances	4,047,000	3,988,000	-	-
Bank loans	168,219,356	102,510,487	138,160,507	102,510,487
Obligations under finance leases (Note 29)	5,025,428	2,379,849	-	-
	223,712,611	155,183,488	156,545,427	130,760,899

22. Loans and borrowings (continued)

All the above loans and borrowings are denominated in Ringgit Malaysia. The remaining maturities of the loans and borrowings as at 31 December 2013 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
On demand or within one year	66,605,826	61,186,382	33,332,280	38,693,772
More than 1 year but less than 2 years	27,012,355	15,434,370	23,040,828	14,947,360
More than 2 years but less than 5 years	98,359,244	60,913,249	81,084,132	59,470,280
5 years or more	31,735,186	17,649,487	19,088,187	17,649,487
	223,712,611	155,183,488	156,545,427	130,760,899

Bank overdraft

Bank overdraft is repayable on demand and bears interest at BLR + 0.50% (2012: BLR + 0.50%) per annum.

Revolving credits

Revolving credits are roll-overed on a monthly basis subject to bank's review and bear interests ranging from Cost of Fund (COF) + 1.00% to COF + 1.50% (2012: From COF + 1.00% to COF + 1.50%) per annum. The revolving credits are secured by legal charges over several parcels of long term leasehold land and oil palm planting expenditure of certain subsidiaries as disclosed in Note 14 and Note 16 to the financial statements and a corporate guarantee given by the Company as disclosed in Note 23 to the financial statements.

Bankers' acceptances

Bankers' acceptances are drawn on 120 days tenure and bear interest at COF + 1.25% (2012: COF + 1.25%) per annum. They are secured by corporate guarantees given by the Company as disclosed in Note 23 to the financial statements.

Bank loans

The bank loans of the Group and of the Company consist of the following:

(a) six floating rate term loans granted to the Company bearing interest at COF + 1.50% of which two are expected to be fully repaid over approximately 2 years in 2015, another two over approximately 4 years in 2017, an other one over approximately 5 years in 2018 and the other one over approximately 6 years in 2019 respectively. These bank loans are secured by:

  (i) legal charges over several parcels of long term leasehold land and oil palm planting expenditure of certain subsidiaries as disclosed in Note 14 and Note 16 to the financial statements;
  (ii) investment in the unquoted shares of a subsidiary as disclosed in Note 18 to the financial statements; and
  (iii) corporate guarantees given by certain subsidiaries.

22. Loans and borrowings (continued)

Bank loans (continued)

(b) two one floating rate term loans granted to the Company bearing interest at COF + 1.30% of which onea nd it is expected to be fully repaid over approximately 6 years in 2019 and the other one over approximately 76 years in 2020 respectively. Thisese bank loan s arise secured by:

(i) legal charges over several parcels of long term leasehold land and oil palm planting expenditure of certain subsidiaries as disclosed in Note 14 and Note 16 to the financial statements; and
(ii) corporate guarantees given by certain subsidiaries.

(c) two floating rate term loans granted to a subsidiary bearing interest at COF + 1.350% and they are expected to be fully repaid over approximately 10 years in 2023. These bank loans are secured by:

(i) legal charges over several parcels of long term leasehold land and oil palm planting expenditure of certain subsidiaries as disclosed in Note 14 and Note 16 to the financial statements; and
(ii) corporate guarantees given by the Company.

Obligations under finance leases

These obligations are secured by charges over leased assets as disclosed in Note 14 to the financial statements and corporate guarantees given by the Company as disclosed in Note 23 to the financial statements. The discount rates implicit in the leases range from 4.73% to 6.54% (2012: 4.73% to 6.54%) per annum. These obligations have maturities ranging from 2015 to 2018.

23. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade payables				
Third parties	31,032,599	21,430,472	-	-
Other payables				
Amounts due to related parties:				
Subsidiaries				
- Balances arising from Group internal restructuring exercise	-	-	-	18,916,999
- Interest-bearing advances	-	-	49,420,156	15,196,282
	-	-	49,420,156	34,113,281
Sundry deposits	26,200	27,100	-	-
Accruals	7,175,455	9,463,353	113,000	110,012
Sundry payables	8,801,514	7,165,736	883,190	1,060,278
	16,003,169	16,656,189	996,190	1,170,290
Total trade and other payables	47,035,728	38,086,661	50,416,346	35,283,571
Add: Loans and borrowings (Note 22)	223,712,611	155,183,488	156,545,427	130,760,899
Total financial liabilities carried at amortised cost	270,748,339	193,270,149	206,961,773	166,044,470

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within the trade credit terms granted to the Group ranging from 30 days to 90 days (2012: 30 days to 90 days).

(b) Amounts due to related parties

These amounts are unsecured, repayable on demand and subject to interest charge at rates ranging from 4.39% to 5.00% (2012: 4.39% to 5.00%) per annum.

23. Trade and other payables (continued)

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled within a term of 6 months (2012: 6 months).

