PLS PLANTATIONS BERHAD
Company No. 160032-K

ANNUAL REPORT 2013

CONTENTS

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Twenty-Sixth Annual General Meeting** of the Company will be held at Function Room, KKlub, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan on Monday, **30th September 2013** at **10.00 a.m** for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the year ended 31 March 2013 together with the Reports of the Directors and the Auditors thereon. **Please refer Explanatory Note A**

2. To approve the payment of Directors' fees for the financial year ended 31 March 2013. **RESOLUTION 1**

3. To re-elect the following Directors who retire in accordance with Article 82 of the Company's Article of Association:-

   a) Tan Sri Dato' Lim Kang Hoo and **RESOLUTION 2**
   b) Encik Hisham Bin Mahmood **RESOLUTION 3**

4. To re-elect Datuk Md Othman Bin Haji Yusof who retires in accordance with Article 89 of the Company's Article of Association. **RESOLUTION 4**

5. To re-elect Tan Sri Dato' Lim Kang Yew who retires in accordance with Article 117 of the Company's Article of Association. **RESOLUTION 5**

6. To re-appoint Dato' Haji Ibrahim Bin Haji Keling who retires in accordance with Section 129(6) of the Companies Act, 1965. **RESOLUTION 6**

7. To re-appoint Messrs. Baker Tilly Monteiro Heng as auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 7**

8. As Special Business, to consider and if thought fit, to pass the following resolutions with or without modifications:-

   ORDINARY RESOLUTION 1

   Continuing In Office As Independent Non-Executive Directors

   "THAT subject to the passing of Resolution 3, approval be and is hereby given for Encik Hisham Bin Mahmood who has 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." **RESOLUTION 8**

   "THAT subject to the passing of Resolution 6, approval be and is hereby given for Dato' Haji Ibrahim Bin Haji Keling who has 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." **RESOLUTION 9**

   ORDINARY RESOLUTION 2

   Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965 **RESOLUTION 10**

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental/ regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may 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 such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

ORDINARY RESOLUTION 3

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **RESOLUTION 11**

"THAT authority be and is hereby given pursuant to paragraph 10.09 and Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in paragraph 3.3 as disclosed in Part A of the Circular to Shareholders dated 9th September 2013 with the related parties listed in paragraph 3.2 which are necessary for the day-to-day operations, in the ordinary course of business, made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders; **AND THAT** the authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

i. the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that Annual General Meeting.

ii. the expiration of the period within which the next Annual General Meeting after the date, it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier."

SPECIAL RESOLUTION
Proposed Amendment to the Articles of Association **RESOLUTION 12**

"THAT the proposed alteration, modification, amendment, and/or deletion to the Articles of Association of the Company as disclosed in Part B of the Circular to Shareholders dated 9th September 2013 be and is hereby approved and adopted."

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

By Order of the Board

LIM THIAM WAH, ACIS
CHUA HOON PING, ACIS
JOINT SECRETARIES

SELANGOR DARUL EHSAN
9 September 2013

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors on 23 September 2013 shall be eligible to vote, speak and attend the Meeting.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. 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. There shall be no restriction as to the qualification of the proxy.
4. For an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

i. Resolutions 8 to 9 - Continuing in office as Independent Non-Executive Directors

   The Malaysian Code on Corporate Governance 2012 recommended that approval of shareholders be sought in the event that the Company intends to retain as an Independent Director, a person who has served in that capacity for more than 9 years.

   The Board has assessed and recommended that Encik Hisham Bin Mahmood and Dato' Haji Ibrahim Bin Haji Keling who has each served as Independent Non-Executive Director of the Company for more than 9 years, to continue to act as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

   Key justifications for their recommended continuance as Independent Non-Executive Directors are as follows:

   a. They fulfill the independent director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment to the Board;
   b. Their relevant experience and expertise as set out in their respective profiles on Page 9 would enable them to provide the Board with pertinent and a diverse set of expertise, skills and competence and thus all matters tabled to the Board for consideration are well reviewed and deliberated;
   c. Their long service with the Company enhances their knowledge and understanding of the business operations of the Group which enable them to contribute actively and effectively during deliberations or discussion at Audit Committee and Board meetings.

ii. The Proposed Resolution 10 if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 27 September 2012 and which will lapse at the conclusion of the Twenty-Sixth Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions.

iii. The Proposed Resolution 11 if passed, will authorise the Group to enter into recurrent related party transactions as specified in the Circular to Shareholders dated 9 September 2013, provided that such transactions are of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

iv. The Proposed Resolution 12 consists of amendment to the Articles of Association of the Company as set out in the Circular to Shareholders dated 9 September 2013 under Article 81, if passed, will enable the Company to increase the number of Directors to a maximum 16 Directors instead of 9.

Explanatory Note A:-

This Agenda is meant for discussion only as under the provisions of Section 169(1) of the companies Act, 1965, the Audited Financial Statements do not require formal approval of the shareholders and hence, the matter will not be put forward for voting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Particulars of Directors who are standing for election at the Twenty-Sixth Annual General Meeting.

There is no director standing for election at the Twenty-Sixth Annual General Meeting.


CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Lim Kang Yew
(Managing Director)

Mr Lee Hun Kheng
(Executive Director)

Tan Sri Dato' Lim Kang Hoo
(Non-Independent Non-Executive Director)

Dato' Lim Kang Poh
(Non-Independent Non-Executive Director)

Dato' Haji Ibrahim Bin Haji Keling
(Senior Independent Non-Executive Director)

Encik Hisham Bin Mahmood
(Independent Non-Executive Director)

Miss Kang Hui Ling
(Independent Non-Executive Director)

Puan Norliza Binti Suleiman
(Non-Independent Non-Executive Director)

Datuk Md Othman Bin Haji Yusof
(Non-Independent Non-Executive Director)
Appointed on 23 August 2013



AUDIT COMMITTEE
Dato' Haji Ibrahim Bin Haji Keling
(Chairman)
Miss Kang Hui Ling
(Member)
Encik Hisham Bin Mahmood
(Member)

REGISTERED OFFICE
17 C, Wisma Limbongan Setia,
Jalan SG 3/4,
Taman Seri Gombak
68100 Batu Caves,
Selangor Darul Ehsan.
Tel : 03-6187 5288 (10 lines)
Fax : 03-6187 5289

SHARE REGISTRAR
Sectrars Services Sdn Bhd
28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur
Tel : 03-2274 6133
Fax : 03-2274 1016

COMPANY SECRETARIES
Mr. Lim Thiam Wah, ACIS
Ms. Chua Hoon Ping, ACIS

PRINCIPAL BANKERS
RHB Bank Bhd
Public Bank Bhd
Malayan Banking Bhd
Ambank (M) Bhd
Agro Bank Bhd

STOCK EXCHANGE
Bursa Malaysia Securities Berhad
(Main Market)
Sector : Plantation
Stock Name : PLS
Stock Code : 9695

AUTHORISED & PAID-UP CAPITAL
Authorised RM200.0 million
Paid-up RM65.34 million

AUDITOR
Baker Tilly Monteiro Heng
Chartered Accountants (AF 0117)
An Independent Member of
Baker Tilly International
Baker Tilly MH Tower,
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

COMPANY WEBSITE
www.limbongan.com

MANAGING DIRECTOR'S STATEMENT

On behalf of the Board of Directors of PLS Plantations Berhad, I am pleased to present the Annual Report of the Company and the Group for the financial year ended 31st March 2013.

INDUSTRIAL TRENDS AND DEVELOPMENT

The global economy expanded at a moderate pace in the first quarter of 2013, aided by resilient growth in emerging economies. Growth in emerging Asia remained robust albeit at a slower pace driven by domestic demand, favourable labour market and financial conditions, and higher public investment.

The Malaysian economy continued to expand 4.1% in the first quarter of 2013 as compared to 6.5% in the previous quarter, driven by strong domestic economic activity albeit moderate global growth. The construction sector continued to post a robust growth of 14.7% during the quarter, with a double-digit growth of 36.2% in major civil engineering projects, particularly in public infrastructure works and the residential subsector grew accordingly, spurred by high-end residential housing development projects in Klang Valley and Johor. Likewise, the agriculture sector expanded strongly by 6% supported by further expansion in the production of oil palm attributed to higher matured areas and increasing yields, higher marine and aquaculture produce and others. However, the forestry and logging subsector, contracted on the account of lower logging activities, particularly in Sarawak and Sabah and the production of rubber also fell due to lower tapping activity following declining in prices during the quarter.

On the domestic front, the Malaysian economy is expected to sustain its growth momentum into the second half year of 2013 as reflected by the Leading index which grew from October 2012 to March 2013. On the demand side, growth is expected to emanate from firm domestic demand and gradual improvement in external demand. Private consumption is expected to grow due to the stable labour market and increasing household income. On the supply side, growth will be supported by continuing expansion in the services and construction sectors as well as some recovery in the manufacturing sectors.

(Source : Malaysian Economic Report 1st Quarter 2013)

MANAGING DIRECTOR'S STATEMENT

FINANCIAL RESULTS AND OPERATION REVIEWS

For the financial year ended 31st March 2013, the Group registered a lower revenue of RM76.9 million as compared to RM148.2 million in the previous year. As a result, the Group recorded a lower pre-tax profit of RM9.8 million as compared to RM19.9 million attained in financial year 2012.

