


NPC Resources Berhad (502313-P)


Annual Report 2014

CONTENTS

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at the Conference Room 3, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, on Thursday, 18 June 2015 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 2014 and the Reports of the Directors and Auditors thereon.	Please refer to Explanatory Notes (a)
2.	To declare a final single tier dividend of 1 sen per share in respect of the financial year ended 31 December 2014.	Resolution 1
3.	To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:	
	a) Madam Wong Siew Ying	Resolution 2
	b) Mr Tan Vun Su	Resolution 3
4.	To approve the payment of Directors' fees of RM80,000 for the financial year ended 31 December 2014.	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

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

ORDINARY RESOLUTIONS

Proposed Retention of Independent Non-Executive Directors

(a) "That 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."

NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING (cont'd)

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

ORDINARY RESOLUTION

Proposed Renewal Of The Existing 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 27 May 2015 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, 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.

GENERAL MEETING RECORD OF DEPOSITORS

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose determining a member who shall be entitled to attend this Fifteenth 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 12 June 2015. Only a depositor whose name appears on the Record of Depositors as at 12 June 2015 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: 27 May 2015

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.

Explanatory Notes

(a) Audited Financial Statements for Financial Year Ended 31 December 2014

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 both being over the age of 70 years as Directors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company, pursuant to Section 129(6) of the Companies Act 1965 shall 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 Fifteenth 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 recommended 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 2014. 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 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 27 May 2015 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 27 May 2015 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 78, 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 32 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 2014 to 31 December 2014.

Dato' Seri Tengku Dr. Zainal Adlin bin Tengku Mahamood,
a Malaysian citizen, aged 75, 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 three (3) out of five (5) board meetings held during the financial year from 1 January 2014 to 31 December 2014.

Dato' Loo Pang Kee,
a Malaysian citizen, aged 46, was appointed as the Group Managing Director of NPC on 31 January 2002. He has over twenty (20) years of working experience in the oil palm plantation and related industries. He oversees 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. He is an alumnus of Harvard Business School (OPM 36). Dato' Loo is the son of the Group Executive Chairman, Mr Loo Ngin Kong, a director and a substantial shareholder of the Company. Save as disclosed in note 32 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 2014 to 31 December 2014.

DIRECTORS' PROFILE (cont'd)

Wong Siew Ying,
a Malaysian citizen, aged 61, 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 32 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 2014 to 31 December 2014.

Lim Ted Hing,
a Malaysian citizen, aged 60, 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 2014 to 31 December 2014.

Dr. Edmond Fernandez,
a Malaysian citizen, aged 60, 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 32 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 four (4) out of five (5) board meetings held during the financial year from 1 January 2014 to 31 December 2014.

Tan Sri Dato' Sri Koh Kin Lip, JP,

a Malaysian citizen, aged 66, 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 32 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 2014 to 31 December 2014.

Tan Vun Su,

a Malaysian citizen, aged 48, 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 four (4) out of five (5) board meetings held during the financial year from 1 January 2014 to 31 December 2014.

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 2014.

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 29,938 hectares in Kalimantan Timur, Indonesia, 23,305 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). For the financial year 2014, the Group's total planted hectarage in Indonesia was 8,502 hectares.

INDUSTRY TREND AND DEVELOPMENT

The year 2014 saw mixed performance of the Malaysian oil palm industry. Crude Palm Oil (CPO) production, closing stocks and export revenue increased while export volume and imports declined. Average CPO price was marginally higher by 0.5% at RM2,383.50 compared to RM2,371.00 in 2013.

The oil palm planted area in 2014 reached 5.39 million hectares, an increase of 3.1% as against 5.23 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 8.8% or 102,493 hectares. Sabah is still the largest oil palm planted state, with 1.51 million hectares or 28% of total oil palm planted area, followed by Sarawak with 1.26 million hectares or 23%, while Peninsular Malaysia accounted for 2.62 million hectares or 49%.

In 2014, CPO production recorded an increase of 2.3% to 19.67 million tonnes against 19.22 million tonnes recorded in 2013. This was due to the higher OER by 1.8% to 20.62 percent and increase in new areas coming into production, especially in Sarawak. CPO production in Sabah and Sarawak increased by 4.8% and 10.5% to 6.06 million tonnes and 3.44 million tonnes respectively. CPO production in Peninsular Malaysia however recorded a decline of 1.5% to 10.17 million tonnes.

The FFB yield for 2014 was lower by 2.1% to arrive at 18.63 tonnes per hectare from 19.02 tonnes per hectare achieved in 2013. Sabah accounted for the highest FFB yield, registering an increase of 2.2% to 21.34 tonnes per hectare as 71% of Sabah's oil palm planted area are in the peak production age (8 to 24 years). Peninsular Malaysia and Sarawak however recorded declines. FFB yield for Peninsular Malaysia declined by 5.3% to 18.23 tonnes per hectare, while Sarawak declined by 0.6% to register at 16.13 tonnes per hectare. Sarawak's FFB yield is relatively lower as 25% of the matured area are young palms (4-6 years).

OER was higher in 2014, registering an increase of 1.8 % to 20.62 percent. This was mainly due to good weather with fair rainfalls in the first half of the year as well as better quality crops received by the mills.

CHAIRMAN'S STATEMENT (cont'd)

Palm oil stocks closed at 2.01 million tonnes, higher by 1.3% compared to 1.99 million tonnes recorded in December 2013. The higher closing stocks was mainly due to higher CPO production by 2.3% to 19.67 million tonnes and lower palm oil exports by 4.8% to 17.28 million tonnes.

In 2014, the overall CPO price showed a slight upward trend, increased by 0.5% to RM2,383.50/tonne against RM2,371.00/tonne in 2013. The highest traded price was in March at RM2,855.00/tonne and the lowest price was in September at RM2,055.50/tonne.

CPO price was traded higher during the 1st half of 2014, averaging at RM2,605.00, up by 12.8% compared to RM2,310.00/tonne during the same period in 2013. The higher price was mainly due to tight domestic palm oil supply during this period.

However, price was generally on a downward trend during the 2nd half of 2014, averaging at RM2,183.00, down by 9.3% compared to RM2,407.50 during the same period in 2013. The lower prices was in line with the weaker soyabean oil prices resulting from bumper crops, coupled with the weaker Brent crude oil prices traded hovering USD60/barrel.

The average price of palm kernel (PK) in 2014, increased by RM299.00 or 21.8% to RM1,670.50 compared to RM1,371.50 during last year. The firmer PK price was mainly due to bullish domestic CPKO price sentiments during the 1st half of 2014. The price of CPKO during 2014 also increased by RM838.00 or 31.5% to RM3,497.50 from RM2,659.50 registered in 2013. The higher prices were in tandem with the firmer world lauric oil prices in 2014, namely that of PKO higher by US$225 or 25.0% to US$1,122/tonne and coconut oil by US$340 or 36.1% to US$1,281/tonne.

The average FFB price at 1% OER was higher by 5.5% to RM25.72, increased from RM24.39 achieved in the previous year, which was in tandem with the higher CPO and PK prices. Based on the national oil extraction rate (OER), the average price of FFB in 2014 was equivalent to RM521/tonne as against RM485/tonne in the previous year.

(Source: Overview of the Malaysian Oil Palm Industry 2014 by the MPOB)

GROUP PERFORMANCE

For the financial year ended 2014, the average CPO price realised by the Group was RM2,351 per tonne representing a 4.0% increase as compared to RM2,260 per tonne realised in 2013 and the average palm kernel (PK) price realised was RM1,673 per tonne, representing a 27.6% increase as compared to RM1,311 per tonne realised in 2013. The Group achieved total CPO production of 163,883 tonnes and PK production of 41,574 tonnes for the financial year ended 2014 as compared to the CPO production of 144,004 tonnes and PK production of 37,236 tonnes in 2013. The total FFB processed by the Group for 2014 was 768,895 tonnes as compared to 680,075 tonnes in previous financial year. The Group's revenue of RM479.562 million for 2014 was higher as compared to RM418.822 million for 2013 due to higher milling throughput and higher average CPO and PK price realised.

The CPO extraction rates of the Group had increased to 21.31% for 2014 as compared to 21.17% for 2013 while the PK extraction rates of the Group had decreased to 5.41% for 2014 as compared to 5.48% for 2013. The profit net of tax recorded for 2014 was RM18.589 million.

SIGNIFICANT EVENTS

(a) 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).

(b) 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 million[1]) 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).

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.

(c) On 25 June 2014, the Company had announced to Bursa Malaysia that the Company's wholly owned subsidiary, The Palace Ventures Sdn Bhd had on 24 June 2014, entered into a Conditional Sale and Purchase Agreement with Trekkers Lodge Sdn. Bhd. (Company No. 034762-P) in relation to the Proposed Disposal of a 4-Storey Building located at Lot 56, Bandaran Berjaya, 88000 Kota Kinabalu and held under CL015333703, in the district of Kota Kinabalu, State of Sabah for a sale consideration of RM4,000,000 only. The proposed disposal was completed on 27 October 2014.

(d) On 11 February 2015, the Company announced to Bursa Malaysia that the Company via its wholly owned subsidiary, Miasa Plantation Sdn Bhd had entered into the following agreements:

(i) Miasa has entered into a conditional share and warrant subscription agreement with Cstone and SNMU ("CSWA") for the proposed subscription by Miasa of 23,201 new ordinary shares with nominal value of IDR10,000 each in SNMU ("SNMU Class B Shares") representing approximately 53.50% equity interest of the enlarged subscribed and paid-up share capital of SNMU and warrants that are exercisable into 15,869,484 new SNMU Class B Shares for a cash consideration of IDR232.01 million or equivalent to approximately *RM66,000 ("CSWA Subscription").

The SNMU Class B Shares will have a nominal value of IDR10,000 and shall bestow their respective owners the equal rights to:-

(i) attend and cast votes in a general meeting of shareholders;

(ii) receive payment of dividends and the remainder of assets from liquidation; and

(iii) exercise other rights under the prevailing laws and regulations.

(ii) Permata Alam Sdn Bhd ("Permata'), Miasa, Enggang and Nala entered into a conditional share subscription agreement with SNMU ("CSSA") for the proposed subscription by SNMU of 95% of the enlarged equity interest in Nala and Enggang respectively (collectively referred to as the "Final NPC Indon Subsidiaries") for a total cash consideration of IDR242,546.24 million or equivalent to approximately *RM68.50 million for the purpose of internal restructuring by transferring the shareholdings of the Final NPC Indon Subsidiaries from Permata and Miasa to SNMU ("Proposed Restructuring").

Permata is a wholly owned subsidiary of NPC and the holding company of Enggang while Miasa is a wholly owned subsidiary of NPC and the holding company of Nala.

The Final NPC Indon Subsidiaries have been identified for the inclusion in the Proposed Restructuring after the completion of the Post Valuation Adjustments pursuant to the Proposed NPC Indon Subsidiaries Shares Subscriptions as detailed in Note 38(b)(i) as compared to the earlier proposal in the Initial NPC Indon Subsidiaries.

The Proposed Restructuring is the finalisation of the Proposed NPC Indon Subsidiaries Shares Subscriptions as detailed in Note 38(b)(i).

(iii) Miasa has entered into a post-closing conditional share and warrant subscription agreement with SNMU **("Post Closing CSWA")** for the proposed subscription by Miasa of additional 41,693 new SNMU Class B Shares and new warrants that are exercisable for 28,518,012 new SNMU Class B Shares for a cash consideration of IDR416,930,000 or equivalent to approximately *RM118,000 for the purpose of increasing Miasa's shareholdings in SNMU to approximately 73.81% upon completion of the Post Closing CSWA **("Post Closing Subscription")**.

(iv) Miasa has entered into a shareholders' agreement with SNMU and Cstone to set out the administrative and operational procedures for SNMU after the completion of CSWA Subscription and Post Closing Subscription pursuant to the CSWA, CSSA and Post Closing CSWA **("Shareholders Agreement")**.

CSWA Subscription, Proposed Restructuring and Post Closing Subscription are collectively referred to as the **"Proposals"**.

*(Note *: Based on the exchange rate of RM1.00:IDR3,541 as at 5 February 2015)*

DIVIDENDS

(a) For the financial year ended 31 December 2013, the final single-tier dividend of 2 sen per share amounting to RM2,400,000 which was approved by the shareholders at the Annual General Meeting on 25 June 2014 was paid on 15 August 2014.