(d) Financial guarantees

The fair value of financial guarantees provided by the Company to the banks and a supplier to secure banking facilities granted to subsidiaries as disclosed in Note 22 with nominal amount of RM92,271,800 (2012: RM36,585,200) are negligible as the probability of the financial guarantees being called upon is remote due to the following factors:-

(a) most of the outstanding loans and borrowings are adequately secured by properties, plant and equipment of the subsidiaries in which their market values upon realisation are higher than the outstanding loan and borrowing amounts;

(b) for short term loans and borrowings which are not secured by properties, plant and equipment of the subsidiaries, the respective subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due as they are in net current assets positions.

24. Employee benefits

The subsidiaries in Indonesia operate an unfunded defined benefit scheme for qualified permanent employees and the latest actuarial valuations of the plans in Indonesia were carried out on 31 December 2013.

The movements during the financial year in the amounts recognised in the consolidated statements of financial position are as follows:

	Group	
	2013	**2012**
	RM	**RM**
At 1 January	-	-
Capitalised in oil palm planting (Note 16)	511,644	-
Interest cost	16,099	-
Current service cost	495,545	-
Recognised in other comprehensive income:		
Exchange differences	(47,318)	-
At 31 December	464,326	-

24. Employee benefits (continued)

The amounts recognised on the statements of financial position are determined as follows:

	Group	
	2013	**2012**
	RM	**RM**
Present value of obligations	464,326	-

Principal actuarial assumptions used at the statements of financial position date in respect of the Group's employee benefit plans are as follows:

	2013	**2012**
	(%)	**(%)**
Discount rate	5.9	-
Expected return of salary increase	5.0	-

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the employee benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

		31 December 2013 Impact on employee benefits obligation Increase/(decrease) RM
Discount rate	+ 1%	14,990
	- 1%	(16,921)
Future salary increases	+ 1%	17,415
	- 1%	(15,655)

25. Deferred tax

Group	As at 1 January 2012 RM	Recognised in profit or loss (Note 11) RM	Acquisition of subsidiary (Note 18) RM	Exchange differences RM	As at 31 December 2012 RM	Recognised in profit or loss (Note 11) RM	Acquisition of subsidiary (Note 18) RM	Exchange differences RM	As at 31 December 2013 RM
Deferred tax liabilities:									
Property, plant and equipment, land use rights and biological assets	35,922,916	1,895,724	668,713	(38,534)	38,448,819	1,313,742	3,090	(58,395)	39,707,256
Deferred tax assets:									
Unabsorbed capital and agriculture allowances	(641,335)	(1,719,637)	(379,714)	38,534	(2,702,152)	(980,389)	405,729	77,924	(3,198,888)
Unutilised tax losses	(1,306,049)	(681,781)	-	-	(1,987,830)	(594,122)	-	-	(2,581,952)
Unabsorbed reinvestment allowances	(434,019)	434,019	-	-	-	-	-	-	-
	(2,381,403)	(1,967,399)	(379,714)	38,534	(4,689,982)	(1,574,511)	405,729	77,924	(5,780,840)
	33,541,513	(71,675)	288,999	-	33,758,837	(260,769)	408,819	19,529	33,926,416

25. Deferred tax (continued)

	As at 1 January 2012 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2012 RM	Recognised in profit or loss (Note 11) RM	As at 31 December 2013 RM
Company					
Deferred tax liabilities:					
Property, plant and equipment	51,457	(2,442)	49,015	7,129	56,144
Deferred tax assets:					
Unabsorbed capital allowances	-	(9,899)	(9,899)	9,899	-
Unutilised tax losses	(1,032,344)	(217,652)	(1,249,996)	612,421	(637,575)
	(1,032,344)	(227,551)	(1,259,895)	622,320	(637,575)
	(980,887)	(229,993)	(1,210,880)	629,449	(581,431)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	(948,140)	(1,214,985)	(581,431)	(1,210,880)
Deferred tax liabilities	34,874,556	34,973,822	-	-
	33,926,416	33,758,837	(581,431)	(1,210,880)

Unrecognised deferred tax assets

Due to uncertainty of recoverability, deferred tax assets have not been recognised in respect of the following items which are available for offsetting against future taxable profits of the respective subsidiaries in which those items arose:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Unutilised tax losses	4,570,449	4,905,321	-	-
Unutilised investment tax allowances	14,560,114	14,560,114	-	-
Unabsorbed capital allowances	39,076	1,316,874	-	-
	19,169,639	20,782,309	-	-

25. Deferred tax (continued)

Unrecognised deferred tax assets (continued)

The availability of unutilised tax losses and unabsorbed capital and agriculture allowances of the Group 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 subsidiary in other country is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the other country in which the subsidiary operates.

The unutilised tax losses in the foreign subsidiaries amounting to RM1,306,548 (2012: RM1,343,833) are available for carry forward in the jurisdiction in which the foreign subsidiary operates for a period of 5 years from the year in which those tax losses arose.

Tax consequences of proposed dividend

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 13).