The overall decrease in pre-tax profit compared to the preceding year corresponding period was mainly due to lower construction revenue generated from its existing projects i.e. hospital project in Seremban and highway projects in the state of Johor which were in the completion stage.

Its 70% owned subsidiary, Aramijaya Sdn Bhd ('Aramijaya') recorded a lower revenue of RM39.8 million as compared to RM96.4 million and pre-tax profit of RM1.2 million as compared to RM10.8 million in the previous financial year, largely due to lower construction activities in its special construction works and slower demand especially in wood chips and other timber products such as logs, sawn timbers and particle boards.

However, for the current financial period, Aramijaya registered an improvement in revenue from its Fresh Fruit Bunches ("FFB") harvested, amounting to RM5.6 million from RM3.5 million and marginal decrease in operating profit from RM0.6 million to RM0.2 million as compared to previous financial year. The incremental in revenue was mainly due to the Group's total FFB harvested during the period under review had increased by 108.8% to 11,608 metric tonnes (M/T) from 5,560 metric tonnes (M/T) but the average selling price realised for Crude Palm Oil had decreased by 18.8% to RM2,536 per M/T from RM3,122 per M/T as compared to the corresponding period in 2012.

The Group recorded a marginal increase in net asset per share attributable to equity holders of the holding company from RM0.32 per share in the previous financial year to RM0.34 per share in the current financial year.

CORPORATE DEVELOPMENT

The Company has not implemented any new corporate proposal during the financial year ended 31st March 2013. The Board will explore any other related business operations and credible investment opportunities to improve the Group's performance as well as enhance shareholder value.

PROSPECT

Currently, the Group continues to concentrate on its objective of planting its designated oil palm plantation expeditiously while exploring the possibility of increasing its plantation land bank for the replanting of acacia tree. The Group also had ventured into rubber (Timber Latex) plantation on a new forest plantation area in the State of Johor under a sub-development agreement for a period of 30 years and an option to extend for a further period of 30 years. The rubber plantation development which is expected to be a challenging task will have further contribution to the Group in the long term.

The fibreboard factory continues to value add to the woodchips business and is expected to benefit the Group's performance in the long run. New strategic alliances with both local and multi-national companies that are in line with the group's expansion objective will be considered for future investment and development.

As for the construction sector, the Group is continuing its efforts in tendering for new construction contracts and negotiated contracts from both public and private sector in line with the continuing implementation of projects under the 10th Malaysia Plan and the Entry Point Projects under the Economic Transformation Programme.

Barring any unforeseen circumstances, the Board anticipates that the Group's performance for the forthcoming financial year would remain satisfactory with substantial contribution from its oil palm plantation as more young palms with better FFB yield are moving towards maturity.

APPRECIATION

Tuan Haji Johar Salim Bin Yahaya has resigned from the Board with effect from 23rd August 2013. We wish to take this opportunity to extend our appreciation for Tuan Haji Johar's contribution to the Board and the Company during his term as Chairman with us. On separate note, we would like to take this opportunity to welcome Datuk Md Othman Bin Haji Yusof who has joined our board recently.

Meantime, on behalf of the Board of Directors and Management, I would also like to express my sincere thanks to my fellow directors, management team and staff for their collective commitments and undivided contributions to the Group during the year.

My sincere gratitude and appreciation to all our loyal shareholders, bankers, business associates, buyers and sellers, consultants and contractors not least to relevant government authorities for their continued support, firm confidence and trust in the Group and the Company.

TAN SRI DATO' LIM KANG YEW
Managing Director

DIRECTORS' PROFILE

Tan Sri Dato' Lim Kang Yew

Managing Director

Tan Sri Dato' Lim Kang Yew, a Malaysian and aged 56 was appointed to the Board on 10 March 1987 and as Managing Director on 12 December 1994. He has more than 25 years of experience in the construction industry. He started with his own construction company mainly involved in civil engineering and building works and established good working relationship with some government agencies. His vast experiences in this field have proven to be invaluable to the Group. He is currently a Non-Executive Director of TSR Capital Bhd and also a director of several other private limited companies.

Tan Sri Dato' Lim Kang Yew is deemed to be interested in the related party transactions disclosed on page 80 of the Annual Report. He is the brother of Tan Sri Dato' Lim Kang Hoo and Dato' Lim Kang Poh. The interest of Tan Sri Dato' Lim Kang Yew in the Company is disclosed on page 28 of the Annual Report. He is an uncle to Mr. Lee Hun Kheng.

Tan Sri Dato' Lim Kang Hoo

Non-Independent Non-Executive Director

Tan Sri Dato' Lim Kang Hoo, a Malaysian and aged 58 was appointed to the Board on 28 May 2004. He is a businessman with over 36 years of experience in the construction and machinery related industry. He started his involvement in the construction industry soon after completing his secondary educations, assisting the family construction business. His dynamism and vision coupled with hard work saw the companies that he led grow by leaps and bound. Ekovest Bhd and Knusford Bhd which are listed on the main board of Bursa Malaysia are the results of his involvement. At present, he is the Executive Chairman of Ekovest Bhd, an Executive Director of Knusford Bhd and an Executive Vice Chairman of Tebrau Teguh Berhad and also a director of several other private limited companies.

Tan Sri Dato' Lim Kang Hoo is deemed to be interested in the related party transactions disclosed on page 80 of the Annual Report. He is the brother of Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh. Tan Sri Dato' Lim Kang Hoo has indirect shareholding in PLS through Iskandar Waterfront Holdings Sdn Bhd as disclosed on page 28 of the Annual Report. He is an uncle to Mr. Lee Hun Kheng.

Dato' Lim Kang Poh

Non-Independent Non-Executive Director

Dato' Lim Kang Poh, a Malaysian and aged 56 was appointed to the Board on 6 October 2005. After completing his secondary educations, he started his career in the construction industry in 1976 under Tasja Sdn Bhd. At present, he is the Deputy Executive Chairman of Astral Asia Bhd and director of several other private limited companies.

Dato' Lim Kang Poh is deemed to be interested in the related party transactions disclosed on page 80 of the Annual Report. He is the brother of Tan Sri Dato' Lim Kang Yew and Tan Sri Dato' Lim Kang Hoo. He is an uncle to Mr. Lee Hun Kheng. The interest of Dato' Lim Kang Poh in the company is disclosed on page 28 of the Annual Report.

Miss Kang Hui Ling

Independent Non-Executive Director

Miss Kang Hui Ling, a Malaysian and aged 41, joined the Board on 6 April 2005. She holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Certified Public Accountant and the Malaysian Institute of Accountants. Since her graduation, she acquired 4 years of audit experience in one of the big four audit firm. As audit senior associate, she also gained exposure in field of operation audit and financial due diligence. Subsequently she joined a medium size multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is presently a partner of a professional firm registered with Malaysian Institute of Accountants. She is also an independent Non-Executive Director of Ekovest Berhad.

She does not have any family relationship with any of the directors and/or substantial shareholders of the Company. Miss Kang Hui Ling does not hold any shares in PLS.

DIRECTORS' PROFILE

Dato' Haji Ibrahim Bin Haji Keling
Senior Independent Non-Executive Director

Dato' Haji Ibrahim bin Haji Keling, a Malaysian and aged 75 was appointed to the Board on 15 November 1994. He graduated with a Bachelor of Commerce degree and a Diploma in Business Administration in 1969 both from the Victoria University of Wellington, New Zealand. He also attended a senior management course at Cambridge University, England in 1975/1976, and a Senior Management Development Programme conducted by the Harvard Business School in 1988. He retired in 1993 where the last position he held was as Director of Management Service Department, FELDA. He also sat on the Board of Perbandanan Binaan Felda. Currently, he is a Director of several other private limited companies.

He does not have any family relationship with any of the directors and/or substantial shareholder of the Company. Dato' Haji Ibrahim bin Haji Keling does not hold any shares in PLS.

Encik Hisham Bin Mahmood
Independent Non-Executive Director

Encik Hisham bin Mahmood, a Malaysian and aged 54 was appointed to the Board on 4 March 1997. He graduated with a Bachelor of Arts Degree in Economics from University of Kent, Canterbury, United Kingdom. He started his career in the Corporate Advisory Department of Malaysian International Merchant Bankers Berhad and later ventured into his own family business which deals in the tender of military equipment for the Malaysian Armed Forces as well as the supply of pipelines and tubular goods for the oil and gas industry. He is currently also a director of several other private limited companies.

He does not have any family relationship with any of the directors and/or substantial shareholders of the Company. Encik Hisham bin Mahmood does not hold any shares in PLS.

Mr Lee Hun Kheng
Executive Director

Mr. Lee Hun Kheng, a Malaysian and aged 36, joined to the Board on 1 August 2008. He graduated with a Degree in Mechanical Engineering from University of Monash, Melbourne, Australia in 2000. Upon his return to Malaysia, he commenced his career as a Sales Engineer in a Public Listed company specializing in Rental, Sales and Reconditioning of heavy and light machineries. During his 3 years service with the company, he has learnt commercial knowledge and marketing skills while providing machinery technical support and training to the users. Besides, he is also actively involved in new business development such as machinery product distributorship.