(b) The Board had on 21 April 2015 proposed a final single tier dividend of 1 sen per ordinary share on 119,912,900 ordinary shares (excluding 87,100 treasury shares) in respect of the financial year ended 31 December 2014, amounting to a dividend payable of RM1,199,129 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.

The Group also adopts diversity policy for its workforce, including but not limited to gender, ethnicity, age, educational background and professional experience.

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 and upgrading of the hotel facilities.

Fishery segment

There will be minimal fishery activities in the next financial year. The Board of Directors of the Company and of Better Prospects Sdn Bhd, a subsidiary of the Company has approved that the land together with all the property, plant and equipment at the hatchery site to be rented out; and all property, plant and equipment of the fish farming site to be disposed in early of 2015.

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 17 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. 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 34 to 35 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 30 to 33 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 Mr Lim Ted Hing, Dr Edmond Fernandez and Dato' Seri Tengku Dr. Zainal Adlin bin Tengku Mahamood 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 2014. 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	5	5
2. Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	3	5
3. Dato' Loo Pang Kee	5	5
4. Wong Siew Ying	5	5
5. Lim Ted Hing	5	5
6. Dr. Edmond Fernandez	4	5
7. Tan Sri Dato' Sri Koh Kin Lip, JP	5	5
8. Tan Vun Su	4	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.

The Board adopted a Board Diversity Policy ("Policy") which sets out the approach by the Company to achieve diversity on the Board. Under the Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitiveness and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and specific needs from time to time. Board members' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Candidates to the Board will be based on a range of diversity perspectives, including but not limited to gender, ethnicity, age, skills, industry experience and exposure, educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

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 18 January 2014 was to assess the effectiveness of the Board, Board Committees and the contribution of individual director.

On 28 April 2014, 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 Fourteenth Annual General Meeting;
(b) re-election of Dr Edmond Fernandez and Tan Sri Dato' Sri Koh Kin Lip, JP retiring as directors pursuant to Article No. 93, at the Fourteenth Annual General Meeting; and
(c) proposed retention of Mr Lim Ted Hing, Dr Edmond Fernandez and Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood 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 once during the financial year. The meeting on 18 January 2014 was to review and recommend revisions to Executive Directors' remuneration for financial year 2014 with regards to industry norm for remuneration to Executive Directors, the performance of the Group for 2013 and the work scope of the Managing Director.

Disclosure

The details of the remuneration for the Directors of the Company during the financial year ended 31 December 2014 are as follows:

Directors' Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	40	40
Emoluments	4,084	324
Benefits-in-kind	59	-
Total	4,183	364

The number of Directors whose remuneration during the financial year ended 31 December 2014 falls within the following bands is as follows:

	NUMBER OF DIRECTORS	
Directors' Remuneration RM	**Executive**	**Non-Executive**
50,001 to 100,000	-	2
100,001 to 150,000	-	2
500,001 to 550,000	1	-
600,001 to 650,000	1	-
950,001 to 1,000,000	1	-
2,050,001 to 2,100,000	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.

Details of training attended by the Directors for the financial year ended 31 December 2014 are as follows:

Training Programme	Attended by:
Company Secretaries Training Programme Significant (Part B) and (Part C) organised by Suruhanjaya Syarikat Malaysia Advanced CSP: Critical Company Secretarial Issues @ Boardroom organised by Suruhanjaya Syarikat Malaysia	• Loo Ngin Kong • Wong Siew Ying
Various presentations and briefings on Sabah Tourism	• Dato' Seri Tengku Dr Zainal Adlin bin Tengku Mahamood
"Leadership & Self-Deception" (ARBINGER CORE at WORK) Workshop organised by Arbinger (Malaysia) Sdn Bhd	• Dato' Loo Pang Kee
HSBC Going Global Series – Tapping International Trade Opportunities organised by HSBC Bank Malaysia Berhad	• Lim Ted Hing
Seminar on 2015 Budget & Recent Tax Developments	• Lim Ted Hing • Tan Sri Dato' Sri Koh Kin Lip, JP
Directors' Continuing Education Programme 2014 organised by Fraser & Neave Holdings Bhd and Cocoaland Holdings Berhad	• Tan Sri Dato' Sri Koh Kin Lip, JP
International Conference on Occupational Medicine 2014 organised by Faculty of Occupational Medicine – Royal College of Physicians of Ireland and Malaysian Society of Occupational Health Physicians in collaboration with PERKESO and supported by Ministry of Health and Ministry of Human Resources, Malaysia 8th Annual Seminar "An Update on Medical Surveillance in the Workplace" organised by Academy of Occupational and Environmental Medicine Malaysia CPD Series 2 Updates in Occupational Medicine organised by Society of Occupational and Environmental Medicine, Malaysian Medical Association Technical Update 24 (TU24) "Occupational Lung Diseases: A Review of Pneumoconiosis" organised by Academy of Occupational & Environmental Medicine Malaysia Kursus Pengamal Perubatan Tahun 2014 organised by Institut Latihan Pentadbiran Dan Pengurusan Pengangkutan Laut (ILPPPL)	• Dr. Edmond Fernandez
Workshop on Integrated Management of Ganoderma Disease in Oil Palm organised by Malaysian Palm Oil Board	• 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 Thirteenth 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 40 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 34 to 35 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 30 to 33 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 33 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 21 April 2015.

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, a total of 87,100 ordinary shares were purchased and retained as Treasury Shares. The details of the Company's Share Buy Back exercise for the financial year ended 31 December 2014 are as follows:

Month	No. of shares Purchased and Retained as Treasury Shares	Purchase Price Per Share (RM)		Average Cost Per Share (RM)*	Total Cost (RM)
		Lowest	Highest		
October	40,100	2.73	2.78	2.79	111,919
December	47,000	2.70	2.78	2.77	130,409
	87,100				242,328

** Inclusive of transaction charges*

As at 31 December 2014, the cumulative total number of shares held as Treasury Shares was 87,100. None of the Treasury Shares were resold or cancelled during the financial year.

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 RM74,850.

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 2014.

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 32 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.

COMPOSITION, TERMS OF REFERENCE AND FUNCTIONS (cont'd)

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;

AUDIT COMMITTEE REPORT
COMPOSITION, TERMS OF REFERENCE AND FUNCTIONS (cont'd)

(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.

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 inventories receipt system and quality control, inventories (CPO & PK) despatch system, accuracy of stocks record and sounding tests, and procedures of controlling and monitoring of oil losses;
(b) to review the key internal controls relating to 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 page 24 of the Statement on Corporate Governance.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 21 April 2015.

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.

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 2014 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 21 April 2015.

DIRECTORS' REPORT

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

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit net of tax	18,589	12,211
Profit/(loss) attributable to:		
Equity holders of the parent	20,250	12,211
Non-controlling interests	(1,661)	-
	18,589	12,211

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 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2013 as reported in the Directors' report of that year:	
Final single tier dividend of 2 sen per ordinary share, on 120,000,000 ordinary shares, approved by the shareholders at the Annual General Meeting on 25 June 2014 and paid on 15 August 2014	2,400

(b) At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2014 of 1 sen per ordinary share on 119,912,900 ordinary shares (excluding 87,100 treasury shares), amounting to a dividend payable of RM1,199,129 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

Directors

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

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 32 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			
	1.1.2014	**Acquired**	**Sold**	**31.12.2014**
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	2,872,684	100,000	-	2,972,684
Lim Ted Hing	804,000	-	-	804,000
Dr. Edmond Fernandez	32,300	117,700	-	150,000
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	-	-	19,783,344
Tan Vun Su	1	-	-	1

DIRECTORS' REPORT (cont'd)

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each			
	1.1.2014	**Acquired**	**Sold**	**31.12.2014**
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	6,950,000	-	338,000	6,612,000
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

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.

Treasury shares

During the financial year, the Company repurchased 87,100 of its issued ordinary shares from the open market at an average price of RM2.76 per share. The total consideration paid for the repurchase including transaction costs was RM242,328. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Further relevant details are disclosed in Note 28 to the financial statements.

Other statutory information

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that 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) it necessary to write off any 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.

Other statutory information (cont'd)

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 38 to the financial statements.

Events after the reporting date

Details of events after the reporting date are disclosed in Notes 39 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 30 April 2015.

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 43 to 135 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 41 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 30 April 2015.

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 43 to 136 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 30 April 2015 **Tan Vun Su**

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NPC RESOURCES BERHAD

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 2014 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 information, as set out on pages 43 to 135.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

Basis for Qualified Opinion

The audited financial statements of three foreign subsidiaries, PT Enggang Alam Sawita, PT Borneo Indosubur and PT Nala Palma Cadudasa were available close to the date the financial statements of the Group were approved by the Directors of the Company. Due to the timing of the audited financial statements being made available to us, we have not been able to perform sufficient audit procedures to satisfy ourselves as to appropriateness of the financial information of the above three subsidiaries used in the preparation of the consolidated financial statements of the Group.

Opinion

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NPC RESOURCES BERHAD (cont'd)

Report on other legal and regulatory requirements

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

(a) In our opinion, except for the matter discussed in the Basis of Qualified Opinion paragraph above, 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 Notes 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) Except for the matter as described in the Basis for Qualified Opinion paragraph above, 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 41 on page 136 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Yong Nyet Yun
2708/04/16(J)
Chartered Accountant

Sandakan, Malaysia
30 April 2015

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Revenue	4	479,562	418,821	17,287	16,841
Cost of sales		(404,834)	(354,130)	-	-
Gross profit		74,728	64,691	17,287	16,841
Other items of income					
Interest income	5	1,627	1,087	15,855	2,399
Other income	6	5,423	5,123	-	256
Other items of expense					
Marketing and distribution		(36,129)	(33,429)	-	-
Administrative expenses		(13,233)	(12,027)	(7,827)	(7,354)
Finance costs	7	(4,920)	(7,459)	(10,914)	(7,977)
Other expenses		(2,018)	(15,190)	(1,990)	-
Profit before tax	8	25,478	2,796	12,411	4,165
Income tax expense	11	(6,889)	(3,177)	(200)	(1,250)
Profit/(loss) net of tax		18,589	(381)	12,211	2,915
Other comprehensive income/(loss): Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation		9,519	(27,578)	-	-
Other comprehensive income/(loss) for the year, net of tax		9,519	(27,578)	-	-
Total comprehensive income/(loss) for the year		28,108	(27,959)	12,211	2,915

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Profit/(loss) attributable to:					
Equity holders of the parent		20,250	(1,063)	12,211	2,915
Non-controlling interests		(1,661)	682	-	-
		18,589	(381)	12,211	2,915
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		29,687	(28,463)	12,211	2,915
Non-controlling interests		(1,579)	504	-	-
		28,108	(27,959)	12,211	2,915
Earnings/(deficit) per share attributable to equity holders of the parent (sen per share):					
Basic, for profit for the year	12	16.88	(0.89)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	273,324	261,856	794	1,261
Investment properties	15	1,177	-	-	-
Land use rights	16	26,311	25,364	-	-
Biological assets	17	240,444	178,788	-	-
Intangible asset	18	4,932	4,258	-	-
Investments in subsidiaries	19	-	-	530,485	325,585
Investment securities	20	1,564	-	-	-
Other receivables	22	40,941	16,292	-	-
Deferred tax assets	27	2,213	948	466	581
		590,906	487,506	531,745	327,427
Current assets					
Biological assets	17	1,278	2,763	-	-
Inventories	21	21,158	17,022	-	-
Trade and other receivables	22	17,772	22,431	16	17
Prepayments		1,271	234	-	-
Income tax refundable		3,312	3,813	2,004	2,089
Cash and bank balances	23	35,878	45,146	7,989	753
		80,669	91,409	10,009	2,859
TOTAL ASSETS		671,575	578,915	541,754	330,286
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	24	124,694	66,606	87,933	33,332
Trade and other payables	25	47,922	47,036	200,677	50,416
Income tax payable		1,724	768	-	-
		174,340	114,410	288,610	83,748
Net current liabilities		(93,671)	(23,000)	(278,601)	(80,889)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 (cont'd)