26. Share capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January and 31 December	120,000,000	120,000,000	120,000,000	120,000,000

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

27. Retained earnings

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

28. Foreign currency translation reserve

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

29. Commitments

(a) Capital commitments

Capital expenditure commitments as at the reporting date are as follows:

	Group	
	2013 RM	2012 RM
Capital expenditure		
Approved and contracted for:		
Construction of:		
- estate buildings and infrastructure	339,000	3,499,910
- mill buildings and infrastructure	4,850	262,232
- fishery infrastructure	-	377,567
- palm oil mill in an Indonesian subsidiary	4,748,822	22,048,330
Acquisition of:		
- foreign subsidiaries	2,274,464	2,686,397
- foreign associate	26,634,200	-
	34,001,336	28,874,436
Approved but not contracted for:		
Plantation development costs	-	19,207,425
	34,001,336	48,081,861

(b) Operating lease commitments – as lessee

Details of land use rights and the amortisation of land use rights recognised in profit or loss are disclosed in Note 15 to the financial statements.

29. Commitments (continued)

(c) Finance lease commitments

The Group has finance leases for certain property, plant and equipment as disclosed in Note 14 to the financial statements. Future minimum lease payments under finance leases together with present value of the net minimum lease payments are as follows:

	Group	
	2013	**2012**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	1,417,788	596,628
Later than 1 year and not later than 2 years	1,392,855	596,628
Later than 2 years and not later than 5 years	2,890,877	1,573,419
Total minimum lease payments	5,701,520	2,766,675
Less: Amount representing finance charges	(676,092)	(386,826)
Present value of minimum lease payments	5,025,428	2,379,849
Present value of payments:		
Not later than 1 year	1,131,790	449,870
Later than 1 year and not later than 2 years	1,186,527	487,010
Later than 2 years and not later than 5 years	2,707,111	1,442,969
Present value of minimum lease payments	5,025,428	2,379,849
Less: Amount due within 12 months (Note 22)	(1,131,790)	(449,870)
Amount due after 12 months (Note 22)	3,893,638	1,929,979

30. Related party transactions

(a) Sale and purchase of goods and services

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

	2013 RM	2012 RM
Group		
Transactions with a company in which the Directors of the Company, Loo Ngin Kong is a director and shareholder and Wong Siew Ying is a shareholder:		
Ladang Hassan & Loo Sdn. Bhd.		
- Transportation income	6,820	58,070
- Purchase of fresh fruit bunches	371,410	561,904
Transactions with companies in which a Director of the Company, Dato' Loo Pang Kee is a director and has interests:		
Rental expense charged by Piquet Holdings Sdn. Bhd.	-	60,000
Transactions with a Director of the Company, Loo Ngin Kong:		
Rental expense	43,200	43,200
Purchase of fresh fruit bunches	17,639	29,363
Transactions with a company in which a Director of the Company, Dr. Edmond Fernandez is a director and shareholder:		
Klinik Elopura Sdn. Bhd.		
- Medical expenses	51,970	9,098
- Rental income	7,200	5,400

30. Related party transactions (continued)

(a) Sale and purchase of goods and services (continued)

	2013 RM	2012 RM
Group (continued)		
Transactions with a company in which a Director of the Company, Tan Sri Dato' Sri Koh Kin Lip is a director and has indirect interests:		
Purchase of quarry stones from Sukau Quarry Sdn. Bhd.	70,591	22,848
Company		
Transactions with subsidiaries:		
Purchasing handling expenses	15,360	14,280
Interest expense on advances and related charges	887,090	694,171
Interest income on advances	2,392,620	2,566,566
Room expenses	26,897	8,945
Management fees income	7,574,400	7,459,500
Rental expense of premises	102,000	90,000
Transportation expenses	46,857	58,730

(b) Compensation of key management personnel

The remuneration of Directors who are also the members of key management during the year was as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	3,442,724	3,286,773	3,258,300	3,103,853
Defined contribution plan	559,880	533,628	535,617	510,384
	4,002,604	3,820,401	3,793,917	3,614,237

31. Fair value of financial instruments

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
Other receivables (non-current)	20
Trade and other receivables (current)	20
Trade and other payables (current)	23
Loans and borrowings (current)	22
Loans and borrowings (non-current)	22

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.

Amounts due from/to subsidiaries and finance lease obligations

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

Financial guarantees

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

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

32. 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 and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Finance Department overseen by an Executive Director. 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 years, the Group did not enter into any derivative contract for hedging.

32. Financial risk management objectives and policies (continued)

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 defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

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; and
- A nominal amount of RM92,271,800 (2012: RM36,585,200) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to subsidiaries.

Credit risk concentration profile

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

	Group			
	2013		2012	
	RM	% of total	RM	% of total
By industry sectors:				
Plantation and mill	12,635,616	95%	9,432,641	90%
Fishery	110,585	1%	299,384	3%
Hotel	592,440	4%	800,054	7%
	13,338,641	100%	10,532,079	100%

At the reporting date, approximately:

- 92% (2012: 78%) of the Group's trade receivables were due from 3 major customers which are subsidiaries of well-established listed plantation group in Malaysia; and
- almost all (2012: almost all) of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

32. Financial risk management objectives and policies (continued)

b) Liquidity risk (continued)

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.)