He then joined Aramijaya Sdn Bhd in 2003, a subsidiary of PLS Plantations Berhad as a Marketing Manager, responsible for setting up new accounts of timber products, both domestic and export market. As part of plantation project research and development, he has explored various timber industries to increase product line as well as introducing modern timber processing systems to the company. Subsequently, he was appointed as the Executive Director and Chief Executive Officer of Aramijaya Sdn Bhd, positions that he currently hold.

He is the nephew of Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh. Save for the above, he does not have any family relationship with any other directors of the Company.

DIRECTORS' PROFILE

Puan Norliza Binti Suleiman

Non-Independent Non-Executive Director

Puan Norliza Binti Suleiman, a Malaysian and aged 48, was appointed to the Board on 28 May 2009. She is a Fellow member of the Chartered Association of Certified Accountant ("FCCA").

Puan Norliza Binti Suleiman started her career as an Audit Assistant at Ivory Barry & Company, an audit firm in London. Upon her return to Malaysia in 1989, she joined Coopers & Lybrand, Johor Bahru untill 1993. Subsequently, she joined Tharra Holdings Sdn Bhd, a company involved in the medical services as Finance Manager.

Puan Norliza Binti Suleiman joined Kumpulan Prasarana Rakyat Johor Sdn Bhd ("KPRJ") in July 1996. Currently, she holds the post of Group General Manager and Company Secretary for KPRJ and Group Financial Controller and Joint Company Secretary for Tebrau Teguh Berhad. She also sits on the board of several private limited companies.

Puan Norliza Binti Suleiman is deemed to be interested in the related party transactions disclosed on page 80 of the Annual Report. She does not have any family relationship with any of the directors and/or substantial shareholders of the Company. Puan Norliza Binti Suleiman does not hold any shares in PLS.

Datuk Md Othman Bin Haji Yusof

Non-Independent Non-Executive Directors

Datuk Md Othman Bin Haji Yusof, a Malaysian and aged 55 was appointed to the Board on 23 August 2013. He is a businessman with over 26 years of experience in various types of businesses. In 2008, he was elected as the Assemblyman for Kukup, Tanjung Piai. During his term of service, he had contributed enormously to improve the well being of the people within his constituency. In order to help the people of Johor, he decided to focus his time and energy towards building and expanding business of Johor Government-Linked Companies, which is his forte. That resulted in his appointment as the Executive Vice Chairman of Kumpulan Prasarana Rakyat Johor Sdn Bhd on 3 June 2013.

Datuk holds a Diploma in Business Management from University of the Sunshine Coast, Queensland, Australia. He is a director of Iskandar Investment Berhad and Chairman of Design Development Centre Malaysia. He also holds directorships in several private limited companies.

Datuk Md Othman Bin Haji Yusof is deemed to be interested in the related party transactions disclosed on page 80 of the Annual Report. He does not have any family relationship with any of the directors and/or substantial shareholders of the Company. Datuk Md Othman Bin Haji Yusof does not hold any shares in PLS.

Conflict of Interest
There is no conflict of interest between the directors and the Group except for the related party transactions as disclosed on page 80 of the Annual Report.

Conviction for Offences
None of the directors has been convicted for any offences (except traffic offences) within the last ten years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") recognises the importance of adopting the principles and best practices of the Malaysian Code of Corporate Governance 2012 ("Code") and is fully committed in ensuring that highest standards of corporate governance as set out in the Code are observed and practiced throughout the Group to safeguard and enhance shareholders' value.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent to which it has complied with the best practices of good governance as set out in the Code.

A) BOARD OF DIRECTORS

The Board

PLS Plantations Berhad ("PLS") is led and managed by an experienced and qualified Board comprising of members with a wide range of experience in business, construction and finance. The wide spectrum of skills and experience of the Directors have brought expertise and perspective to the leadership of PLS. A brief profile of each Director is set out in pages 8 to 10 of this Annual Report.

Board Responsibilities

The Board is responsible to ensure that PLS and its Group of Companies are in compliance with the Code. The Board is also responsible for the policies and general affairs of PLS and retains full and effective control of the Company. At the same time, the Board identifying business risk faced by the Group and implement measures to mitigate and manage the risks.

Composition

The Board is made up of nine (9) members, led by a Managing Director ("MD"), Executive Director ("ED"), Senior Independent Non-Executive Director, four (4) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.

Gender Diversity

The Board recognises the importance of gender diversity in the effective running of a board. Two (2) of the board members are female director.

Independence of Directors

The Board assess annually the independence of its independent directors.

Board Balance

Affirmative actions have been taken by the Board to ensure that qualified independent individuals are appointed as Directors of the Company. The current composition of the Board is in compliance with the Code and the Bursa Malaysia Securities Berhad ("Bursa Securities") requirements in respect of having at least one-third (1/3) of the membership of the Board comprising independent directors.

Size of Non-Executive Participation

To ensure Board balance, the Directors have given close consideration to the size of the non-executive participation in the Board. With the current composition of the Board, no individual is allowed to dominate the Board's decision making. The Board is satisfied that the current Board composition reflects the interest of the public shareholders of the Company.

Board Charter

The Board had established the Board Charter as a source of reference to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance and provide a primary induction literature by providing insights to prospective Board members and Senior Management.

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS (CONT'D)

Board Charter (Cont'd)

The Board will update the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislation and regulations. The Board will review the Board Charter periodically.

Board Meetings

The Board meets on a scheduled basis at least four (4) times a year, with additional meetings convened when necessary. Five (5) Board Meetings were held during the financial year ended 31 March 2013.Details of the attendance of the Directors are as follows:

Members of the Board	Status	Attendance
1. Haji Johar Salim Bin Yahaya *(Resigned on 23 August 2013)*	Executive Chairman	5/5
2. Tan Sri Dato' Lim Kang Yew	Managing Director	5/5
3. Dato' Haji Ibrahim Bin Haji Keling	Senior Independent Non-Executive Director	5/5
4. Encik Hisham Bin Mahmood	Independent Non-Executive Director	5/5
5. Miss Kang Hui Ling	Independent Non-Executive Director	5/5
6. Tan Sri Dato' Lim Kang Hoo	Non-Independent Non-Executive Director	4/5
7. Dato' Lim Kang Poh	Non-Independent Non-Executive Director	4/5
8. Mr. Lee Hun Kheng	Executive Director	5/5
9. Puan Norliza Binti Suleiman	Non-Independent Non-Executive Director	4/5
10. Datuk Md Othman Bin Haji Yusof *(Appointed on 23 August 2013)*	Non-Independent Non-Executive Director	-

Besides Board meetings, the Board also exercise control on matters that require Board's approval through circulation of Directors' Resolutions.

Conduct of Meetings

It has been the practice of the Board that when a potential conflict of interest arises, it is mandatory for the Director concerned to declare his or her interests and abstain from further discussion and the decision making process.

The Board has access to the advice and services of the Company Secretaries who are responsible for ensuring that the Board meetings are conducted in accordance with procedures and that all applicable rules and regulations are adhered to. The Company Secretaries maintain minutes and record all resolutions passed at the Board meetings. The Code of Ethics for Company Secretaries is adopted and the Board ensure that the Company Secretaries appointed have the relevant experiences and skills.

Code of Conduct

The Board had adopted Code of Conduct ("CoC") for Directors. The CoC sets out the principles and standards of business ethics and conduct of the Group and applicable to Directors of the Group.

A) BOARD OF DIRECTORS (CONT'D)

Strategies promoting sustainability

The Board views the importance of sustainable and responsible business practices in developing the corporate strategy of the Group. The Group's businesses are conducted in a responsible, trustworthy and ethical manner while accepting accountability for impacts on environment, social and governance.

Supply of Information

Heads of each department, division and subsidiary of the Company are required to submit their reports at the scheduled Board meetings where required.

Access to Information

All Directors are provided with an agenda and board papers prior to every Board meeting to enable the Directors to obtain further information on major financial, operational and corporate matters as well as on the activities and performance of the Group and Company. This is in addition to the schedule of matters specifically reserved for the Board's decision.

Access to Advice

The Board is given unlimited access to all staff of the Group and Company to obtain any information pertaining to the Company's or the Group's affairs. In addition to the advice and services of the Company Secretaries, the Directors may also seek independent advice from external source should the need arises.

Appointment and Re-election of Directors

The Listing Requirements of Bursa Securities provides that each Director, including the Managing Director and/or Executive Directors, shall retire from office at least once in every three years and he/she can offer himself/herself for re-election. Directors who are newly appointed by the Board are subjected to re-election by the shareholders at the Annual General Meeting held following their appointment. According to Section 129(6) of the Companies Act,1965, directors over seventy years of age are required to submit themselves for re-appointment annually.

B) BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the discharge of its duties and execution of specific responsibilities.

<u>Audit Committee</u>

The composition, terms of reference and functions of the Audit Committee are discussed in the Audit Committee Report set out on pages 22 to 24 of this Annual Report.

<u>Nomination Committee</u>

The duties of the Nomination Committee ("NC") include considering candidates for Board vacancies and recommending all Board appointments to the Board of Directors. The Board will consider such recommended appointments and approve if they are found to be appropriate and suitable. The Nomination Committee works under clearly defined terms of reference, which has been approved by the Board.