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Non-current liabilities					
Loans and borrowings	24	163,960	157,107	120,250	123,213
Employee benefits	26	441	464	-	-
Deferred tax liabilities	27	35,307	34,874	-	-
		199,708	192,445	120,250	123,213
Total liabilities		374,048	306,855	408,860	206,961
Net assets		297,527	272,060	132,894	123,325
Equity attributable to equity holders of the parent					
Share capital	28	120,000	120,000	120,000	120,000
Treasury shares	28	(242)	-	(242)	-
Retained earnings	29	200,773	182,923	13,136	3,325
Foreign currency translation reserve	30	(25,132)	(34,569)	-	-
		295,399	268,354	132,894	123,325
Non-controlling interests		2,128	3,706	-	-
Total equity		297,527	272,060	132,894	123,325
TOTAL EQUITY AND LIABILITIES		671,575	578,915	541,754	330,286

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

			Attributable to equity holders of the parent					
				Non-distributable			Distributable	
2014	Note	Equity, total RM'000	Equity attributable to equity holders of the parent RM'000	Share capital (Note 28) RM'000	Treasury shares (Note 28) RM'000	Foreign currency translation reserve (Note 30) RM'000	Retained earnings (Note 29) RM'000	Non-controlling interests RM'000
Group								
Opening balance at 1 January 2014:								
- as previously reported		286,994	283,287	120,000	-	(34,569)	197,856	3,707
- prior year adjustments		(14,933)	(14,933)	-	-	-	(14,933)	-
- as restated		272,061	268,354	120,000	-	(34,569)	182,923	3,707
Profit for the year		18,589	20,250	-	-	-	20,250	(1,661)
Other comprehensive income								
Foreign currency translation		9,519	9,437	-	-	9,437	-	82
Total comprehensive income for the year		28,108	29,687	-	-	9,437	20,250	(1,579)
Transactions with owners								
Purchase of treasury shares		(242)	(242)	-	(242)	-	-	-
Dividends	13	(2,400)	(2,400)	-	-	-	(2,400)	-
Total transactions with owners in their capacity as owners		(2,642)	(2,642)	-	(242)	-	(2,400)	-
Closing balance at 31 December 2014		297,527	295,399	120,000	(242)	(25,132)	200,773	2,128

			← Attributable to equity holders of the parent →				
				← Non-distributable →		Distributable	
2013	**Note**	**Equity, total RM'000**	**Equity attributable to equity holders of the parent RM'000**	**Share capital (Note 28) RM'000**	**Foreign currency translation reserve (Note 30) RM'000**	**Retained earnings (Note 29) RM'000**	**Non-controlling interests RM'000**
Group							
Opening balance at 1 January 2013		300,747	298,017	120,000	(7,169)	185,186	2,730
Profit for the year							
- as previously reported		14,552	13,870	-	-	13,870	682
- prior year adjustments		(14,933)	(14,933)	-	-	(14,933)	-
- as restated		(381)	(1,063)	-	-	(1,063)	682
Other comprehensive income							
Foreign currency translation		(27,578)	(27,400)	-	(27,400)	-	(178)
Total comprehensive income for the year		(27,959)	(28,463)	-	(27,400)	(1,063)	504
Distributions to owners							
Dividends	13	(1,200)	(1,200)	-	-	(1,200)	-
Changes in ownership interest in subsidiaries							
Acquisition of a subsidiary	19	472	-	-	-	-	472
Total transactions with owners in their capacity as owners		(728)	(1,200)	-	-	(1,200)	472
Closing balance at 31 December 2013		272,060	268,354	120,000	(34,569)	182,923	3,706

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	Equity, total RM'000	← Non distributable Share capital (Note 28) RM'000	→ Treasury shares (Note 28) RM'000	Distributable Retained earnings (Note 30) RM'000
2014					
Company					
Opening balance at 1 January 2014		123,325	120,000	-	3,325
Profit for the year, representing total comprehensive income for the year		12,211	-	-	12,211
Transactions with owners					
Dividends	13	(2,400)	-	-	(2,400)
Purchase of treasury shares		(242)	-	(242)	-
Total transactions with owners in their capacity as owners		(2,642)	-	(242)	(2,400)
Closing balance at 31 December 2014		132,894	120,000	(242)	13,136
2013					
Opening balance at 1 January 2013		121,610	120,000	-	1,610
Profit for the year, representing total comprehensive income for the year		2,915	-	-	2,915
Distributions to owners					
Dividends	13	(1,200)	-	-	(1,200)
Total transactions with owners in their capacity as owners		1,715	-	-	1,715
Closing balance at 31 December 2013		123,325	120,000	-	3,325

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Operating activities					
Profit before tax		25,478	2,796	12,411	4,165
Adjustments for:					
Interest income	5	(1,630)	(1,087)	(15,855)	(2,399)
Impairment loss on other receivables	8	-	180	-	-
Impairment loss on trade receivables	8	80	35	-	-
Land use rights written off		-	7,184	-	-
Property, plant and equipment written off	8	413	7,749	409	-
Gain on disposal of property, plant and equipment	6	(1,729)	(195)	-	(1)
Finance costs	7	4,919	7,459	10,914	7,977
Amortisation of land use rights	8	116	79	-	-
Depreciation of property, plant and equipment	8	11,717	11,656	81	66
Negative goodwill		(674)	-	-	-
Net loss/(gain)unrealised foreign exchange		1,508	(38)	1,582	(255)
Total adjustments		14,720	33,022	(2,869)	5,388
Operating cash flows before changes in working capital		40,198	35,818	9,542	9,553
Changes in working capital					
Decrease/(increase) in biological assets		1,485	(360)	-	-
(Increase)/decrease in inventories		(3,891)	17,134	-	-
(Increase)/decrease in trade and other receivables		(39,123)	(6,420)	1	14
Increase in prepayments		(1,036)	(59)	-	-
Increase/(decrease) in trade and other payables		19,165	(672)	569	(173)
Total changes in working capital		(23,400)	9,623	570	(159)
Cash flows from operations		16,798	45,441	10,112	9,394
Interest received	5	1,630	1,087	15,855	2,399
Income taxes paid		(6,264)	(3,157)	-	(2,317)
Interest paid		(4,041)	(7,082)	(10,434)	(7,690)
Net cash flows from operating activities		8,123	36,289	15,533	1,786

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	Group 2014 RM	Group 2013 RM (Restated)	Company 2014 RM	Company 2013 RM
Investing activities					
Additional placement of fixed deposits		3,241	(3,254)	-	-
Purchase of investment property		(1,200)	-	-	-
Net repayments from subsidiaries		-	-	-	6,951
Net cash outflow on acquisition of a subsidiary	18	-	(8,100)	-	-
Addition of other investments		(1,564)	-	-	-
Purchase of property, plant and equipment	14	(24,810)	(28,939)	(23)	(163)
Additions of land use rights	16	(866)	-	-	-
Additions of biological assets		(52,898)	(34,468)	-	-
Deposits paid for leases of land		-	(1,881)	-	-
Advances of working capital to foreign companies to be acquired		-	(2,831)	-	-
Payments received from disposal of investment in a foreign company		-	10,215	-	-
Proceeds from disposal of property, plant and equipment		4,308	226	-	1
Net cash flows (used in)/from investing activities		(73,789)	(69,032)	(23)	6,789
Financing activities					
Net repayment of amounts due to subsidiaries		-	-	(55,209)	(34,113)
Purchase of treasury shares		(242)	-	(242)	-
Dividends paid		(2,400)	(1,200)	(2,400)	(1,200)
Proceeds from drawdown of term loans		34,000	76,000	21,000	46,000
Net proceeds/(repayment) from drawdown of revolving credits		37,302	(114)	45,337	(10,064)
Net proceeds from drawdown of bankers' acceptances		632	59	-	-
Repayment of bank loans		(15,595)	(10,605)	(15,368)	(10,605)
Repayment of hire purchase liabilities		(1,187)	(876)	-	-
Net cash flows from/(used in) financing activities		52,510	63,264	(6,882)	(9,982)
Net (decrease)/increase in cash and cash equivalents		(13,156)	30,521	8,628	(1,407)
Effect of exchange rate changes on cash and cash equivalents		(748)	251	(1,582)	257
Cash and cash equivalents at beginning of year		41,526	10,754	401	1,551
Cash and cash equivalents at end of year	23	27,622	41,526	7,447	401

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. Corporate Information

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 set out in Note 19 to the financial statements.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. 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 2014 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 2014, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

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

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

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

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

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

2.2 Changes in accounting policies (cont'd)

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

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

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

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

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

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

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.

IC Interpretation 21: Levies

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

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

2.3 Standards issued but not yet effective

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

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

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

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

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

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

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

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

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

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

The amendments clarify that:

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

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

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

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

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

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

Amendments to FRS 101: Disclosure Initiatives

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

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

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

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

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

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

FRS 14: Regulatory Deferral Accounts

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

FRS 9: Financial Instruments

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

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

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

Annual Improvements to FRSs 2010–2012 Cycle

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

FRS 2: Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

FRS 3: Business Combinations

The amendments to FRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

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

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

FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to FRSs 2011–2013 Cycle

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

FRS 3: Business Combinations

The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

FRS 13: Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).

FRS 140: Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and
- the transaction meets the definition of a business combination under FRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

Annual Improvements to FRSs 2012–2014 Cycle

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

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

Annual Improvements to FRSs 2012–2014 Cycle (cont'd)

FRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

FRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

FRS 119: Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Malaysian Financial Reporting Standards ("MFRS Framework")

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

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

Malaysian Financial Reporting Standards ("MFRS Framework") (cont'd)

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

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

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

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

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

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

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

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

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The Directors anticipate that the application of these amendments will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

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

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

MFRS 15: Revenue from Contracts with Customers

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

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

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

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

2.4 Basis of consolidation

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

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

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

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.

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

2.4 Basis of consolidation (cont'd)

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 equity holders of the parent.

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 2.10.

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

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 equity holders of the parent.

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 equity holders of the parent.

2.7 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

2.7 Foreign currency (cont'd)

b) Foreign currency transactions (cont'd)

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.

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.

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

2.8 Property, plant and equipment (cont'd)

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%
Hotel and office 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.

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs less accumulated depreciation and any accumulated impairment loss.

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

2.10 Intangible assets (cont'd)

Goodwill (cont'd)

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

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

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

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

2.11 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.

2.12 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.

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

2.12 Biological assets (cont'd)

(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.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

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

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.

2.14 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.

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 139. 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.

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

2.14 Financial instruments (cont'd)

a) Financial assets (cont'd)

Subsequent measurement (cont'd)

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.

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.

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.

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 (cont'd)

2.14 Financial instruments (cont'd)

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.

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.

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

2.14 Financial instruments (cont'd)

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.

2.15 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

2.15 Impairment of financial assets (cont'd)

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.

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.

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

2.17 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.

2.18 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.

2.19 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.

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

2.21 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.

2.22 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 equity holders of the parent 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.

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, 2014, 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.

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

2.22 Employee benefits (cont'd)

b) Post-employment benefits (cont'd)

ii) Defined benefit plans (cont'd)

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

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 2.12(i).

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

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

2.23 Leases (cont'd)

a) As lessee (cont'd)

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

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

b) As lessor

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

2.24 Revenue

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

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

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

2.25 Income taxes

a) Current tax

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

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

b) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, 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.

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

2.25 Income taxes (cont'd)

b) Deferred tax (cont'd)

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

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

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

c) 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.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

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

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

2.28 Treasury shares

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

2.29 Contingencies

A contingent liability 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.

  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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

3. Significant accounting estimates (cont'd)

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 1.3% (2013: 64%) 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 18.

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 19. 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 2014, the carrying amount of investments in subsidiaries of the Company was RM580,484,123 (2013: RM325,585,243).

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.

3. Significant accounting estimates (cont'd)

e) Deferred tax assets (cont'd)

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 2014 are disclosed in Note 27. The recognised tax losses and recognised unabsorbed capital and agriculture allowances of the Group and of the Company were RM6,406,124 (2013: RM23,123,360) and RM754,192 (2013: RM2,550,300) respectively and the unrecognised tax losses and unabsorbed capital and investment tax allowances of the Group were RM49,105,492 (2013: RM19,169,639).

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 2014 is RM440,911 (2013: RM464,326). Further details are given in Note 26.

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 26.

4. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of:				
- crude palm oil	379,506	350,340	-	-
- palm kernels	69,700	49,200	-	-
- fresh fruit bunches	19,869	8,940	-	-
- fishes	2,442	1,489	-	-
- rooms	4,432	5,143	-	-
- food and beverages	3,477	3,564	-	-
Hotel sundry sales	136	136	-	-
Management fees	-	-	8,287	7,574
Dividend income from subsidiaries	-	-	9,000	9,267
Transportation income	-	9	-	-
	479,562	418,821	17,287	16,841

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

5. Interest income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest on advances given	-	-	15,851	2,393
Interest on fixed deposits	1,089	470	4	2
Other interest income	538	617	-	4
	1,627	1,087	15,855	2,399

6. Other income

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Gain on disposal of property, plant and equipment	1,729	195	-	1
Gain on disposal of investments	-	836	-	-
Realised gain on foreign exchange	2	3	-	-
Rental income	392	466	-	-
Sale of waste products	2,378	2,657	-	-
Unrealised net gain on foreign exchange	-	38	-	255
Miscellaneous income	248	928	-	-
Negative goodwill written off	674	-	-	-
	5,423	5,123	-	256

7. Finance costs

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Interest expense on:				
Advances from subsidiaries	-	-	894	887
Bankers' acceptances	204	108	-	-
Bank overdrafts	247	203	33	41
Bank loans	8,971	6,606	7,172	5,555
Obligations under finance leases	302	295	-	-
Revolving credits	2,726	2,238	1,585	1,172
Others	1,229	359	1,230	322
Total finance costs	18,616	9,809	10,914	7,977
Less: Interest capitalised in biological assets (Note 17)	(8,759)	(2,350)	-	-
Net finance costs	4,920	7,459	10,914	7,977

8. Profit before tax

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amortisation of land use rights (Note 16)	116	79	-	-
Auditors' remuneration:				
- current year	257	202	50	33
- underprovision in prior years	4	6	-	3
- other services	75	77	22	20
Depreciation of property, plant and equipment (Note 14)	11,717	11,656	81	66
Depreciation of investment property (Note 15)	23	-	-	-
Employee benefits expense (Note 9)	32,636	31,153	6,226	5,741
Non-executive Directors' remuneration (Note 10)	472	463	364	355
Rental of premises	147	130	102	102
Land use rights written off	-	7,184	-	-
Lease rental of land	1,080	591	-	-
Property, plant and equipment written off	413	7,749	409	-
Impairment loss on trade receivables (Note 22(a))	80	35	-	-
Impairment loss on other receivables (Note 22(e))	-	180	-	-
Unrealised net loss on foreign exchange	1,508	-	1,582	-

9. Employee benefits expense

Salaries and wages	43,195	37,491	5,371	4,950
Contributions to defined contribution plans	2,005	1,788	837	774
Social security contributions	135	114	18	17
	45,335	39,393	6,226	5,741
Capitalised in:				
- capital work-in-progress	(3)	(40)	-	-
- biological assets	(11,061)	(6,506)	-	-
- oil palm nurseries	(1,099)	(1,694)	-	-
Recognised in income statements	33,172	31,153	6,226	5,741

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM4,333,258 (2013: RM3,942,039) and RM4,124,134 (2013: RM3,733,352) respectively as further disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

10. Directors' remuneration

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive Directors of the Company				
Salaries, bonus and other emoluments	4,084	3,693	4,084	3,693
Fees	40	40	40	40
	4,124	3,733	4,124	3,733
Executive Directors of a Subsidiary				
Salaries, bonus and other emoluments	209	209	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 9)	4,333	3,942	4,124	3,733
Benefits-in-kind	59	60	59	60
Total Executive Directors' remuneration (including benefits-in-kind)	4,392	4,002	4,183	3,793
Non-Executive Directors of the Company				
Allowances and other emoluments	324	315	324	315
Fees	40	40	40	40
Total Non-Executive Directors' remuneration	364	355	364	355
Non-Executive Directors of a subsidiary				
Fees	108	108	-	-
Total Non-Executive Directors' remuneration (Note 8)	472	463	364	355
Total Directors' remuneration	4,864	4,465	4,547	4,148

10. Directors' remuneration (cont'd)

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

	Number of Directors	
	2014	**2013**
Executive directors:		
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	1	-
RM550,001 - RM600,000	-	1
RM600,001 - RM650,000	1	-
RM850,001 - RM900,000	-	1
RM950,001 - RM1,000,000	1	-
RM1,850,001 - RM1,900,000	-	1
RM2,050,001 - RM2,100,000	1	-
Non-Executive directors:		
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	2	1

11. Income tax expense

Major components of income tax expense

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

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Statements of comprehensive income:				
Malaysian income tax:				
Current	7,574	3,685	-	918
Under/(over)provision in prior years	147	(247)	85	(297)
	7,721	3,438	85	621
Deferred income tax (Note 27):				
Relating to origination and reversal of temporary differences	(1,022)	473	120	59
Relating to reduction in tax rates	(73)	(1,109)	(5)	25
Underprovision in prior years	263	375	-	545
	(832)	(261)	115	629
Income tax expense recognised in profit or loss	6,889	3,177	200	1,250

11. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit before tax	25,477	2,796	12,411	4,165
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	6,369	699	3,103	1,041
Effect of reduction in tax rate	(73)	(1,108)	(5)	25
Effect of income not subject to tax	(13,204)	(500)	(5,622)	(64)
Effect of expenses not deductible for tax purposes	10,518	4,361	2,639	-
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	3,486	24	-	-
Deferred tax assets recognised on previously unrecognised tax losses	(449)	(427)	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(168)	-	-	-
Underprovision of deferred tax in prior years	263	375	-	545
Under/(over)provision of current income tax expense in prior years	147	(247)	85	(297)
Income tax expense recognised in profit or loss	6,889	3,177	200	1,250

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

The computation of deferred tax as 31 December 2014 has reflected these changes.

The corporate tax rate applicable to the Indonesian subsidiary of the Group is 25% (2013: 25%).

11. Income tax expense (cont'd)

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

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Tax savings recognised during the year arising from utilisation of tax losses brought forward	664	216	123	53

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 2014 and 2013:

	Group	
	2014 RM'000	**2013 RM'000 (Restated)**
Profit/(loss) attributable to ordinary equity holders of the Parent	20,250	(1,063)
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares in issue *	119,954	120,000
Basic earnings/(deficit) per share for profit/(loss) for the year (sen)	16.88	(0.89)

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

13. Dividends

	Group and Company	
	2014	2013
	RM'000	RM'000
Recognised during the financial year:		
Single tier dividend on ordinary shares:		
In respect of the financial year ended 31 December 2013 as reported in the Directors' report of that year:		
Final single tier dividend of 2 sen per ordinary share, on 120,000,000 ordinary shares, approved by the shareholders at the Annual General Meeting on 25 June 2014 and paid on 15 August 2014	2,400	-
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
	2,400	1,200
Proposed but not recognised as a liability at 31 December:		
Final single tier dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting of 1 sen (2013: 2 sen)	1,199	2,400

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2014 of 1 sen per ordinary share on 119,912,900 ordinary shares, amounting to a dividend payable of RM1,199,129 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

14. Property, plant and equipment

Group	Long Term Leasehold Land, Buildings and Mill Structure RM'000	Plantation and Fishery Infrastructure Development Expenditure RM'000	Oil Mill and Estate Plant and Machinery RM'000	Heavy Equipment and Motor Vehicles RM'000	Furniture, Fittings and Equipment RM'000	Platforms, Net Cages and Water Tanks RM'000	Hotel and Office Renovations RM'000	Hotel Plant and Machinery RM'000	Capital Work-in-Progress RM'000	Total RM'000
Cost:										
At 1 January 2013	191,162	22,676	58,513	44,276	11,055	930	4,069	4,466	27,398	364,545
Additions	1,106	1,725	1,148	7,759	546	-	6	59	20,110	32,459
Disposals	-	-	-	(842)	(7)	-	-	-	-	(849)
Written off	-	-	-	(158)	-	-	-	-	-	(158)
Reclassifications	5,651	458	(148)	(21)	821	193	484	-	(7,454)	(16)
Adjustments	(566)	-	-	-	-	-	-	-	(41)	(607)
Acquisition of a subsidiary (Note 19)	392	69	355	2,917	102	-	-	-	90	3,925
Exchange differences	(502)	(379)	(133)	(1,699)	(74)	-	(2)	-	(3,636)	(6,425)
At 31 December 2013 and 1 January 2014	197,243	24,549	59,735	52,232	12,443	1,123	4,557	4,525	36,467	392,874
Additions	2,016	1,265	827	6,998	524	-	48	75	15,397	27,150
Disposals	(2,523)	-	-	(1,116)	(76)	-	(3)	(24)	-	(3,742)
Written off	-	-	-	(80)	(2,930)	-	(476)	-	-	(3,486)
Reclassifications	5,303	152	924	3	5	-	-	-	(6,646)	(259)
Exchange differences	128	183	30	442	25	-	1	-	1,834	2,643
At 31 December 2014	202,167	26,149	61,516	58,479	9,991	1,123	4,127	4,576	47,052	415,180

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

Group	Long Term Leasehold Land, Buildings and Mill Structure RM'000	Plantation and Fishery Infrastructure Development Expenditure RM'000	Oil Mill and Estate Plant and Machinery RM'000	Heavy Equipment and Motor Vehicles RM'000	Furniture, Fittings and Equipment RM'000	Platforms, Net Cages and Water Tanks RM'000	Hotel and Office Renovations RM'000	Hotel Plant and Machinery RM'000	Capital Work-in-Progress RM'000	Total RM'000
Accumulated depreciation and impairment loss										
At 1 January 2013	39,552	1,678	34,108	22,948	6,989	708	833	2,754	-	109,570
Depreciation charge for the year:	5,423	392	2,773	4,760	1,325	104	251	293	-	15,321
Recognised in profit or loss (Note 8)	4,643	290	2,663	2,230	1,250	36	251	293	-	11,656
Capitalised in biological assets (Note 16)	780	102	110	2,530	75	68	-	-	-	3,665
Impairment loss recognized in profit or loss (Note 8)	-	-	-	-	-	-	-	-	7,749	7,749
Disposals	-	-	-	(812)	(6)	-	-	-	-	(818)
Written off	-	-	-	(158)	-	-	-	-	-	(158)
Adjustments	(90)	-	(86)	(19)	-	-	-	-	-	(195)
Exchange differences	(49)	(15)	(27)	(332)	(27)	-	(1)	-	-	(451)
At 31 December 2013	44,836	2,055	36,768	26,387	8,281	812	1,083	3,047	7,749	131,018
At 1 January 2014:										
- as previously reported	44,836	2,055	36,768	26,387	8,281	812	1,083	3,047	-	123,269
- prior year adjustments	-	-	-	-	-	-	-	-	7,749	7,749
- as restated	44,836	2,055	36,768	26,387	8,281	812	1,083	3,047	7,749	131,018
Depreciation charge for the year:	5,797	434	3,270	4,023	811	53	258	251	-	14,897
Recognised in profit or loss (Note 8)	4,825	303	3,121	2,210	707	42	258	251	-	11,717
Capitalised in biological assets (Note 16)	972	131	149	1,813	104	11	-	-	-	3,180
Disposals	(326)	-	-	(768)	(50)	-	(1)	(20)	-	(1,165)
Written off	-	-	-	(80)	(2,926)	-	(67)	-	-	(3,073)
Exchange differences	22	9	10	126	12	-	-	-	-	179
At 31 December 2014	50,329	2,498	40,048	29,688	6,128	865	1,273	3,278	7,749	141,856

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

Group	Long Term Leasehold Land, Buildings and Mill Structure RM'000	Plantation and Fishery Infrastructure Development Expenditure RM'000	Oil Mill and Estate Plant and Machinery RM'000	Heavy Equipment and Motor Vehicles RM'000	Furniture, Fittings and Equipment RM'000	Platforms, Net Cages and Water Tanks RM'000	Hotel and Office Renovations RM'000	Hotel Plant and Machinery RM'000	Capital Work-in-Progress RM'000	Total RM'000
Net carrying amount:										
At 31 December 2013 (Restated)	152,407	22,494	22,967	25,845	4,162	311	3,474	1,478	28,718	261,856
At 31 December 2014	151,838	23,651	21,468	28,791	3,863	258	2,854	1,298	39,303	273,324