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 30% (2012: 39%) of the Group's loans and borrowings and approximately 21% (2012: 30%) of the Company's loans and borrowings (Note 22) 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 amounts.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2013				
Financial liabilities:				
Trade and other payables	47,035,728	-	-	47,035,728
Loans and borrowings	74,960,019	147,158,180	48,138,998	270,257,197
Total undiscounted financial liabilities	121,995,747	147,158,180	48,138,998	317,292,925
2012				
Financial liabilities:				
Trade and other payables	38,086,661	-	-	38,086,661
Loans and borrowings	66,192,256	87,857,283	18,089,386	172,138,925
Total undiscounted financial liabilities	104,278,917	87,857,283	18,089,386	210,225,586

32. **Financial risk management objectives and policies (continued)**

b) **Liquidity risk (continued)**

Analysis of financial instruments by remaining contractual maturities (continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
2013				
Financial liabilities:				
Amounts due to related parties	49,420,156	-	-	49,420,156
Other payables, excluding financial guarantees *	996,190	-	-	996,190
Loans and borrowings	39,849,274	118,221,949	19,542,710	177,613,933
Total undiscounted financial liabilities	90,265,620	118,221,949	19,542,710	228,030,279
2012				
Financial liabilities:				
Amounts due to related parties	34,113,281	-	-	34,113,281
Other payables, excluding financial guarantees *	1,170,290	-	-	1,170,290
Loans and borrowings	43,552,888	85,687,236	18,089,386	147,329,510
Total undiscounted financial liabilities	78,836,459	85,687,236	18,089,386	182,613,081

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

32. Financial risk management objectives and policies (continued)

c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and advances at floating rates given to/from related parties. The Company's advances at floating rate given to/from related parties form a natural hedge for its floating rate bank loans. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of at least one month (2012: at least one month) from the reporting date.

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM418,458 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 and the Company hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD and IDR) amounted to RM29,845,575 (2012: RM1,073,382) for both the Group and the Company.

The Group is exposed to currency translation risk arising from its net investment in Indonesian subsidiaries. The Group's net investment in Indonesia subsidiaries is not hedged as currency position in Indonesian Rupiah is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

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

	Profit net tax			
	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
RM/USD - strengthened 5%	18,002	50,850	17,496	50,858
- weakened 5%	(18,002)	(50,850)	(17,496)	(50,858)
RM/IDR - strengthened 5%	1,473,733	4,727	507	2,826
- weakened 5%	(1,473,733)	(4,727)	(507)	(2,826)

33. 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 total loans and borrowings less cash and bank balances divided by equity attributable to equity owners of the parent. The Group's policy is to maintain the Group's net gearing ratio within 75% which is one of the loan covenants imposed by a lending bank. The calculations of the Group's and Company's gearing ratios are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Loans and borrowings (Note 22)	223,712,611	155,183,488	156,545,427	130,760,899
Less: Cash and bank balances (Note 21)	(45,146,247)	(10,953,997)	(753,467)	(1,737,367)
	178,566,364	144,229,491	155,791,960	129,023,532
Equity attributable to the owners of the Company	283,287,031	298,017,633	123,325,949	121,610,939
Net gearing ratio	63%	48%	126%	106%

34. Segment information

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

(a) The plantation and mill segment is involved in cultivation and sale of oil palm products.
(b) The fishery segment is involved in fish rearing, hatchery and sale of fish and fries.
(c) The hotelier segment is involved in hotel operations.
(d) The corporate segment is involved in Group-level corporate services, treasury and purchasing functions and business investments.

Except as indicated above, no other operating segment 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.

34. Segment information (continued)

	Plantation and milling RM	Fishery RM	Hotelier RM	Corporate RM	Adjustments and eliminations RM	Notes	Per statements of financial position RM
2013							
Revenue:							
External customers	408,488,599	1,489,087	8,843,473	-	-		418,821,159
Inter-segment	-	540	26,897	7,574,400	(7,601,837)	A	-
Total revenue	408,488,599	1,489,627	8,870,370	7,574,400	(7,601,837)		418,821,159
Results:							
Interest income	1,038,240	44,302	-	3,994	-		1,086,536
Depreciation and amortisation	9,883,108	397,103	1,369,465	85,788	-		11,735,464
Other non-cash expenses	-	-	-	219,595	-	B	219,595
Segment profit/(loss)	30,641,774	(168,017)	1,277,264	-	(14,021,873)	C	17,729,148
Assets:							
Additions to non-current assets	71,099,232	901,237	93,238	162,602	-	D	72,256,309
Segment assets	535,565,602	11,954,725	38,863,059	2,704,352	4,760,908	E	593,848,646
Segment liabilities	39,569,126	130,262	915,389	6,885,277	259,354,841	F	306,854,895
2012							
Revenue:							
External customers	391,695,513	1,538,132	6,928,559	-	-		400,162,204
Inter-segment	-	10,081	8,945	7,459,500	(7,478,526)	A	-
Total revenue	391,695,513	1,548,213	6,937,504	7,459,500	(7,478,526)		400,162,204
Results:							
Interest income	179,980	28,120	-	3,553	-		211,653
Depreciation and amortisation	9,380,968	387,733	1,783,005	80,503	-		11,632,209
Other non-cash expenses	55	-	-	260,751	-	B	260,806
Segment profit/(loss)	31,898,600	326,302	(422,693)	-	(11,842,533)	C	19,959,676
Assets:							
Additions to non-current assets	78,683,528	2,052,123	327,301	498,023	-	D	81,560,975
Segment assets	468,678,547	11,490,942	41,572,366	3,569,355	4,614,264	E	529,925,474
Segment liabilities	29,001,666	130,153	855,057	8,961,334	190,229,275	F	229,177,485