The members of the Nomination Committee, all of whom are Independent Non-Executive Directors, are as follows:

1. Dato' Haji Ibrahim Bin Haji Keling (Chairman)
2. Encik Hisham Bin Mahmood
3. Miss Kang Hui Ling

STATEMENT ON CORPORATE GOVERNANCE

B) BOARD COMMITTEES (CONT'D)

Appointment process of new directors

- The NC will assess and consider the following attributes or factors in making recommendation:-

  1. Skills, knowledge, expertise and experience;
  2. Professionalism;
  3. Commitment (including time commitment) to effectively discharge his/her role as a Director;
  4. In the case of candidates for the position of Independent Directors, the NC evaluates the candidates' abilities to discharge such responsibilities/functions as are expected from Independent Directors; and
  5. Boardroom diversity including gender diversity.

- The formal and transparent procedures for appointment of Directors as follows:-

  1. A list of nominations for candidates proposed by the MD/ED and the NC will review profile of a short-list of suitable candidates for consideration.
  2. A short-list of suitable candidate to be circulated for consideration.
  3. The NC will then recommend the appointment to the Board.
  4. The Board will then make a decision to appoint the candidate.

Remuneration Committee

The duties of the Remuneration Committee ("RC") is to ensure that the remuneration of Executive Directors commensurate with the skills, experience and responsibilities of the Executive Directors. The Executive Directors concerned would abstain from discussion pertaining to their own remuneration. The Remuneration Committee works under clearly defined terms of reference, which has been approved by the Board.

The members of the Remuneration Committee, a majority of whom are Independent Non-Executive Directors, are as follows:

1. Dato' Haji Ibrahim Bin Haji Keling (Chairman)
2. Encik Hisham Bin Mahmood
3. Miss Kang Hui Ling
4. Tan Sri Dato' Lim Kang Yew

Executive Directors' Remuneration

The policy practised by the RC is to provide remuneration packages that commensurate with the experience, roles and level of responsibilities and should be adequate and sufficient to retain and motivate the Directors but shall not be excessive.

Details of the Directors' Remuneration

Details of the remuneration of the Directors during the financial year ended 31 March 2013 are as follows:

	Fees (RM)	**Salaries (RM)**	**Bonus (RM)**	**Benefit in kinds (RM)**	**Other emoluments (RM)**	**Total (RM)**
Executive Directors	30,000	805,200	50,000	25,400	-	910,600
Non-Executive Directors	60,000	-	-	-	-	60,000

B) BOARD COMMITTEES (CONT'D)

Number of Directors whose total remuneration falls within the following bands:

Remuneration Bands	Number of Directors Executive	Non Executive
Up to RM50,000	1	6
RM100,001 to RM150,000	1	-
RM700,001 to RM750,000	1	-

C) DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme and the Continuing Education Programme as prescribed by Bursa Securities except for Datuk Md Othman Bin Haji Yusof was appointed on 23 August 2013 who will attend subsequently.

During the financial year, the Directors also attended field trips to the Company's sites to familiarise with the various business operations. In addition, the following directors have also attended the following training programmes: -

Members of the Board	Training Attended
Tan Sri Dato' Lim Kang Yew Dato' Lim Kang Poh Haji Johar Salim Bin Yahaya Puan Norliza Binti Suleiman Dato' Haji Ibrahim Bin Haji Keling Encik Hisham Bin Mahmood Mr Lee Hun Kheng	Brief Update on 2013 Tax Budget and Malaysia code on Corporate Governance 2012.
Tan Sri Dato'Lim Kang Hoo	Risk Management Best Practice
Tan Sri Dato'Lim Kang Hoo Miss Kang Hui Ling	Transforming Your Organisation through the Y-Generation
Miss Kang Hui Ling	Updates of the 2012 IFRS-Compliant MFRSs – Preparing For Convergence to IFRSs
Puan Norliza Binti Suleiman	Risk Management & Controls – Concepts & Application. i3BAR: "Integrated, Interactive and Intelligent Excel Models for Business Analytics & Reporting."

The Company will continue to arrange further development and training programmes for the Directors in order to update and enhance their skills and knowledge, which are important for carrying out their role effectively as a Director.

STATEMENT ON CORPORATE GOVERNANCE

D) ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, investors and regulatory authorities, the Board of Directors aims at presenting a balanced and understandable assessment of the position and prospects of the Company and the Group. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out at page 17 of this Annual Report.

Risk management and Internal Control

The Board is responsible in ensuring that the system of risk management and internal controls are in place and that its effectiveness be constantly reviewed to ensure the adequacy of the system. The review on the system of risk management and internal controls are set out under the Statement on Risk Management and Internal Control on pages 19 to 21 of this Annual Report.

Relationship with the Auditors

The Board has established and maintains an active, transparent and professional relationship with the auditors, both external and internal, through the Audit Committee.

The External Auditors attend the Audit Committee Meetings at least twice a year and meet the Audit Committee without the presence of the management. The External Auditors are given access to books and records of the Group and Company at all times. The Board, through the Audit Committee, also seeks the External Auditors' professional advice in ensuring compliance with the appropriate accounting standards in Malaysia and the provisions of the Companies Act, 1965.

E) INVESTORS RELATIONS AND SHAREHOLDER COMMUNICATION

Dialogue between Company and Investors

PLS recognises its responsibility to its shareholders. The timely release of quarterly financial results of the Group and Company and the issue of the Group and Company's Annual Reports provide regular information on the state of affair of the Group and the Company. All of these together with announcements to Bursa Securities, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are principal channels for dissemination of information to shareholders, investors and the public in general. Investors also have convenient to access information via Company's website at www.limbongan.com.

Annual General Meeting

Notice of Annual General Meeting and the Annual Report are sent out to the shareholders in accordance with the time period prescribed by law.

The shareholders are encouraged to attend the Annual General Meeting as it serves as an important avenue for the shareholders to communicate with the members of the Board. The Chairman includes in his agenda and allocates time for a question and answer session for each item in the agenda, whereby shareholders have the opportunity to raise questions, and seek clarification on business and performance of the Group and Company. The Chairman and Executive Directors will respond to any questions raised during the meeting. According to the Code, the Board should encourage poll voting for substantive resolutions. At the same time, the Board is responsible to assure that no market sensitive information disclosed prior to making announcements to Bursa Securities and ensure that timely release of market information are met.

F) STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

The Directors considers that in preparing the financial statements, the Group has:

- Applied appropriate accounting policies consistently;
- Made reasonable and prudent judgements and estimates; and
- Considered that all applicable approved accounting standards have been adhered to.

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

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

G) COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE AND BURSA SECURITIES LISTING REQUIREMENTS

The Board of Directors is committed to ensure that Corporate Governance are observed and practised by PLS and its Group of Companies so that the affairs of the Group are conducted with integrity, full transparency and professionalism with the main objective of safeguarding the interest of shareholders.

The Group and Company were in compliance throughout the financial year ended 31 March 2013 with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 and Bursa Securities requirements except where the previous Chairman was a Non-Independent Executive Director. The Chairman's position is currently vacant and the Board is seeking to appoint a new chairman.

H) ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Securities, the following are additional information in respect of the financial year ended 31 March 2013 to be disclosed in this Annual Report:

1. Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year.

2. Share Buy Backs

The Company did not carry out any share buy backs during the financial year.

3. Options or Convertible Securities

The Company did not issue any options or convertible securities during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

H) ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. Depository Receipt Programme

The Company did not participate in any Depository Receipt Programme during the financial year.

`5. Sanctions and/or Penalties

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

6. Non-Audit Fees

In the financial year under review, the External Auditors were appointed to review the Statement on Risk Management and Internal Control and Realised and Unrealised Profits or Losses as required by Bursa Securities Listing Requirements. The amount of non-audit fee incurred was RM3,000.

7. Variation in Results

There was no significant variation in the financial results of the Company and the Group as compared to the previously announced unaudited profit.

8. Profit Guarantee

There was no profit guarantee given by the Company in respect of the financial year ended 31 March 2013.

9. Recurrent related party transactions

At the 25th Annual General Meeting of the Company held on 27 September 2012, the Company had obtained shareholders approval for the renewal of the mandate and additional mandate to enter into recurrent related party transactions of revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business with related parties. The said mandate takes effect on 27 September 2012 until the conclusion of the forthcoming Annual General Meeting of the Company.

The Company is seeking shareholders approval to renew the existing mandate for recurrent related party transactions of revenue or trading nature at the forthcoming Annual General Meeting to be held on 30 September 2013. The details of the shareholders mandate to be sought are furnished in the Circular to shareholders dated 9 September 2013, accompanying this Annual Report.

The aggregate values of transactions conducted pursuant to the shareholders` mandate during the financial year ended 31 March 2013 are disclosed on page 80 of this Annual Report.

10. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

11. Material Contracts Relating to Loans

There were no material contracts relating to loan entered into by the Company and its subsidiaries involving Directors and major shareholders.