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

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

	Land RM'000	Long term Leasehold Structure RM'000	Buildings and Mill Total RM'000
Cost:			
At 1 January 2013	112,602	78,560	191,162
Additions	39	1,067	1,106
Reclassified from capital work-in-progress	-	5,651	5,651
Adjustments	(566)	-	(566)
Acquisition of a subsidiary (Note 19)	-	392	392
Exchange differences	-	(502)	(502)
At 31 December 2013 and 1 January 2014	112,075	85,168	197,243
Additions	193	1,823	2,016
Disposal	-	(2,523)	(2,523)
Reclassified from capital work-in-progress	-	5,303	5,303
Exchange differences	-	128	128
At 31 December 2014	112,268	89,899	202,167
Accumulated depreciation:			
At 1 January 2013:	5,429	34,123	39,552
Depreciation charge for the year:	1,628	3,795	5,423
Recognised in profit or loss	1,628	3,015	4,643
Capitalised in biological assets (Note 16)	-	780	780
Adjustments	-	(90)	(90)
Exchange differences	-	(49)	(49)
At 31 December 2013 and 1 January 2014:	7,057	37,779	44,836
Depreciation charge for the year:	1,636	4,161	5,797
Recognised in profit or loss	1,636	3,190	4,826
Capitalised in biological assets (Note 16)	-	971	971
Disposal	-	(326)	(326)
Exchange differences	-	22	22
At 31 December 2014	8,693	41,636	50,329
Net carrying amount:			
At 31 December 2013	105,018	47,389	152,407
At 31 December 2014	103,575	48,263	151,838

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

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

Company	Office Renovation RM'000	Furniture, Fittings and Equipment RM'000	Capital Work-in-Progress RM'000	Total RM'000
Cost:				
At 1 January 2013	476	561	458	1,495
Additions	-	54	109	163
Disposals	-	(7)	-	(7)
Reclassification	484	83	(567)	-
At 31 December 2013 and 1 January 2014	960	691	-	1,651
Additions	-	23	-	23
Written off	(476)	(58)	-	(534)
At 31 December 2014	484	656	-	1,140
Accumulated depreciation:				
At 1 January 2013	51	279	-	330
Depreciation charge for the year (Note 8)	10	56	-	66
Disposals	-	(6)	-	(6)
At 31 December 2013 and 1 January 2014	61	329	-	390
Depreciation charge for the year (Note 8)	17	64	-	81
Written off	(67)	(58)	-	(125)
At 31 December 2014	11	335	-	346
Net carrying amount:				
At 31 December 2013	899	362	-	1,261
At 31 December 2014	473	321	-	794

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

(a) Assets held under finance leases

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM27,041,557 and RM22,116 (2013: RM32,460,627 and RM162,602) respectively as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment acquired by means of finance leases	1,032	3,520	-	-
Cash payments made for acquisition of property, plant and equipment	26,010	28,940	22	163
	27,042	32,460	22	163

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

	Group	
	2014 RM'000	2013 RM'000
Heavy equipment	5,253	5,929
Motor vehicles	1,302	282
	6,555	6,211

Leased assets are pledged as security for the related finance lease liabilities (Note 24).

(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 24) are as follows:

	Group	
	2014 RM'000	2013 RM'000
Long term leasehold land	74,033	73,863
Buildings	10,035	8,286
Plantation infrastructure development expenditure	13,889	14,071
Capital work-in-progress	414	489
	98,371	96,709

(c) Capital work-in-progress

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

15. Investment properties

	Leasehold Land RM'000
Group	
At 31 December 2014	
Cost	
Additions and at 31 December	1,200
Accumulated depreciation	
Depreciation charge for the year (Note 8) and at 31 December	23
Net carrying amount	1,177
Fair value of investment properties	1,200

As at 31 December 2014, the fair values of the properties are based on directors' valuation.

	Group	
	2014 RM'000	2013 RM'000
Rental income derived from investment properties	9	-

16. Land use rights

	Short Term Land Lease RM'000 Group
Cost:	
At 1 January 2013:	23,521
Acquisition of a subsidiary (Note 19)	17,142
Written off	(7,846)
Reclassifications	(365)
Exchange differences	(5,445)
At 31 December 2013 (restated)	27,007

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

16. Land use rights (cont'd)

	Short Term Land Lease RM'000 Group
Cost:	
At 1 January 2014	
- as previously reported	34,853
- prior year adjustments	(7,846)
- as restated	27,007
Additions	866
Exchange differences	1,043
At 31 December 2014	28,916
Accumulated amortisation and impairment loss:	
At 1 January 2013:	1,861
Amortisation for the year	899
Recognised in profit or loss (Note 8)	79
Capitalised in biological assets (Note 17)	820
Written off	(662)
Exchange differences	(455)
At 31 December 2013 (restated)	1,643
At 1 January 2014:	
- as previously reported	2,305
- prior year adjustments	(662)
- as restated	1,643
Amortisation for the year	848
Recognised in profit or loss (Note 8)	116
Capitalised in biological assets (Note 17)	732
Exchange differences	114
At 31 December 2014	2,605
Net carrying amount:	
At 31 December 2013 (restated)	25,364
At 31 December 2014	26,311

16. Land use rights (cont'd)

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 30 years (2013: 31 years);
(b) several parcels of leasehold plantation land in Malaysia with remaining tenure from 19 to 25 years (2013: 21 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.

17. Biological assets

	← Non-Current →		Current Assets	
	Oil Palm Planting Expenditure RM'000	**Broodstock RM'000**	**Fishery Livestock RM'000**	**Total RM'000**
Group				
Cost:				
At 1 January 2013:	131,106	398	2,334	133,838
Additions	39,368	28	2,077	41,473
Acquisition of a subsidiary (Note 19)	13,926	-	-	13,926
Disposals	-	(3)	(1,287)	(1,290)
Written off	-	-	(104)	(104)
Written down	-	(5)	(105)	(110)
Reclassifications	381	152	(152)	381
Adjustments	(195)	-	-	(195)
Exchange differences	(6,277)	-	-	(6,277)
At 31 December 2013 and 1 January 2014:	178,309	570	2,763	181,642
Additions	58,378	28	2,785	61,191
Disposals	-	(51)	(3,793)	(3,844)
Written off	-	-	(120)	(120)
Written down	-	-	(399)	(399)
Reclassifications	246	(41)	41	246
Exchange differences	3,105	-	-	3,105
At 31 December 2014	240,038	506	1,278	241,822

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

17. Biological assets (cont'd)

	Non-Current: Oil Palm Planting Expenditure RM'000	Non-Current: Broodstock RM'000	Current Assets: Fishery Livestock RM'000	Total RM'000
Group				
Accumulated amortisation:				
At 1 January 2013:	-	78	-	78
Amortisation for the year	-	13	-	13
At 31 December 2013 and 1 January 2014	-	91	-	91
Amortisation for the year	-	9	-	9
At 31 December 2014	-	100	-	100
Net carrying amount:				
At 31 December 2013:				
At cost	178,309	-	68	178,377
At net realisable value	-	479	2,695	3,174
	178,309	479	2,763	181,551
At 31 December 2014:				
At cost	240,038	406	-	240,444
At net realisable value	-	-	1,278	1,278
	240,038	406	1,278	241,722

(a) Included in biological assets of the Group are biological assets of a subsidiary, PT Borneo Indosubur ("PT BIS") with net carrying amount of RM20,931,808 (2013: RM12,503,409), of which the revocation of land use rights ("Hak Guna Usaha" or "HGU") was upheld by the Supreme Court in 2013. During the year, PT BIS started the reapplication process of the HGU by applying for a New Location Permit ("Izin Lokasi") for the cleared and planted area within the previous HGU area and was issued an Izin Lokasi on 30 March 2015. The grant of the HGU for the Izin Lokasi area is subject to fulfilment of certain requirements and the compliance towards prevailing laws and regulations. Although the Izin Lokasi area is under the control of the State as at the reporting date, no impairment loss is recognised on the carrying value of the biological assets, as management believes that the biological assets are protected under the relevant law. Further details are disclosed in Note 37.

17. Biological assets (cont'd)

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

	Group 2014 RM'000	Group 2013 RM'000
Amortisation of land use rights (Note 16)	963	820
Depreciation of property, plant and equipment (Note 14)	3,180	3,597
Interest on bank loans (Note 7)	13,696	2,350
Employee benefits (Note 26)	313	511

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

	Group 2014 RM'000	Group 2013 RM'00
Amortisation of broodstock	9	13
Depreciation of property, plant and equipment (Note 14)	68	68
	77	81

(d) Oil palm planting expenditure with an aggregate carrying value of RM97,553,566 (2013: RM78,429,532) are pledged as securities for borrowings (Note 24).

18. Intangible asset

	Group 2014 RM'000	Group 2013 RM'000
Goodwill		
Cost		
At 1 January	4,376	4,376
Negative goodwill written off	674	-
At 31 December	5,050	4,376
Accumulated impairment loss		
At 1 January and 31 December	118	118
Net carrying amount		
At 31 December	4,932	4,258

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

18. Intangible asset (cont'd)

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 RM4,931,558 (2013: 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:

	2014 %	2013 %
Growth rates	5.00	5.00
Pre-tax discount rates	7.39	12.09

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.

19. Investments in subsidiaries

	Company 2014 RM'000	 2013 RM'000
Unquoted shares at cost in Malaysia	186,480	186,480
Amounts due from subsidiaries*	344,005	139,105
	530,485	325,585

* These amounts are unsecured and subject to interest charge at rates ranging from 5.50% to 6.01% per annum (2013: from 5.40% to 5.48% per annum).

19. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest 2014 %	2013 %
Incorporated in Malaysia			
Held by the Company:			
Agrisa Trading Sdn. Bhd. [i]	Oil palm plantation	100	100
Berkat Setia Sdn. Bhd. [i]	Oil palm plantation and palm oil mill	100	100
Ballerina Sdn. Bhd. [i]	Property letting	100	100
Dat Soon Trading Sendirian Berhad [i]	Trading of fresh fruit bunches	100	100
Growth Enterprise Sendirian Berhad [i]	Oil palm plantation	100	100
Intan Ramai Sdn. Bhd. [i]	Oil palm plantation	100	100
Kian Merculaba Sdn. Bhd.	Oil palm plantation	100	100
Kidat Sendirian Berhad [i]	Transportation services	100	100
Sinar Ramai Sdn. Bhd. [i]	Oil palm plantation	100	100
Seraya Plantation Sdn. Bhd. [i]	Oil palm plantation	100	100
Sungai Ruku Oil Palm Plantation Sdn. Bhd. [i]	Palm oil mill	100	100
Syarikat Emashijau Sdn. Bhd. [i]	Management services	100	100
Syarikat Sofrah Sdn. Bhd. [i]	Oil palm plantation	100	100
Transglobe Enterprise Sdn. Bhd. [i]	Oil palm plantation	100	100
Wenow Enterprise Sdn. Bhd. [i]	Trading of fresh fruit bunches	100	100
The Palace Ventures Sdn. Bhd. [i]	Hotelier	100	100
Ladang Banggi Sejati Sdn Bhd (Formerly known as Miracle Display Sdn. Bhd.) [i]	Dormant	100	100
Better Prospects Sdn. Bhd. [i]	Fish rearing	70	70
Bintang Kinabalu Plantation Sdn. Bhd. [i]	Investment holding	100	100
Banggi Setia Sdn. Bhd. (Formerly known as 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
Berkat Banggi Sdn. Bhd. (Formerly known as Soon Tai Enterprise Sdn. Bhd.) [i]	Dormant	100	100
Sungai Kenali Sdn. Bhd. [i]	Oil palm plantation	100	100
Held through Growth Enterprise Sendirian Berhad:			
Telupid Kelapa Sawit Sdn. Bhd. [i]	Investment holding	70	70
Held through Telupid Kelapa Sawit Sdn. Bhd:			
Bonus Indah Sdn. Bhd. [i]	Oil palm plantation	70	70

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

19. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest 2014 %	2013 %
Incorporated in Malaysia			
Held through Berkat Setia Sdn. Bhd.:			
Best Borneo Oil Palm Resources Sdn. Bhd. [i]	Dormant	70	70
Held through Kidat Sendirian Berhad:			
Pedoman Hasil Sdn. Bhd. [i]	Dormant	100	100
Incorporated in Indonesia:			
Held through Permata Alam Sdn. Bhd.:			
PT Enggang Alam Sawita [ii]	Oil palm plantation	95	95
Held through Bintang Kinabalu Plantation Sdn. Bhd.:			
PT Borneo Indosubur [ii]	Oil palm plantation	90	90
Held through Miasa Plantation Sdn. Bhd.:			
PT Nala Palma Cadudasa [ii]	Oil palm plantation and palm oil mill	95	95

[i] Audited by Ernst & Young, Malaysia
[ii] Audited by Kreston International Hendrawanita Eddy Siddharta & Tanzil (2013: Purwantono, Suherman & Surja, Indonesia (member firm of Ernst Young Global)).