34. Segment information (continued)

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	2013 RM	2012 RM
Loss on disposal of property, plant and equipment	8	-	650
Property, plant and equipment written off	8	4	-
Unrealised foreign exchange loss	8	219,591	260,156
		219,595	260,806

C The following items are deducted from segment profit to arrive at "Profit before tax" presented in the statements of comprehensive income:

	2013 RM	2012 RM
Finance costs	7,459,392	4,469,510
Unallocated corporate expenses	6,562,481	7,373,023
	14,021,873	11,842,533

D Additions to non-current assets consist of:

	2013 RM	2012 RM
Property, plant and equipment	32,460,627	63,577,722
Biological assets	39,795,682	17,776,538
Land use rights	-	206,715
	72,256,309	81,560,975

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

	2013 RM	2012 RM
Deferred tax assets	948,140	1,214,985
Tax refundable	3,812,768	3,399,279
	4,760,908	4,614,264

34. Segment information (continued)

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

	2013 RM	2012 RM
Deferred tax liabilities	34,874,556	34,973,822
Income tax payable	767,674	71,965
Loans and borrowings	223,712,611	155,183,488
	259,354,841	190,229,275

Geographical information

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

	Revenues		Non-current assets	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysia	418,821,159	400,162,204	343,109,097	330,433,835
Indonesia	-	-	142,089,932	81,884,464
	418,821,159	400,162,204	485,199,029	412,318,299

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

	2013 RM	2012 RM
Property, plant and equipment	269,604,714	254,974,184
Land use rights	32,548,265	21,659,730
Biological assets	178,788,021	131,426,356
ntangible assets	4,258,029	4,258,029
	485,199,029	412,318,299

Information about major customers

Revenue from four (2012: four) major customers amount to RM399,539,066 (2012: RM384,541,738) arising from sale of crude palm oil and palm kernel by the plantation and mill segment.

35. Significant events

(a) On 20 January 2010, the High Court of Sabah awarded a judgment sum of RM565,686.44 being the claim by Atlantic Plantation Sdn. Bhd. ("Atlantic") against Mature Land Sdn. Bhd. ("MLSB"), a wholly-owned subsidiary of the Company for alleged failure of delivery of vacant possession of 51.37 acres, a portion of the leasehold land being disposed by MLSB to Atlantic in October 2004. The judgment also states that upon full payment of the judgment sum and all interests imposed in the judgment, ownership of the said 51.37 acres shall revert to MLSB. MLSB has submitted a notice of appeal to the Court of Appeal on 11 February 2010. A conditional stay of judgment has been granted by the High Court of Sabah on 7 January 2011. The Court of Appeal had on 10 October 2012 allowed the appeal and set aside the High Court Order. The judgment sum of RM565,686.44 that was paid to the Court has been refunded to MLSB together with interest thereon on 28 February 2013.

However, Atlantic had on 9 November 2012 filed an application for leave to appeal to the Federal Court. The appeal was dismissed with costs to be paid by Atlantic at the Federal Court's hearing on 11 September 2013.

(b) On 7 July 2011, a wholly-owned subsidiary, Permata Alam Sdn. Bhd. ("PERMATA") together with PT Rimba Melawai Mahakam, Ir. Heppy Trenggono and Hj. Rima Melati (collectively referred to as "the Sellers") entered into a Conditional Sale And Purchase Agreement ("the CSPA") with PT Jaya Prima Sentosa ("the Purchaser") in relation to the Proposed Disposal of 5,000 fully paid up shares of IDR 1,000,000 each, representing 100% equity interests in PT Prasetia Utama ("PU") at a consideration of USD6,368,176.50 ("the Proposed Disposal"). PERMATA has 90% beneficial interests in the equity of PU. Upon completion of the Proposed Disposal, PERMATA shall no longer pursue the application for approval from the Ministry of Law and Human Rights of the Republic of Indonesia to convert PU into a foreign investment company in order to ultimately acquire PU as a subsidiary. The Proposed Disposal has been completed following the receipt of the final instalment of the consideration from the Purchaser on 4 December 2013.

36. Events occurring after the reporting date

(a) On 15 January 2014, the Company had announced to Bursa Malaysia that the Company's wholly owned subsidiary, Miasa Plantation Sdn Bhd ("Miasa") had on the same date entered into:-

(i) the Share and Warrant Subscription Agreement with PT Sawit Nusantara Makmur Utama ("SNMU") and its holding company, Cstone Financial Holdings Ltd ("Cstone") to subscribe for 2,604 new ordinary shares of IDR1,000,000 each ("New Shares"), representing 9.43% equity interest of the enlarged paid-up capital of SNMU and 1,781,136 new warrants in SNMU, at a consideration of USD2,000,000 or approximately RM6.52 million (based on the exchange rate of USD1.00:RM3.26 as at 13 January 2014); and

(ii) the Conditional Share and Warrant Subscription Agreement ("CSWSA") with SNMU and Cstone to subscribe for 8,033 new ordinary shares of IDR1,000,000 each ("New Additional Shares"), representing 22.54% equity interest of the enlarged paid-up capital of SNMU and 5,494,572 new warrants in SNMU, at a consideration of USD6,170,000 or approximately RM20.11 million (based on the exchange rate of USD1.00:RM3.26 as at 13 January 2014).