12. Corporate Social Responsibility

The Company only carries out general activities in relation to corporate social responsibility and will only endorse those actions and projects that benefits the society at large such as contributing assistance in cash to local schools, places of worship and community centres.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their risk management and internal controls framework. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

BOARD'S RESPONSIBILITY

The Board recognises the importance of sound system of risk management and internal control to safeguard shareholders' investment and the Group's asset. The Board acknowledges its primary responsibility to ensure that risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis. The review covers, *inter alia,* financial, operational and compliance system controls and risk management procedures of the Group. However, such procedures are designed to manage rather than to eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, a sound system of risk management and internal control can only provide reasonable, and not absolute, assurance against material errors, misstatement, losses or fraud.

The Board has established key activities to ensure the process for reviewing and reporting on the adequacy and integrity of the system of risk management and internal controls are defined, appropriately documented and monitored on regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment.

The Audit Committee continuously evaluates and monitors the significant risks and controls through a formalised monitoring and reporting process. Reviews are conducted by the Audit Committee on a quarterly basis, with additional reviews as and when required.

These initiatives would ensure that the Group has in place a formalised on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

RISK MANAGEMENT FRAMEWORK

The Board has formalised a comprehensive Enterprise Risk Management Framework that takes into account all significant aspects of internal control including risks assessment, the control environment and control activities, information and communication and monitoring. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence.

The review of the risk management and internal control reports and processes is delegated by the Board to Audit Committee as Risk Management Committee to assist the Board in reviewing and overseeing the effectiveness of the risk management in the Group. The responsibility of risk identification and management of each operating unit lies with the respective Heads of Department and any significant risks identified with the corresponding risk management activities are communicated to senior management and the Board during periodic management meetings.

INTERNAL AUDIT FUNCTIONS

The internal audit function of the Group was carried out by Advent Corporate Advisory Sdn. Bhd., an independent professional services provider which provided the Board with much of the assurance it requires regarding the adequacy and effectiveness of the Group's system of controls, procedures and operations.

Internal audits are undertaken to provide independent assessments of the adequacy, efficiency and effectiveness of the Group's internal control systems, and reports are made to the Audit Committee on a quarterly basis. The Audit Committee also has full access to both internal and external auditors and receives reports on all audits performed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTIONS (CONT'D)

The internal audit function reviews the internal controls in key activities of the Group's business based on the annual audit plan, which is presented to the Audit Committee for approval. Since the adoption of the risk policy, the internal audit function has taken on a risk-based approach when preparing its audit strategy and plans, after having considered the risk profiles of the operating companies and divisions of the Group. The system of internal control has been structured in such a manner that it has provided reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It achieved this through a combination of preventive, detective and corrective measures.

The audit reports that were tabled to the Audit Committee for their deliberation on quarterly basis include management response and corrective actions taken or to be taken in regard to the specific findings and recommendations. The Management as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. The Audit Committee presents its findings regularly to the Board.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system, that are regularly reviewed by the Board and are described below:

A. Project Budget

Budget is prepared for each project undertaken by the Group to facilitate monitoring of the Group's financial performance. The Management headed by the Managing Director reviews and monitors the achievements of the Group's performance and reports to the Board.

B. Financial Limits and Approving Authority

The Board had established Limit of Authorities defining authorization limits for its revenue and capital expenditure to ensure all revenue and capital expenditure are in line with the Group's overall strategies and objectives.

C. Policies, Procedures and Guidelines

The Board had established principal tendering and procurement policies, procedures and guidelines.

D. Information and Communication

Financial and operational information systems are in place to capture and present timely internal and external business information. Clear reporting structure enables the financial and operational reports are prepared and presented to the Board or Management for discussion and review on a quarterly basis.

E. Board / Management Committees and Meetings

i. Audit Committee

The Board has established an Audit Committee comprising three (3) Independent Non-Executive Directors. Details of composition, terms of reference and report of the Audit Committee are provided at page 22 of this Annual Report. The recommendations of the Audit Committee are tabled to the Board for its approval.

ii. Project and Financial Meetings

The Senior Management presents their respective project reviews, operation performance reviews and the progress of the projects undertaken, to the Board at the Project and Financial meetings which are held on a quarterly basis. The Accountant presents the overall Group's financial performance at the meetings.

OTHER KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

F. Assurances

The Board has received assurance from the Managing Director, Executive Director and Accountant that the Group's risk management and internal control system is operating adequately and effectively, in all material aspect; based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

CONCLUSION

The Board is of the view that risk management and internal control system in place for the year under review and up to the date of issuance of the financial statement, is adequate and effective to safeguard shareholders' investment and the Group's asset. Notwithstanding this, reviews of all control procedures will be continuously improved and enhancement of the existing system of risk management and internal controls will be made, taking into consideration the changing business environment.

AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board of Directors on 16 November 1994 with the primary objectives to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of PLS Plantations Berhad and oversee the compliance with the relevant rules and regulations governing listed companies.

The members of the Audit Committee are as follows:

Chairman

Dato' Haji Ibrahim Bin Haji Keling
(Senior Independent Non-Executive Director)

Members

Encik Hisham Bin Mahmood
(Independent Non-Executive Director)

Miss Kang Hui Ling
(Independent Non-Executive Director / Member of the Malaysian Institute of Accountants)

TERMS OF REFERENCE

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

1. ***Size and Composition***

   The Board shall by resolution appoint members to the Audit Committee, which shall comprise of at least three (3) members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors.

   All members of the Audit Committee are financially literate and at least one is a member of the Malaysian Institute of Accountants.

   The Chairman shall be an independent Director elected by the members of the Committee.

   In the event of any vacancy in the Audit Committee, within three (3) months of that event, the Board shall appoint new members to make up the minimum number of three (3) members.

   No alternate director is to be appointed as a member of the Audit Committee.

2. ***Meetings***

   Meetings shall be held not less than four (4) times in each financial year. The quorum for each meeting shall be two (2) members, provided that the majority of members present at the meeting must be independent directors. The Audit Committee may invite any person to attend the meetings. The Company Secretary or any person appointed by Audit Committee shall be the Secretary of the Audit Committee. Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board.

   The Audit Committee shall meet with the external auditors without the presence of any Executive Board members at least twice a year.

3. ***Authority***

   The Audit Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

TERMS OF REFERENCE (CONT'D)

4. Access

The Audit Committee shall have unlimited access to all information and documents relevant to its activities, to the External and Internal Auditors, and to Senior Management of the Company and its subsidiaries. The Audit Committee is also authorised to take such independent professional and legal advice as it considers necessary.

FUNCTIONS OF AUDIT COMMITTEE

The functions of the Audit Committee shall be:

1. Review the following and report the same to the Board of Directors:

    a. with the External Auditors, the scope and audit plan, including any changes on the planned scope of the audit plan;
    b. with the External Auditors, their audit report;
    c. the competency of the internal audit function and evaluate the authority it requires to carry out all necessary work to ensure the function can be discharged effectively;
    d. the internal audit programme, processes, the results of the internal audit activities, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
    e. the assistance given by the employees of the Company to the External and Internal Auditors;
    f. the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
        i. changes in or implementation of major accounting policies;
        ii. significant and unusual events; and
        iii. compliance with the accounting standards and other legal requirements;
    g. any related party transaction 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;
    h. Any letter of resignation from the External Auditors of the Company; and
    i. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment.

2. Recommend the nomination of External Auditors.

3. Review the nomination of Internal Auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee meets on quarterly basis with additional meetings held as and when necessary. A total of five (5) meetings were held during the financial year ended 31 March 2013. The representatives of External Auditors and Internal Auditors, the Company Secretaries and the Head of Group Finance were invited to meetings during deliberations, which required their input and advice.

During the financial year ended 31 March 2013, the activities of the Audit Committee covered, among others, the following:

a. Reviewed financial statements including quarterly financial announcements to the Bursa Malaysia Securities Berhad and year end financial statements and recommend the same for approval by the Board of Directors, upon being satisfied that, *inter alia,* the financial reporting and disclosure requirements of the relevant authorities had been complied with.

AUDIT COMMITTEE REPORT

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

b. Reviewed the External Auditors' reports in relation to their audit findings and the accounting issues arising from the audit.
c. Reviewed audit plan prepared by the External Auditors before the audit commences.
d. Reviewed audit fees of the External Auditors.
e. Reviewed the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit.
f. Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings and the Management's response thereto.

ATTENDANCE AT MEETINGS

During the year ended 31 March 2013, the Audit Committee convened five (5) meetings. The attendances of the members of the Committee meetings during the financial year were as follows:

Name of Committee Member	Attendance
Dato' Haji Ibrahim Bin Haji Keling	5/5
Encik Hisham Bin Mahmood	5/5
Miss Kang Hui Ling	5/5

INTERNAL AUDIT FUNCTION

The internal audit function of the Group was carried out by Advent Corporate Advisory Sdn. Bhd., an independent professional services provider whose principal responsibility is to undertake regular and systematic reviews of the system of internal controls, so as to provide reasonable assurance that such systems continue to operate effectively and efficiently. The Internal Audit function is to assist the Board and the Audit Committee to evaluate the system of internal control and to provide their recommendation to the Board and the Management for further improvement. The costs incurred for the Internal Audit Function in respect of the financial year was RM30,000.00.