An investment in a subsidiary with a net carrying amount of RM11,307,642 (2013: RM11,307,642) is pledged as securities for borrowings (Note 24).

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 and after modified for fair value adjustments arising from business combination.

19. Investments in subsidiaries (cont'd)

(i) Summarised statements of financial position

	Bonus Indah Sdn. Bhd. 2014 RM'000	2013 RM'000
Non-current assets	57,014	55,797
Current assets	93	9
Total assets	57,107	55,806
Current liabilities	21,727	23,305
Non-current liabilities	6,196	6,145
Total liabilities	27,923	29,450
Net assets	29,184	26,356
Equity attributable to equity holders of the parent	25,724	23,745
Non-controlling interests	3,458	2,611

(ii) Summarised statements of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	17,095	15,296
Profit for the year	2,825	2,142
Profit attributable to:		
Equity holders of the parent	1,978	1,499
Non-controlling interests	847	642
	2,825	2,141
Other comprehensive income attributable to:		
Equity holders of the parent	56	56
Non-controlling interests	24	24
	80	80
Total comprehensive income	2,905	2,221
Total comprehensive income attributable to:		
Equity holders of the parent	2,034	1,555
Non-controlling interests	871	666
	2,905	2,221

(iii) Summarised cash flows

	2014 RM'000	2013 RM'000
Net cash generated from operating activities	3,751	2,941
Net cash used in investing activities	(2,197)	(667)
Net cash used in financing activities	(1,554)	(2,274)
Net (decrease)/increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	2	2
Cash and cash equivalents at end of the year	2	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

19. Investments in subsidiaries (cont'd)

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'000	Carrying amount RM'000
Property, plant and equipment (Note 14)	3,925	3,925
Land use rights (Note 16)	17,142	15,507
Biological assets (Note 17)	13,926	13,926
Inventories	2,654	2,654
Other receivables	453	453
Cash and bank balances	7	7
	38,107	36,472
Trade and other payables	(29,119)	(29,119)
Deferred tax liability (Note 27)	(409)	-
	(29,528)	(29,119)
Net identifiable assets	8,579	7,353
Less: Non-controlling interests	(472)	
Cash and cash equivalent in subsidiary acquired	(7)	
Group's share of net identifiable assets	8,100	

Total cost of business combination

The total cost of the business combination was as follows:

	RM'000
Cash paid	8,100

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.

20. Investment securities

	Carrying amount	
	2014	2013
	RM'000	RM'000
Group		
Non-current		
Available-for-sale financial assets		
- Equity instruments (unquoted), at cost	1,564	-

21. Inventories

	Group	
	2014	2013
	RM'000	RM'000
Cost		
Crude palm oil and palm kernel	9,781	6,112
Consumable stores	5,480	3,285
Oil palm nurseries	5,095	7,096
Fish feed	105	128
Food, beverages and tobacco	693	339
Operating supplies	4	62
	21,158	17,022

There were no inventories stated at net realisable value as at 31 December 2014 and 2013. During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM305,690,018 (2013: RM280,806,776).

22. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables (a)				
Third parties	9,634	13,339	-	-
Less: Allowance for impairment	(80)	-	-	-
Trade receivables, net	9,554	13,339	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

22. Trade and other receivables (cont'd)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables				
Advances to contractors (b)	1,109	3,454	-	-
Advance to a FFB supplier (c)	-	1,509	-	-
Indonesian value added tax refundable	1,038	899	-	-
Amount due from a fishery lessee (d)	83	176	-	-
Staff loans (e)	1,249	962	16	17
Sundry deposits	489	436	-	-
Sundry receivables	4,433	1,839	-	-
	8,401	9,275	16	17
Less: Allowance for impairment				
Sundry receivables	(183)	(183)	-	-
	8,218	9,092	16	17
	17,772	22,431	16	17
Non-current				
Other receivables				
Foreign companies pending completion of acquisition:				
- Deposits paid for purchase consideration and incidental costs	4,798	4,798	-	-
- Advances for working capital	1,821	1,350	-	-
Amounts due from foreign subsidiaries' non-controlling interests	948	905	-	-
Amount due from a fishery lessee (d)	27	315	-	-
Deposits paid for leases of land	702	3,303	-	-
Payment of securities subscription of a foreign company	30,430	-	-	-
Deposit for purchase of machineries and seedlings	-	3,536	-	-
Deposit for acquisition of additional interest in a subsidiary from non-controlling interests	2,215	2,085	-	-
	40,941	16,292	-	-
Total trade and other receivables (current and non-current)	58,713	38,723	16	17
Add: Cash and bank balances (Note 23)	35,853	41,878	7,989	753
Total loans and receivables	94,566	80,601	8,005	770

22. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 60 day (2013: 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 2014 RM'000	Group 2013 RM'000
Neither past due nor impaired	9,283	13,003
1 to 30 days past due not impaired	84	84
31 to 60 days past due not impaired	78	78
61 to 90 days past due not impaired	27	27
91 to 120 days past due not impaired	38	38
More than 121 days past due not impaired	44	109
	271	336
Impaired	80	-
	9,634	13,339

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 91% (2013: 92%) 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 RM270,861 (2013: RM335,991) that are past due at the reporting date but not impaired. These balances are unsecured in nature.

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

	Group 2014 RM'000	Group 2013 RM'000
At 1 January	-	-
Charge for the year (Note 8)	80	35
Written off during the year	-	(35)
At 31 December	80	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

22. Trade and other receivables (cont'd)

(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.

(c) Advance to a FFB supplier

The advance was made to a major Fresh Fruit Bunches ("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 from 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.

Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM182,512 (2013: RM182,512) for impairment of sundry receivables with nominal amounts of RM182,512 (2013: RM182,512). 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	
	2014 RM'000	**2013 RM'000**
At 1 January	183	3
Charge for the year (Note 8)	-	180
At 31 December	183	183

23. Cash and bank balances

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at banks and on hand	14,916	18,381	7,989	753
Short-term fixed deposits with licensed banks	20,962	26,765	-	-
Cash and bank balances	35,878	45,146	7,989	753

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 2014 for the Group and the Company were as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Short-term fixed deposits with licensed banks for subsidiaries in:				
Malaysia	3.45	3.19	-	-
Indonesia	7.27	6.03	-	-

Short-term fixed deposits with licensed banks of the Group amounting to RM26,611 (2013: RM24,967) are held under lien to secure bank guarantees issued in favour of third parties on behalf of the Group.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	35,878	45,146	7,989	753
Bank overdraft (Note 24)	(8,231)	(352)	(542)	(352)
	35,853	41,878	7,989	753
Short term deposits with licensed banks with maturity more than 3 months	(25)	(3,268)	-	-
Total cash and cash equivalents	27,622	41,526	7,447	401

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

24. Loans and borrowings

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Unsecured:				
Bank overdraft	542	352	542	352
Secured:				
Bank overdrafts	7,689	-	-	-
Revolving credits	83,488	46,069	63,468	18,033
Bankers' acceptances	4,679	4,047	-	-
Bank loans	26,921	15,006	23,923	14,947
Obligations under finance leases (Note 31(c))	1,375	1,132	-	-
	124,694	66,606	87,933	33,332
Non-current				
Secured:				
Bank loans	160,465	153,213	120,250	123,213
Obligations under finance leases (Note 31(c))	3,495	3,894	-	-
	163,960	157,107	120,250	123,213
Total loans and borrowings				
Bank overdrafts (Note 23)	8,231	352	542	352
Revolving credits	83,488	46,069	63,468	18,033
Bankers' acceptances	4,679	4,047	-	-
Bank loans	187,386	168,219	144,173	138,160
Obligations under finance leases (Note 31(c))	4,870	5,026	-	-
	288,654	223,713	208,183	156,545

All the above loans and borrowings are denominated in Ringgit Malaysia. The remaining maturities of the loans and borrowings as at 31 December 2014 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
On demand or within one year	124,694	66,606	87,933	33,332
More than 1 year but less than 2 years	37,434	27,012	30,980	23,041
More than 2 years but less than 5 years	97,081	98,359	79,878	81,084
5 years or more	29,445	31,736	9,392	19,088
	288,654	223,713	208,183	156,545

24. Loans and borrowings (cont'd)

Bank overdrafts

Bank overdrafts are repayable on demand and bear interest ranging from BLR + 0.25% to BLR + 0.50% (2013: BLR + 0.50%) per annum.

Revolving credits

Revolving credits denominated in RM 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 + 1.25% (2013: From COF + 1.00% to COF + 1.50%) per annum. Revolving credits denominated in USD are also roll-overed on a monthly basis and bear interests at 2.95%. 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 17 to the financial statements and a corporate guarantee given by the Company as disclosed in Note 25(d) to the financial statements.

Bankers' acceptances

Bankers' acceptances are drawn on 120 days tenure and bear interest at COF + 1.25% (2013: COF + 1.25%) per annum. They are secured by corporate guarantees given by the Company as disclosed in Note 25(d) 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 within one year in 2015, another two over approximately 3 years in 2017, another one over approximately 4 years in 2018 and the other one over approximately 5 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 17 to the financial statements;
   (ii) investment in the unquoted shares of a subsidiary as disclosed in Note 19 to the financial statements; and
   (iii) corporate guarantees given by certain subsidiaries.

(b) two floating rate term loans granted to the Company bearing interest at COF + 1.30% of which one is expected to be fully repaid over approximately 6 years in 2020 and the other one over approximately 10 years in 2025. 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 17 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 + 1.50% and they are expected to be fully repaid over approximately 9 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 17 to the financial statements; and
   (ii) corporate guarantees given by the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

24. Loans and borrowings (cont'd)

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% (2013: 4.73% to 6.54%) per annum. These obligations have maturities ranging from 2015 to 2019.

25. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables (a)				
Third parties	23,381	31,033	-	-
Other payables				
Amounts due to related parties (b):				
Subsidiaries				
- Interest-bearing advances	-	-	199,110	49,420
Sundry deposits	29	26	-	-
Accruals	12,586	7,175	53	113
Sundry payables (c)	11,926	8,802	1,514	883
	24,541	16,003	1,567	996
Total trade and other payables	47,922	47,036	200,677	50,416
Add: Loans and borrowings (Note 24)	288,654	223,713	208,183	156,545
Total financial liabilities carried at amortised cost	336,576	270,749	408,860	206,961

(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 (2013: 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 5.50% to 6.01% (2013: 4.39% to 5.00%) per annum.

(c) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled within a term of 6 months (2013: 6 months).

25. Trade and other payables (cont'd)

(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 24 with nominal amount of RM84,271,800 (2013: RM92,271,800) 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.

26. 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 2014.