(b) On 24 January 2014, the Company had announced to Bursa Malaysia that the Company and Miasa had entered into a Summary of Principal Terms and Conditions of the Business Combination ("Term Sheet') with Cstone and SNMU for the following:

(i) Proposed subscription by SNMU of collectively 95% of the enlarged equity interest in PT Borneo Indosubur, PT Enggang Alam Sawita, PT Agronusa Bumi Sejahtera and PT Nala Palma Cadudasa ("Nala"), subsidiaries of NPC in Indonesian (collectively "NPC Indon Subsidiaries") for an indicative consideration of USD30.40 million (equivalent to approximately RM101.23 million1) to be satisfied entirely by the issuance of new primary shares in SNMU to Miasa, the number of which to be determined later, subject to any adjustment that may arise from the post valuation adjustments to be conducted ("Post Valuation Adjustments") after the completion of the Due Diligence stated in Section 3.2 of the Announcement ("Proposed NPC Indon Subsidiaries Shares Subscriptions"); and

36. Events occurring after the reporting date (continued)

(ii) Proposed additional subscription by Miasa of new primary shares in SNMU, the number of which is also to be determined later and subject to Post Valuation Adjustments for an indicative cash consideration of USD21.83 million (equivalent to approximately RM72.69 million[1]) ("Proposed SNMU Shares Subscriptions").

[1] (based on the exchange rate of USD1.00:RM3.33 as at 23 January 2014).

The consummations of the Proposed NPC Indon Subsidiaries Shares Subscriptions and the Proposed SNMU Shares Subscriptions are subject to the results of the Due Diligence which are currently undertaken by both Parties to the Term Sheet.

37. 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 28 April 2014.

38. Supplementary information – breakdown of retained earnings into realised and unrealised

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings or accumulated losses of the Company and its subsidiaries				
- Realised	314,128,746	300,899,583	2,506,885	419,916
- Unrealised	(16,902,114)	(16,692,045)	819,064	1,191,023
	297,226,632	284,207,538	3,325,949	1,610,939
Less: Consolidation adjustments	(99,371,058)	(99,021,249)	-	-
Retained earnings as per financial statements	197,855,574	185,186,289	3,325,949	1,610,939

SHAREHOLDING STATISTICS
AS AT 30 APRIL 2014

SHARE CAPITAL

Paid-Up & Issued Share Capital	:	120,000,000
Authorised Share Capital	:	500,000,000
Type of Shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	893
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 to 99	44	4.93	631	0.00
100 to 1,000	575	64.39	114,208	0.10
1,001 to 10,000	203	22.73	807,602	0.67
10,001 to 100,000	34	3.81	1,113,451	0.93
100,001 to 5,999,999*	32	3.58	42,732,034	35.61
6,000,000 and above**	5	0.56	75,232,074	62.69
Total	893	100.00	120,000,000	100.00

Notes: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

According to the Register maintained under Section 69L of the Companies Act, 1965, the substantial shareholders' interests in shares of the Company (excluding bare trustees) are as follows:-

	Ordinary shares of RM1.00 each			
	Direct interests	%	Indirect interests	%
Jubilant Ventures Sdn Bhd	38,400,000	32.00	-	-
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	16.49	2,887,350*1	2.41
Dato' Loo Pang Kee	10,206,906	8.51	38,400,000*2	32.00
Loo Ngin Kong	7,961,724	6.63	6,950,000*3	5.79
Wong Siew Ying	2,872,684	2.39	45,350,000*4	37.79

Notes:
*1: Deemed interest via shareholdings of Rickoh Corporation Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965 and via shareholdings of his daughter, Koh Se Gay, in the Company.
*2: Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965.
*3: Deemed interest via shareholdings of his children, Loo Pang Chieng, Loo Pang How and Loo Mun May, in the Company.
*4: Deemed interest via shareholdings of Jubilant Ventures Sdn Bhd and via shareholdings of her children, Loo Pang Chieng, Loo Pang How and Loo Mun May, in the Company.

DIRECTORS' INTERESTS

According to the Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares of the Company are as follows:-

	Ordinary shares of RM1.00 each			
	Direct interests	**%**	**Indirect interests**	**%**
Name of Directors				
Loo Ngin Kong	7,961,724	6.63	6,950,000*1	5.79
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	1	0.00	-	-
Dato' Loo Pang Kee	10,206,906	8.51	38,400,000*2	32.00
Wong Siew Ying	2,872,684	2.39	45,350,000*3	37.79
Lim Ted Hing	804,000	0.67	-	-
Dr. Edmond Fernandez	32,300	0.03	-	-
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	16.49	2,887,350*4	2.41
Tan Vun Su	1	0.00	-	-

Notes:

*1: Deemed interest via shareholdings of his children, Loo Pang Chieng, Loo Pang How and Loo Mun May, in the Company.

*2: Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965.