During the financial year, the Internal Auditors had carried out audits according to the internal audit plan, which had been approved by the Audit Committee. Internal audits were done on:

- Tender and selection of contractors/suppliers cycle with the objective of ensuring adequate policies and procedures are in place for tendering process and fair selection of suitable sub-contractors/suppliers to support the Group's business objectives.

- Project planning and monitoring cycle with the objective of ensuring adequate policies and procedures are in place for projects to be carried out and completed in accordance to contract awarded to support the Group's business objectives.

- Other cycles with the objective of ensuring adequate policies and procedures are in place for human resource, fixed assets management, accounting and cash management to support the Group's business objectives.

- All significant aspects of internal control including risks management, the control environment and control activities, information and communication and monitoring.

The resulting reports from the audits undertaken were forwarded to the Management for attention and necessary corrective actions as recommended. The Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the undertaking of civil engineering and construction works, whilst the principal activities of the subsidiaries are as stated in Note 10 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	6,126	9,624
Other comprehensive income, net of tax	-	-
Total comprehesive income for the financial year	6,126	9,624
Attributable to:		
Owners of the Company	6,530	9,624
Non-controlling interests	(404)	-
	6,126	9,624

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st March 2013.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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 to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables, and had satisfied themselves that all known bad debts had been written off and adequate allowance for impairment had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for impairment on receivables, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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 to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year, other than those disclosed in Note 32 to the financial statements.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS' REPORT

DIRECTORS

The directors in office since the date of the last report are:-

Haji Johar Salim bin Yahaya
Tan Sri Dato' Lim Kang Yew
Dato' Haji Ibrahim bin Haji Keling
Tan Sri Dato' Lim Kang Hoo
Hisham bin Mahmood
Kang Hui Ling
Dato' Lim Kang Poh
Lee Hun Kheng
Norliza Binti Suleiman

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year ended 31st March 2013 are as follows:-

	Number of ordinary shares of RM0.20/- each			
	At 1.4.2012	**Additions**	**Disposals**	**At 31.3.2013**
The Company				
Direct interest				
Tan Sri Dato' Lim Kang Yew	36,175,000	-	-	36,175,000
Dato' Lim Kang Poh	22,323,000	-	-	22,323,000
Indirect interest				
Lee Hun Kheng	74,970,000	-	-	74,970,000
Tan Sri Dato' Lim Kang Hoo	-	76,500,000	-	76,500,000

By virtue of their interest in the shares of the Company, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Lee Hun Kheng and Tan Sri Dato' Lim Kang Hoo are also deemed interested in the shares of the subsidiaries during the financial year to the extent that PLS Plantations Berhad has an interest.

Other than as disclosed as above, none of the other directors in office at the end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company 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 shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

....
HAJI JOHAR SALIM BIN YAHAYA
Director

....
TAN SRI DATO' LIM KANG YEW
Director

Kuala Lumpur
Date: 30th July 2013

STATEMENTS OF FINANCIAL POSITION
As At 31st March 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	24,011	23,130	1,871	2,048
Intangible assets	5	1,223	1,223	-	-
Prepaid lease payments	6	5,776	6,369	-	-
Plantation development expenditure	7	121,736	96,170	-	-
Investment properties	8	468	481	468	481
Forest plantation project	9	30,031	30,085	-	-
Investment in subsidiaries	10	-	-	1,440	1,440
Performance deposits	11	52,500	52,500	-	-
Amount due from a subsidiary	12	-	-	54,845	52,525
Total non-current assets		235,745	209,958	58,624	56,494
Current assets					
Inventories	13	4,696	3,181	-	-
Amount due from customers for contract works	14	3,374	2,210	-	-
Trade and other receivables	15	26,405	37,923	211	8,575
Amount due from a subsidiary	12	-	-	3,886	2,446
Tax recoverable		462	-	427	-
Fixed deposits placed with licensed banks	16	59,778	69,234	58,725	56,181
Cash and bank balances		11,143	7,810	2,788	3,584
Total current assets		105,858	120,358	66,037	70,786
TOTAL ASSETS		341,603	330,316	124,661	127,280

STATEMENTS OF FINANCIAL POSITION
As At 31st March 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	65,340	65,340	65,340	65,340
Reserves	18	44,826	38,296	35,783	26,159
Non-controlling interests		7,810	8,214	-	-
Total equity		117,976	111,850	101,123	91,499
Non-current liabilities					
Amount due to Johor State Government	19	18,209	22,681	-	-
Borrowings	20	72,783	53,643	-	17
Deferred tax liabilities	21	3,166	1,984	9	6
Total non-current liabilities		94,158	78,308	9	23
Current liabilities					
Amount due to customers for contract works	14	32,959	38,343	18,990	29,097
Trade and other payables	22	40,929	51,002	3,933	2,856
Amount due to a subsidiary	23	-	-	589	3,197
Amount due to Johor State Government	19	4,472	4,472	-	-
Amount due to a related party	24	44,900	45,000	-	-
Borrowings	20	6,209	791	17	142
Tax payable		-	550	-	466
Total current liabilities		129,469	140,158	23,529	35,758
TOTAL LIABILITIES		223,627	218,466	23,538	35,781
TOTAL EQUITY AND LIABILITIES		341,603	330,316	124,661	127,280

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year ended 31st March 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue					
- Construction income		55,506	132,494	37,180	51,776
- Sales of timber products		15,807	12,162	-	-
- Sales of fresh fruit brunches		5,625	3,501	-	-
		76,938	148,157	37,180	51,776
Cost of sales					
- Contract costs recognised as expense		(34,451)	(103,964)	(26,837)	(37,979)
- Cost of goods sold		(24,170)	(17,177)	-	-
		(58,621)	(121,141)	(26,837)	(37,979)
Gross profit		18,317	27,016	10,343	13,797
Interest income		2,033	1,835	5,665	3,974
Other income		1,123	1,286	99	554
Administrative expenses		(6,545)	(5,319)	(1,664)	(2,343)
Finance costs	25	(1,969)	(2,141)	(7)	(197)
Other expenses		(3,386)	(2,791)	(2,606)	(1,934)
Profit before taxation	26	9,573	19,886	11,830	13,851
Taxation	28	(3,447)	(5,747)	(2,206)	(3,134)
Net profit for the financial year		6,126	14,139	9,624	10,717
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial year		6,126	14,139	9,624	10,717
Net profit for the financial year attributable to:					
Owners of the Company		6,530	11,795	9,624	10,717
Non-controlling interests		(404)	2,344	-	-
		6,126	14,139	9,624	10,717
Total comprehensive income for the financial year attributable to:					
Owners of the Company		6,530	11,795	9,624	10,717
Non-controlling interests		(404)	2,344	-	-
		6,126	14,139	9,624	10,717
Earnings per share attributable to owners of the Company (sen per share)	29				
- basic		2.00	3.61	-	-
- diluted		2.00	3.61	-	-

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year ended 31st March 2013

	Attributable to Owners of the Company				
			Distributable	Non-	
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	controlling interests RM'000	Total RM'000
Group					
At 1st April 2011	65,340	4,621	21,880	5,870	97,711
Net profit for financial year	-	-	11,795	2,344	14,139
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the financial year	-	-	11,795	2,344	14,139
At 31st March 2012	65,340	4,621	33,675	8,214	111,850
Net profit for the financial year	-	-	6,530	(404)	6,126
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the financial year	-	-	6,530	(404)	6,126
At 31st March 2013	65,340	4,621	40,205	7,810	117,976

			Distributable	
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
Company				
At 1st April 2011	65,340	4,621	10,821	80,782
Net profit for financial year	-	-	10,717	10,717
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial year	-	-	10,717	10,717
At 31st March 2012	65,340	4,621	21,538	91,499
Net profit for the financial year	-	-	9,624	9,624
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial year	-	-	9,624	9,624
At 31st March 2013	65,340	4,621	31,162	101,123

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
For The Financial Year ended 31st March 2013

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before tax	9,573	19,886	11,830	13,851
Adjustment for:				
Amortisation of prepaid lease payments	593	593	-	-
Amortisation of forest plantation project	54	197	-	-
Amortisation of deferred interests	1,286	1,847	-	-
Amortisation of plantation development expenditure	1,052	484	-	-
Depreciation of property, plant and equipment	1,448	1,363	196	433
Depreciation of investment property	13	11	13	11
Gain on disposal of property, plant and equipment	(1)	(160)	(30)	-
Impairment loss on trade and other receivables	194	104	-	-
Interest expense	683	146	7	49
Net effect of unwinding of interests from the discounting of retention sums	-	148	-	148
Interest income	(2,033)	(1,835)	(5,665)	(3,974)
	12,862	22,784	6,351	10,518
Changes in working capital:				
Inventories	(1,515)	(240)	-	-
Trade and other receivables	11,324	10,977	8,364	(2,117)
Trade and other payables	(10,173)	(10,328)	1,077	(6,289)
Amount due to Johor State Government	(5,758)	(5,757)	-	-
Amount due from contract customers	(6,548)	19,471	(10,107)	16,051
Cash generated from operations	192	36,907	5,685	18,163
Tax paid	(3,276)	(2,002)	(3,096)	(1,786)
Net Operating Cash Flows	(3,084)	34,905	2,589	16,377
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	2,033	1,835	5,665	3,974
Proceeds from disposal of property, plant and equipment	4	182	30	-
Acquisition of property, plant and equipment *	(1,779)	(2,600)	(19)	-
Additions to plantation development expenditure **	(26,322)	(22,237)	-	-
Net advances to subsidiaries	-	-	(6,368)	(4,050)
Net Investing Cash Flows	(26,064)	(22,820)	(692)	(76)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment to directors	-	(3)	-	-
Decrease/(increase) in pledged deposits placed with licensed banks	528	(537)	529	(537)
Interest paid	(683)	(146)	(7)	(49)
Proceeds from drawdown of term loan	24,419	14,257	-	-
Repayments of finance lease liabilities	(710)	(795)	(142)	(171)
Net Financing Cash Flows	23,554	12,776	380	(757)