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	464	-
Capitalised in oil palm planting (Note 17)	313	511
Interest cost	8	16
Current service cost	198	495
Actuary cost recognised	107	-
Recognised in other actuarial gain arising from changes in assumption in respect of current year	28	-
Curtailment gain	(386)	-
Recognised in other comprehensive income:		
Exchange differences	22	(47)
At 31 December	441	464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

26. Employee benefits (cont'd)

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

	Group	
	2014 RM'000	**2013 RM'000**
Present value of obligations	441	464

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

	2014 (%)	**2013 (%)**
Discount rate	8.9	5.9
Expected return of salary increase	5.0	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 2014 Impact on employee benefits obligation Increase/(decrease) RM'000
Discount rate	+ 1%	23
	- 1%	(26)
Future salary increases	+ 1%	26
	- 1%	(23)

27. Deferred tax

	As at 1 January 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	Acquisition of subsidiary (Note 19) RM'000	Exchange differences RM'000	As at 31 December 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2014 RM'000
Group							
Deferred tax liabilities:							
Property, plant and equipment, land use rights and biological assets	38,449	1,314	3	(59)	39,707	3,201	42,908
Deferred tax assets:							
Unabsorbed capital and agriculture allowances	(2,702)	(981)	406	78	(3,199)	(2,286)	(5,485)
Unutilised tax losses	(1,988)	(594)	-	-	(2,582)	(1,621)	(4,203)
Provision	-	-	-	-	-	(126)	(126)
	(4,690)	(1,575)	406	78	(5,781)	(4,033)	(9,814)
	33,759	(261)	409	19	33,926	(832)	33,094

27. Deferred tax (cont'd)

	As at 1 January 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2014 RM'000
Company					
Deferred tax liabilities:					
Property, plant and equipment	49	7	56	(3)	53
Deferred tax assets:					
Unabsorbed capital allowances	(9)	9	-	-	-
Unutilised tax losses	(1,250)	613	(637)	118	(519)
	(1,259)	622	(637)	118	(519)
	(1,210)	629	(581)	115	(466)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,213)	(948)	(466)	(581)
Deferred tax liabilities	35,307	34,874	-	-
	33,094	33,926	(466)	(581)

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		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	34,506	4,570	-	-
Unutilised investment tax allowances	14,560	14,560	-	-
Unabsorbed capital allowances	39	39	-	-
	49,105	19,169	-	-

27. Deferred tax (cont'd)

Unrecognised deferred tax assets (cont'd)

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 RM29,683,119 (2013: RM1,306,548) 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 (2013: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 13).

28. Share capital and treasury shares

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	Share capital '000	Treasury shares '000	Share capital RM'000	Treasury shares RM'000
Issued and fully paid				
At 1 January 2013, 31 December 2013 and 1 January 2014	120,000	-	120,000	-
Purchase of treasury shares	-	(87)	-	(242)
At 31 December 2014	120,000	(87)	120,000	(242)

			Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised share capital				
At 1 January and 31 December	500,000	500,000	500,000	500,000

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

a) Share capital

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

b) Treasury shares

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

During the financial year, the Company repurchased 87,100 of its issued ordinary shares from the open market at an average price of RM2.76 per share. The total consideration paid for the repurchase including transaction costs was RM242,328. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Further relevant details are disclosed in Note 28 to the financial statements.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The repurchased are being held as treasury shares.

29. Retained earnings

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

30. 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.

31. Commitments

(a) Capital commitments

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

	Group	
	2014 RM'000	**2013 RM'000**
Capital expenditure		
Approved and contracted for:		
Construction of:		
- estate buildings and infrastructure	297	339
- mill buildings and infrastructure	5	5
- palm oil mill in an Indonesian subsidiary	11,625	4,749
Acquisition of:		
- foreign subsidiaries	2,274	2,274
- foreign associate	7,430	26,634
	21,631	34,001

(b) Operating lease commitments – Group as lessee

Details of land use rights and the amortisation of land use rights recognised in profit or loss of the Group are disclosed in Note 16 to the financial statements.

(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	
	2014 RM'000	**2013 RM'000**
Minimum lease payments:		
Not later than 1 year	1,626	1,418
Later than 1 year and not later than 2 years	1,593	1,393
Later than 2 years and not later than 5 years	2,159	2,891
Total minimum lease payments	5,378	5,702
Less: Amount representing finance charges	(508)	(676)
Present value of minimum lease payments	4,870	5,026
Present value of payments:		
Not later than 1 year	1,375	1,132
Later than 1 year and not later than 2 years	2,074	1,187
Later than 2 years and not later than 5 years	1,421	2,707
Present value of minimum lease payments (Note 24)	4,870	5,026
Less: Amount due within 12 months (Note 24)	(1,375)	(1,132)
Amount due after 12 months (Note 24)	3,495	3,894

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

32. 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:

	2014 RM'000	2013 RM'000
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	-	7
- Purchase of fresh fruit bunches	-	371
Transactions with a Director of the Company, Loo Ngin Kong:		
Rental expense	43	43
Purchase of fresh fruit bunches	22	18
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	38	52
- Rental income	7	7
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.	32	71

32. Related party transactions (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	2014 RM'000	2013 RM'000
Company		
Transactions with subsidiaries:		
Purchasing handling expenses	16	15
Interest expense on advances and related charges	894	887
Interest income on advances	15,851	2,393
Room expenses	28	27
Management fees income	8,287	7,574
Rental expense of premises	102	102
Transportation expenses	42	47
Dividend	9,000	9,267

(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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Short-term employee benefits	3,737	3,442	3,553	3,258
Defined contribution plan	655	560	630	536
	4,392	4,002	4,183	3,794

33. 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)	22
Trade and other receivables (current)	22
Trade and other payables (current)	25
Loans and borrowings (current)	24
Loans and borrowings (non-current)	24

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.

34. 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.

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

It is, and has been throughout the current and previous financial years, the Group did not enter into any derivative contract for hedging.

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; an,d
- A nominal amount of RM84,271,800 (2013: RM92,271,800) 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			
	2014		2013	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Plantation and mill	9,020	94%	12,636	95%
Fishery	66	1%	111	1%
Hotel	468	5%	592	4%
	9,554	100%	13,339	100%

At the reporting date, approximately:

- 91% (2013: 92%) 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 (2013: almost all) of the Company's receivables were balances with related parties.

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

a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 22. 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 22.

b) Liquidity risk

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

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 43% (2013: 30%) of the Group's loans and borrowings and approximately 42% (2013: 21%) of the Company's loans and borrowings (Note 24) 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'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2014				
Financial liabilities:				
Trade and other payables	47,922	-	-	47,922
Loans and borrowings	134,426	159,673	47,411	341,510
Total undiscounted financial liabilities	182,348	159,673	47,411	389,432

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

b) Liquidity risk (cont'd)

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2013				
Financial liabilities:				
Trade and other payables	47,036	-	-	47,036
Loans and borrowings	74,960	147,158	48,139	270,257
Total undiscounted financial liabilities	121,996	147,158	48,139	317,293
Company				
2014				
Financial liabilities:				
Amounts due to related parties	199,110	-	-	199,110
Other payables	1,567	-	-	1,567
Loans and borrowings	95,269	127,845	25,394	243,508
Total undiscounted financial liabilities	295,946	127,845	25,394	449,185
2013				
Financial liabilities:				
Amounts due to related parties	49,420	-	-	49,420
Other payables	996	-	-	996
Loans and borrowings	39,849	118,222	19,543	177,614
Total undiscounted financial liabilities	90,265	118,222	19,543	228,030

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.

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

c) Interest rate risk (cont'd)

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 (2013: 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 RM538,689 (2013: 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 RM27,487,331 (2013: RM29,845,575) 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	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
RM/USD	- strengthened 5%	289	18	289	17
	- weakened 5%	(289)	(18)	(289)	(17)
RM/IDR	- strengthened 5%	1,109	1,474	33	1
	- weakened 5%	(1,109)	(1,474)	(33)	(1)

35. Capital management

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

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

The Group monitors capital using a gearing ratio, which is 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 120% 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	
	2014 RM'000	**2013 RM'000 (Restated)**	**2014 RM'000**	**2013 RM'000 (Restated)**
Loans and borrowings (Note 24)	288,654	223,713	208,183	156,545
Less: Cash and bank balances (Note 23)	(35,878)	(45,146)	(7,989)	(753)
	252,776	178,567	200,194	155,792
Equity attributable to the equity holders of the parent	295,399	268,354	132,894	123,325
Net gearing ratio	86%	67%	151%	126%

36. 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.

36. Segment information (cont'd)

2014	Plantation and milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Adjustments and eliminations RM'000	Notes	Per statements of financial position RM'000
Revenue:							
External customers	469,075	2,442	8,045	-	-		479,562
Inter-segment	-	10	21	8,287	(8,318)	A	-
Total revenue	469,075	2,452	8,066	8,287	(8,318)		479,562
Results:							
Interest income	1,619	7	-	1	-		1,627
Depreciation and amortisation	9,905	414	1,304	95	-		11,718
Other non-cash expenses	504	-	-	1,926	-	B	2,430
Segment profit/(loss)	39,368	(1,302)	2,103	-	(14,691)	C	25,478
Assets:							
Additions to non-current assets	81,156	(25)	147	22	-	D	81,300
Segment assets	608,173	10,526	35,424	11,252	5,526	E	670,901
Segment liabilities	36,782	47	974	10,559	325,685	F	374,047

36. Segment information (cont'd)

2013	Plantation and milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Adjustments and eliminations RM'000	Notes	Per statements of financial position RM'000
Revenue:							
External customers	408,489	1,489	8,843	-	-		418,821
Inter-segment	-	1	27	7,574	(7,602)	A	-
Total revenue	408,489	1,490	8,870	7,574	(7,602)		418,821
Results:							
Interest income	1,039	44	-	4	-		1,087
Depreciation and amortisation	9,883	397	1,369	86	-		11,735
Other non-cash expenses	14,933	-	-	220	-	B	15,153
Segment profit/(loss)	15,709	(168)	1,276	-	(14,021)	C	2,796
Assets:							
Additions to non-current assets	71,099	901	93	163	-	D	72,256
Segment assets	520,633	11,955	38,863	2,704	4,761	E	578,916
Segment liabilities	39,569	130	916	6,492	259,355	F	306,462

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

36. Segment information (cont'd)

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	2014 RM'000	2013 RM'000 (Restated)
Loss on disposal of property, plant and equipment	8	92	-
Property, plant and equipment written off	8	413	7,749
Land use rights written off	8	-	7,184
Unrealised foreign exchange loss	8	1,926	220
		2,431	15,153

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

	2014 RM'000	2013 RM'000 (Restated)
Finance costs	4,919	7,459
Unallocated corporate expenses	9,772	6,562
	14,691	14,021

D Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000 (Restated)
Property, plant and equipment	27,750	32,461
Biological assets	52,684	39,795
Land use rights	866	-
	81,300	72,256

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

	2014 RM'000	2013 RM'000 (Restated)
Deferred tax assets	2,214	948
Tax refundable	3,312	3,813
	5,526	4,761

36. Segment information (cont'd)

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

	2014 RM'000	2013 RM'000 (Restated)
Deferred tax liabilities	35,307	34,874
Income tax payable	1,724	768
Loans and borrowings	288,654	223,713
	325,685	259,355

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000 (Restated)
Malaysia	478,012	418,821	358,127	343,109
Indonesia	1,550	-	186,884	127,157
	479,562	418,821	545,011	470,266

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

	2014 RM'000	2013 RM'000 (Restated)
Property, plant and equipment	272,147	261,856
Investment properties	1,177	-
Land use rights	26,311	25,364
Biological assets	240,444	178,788
Intangible assets	4,932	4,258
	545,011	470,266

Information about major customers

Revenue from four (2013: four) major customers amount to RM449,205,923 (2013: RM399,539,066) arising from sale of crude palm oil and palm kernel by the plantation and mill segment.

37. Prior year adjustments

Revocation of land use right

The revocation of the land use rights ("Hak Guna Usaha" or "HGU") held by a 90% owned subsidiary of the Company, PT Borneo Indosubur ("PT BIS"), which covered approximately 7,248 hectares in Indonesia, with legal terms of 35 years starting 27 February 1998 (the "Land"), was upheld by the Supreme Court in 2013. The events leading to the above are as follows:

- On 13 June 2012, PT BIS filed a lawsuit to the State Administrative Court of Jakarta District against the head of the National Land Agency ("BPN") for its several decision letters No. 7, 8 and 9 dated 8 May 2012 relating to PT BIS's land use rights on the issue of abandoned land.

- On 8 October 2012, the State Administrative Court of Jakarta District issued its decision in favour of PT BIS. Based on this decision, the State Administrative Court of Jakarta District ordered the BPN to revoke its decision letters No. 7, 8 and 9 dated 8 May 2012.

- On 24 October 2012, the BPN filed an appeal to the State Administrative High Court of Jakarta District on the decision of the State Administrative Court of Jakarta District.

- On 4 April 2013, the State Administrative High Court of Jakarta District issued a decision which annulled the previous decision of the State Administrative Court of Jakarta District.

- On 25 June 2013, PT BIS filed an appeal to the Supreme Court on the decision of the State Administrative High Court of Jakarta District.

- On 24 December 2013, the Supreme Court issued a decision which rejected PT BIS's appeal against the previous decision of the State Administrative High Court of Jakarta District.