*3: Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965 and via shareholdings of her children, Loo Pang Chieng, Loo Pang How and Loo Mun May, in the Company.

*4: Deemed interest via shareholdings of Rickoh Corporation Sdn. Bhd. in the Company pursuant to Section 6A(4), Companies Act, 1965 and via shareholdings of his daughter, Koh Se Gay, in the Company.

Thirty (30) Largest Securities Account Holders as at 30 April 2014

No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	38,400,000	32.00
2	UOBM Nominees (Asing) Sdn Bhd Exempt An for Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	13,120,350	10.93
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	10,750,000	8.96
4	Loo Ngin Kong	6,961,724	5.80
5	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securites Account - AmBank (M) Berhad for Dato' Loo Pang Kee	6,000,000	5.00
6	Maybank Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn Bhd for Mutual Yield Sdn Bhd (C318-240203)	5,452,500	4.54
7	Loo Pang Chieng	4,200,000	3.50
8	Tan Sri Dato' Sri Koh Kin Lip, JP	3,818,344	3.18
9	Wong Siew Ying	2,872,684	2.39
10	Seah Sen Onn @ David Seah	2,717,500	2.26
11	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securites Account - AmBank (M) Berhad for Dato' Loo Pang Kee	2,500,000	2.08
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Junior Koh Siew Hui	2,043,700	1.70
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (8058900)	2,000,000	1.67
14	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (SFC 2)	2,000,000	1.67
15	Lai Ming Chun @ Lai Poh Lin	2,000,000	1.67
16	Loo Pang How	2,000,000	1.67

Thirty (30) Largest Securities Account Holders as at 30 April 2014 (continued)

No.	Name	No. of Shares Held	%
17	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	1,500,000	1.25
18	Rickoh Corporation Sdn Bhd	1,317,350	1.10
19	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Sri Dato' Sri Koh Kin Lip, JP (MY0502)	1,215,000	1.01
20	AMMB Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Dato' Loo Pang Kee	1,000,000	0.83
21	Loo Ngin Kong	1,000,000	0.83
22	Loo Mun May	750,000	0.63
23	AmSec Nominees (Tempatan) Sdn Bhd Pledged Securites Account - AmBank (M) Berhad for Dato' Loo Pang Kee	706,906	0.59
24	Lim Ted Hing	604,000	0.50
25	Koh Siew Boon	515,800	0.43
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Tan Kiong (E-SDK)	352,100	0.29
27	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Singapore (Foreign)	309,000	0.26
28	Rosalind Lo Nyit Ying	288,000	0.24
29	Lie Tjie Moh @ Lee Chee Hiong	266,500	0.22
30	Ng Lee Ling	230,000	0.19

LIST OF PROPERTIES
AS AT 31 DECEMBER 2013

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2013 RM	Date Acquired
Plantation land						
Growth estate, KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	183.05	99 years lease expiring 31 December 2077 and 31 December 2086	N/A	Oil palm plantation	5,027,741	2002
Soon Tai estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	38.03	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,119,501	2002
Jejco estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	40.71	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,692,230	2002
Bintang estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	195.47	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	5,398,888	2002
SROPP estate, KM 73, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	224.94	99 years lease expiring 31 December 2077 and 31 December 2080	N/A	Oil palm plantation	4,905,600	2002
Teh estate, KM 75, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	242.81	99 years lease expiring 31 December 2077 and 31 December 2079	N/A	Oil palm plantation	7,418,746	2005
Ballerina estate, KM 80, Sandakan-Telupid-Kota Kinabalu Highway, District of Kinabatangan, Sabah	163.13	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	4,048,354	2002

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2013 RM	Date Acquired
Plantation land (Cont'd.)						
Sebuda estate, KM 80, Sandakan-Telupid-Kota Kinabalu Highway, District of Kinabatangan, Sabah	316.00	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	6,653,263	2002
Telupid estates, KM 80 & KM 100, Sandakan-Telupid-Kota Kinabalu Highway, Districts of Kinabatangan & Labuk-Sugut, Sabah	1,379.95	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	33,709,019	2002
Berkat estate, Mile 62, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	101.71	99 years lease 31 December 2096	N/A	Oil palm plantation	1,780,417	2002 & 2005
Bonus Indah estate, KM 111, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	999.60	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	24,860,399	2002
Berkat estate, KM 111, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	432.50	99 years lease expiring 31 December 2083 and 31 December 2093	N/A	Oil palm plantation	8,187,422	2002
Kian Merculaba estate, KM 113, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	498.40	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	8,120,775	2003
Natural estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	102.19	99 years lease expiring 31 December 2079	N/A	Oil palm plantation	2,528,752	2002

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2013 RM	Date Acquired
Plantation land (Cont'd.)						
Miasa estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	440.90	99 years lease expiring 31 December 2079 and 31 December 2081	N/A	Oil palm plantation	9,723,163	2002
Seraya estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	181.79	99 years lease expiring 31 December 2080	N/A	Oil palm plantation	3,952,349	2002
Transglobe estate, KM 124, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	302.80	99 years lease expiring 31 December 2082	N/A	Oil palm plantation	8,765,422	2002
Sinar Ramai estate, KM 143, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	192.30	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	4,935,003	2002
Intan Ramai estate, KM 143, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	228.10	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	4,370,113	2002
Deltafort estate, KM 87, Segaliud Lokan, District of Kinabatangan, Sabah	400.30	99 years lease expiring 31 December 2087	N/A	Oil palm plantation & plantable reserve	6,952,309	2002
SROPP estate, KM87, Segaliud Lokan, District of Kinabatangan, Sabah	40.47	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,121,692	2002