STATEMENTS OF CASH FLOWS
For The Financial Year ended 31st March 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,594)	24,861	2,277	15,544
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	75,336	50,475	59,110	43,566
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	69,742	75,336	61,387	59,110
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Fixed deposits with licensed banks	59,778	69,234	58,725	56,181
Cash and bank balances	11,143	7,810	2,788	3,584
	70,921	77,044	61,513	59,765
Less: Fixed deposits held as security value (Note 16)	(1,179)	(1,708)	(126)	(655)
	69,742	75,336	61,387	59,110

* *During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,628,000/- (2012: RM2,600,000/-) and RM19,000/- (2012: RM Nil) respectively, of which RM849,000/-(2012: RM Nil) and Nil (2012: RM Nil) respectively were acquired by means of finance lease arrangements.*

** *During the financial year, the Group incurred plantation development expenditure with an aggregate cost of RM26,618,000/- (2012: RM22,538,000/-), of which RM296,000/- (2012: RM301,000/-) were depreciation of property, plant and equipment capitalised*

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in the undertaking of civil engineering and construction works. The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 17C, Wisma Limbongan Setia, Jalan SG 3/4, Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan.

The principal place of business of the Company is located at 17C, Wisma Limbongan Setia, Jalan SG 3/4, Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30th July 2013.

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 the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

(a) **Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int**

The Group and the Company had adopted the following revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

Revised FRS

FRS 124	Related Party Disclosures

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 112	Income Taxes

New IC Int

IC Int 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Int

IC Int 14	FRS 119 -The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company.

(b) **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted**

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

(b) **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (Cont'd)**

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:- (Cont'd)

		Effective for financial periods beginning on or after
Revised FRSs		
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
FRS 7	Financial Instruments: Disclosures	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 101	Presentation of Financial Statements	1 January 2013
FRS 116	Property, Plant and Equipment	1 January 2013
FRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
FRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

(b) **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (Cont'd)**

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

FRS 10 brings about convergence between FRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

FRS 11 Joint Arrangements

FRS 11 supersedes the former FRS 131 Interests in Joint Ventures. Under FRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

(b) **New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (Cont'd)**

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FRS 128 Investments in Associates and Joint Ventures (Revised)

This revised FRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised FRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with FRS 9.

(c) **MASB Approved Accounting Standards, MFRSs**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1st January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1st January 2014. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31st March 2015.

As at 31st March 2013, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2.2(b). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (Cont'd)

(c) **MASB Approved Accounting Standards, MFRSs (Cont'd)**

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2014 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group is currently assessing the impact of the adoption of this standard.

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group does not expect any impact on the financial statements arising from the adoption of this standard.

2.3 Significant Accounting Policies

(a) **Basis of Consolidation**

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(a) **Basis of Consolidation (Cont'd)**

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1st April 2011 the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisition on or after 1st April 2011

For acquisition on or after 1st April 2011, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisition between 1st April 2006 and 31st March 2011

For acquisition between 1st April 2006 and 31st March 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1st April 2006

For acquisition prior to 1st April 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(a) **Basis of Consolidation (Cont'd)**

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

The Group applied FRS 127, Consolidated and Separate Financial Statements (revised) since 1st April 2011 in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Prior to 1st April 2011, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) Non-controlling interests

Non-controlling interests at the reporting date, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since 1st April 2011, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Prior to 1st April 2011, where losses applicable to the non-controlling interests exceed the their interests in the equity of a subsidiary, the excess and any further losses applicable to the non-controlling interests had a binding obligation to, and was able to make additional investment to cover the losses. If the subsidiary reported profits, the Group's interest was allocated with all such profits until the non-controlling interests share of losses previously absorbed by the Group had been recovered.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(b) **Foreign Currency Transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the financial position are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the profit or loss.

(c) **Property, Plant and Equipment and Depreciation**

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation and Impairment

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case they will be depreciated over their useful lives. Freehold land is not depreciated. Capital work-in-progress is not depreciated until the asset is ready for its intended use.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2(m)(ii) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(c) **Property, Plant and Equipment and Depreciation (Cont'd)**

(iii) Depreciation and Impairment (Cont'd)

The estimated useful lives for the current and comparative periods are as follows:-

Leasehold land	50-99 years
Buildings	50 years
Plant and machinery	5 years
Office equipment	3 to 10 years
Motor vehicles	5 years
Fixture and fittings	5 to 10 years
Chipping plant factory	33 years
Renovation	50 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) **Leased Assets**

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position of the Group or the Company.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(e) Plantation Development Expenditure

Plantation development expenditure represents pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and planting, labour and any general overheads directly attributed to the development of the rootstock. Pre-cropping costs incurred are capitalised at cost and amortised over the useful life of the rootstock commencing from the date of maturity of the rootstock. The estimated useful life for oil palm ranges from 20 to 25 years from the maturity date. The maturity date for oil palm is 5 years from the date of planting. The maturity date for acacia is 7 years from the date of planting.

Interest costs on borrowings that are directly attributed to new planting or replanting incurred prior to maturity are also included in the pre-cropping costs.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2(m)(ii) to the financial statements.

(f) Forest Plantation Project

The forest plantation project is to be amortised to the profit or loss over the management period ("Management Period") of sixty (60) years based on the following formula:

$$\frac{\text{Sales Volume}}{\text{Projected Total Commercial Extractable Volume for the Management Period}} \times \text{Cost of forest plantation project}$$

The projected total commercial extractable volume for the management period is based on the extractable volume projected by an independent professional firm of valuers.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2(m)(ii) to the financial statements.

(g) Intangible Assets

Goodwill

Goodwill arises on business combinations and is measured at cost less any allowance for impairment. For acquisitions prior to 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1st January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that it may be impaired. The policy for the recognition and measurement of impairment loss is in accordance with Note 2(m)(iii) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(h) **Investment Property**

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any allowance for impairment, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2.3(c).

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated as it has indefinite useful lives.

(ii) Determination of fair value

The directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 8 to the financial statements.

(i) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost of inventories includes raw material, direct labour, and a proportion of operating overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(j) **Financial Instruments**

(i) Financial Assets

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets are recognised initially at fair value, and in the case of financial assets not at fair value through profit or loss, at fair values plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

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 includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with changes in fair value being recognised in the profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") 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 Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the profit or loss. If the Group and the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale and prevent the Group and the Company from classifying the afore mentioned financial assets as held-to-maturity for the current and the following two financial years. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(j) **Financial Instruments (Cont'd)**

(i) Financial Assets (Cont'd)

Subsequent Measurement (Cont'd)

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the profit or loss, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the profit or loss. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(ii) Financial Liabilities

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, or other financial liabilities. Financial liabilities are recognised initially at fair value and in the case of the other financial liabilities, at fair value plus directly attributable transaction costs.

Subsequent Measurement

The subsequent 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 includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(j) Financial Instruments (Cont'd)

(ii) Financial Liabilities (Cont'd)

Subsequent Measurement (Cont'd)

The subsequent measurement of financial liabilities depends on their classification as follows:- (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

Derecognition

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

(iii) Financial Guarantee Contracts

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

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

(k) Construction Contracts

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(k) **Construction Contracts (Cont'd)**

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

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

(l) **Share Capital**

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

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

(m) **Impairment**

(i) Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an impairment loss when such evidence exists.

Loans and receivables

Significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an allowance for impairment account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Non-Financial Assets Other Than Goodwill

Non-financial assets other than goodwill ("Non-financial assets") of the Group and of the Company at the reporting date consist of property, plant and equipment, prepaid lease payments, plantation development expenditure, intangible assets, investment property, forest plantation project, performance deposits and investment in subsidiaries. Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(m) **Impairment (Cont'd)**

(ii) Non-Financial Assets Other Than Goodwill (Cont'd)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(iii) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(n) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(n) **Provisions (Cont'd)**

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) **Employee Benefits**

(i) Short Term Employee Benefits

Wages, salaries, bonuses and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

(ii) Post-Employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(p) **Revenue Recognition**

(i) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentives payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the profit or loss.

(ii) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iii) Logging income

Revenue from logging is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the rights of logging have been transferred to logging contractor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(p) **Revenue Recognition (Cont'd)**

(iv) Management fee

Management fee is recognised when services are rendered and on an accrual basis.

(v) Rental income

Rental income from investment property is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) Interest income

Interest income is accrued and recognised on a time-apportioned basis by reference to principal outstanding at the effective interest rate.