On 30 March 2015, PT BIS was granted a New Location Permit to the cleared and planted area of the Land with an area covering approximately 2,708 hectare ("Area"). The permit is not a proof of land rights, but a requirement in the initial process of acquiring land rights. PT BIS has started the land title application process and, subject to fulfilment of requirements and the compliance towards the prevailing laws and regulations, the management believes that PT BIS will obtain the HGU title for the Area.

As the revocation of the above land use rights was confirmed by the Supreme Court in 2013, the land use rights of PT BIS should have been impaired in 2013. In addition, the carrying value of certain equipment and construction cost of a mill located at the Area that cannot be transferred to and recovered from a subsidiary of the Company, should also be impaired in 2013. However, no impairment loss is required on the carrying value of the biological assets located in the Area as management believes that those biological assets are protected under the relevant law.

37. Prior year adjustments (cont'd)

The effects arising from above were adjusted for/reclassified retrospectively as follows:

Group	As previously stated RM'000	Effects of prior year adjustments RM'000	As stated RM'000
At 31 December 2013			
Statement of financial position			
Property, plant and equipment	269,605	(7,749)	281,856
Land use rights	32,548	(7,184)	25,364
Statement of comprehensive income			
Impairment loss on property, plant and equipment		7,749	
Land use rights written off		7,184	
Impact on profit for the year, net of tax		14,933	
Attributable to:			
Equity holders of the parent		13,440	
Non-controlling interests		1,493	
Earnings per share			
Basic, for profit for the year		12.44	

38. Significant events

(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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

38. Significant events (cont'd)

(a) On 15 January 2014, Miasa had paid the consideration of USD2,000,000 for the subscription of the New Shares and its related new warrants and on 21 January 2014, Miasa had also paid the consideration of USD2,280,000 for the partial subscription of the New Additional Shares and its related warrants pursuant to the fulfilment of one of the conditions precedent stated in the CSWSA.

(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

(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.

39. Events after the reporting date

(a) On 11 February 2015, the Company announced to Bursa Malaysia that the Company via its wholly owned subsidiary, Miasa Plantation Sdn Bhd had entered into the following agreements:

(i) Miasa has entered into a conditional share and warrant subscription agreement with Cstone and SNMU ("CSWA") for the proposed subscription by Miasa of 23,201 new ordinary shares with nominal value of IDR10,000 each in SNMU ("SNMU Class B Shares") representing approximately 53.50% equity interest of the enlarged subscribed and paid-up share capital of SNMU and warrants that are exercisable into 15,869,484 new SNMU Class B Shares for a cash consideration of IDR232.01 million or equivalent to approximately *RM66,000 ("CSWA Subscription").

The SNMU Class B Shares will have a nominal value of IDR10,000 and shall bestow their respective owners the equal rights to:-

(i) attend and cast votes in a general meeting of shareholders;

(ii) receive payment of dividends and the remainder of assets from liquidation; and

(iii) exercise other rights under the prevailing laws and regulations.

39. Events after the reporting date (cont'd)

(a) (ii) Permata Alam Sdn Bhd ("Permata'), Miasa, Enggang and Nala entered into a conditional share subscription agreement with SNMU ("CSSA") for the proposed subscription by SNMU of 95% of the enlarged equity interest in Nala and Enggang respectively (collectively referred to as the "Final NPC Indon Subsidiaries") for a total cash consideration of IDR242,546.24 million or equivalent to approximately *RM68.50 million for the purpose of internal restructuring by transferring the shareholdings of the Final NPC Indon Subsidiaries from Permata and Miasa to SNMU ("Proposed Restructuring").

Permata is a wholly owned subsidiary of NPC and the holding company of Enggang while Miasa is a wholly owned subsidiary of NPC and the holding company of Nala.

The Final NPC Indon Subsidiaries have been identified for the inclusion in the Proposed Restructuring after the completion of the Post Valuation Adjustments pursuant to the Proposed NPC Indon Subsidiaries Shares Subscriptions as detailed in Note 38(b)(i) as compared to the earlier proposal in the Initial NPC Indon Subsidiaries.

The Proposed Restructuring is the finalisation of the Proposed NPC Indon Subsidiaries Shares Subscriptions as detailed in Note 38(b)(i).

(iii) Miasa has entered into a post-closing conditional share and warrant subscription agreement with SNMU **("Post Closing CSWA")** for the proposed subscription by Miasa of additional 41,693 new SNMU Class B Shares and new warrants that are exercisable for 28,518,012 new SNMU Class B Shares for a cash consideration of IDR416,930,000 or equivalent to approximately *RM118,000 for the purpose of increasing Miasa's shareholdings in SNMU to approximately 73.81% upon completion of the Post Closing CSWA **("Post Closing Subscription")**.

(iv) Miasa has entered into a shareholders' agreement with SNMU and Cstone to set out the administrative and operational procedures for SNMU after the completion of CSWA Subscription and Post Closing Subscription pursuant to the CSWA, CSSA and Post Closing CSWA **("Shareholders Agreement")**.

CSWA Subscription, Proposed Restructuring and Post Closing Subscription are collectively referred to as the **"Proposals"**.

*(Note *: Based on the exchange rate of RM1.00:IDR3,541 as at 5 February 2015)*

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 30 April 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (cont'd)

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 and 2013 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	
	2014 RM'000	**2013 RM'000 (Restated)**	**2014 RM'000**	**2013 RM'000**
Total retained earnings or accumulated losses of the Company and its subsidiaries				
- Realised	294,807	299,196	14,015	2,506
- Unrealised	(19,005)	(16,902)	(879)	819
	276,199	282,294	13,136	3,325
Less: Consolidation adjustments	(75,029)	(99,371)	-	-
Retained earnings as per financial statements	200,773	182,923	13,136	3,325

SHAREHOLDINGS STATISTICS
AS AT 30 APRIL 2015

SHARE CAPITAL

Paid-Up & Issued Share Capital	:	120,000,000 (including treasury shares of 189,300)
Authorised Share Capital	:	500,000,000
Type of Shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	853
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	5.16	631	0.00
100 to 1,000	570	66.82	114,408	0.09
1,001 to 10,000	171	20.05	647,002	0.54
10,001 to 100,000	30	3.52	1,081,851	0.90
100,001 to 5,990,534*	33	3.87	47,144,034	39.35
5,990,535 and above**	5	0.59	70,825,774	59.11
Total	853	100.00	119,810,700	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	32.05	-	-
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	16.51	2,887,350*[1]	2.41
Dato' Loo Pang Kee	10,206,906	8.52	38,400,000*[2]	32.05
Loo Ngin Kong	7,961,724	6.65	6,615,400*[3]	5.52
Wong Siew Ying	2,972,684	2.48	45,015,400*[4]	37.57

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.

SHAREHOLDINGS STATISTICS
AS AT 30 APRIL 2015 (cont'd)

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	6.65	6,615,400*1	5.52
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	1	0.00	-	-
Dato' Loo Pang Kee	10,206,906	8.52	38,400,000*2	32.05
Wong Siew Ying	2,972,684	2.48	45,015,400*3	37.57
Lim Ted Hing	804,000	0.67	-	-
Dr. Edmond Fernandez	150,000	0.13	-	-
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	16.51	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.

SHAREHOLDINGS STATISTICS
AS AT 30 APRIL 2015 (cont'd)

Thirty (30) Largest Securities Account Holders as at 30 April 2015

No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	38,400,000	32.05
2	Maybank Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd – Private Bank Clients Account (Non-Malaysian) (266268)	13,214,050	11.03
3	Loo Ngin Kong	6,961,724	5.81
4	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	6,250,000	5.22
5	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	6,000,000	5.01
6	Maybank Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn Bhd for Mutual Yield Sdn Bhd (C318-240203)	5,452,500	4.55
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Loo Pang Kee	5,222,141	4.36
8	Loo Pang Chieng	4,200,000	3.51
9	Tan Sri Dato' Sri Koh Kin Lip, JP	3,818,344	3.19
10	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Loo Pang Kee	3,133,285	2.62
11	Wong Siew Ying	2,872,684	2.40
12	Seah Sen Onn @ David Seah	2,820,000	2.35
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Junior Koh Siew Hui	2,043,700	1.71
14	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (8058900)	2,000,000	1.67
15	Lai Ming Chun @ Lai Poh Lin	2,000,000	1.67
16	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Loo Pang Kee	1,851,480	1.55
17	Loo Pang How	1,665,400	1.39

SHAREHOLDINGS STATISTICS

AS AT 30 APRIL 2015 (cont'd)

Thirty (30) Largest Securities Account Holders as at 30 April 2015 (cont'd)

No.	Name	No. of Shares Held	%
18	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	1,500,000	1.25
19	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Sri Dato' Sri Koh Kin Lip, JP (MY0502)	1,215,000	1.01
20	Loo Ngin Kong	1,000,000	0.83
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Corporation Sdn Bhd	1,000,000	0.83
22	Loo Mun May	750,000	0.63
23	Lim Ted Hing	604,000	0.50
24	Koh Siew Boon	515,800	0.43
25	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (SFC 2)	500,000	0.42
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Tan Kiong (E-SDK)	352,100	0.29
27	Rickoh Corporation Sdn Bhd	317,350	0.26
28	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS AG Singapore (Foreign)	309,000	0.26
29	Rosalind Lo Nyit Ying	290,000	0.24
30	Seah Sen Onn @ David Seah	268,000	0.22

LIST OF PROPERTIES AS AT 31 DECEMBER 2014

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (yeas)	Age of buildings (years)	Usage	Net book value as at 31.12.2014 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 2078	N/A	Oil palm plantation	4,765,593	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	1,097,073	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	1,535,927	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	5,364,045	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	5,410,955	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	7,345,510	2005

LIST OF PROPERTIES AS AT 31 DECEMBER 2014 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (yeas)	Age of buildings (years)	Usage	Net book value as at 31.12.2014 RM	Date Acquired
Plantation land (cont'd)						
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	4,022,822	2002
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	6,875,277	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	35,177,414	2002
Berkat estate, Mile 62, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	101.71	99 years lease expiring 31 December 2096	N/A	Oil palm plantation	1,771,093	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	24,556,443	2002
Berkat estate, KM 111, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	V 432.50	99 years lease expiring 31 December 2083 and 31 December 2093	N/A	Oil palm plantation	8,107,902	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	8,548,245	2003

LIST OF PROPERTIES AS AT 31 DECEMBER 2014 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (yeas)	Age of buildings (years)	Usage	Net book value as at 31.12.2014 RM	Date Acquired
Plantation land (cont'd)						
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	2,494,742	2002
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	9,582,906	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	3,896,068	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	8,890,430	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	4,839,678	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	4,343,104	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	7,327,503	2002

LIST OF PROPERTIES AS AT 31 DECEMBER 2014 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (yeas)	Age of buildings (years)	Usage	Net book value as at 31.12.2014 RM	Date Acquired
Plantation land (cont'd)						
SROPP estate, KM87, Segaliud Lokan, District of Kinabatangan, Sabah	40.47	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,115,517	2002
SROPP estate, KM30 Labuk Road, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Oil palm plantation	1,571,618	2002
Permata Alam estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah D	200.30	99 years lease expiring 31 ecember 2085	N/A	Oil palm plantation	5,359,946	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	3,499,992	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	65,577,146	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	835,950	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	266,452	2003

LIST OF PROPERTIES AS AT 31 DECEMBER 2014 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (yeas)	Age of buildings (years)	Usage	Net book value as at 31.12.2014 RM	Date Acquired
Other landed properties (cont'd)						
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' accomo-dation	568,132	2007
SROPP palm oil mill with a built-up area of 6,232m^2, 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	6,098,240	2002
Berkat palm oil mill, with a built-up area of 4,193.80m^2, 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	6,132,993	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 m^2, No. 1, Jalan Tangki, Karamunsing, Kota Kinabalu, Sabah	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	30,204,631	2007 & 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	5,816,900	2007, 2008 & 2012
TOTAL					**283,000,237**	

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NPC Resources Berhad

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 Fifteenth 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 Thursday, 18 June 2015 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	Resolution	FOR	AGAINST
1	To receive the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.			
2	To declare a final single tier dividend of 1 sen per share.	1		
3 (a)	To re-elect Madam Wong Siew Ying as Director.	2		
(b)	To re-elect Mr Tan Vun Su 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 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 2015

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

NPC Resources Berhad
Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, MALAYSIA
T: 6 089 274 488 **F**: 6 089 226 711 **E**: info@npc.com.my
www.npc.com.my