Land area

Description/ Title/Location	Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2013 RM	Date Acquired
Plantation land (Cont'd.)						
SROPP estate, KM30, Labuk Road, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Oil palm plantation	1,615,227	2002
Permata Alam estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	200.30	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	5,350,000	2003
Sungai Kenali estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	197.90	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	3,519,280	2003
Banggi estate, CL055324797 & PL056290085 Pulau Banggi District of Kudat, Sabah	4,008.82	99 years lease expiring 31 December 2068	N/A	Oil palm plantation	46,179,277	2012
Other landed properties						
Ballerina, 2 adjoining double storey shophouses with a built-up area of 782.13m^2, Lot 8 & 9, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	395.55m^2	999 years lease expiring 9 July 2887	38	Office buildings	842,123	2002
Ballerina, 1 double storey shophouse with a built-up area of 391.07m^2, Lot 11, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	197.78 m^2	999 years lease expiring 9 July 2887	38	Office building	273,528	2003
Berkat, 1 double storey detached house, Lot 134, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	11,120 sq ft	999 years lease expiring 9 July 2887	30	Employees' accomodation	581,447	2007

LIST OF PROPERTIES
AS AT 31 DECEMBER 2013 (CONTINUED)

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2013 RM	Date Acquired
Other landed properties (Cont'd.)						
SROPP palm oil mill with a built-up area of 6,232m², KM 87, Segaliud-Lokan, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	35.39	99 years lease expiring 31 December 2077	18	Palm oil mill	6,909,590	2002
Berkat palm oil mill, with a built-up area of 4,193.80m², KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	4.05	60 years lease expiring 31 December 2044	27	Palm oil mill	6,694,520	2002
Palace Hotel, 8 storey hotel building with 151 rooms and ancillary buildings together with hotel facilities, an open car park for visitors and a staff quarter with total floor area of 8,673 m², No. 1, Jalan Tangki, Karamunsing, Kota Kinabalu	1.789	999 years lease expiring 31 December 2907, 12 June 2913 and 2 October 2915 and 99 years lease expiring 28 April 2065	18	Hotel	31,030,720	2007 & 2008
Palace Ventures, three-storey shoplot with total floor area of 7,800 sq ft, Lot No. 56, Lorong Berjaya 5, Bandaran Berjaya, Kota Kinabalu, Sabah	1,700 sq ft	999 years lease expiring 21 January 2901	40	Rental property	2,228,578	2008
Better Prospects, Sungai Obar, Mile 7, Off Airport Road, 90000 Sandakan, Sabah	16.31	99 years lease expiring 31 December 2077	4	Fish ponds, hatchery & nursery building	5,929,790	2007, 2008 & 2012
TOTAL					**266,425,240**	

NPC Resources Berhad (502313-P)

PROXY FORM

I/We, ____

of ____

being a member/members of NPC RESOURCES BERHAD, hereby appoint ____________________

of ____

or failing him, ____

of ____

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company, to be held at the Conference Room 3, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah on Wednesday, 25 June 2014 at 11.00 am or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Agenda			
1	To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.			
		Resolution	**FOR**	**AGAINST**
2	To declare a final single tier dividend of 2 sen per share.	1		
3 (a)	To re-elect Dr Edmond Fernandez as Director.	2		
(b)	To re-elect Tan Sri Dato' Sri Koh Kin Lip as Director.	3		
4	To approve the payment of Directors' fees.	4		
5	To re-appoint Messrs Ernst & Young as Auditors and to authorize the Directors to fix their remuneration.	5		
6 (a)	To re-appoint Mr Loo Ngin Kong as Director.	6		
(b)	To re-appoint Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood as Director.	7		
7 (a)	To retain Dr Edmond Fernandez as Independent Non-Executive Director.	8		
(b)	To retain Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood as Independent Non-Executive Director.	9		
(c)	To retain Mr Lim Ted Hing as Independent Non-Executive Director.	10		
8	Authority to issue shares pursuant to Section 132D, Companies Act, 1965.	11		
9	Proposed Renewal of the Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	12		
10	Proposed Renewal of Share Buy-Back Authority.	13		

(Please indicate with an "x" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Dated this   day of   2014

NO. OF SHARES HELD	

____
Signature(s) of Member(s)

Notes:

a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965, shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.

b) A member shall be entitled to appoint one (1) but not more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies to attend and vote instead of him at the same Meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, either under its Common Seal or the hands of its officers or attorney duly authorised.

e) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

Fold this flap for sealing

Affix
Stamp

The Company Secretary
NPC RESOURCES BERHAD(Company No. 502313-P)
Lot 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah

Then fold here

www.npc.com.my

NPC Resources Berhad
Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah MALAYSIA
Tel : **6-089-274488** Fax : **6-089-226711** Email : **info@npc.com.my**