(q) **Borrowing Costs**

All borrowing costs are recognised in the profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

The difference between the nominal amount payable and the present value of deferred privatisation consideration is recognised as interest expense over the repayment period of the privatisation consideration.

(r) **Taxation**

(i) Current Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

(ii) Deferred Tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant Accounting Policies (Cont'd)

(r) **Taxation (Cont'd)**

(ii) Deferred Tax (Cont'd)

The carrying amount of deferred tax assets, if any, 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the assets realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt in equity.

(s) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, deposits and demand deposits that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(t) **Earnings Per Share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) **Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earns revenue and incurs expenses; including revenue and expenses relating to transactions with the Group's other components. All operating segment's operating results are reviewed by the Group's Directors to make decisions about resources allocation to the segment and assess its performance, and for which discrete financial information is available.

(v) **Related Parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) **Critical judgements in applying accounting policies**

In the process of applying the Group's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) **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 as stated below:-

(i) Depreciation of property, plant and equipment

The directors estimate the useful lives of the Group's property, plant and equipment to be within 3 to 50 years. The estimation of the useful lives of property, plant and equipment is based on the period over which the assets are expected to be available for use.

The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The estimates for the useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of level of usage, technical innovation and competitor actions in response to severe market conditions. Changes in those commercial and production factors could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

(ii) Useful lives of oil palm plantation development expenditure

The cost of oil palm plantation development expenditure are amortised on a straight line basis over the assets' estimated economic useful lives. The management estimates the useful lives of this asset ranging from 20 to 25 years. The management is of the view that these useful lives are the common life expectancies applied in the oil palm industry.

(iii) Impairment of non-current assets

The Group and the Company review the carrying amount of its non-current assets, which include property, plant and equipment, intangible assets, prepaid lease payments, plantation development expenditure, investment property, forest plantation project, investment in subsidiaries and performance deposits to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. This requires an estimation of the value in use or fair value less cost to sell of the cash-generating units of the aforementioned items.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(iii) Impairment of non-current assets (Cont'd)

When value in use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Based on the impairment assessment at the reporting date, the directors are of the opinion that there is no indication of impairment to these assets.

(iv) Impairment of loans and receivables

The directors review its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the receivable, the probability that the receivable will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, the directors make judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the receivable, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the receivable operates in.

Where there is objective evidence of impairment, the directors make judgements as to whether an impairment loss should be recorded as an expense. In determining this, the directors use estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(v) Income taxes

Significant estimate is required in determining the provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vi) Impairment of investment in subsidiaries

The directors follow the guidance of FRS 136 – Impairment of Assets, in determining whether investment in subsidiaries is impaired. This requires assumption to be made regarding the duration and extent to which the fair value of an investment is less than its costs, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The directors' assessment for impairment of investment in subsidiaries is based on the estimation of value in use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries at 31st March 2013 was RM1,440,002/- (2012: RM1,440,002/-).

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(vii) Construction Contracts

The Group and the Company recognised contract revenue and cost in the profit or loss by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date over the estimated total contract costs.

Significant judgements are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as recoverability of the construction projects. In making the judgement, the directors' evaluation is based on past experience and by relying on the work of specialists. The accumulated profits recognised for the construction project of the Group and of the Company amounted to RM74,672,000/- (2012 : RM55,249,000/-) and RM44,464,000/- (2012 : RM34,054,000/-). Any difference in the estimation of total contract revenue and cost will impact the results of the Group and the Company.

(viii) Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes allowance for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventory decreased by 10% from the directors' estimates, the Group's profit will decrease by RM470,000/- (2012: RM318,000/-).

(ix) Classification of leasehold land

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Chipping Plant Factory RM'000	Capital Work-in-Progress RM'000	Renovation RM'000	Total RM'000
2013											
Cost											
At 1st April 2012	98	1,250	4,301	21,996	1,100	4,617	1,476	5,301	6,847	127	47,113
Additions	-	-	144	1,020	134	473	59	-	798	-	2,628
Disposals	-	-	-	-	(4)	(132)	-	-	-	-	(136)
Reclassification	-	-	1,588	-	-	-	-	-	(1,588)	-	-
At 31st March 2013	98	1,250	6,033	23,016	1,230	4,958	1,535	5,301	6,057	127	49,605
Accumulated Depreciation											
At 1st April 2012	-	111	335	16,634	855	3,625	1,199	1,222	-	2	23,983
Depreciation for the financial year	-	13	101	831	114	407	116	159	-	3	1,744
Disposals	-	-	-	-	(1)	(132)	-	-	-	-	(133)
At 31st March 2013	-	124	436	17,465	968	3,900	1,315	1,381	-	5	25,594
Net Book Value at 31st March 2013	98	1,126	5,597	5,551	262	1,058	220	3,920	6,057	122	24,011

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

Group	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Chipping Plant Factory RM'000	Capital Work-in-Progress RM'000	Renovation RM'000	Total RM'000
2012											
Cost											
At 1st April 2011	528	1,250	2,447	17,210	968	4,070	1,460	5,301	11,619	56	44,909
Additions	-	-	8	275	132	117	16	-	1,981	71	2,600
Disposals	-	-	-	(396)	-	-	-	-	-	-	(396)
Reclassification	(430)	-	1,846	4,907	-	430	-	-	(6,753)	-	-
At 31st March 2012	98	1,250	4,301	21,996	1,100	4,617	1,476	5,301	6,847	127	47,113
Accumulated Depreciation											
At 1st April 2011	-	98	283	16,361	755	3,049	1,084	1,063	-	-	22,693
Depreciation for the financial year	-	13	52	647	100	576	115	159	-	2	1,664
Disposals	-	-	-	(374)	-	-	-	-	-	-	(374)
At 31st March 2012	-	111	335	16,634	855	3,625	1,199	1,222	-	2	23,983
Net Book Value at 31st March 2012	98	1,139	3,966	5,362	245	992	277	4,079	6,847	125	23,130

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

Company	Freehold Land RM'000	Leasehold Land RM'000	Building RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixtures and Fittings RM'000	Total RM'000
2013								
Cost								
At 1st April 2012	98	1,250	590	898	557	2,513	96	6,002
Additions	-	-	-	-	19	-	-	19
Disposals	-	-	-	-	-	(132)	-	(132)
At 31st March 2013	98	1,250	590	898	576	2,381	96	5,889
Accumulated Depreciation								
At 1st April 2012	-	111	225	898	524	2,102	94	3,954
Depreciation for the financial year	-	13	12	-	15	156	-	196
Disposals	-	-	-	-	-	(132)	-	(132)
At 31st March 2013	-	124	237	898	539	2,126	94	4,018
Net Book Value at 31st March 2013	98	1,126	353	-	37	255	2	1,871
2012								
Cost								
At 1st April 2011	98	1,250	590	898	557	2,513	96	6,002
Additions	-	-	-	-	-	-	-	-
At 31st March 2012	98	1,250	590	898	557	2,513	96	6,002
Accumulated Depreciation								
At 1st April 2011	-	98	213	898	503	1,715	94	3,521
Depreciation for the financial year	-	13	12	-	21	387	-	433
At 31st March 2012	-	111	225	898	524	2,102	94	3,954
Net Book Value at 31st March 2012	98	1,139	365	-	33	411	2	2,048

NOTES TO THE FINANCIAL STATEMENTS

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

Leased property, plant and equipment

As at the reporting date, the following property, plant and equipment were acquired under leasing arrangements:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Motor vehicles	750	737	128	353
Plant and machinery	4,188	3,499	-	-
	4,938	4,236	128	353

Capitalisation of depreciation

Depreciation expense amounted to RM296,000/- (2012 : RM301,000/-) were capitalised under plantation development expenditure during the financial year as stated in Note 7.

5. INTANGIBLE ASSETS - GOODWILL

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1st April/ 31st March	1,223	1,223
Accumulated impairment loss		
At 1st April/ 31st March	-	-
Net carrying amount at 31st March	1,223	1,223

Impairment testing for goodwill

Goodwill of RM1,223,000/- (2012: RM1,223,000/-) represents the unamortised balance of goodwill arising from the consolidation of a subsidiary, Aramijaya Sdn. Bhd..

The recoverable amount is estimated based on its value in use and it is higher than the carrying amount of goodwill. Hence, there is no impairment loss recognised during the financial year.

Value in use was determined by discounting the future cash flows generated from the continuing operations of the subsidiary and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results for timber business over 50 years and projected operating results for oil palm business over 25 years. Management believes that these forecast periods were justified due to the long-term nature of acacia and oil palm business.

- The selling price and costs for acacia operation were assumed to be consistently applied. Costs for acacia operation is based on volume extracted and planted land areas.

- The selling price and costs of oil palm operation were consistently applied with a 10% increase from year 11 onwards.

5. INTANGIBLE ASSETS - GOODWILL (CONT'D)

Impairment testing for goodwill (Cont'd)

- A pre-tax discount rate of 6.75% (2012: 6.75%) used for acacia operation and 6.75% (2012: 6.75%) for oil palm operation were applied in determining the recoverable amount of the operations.

The key assumptions represent management's assessment of future operations and are based on both external sources and internal sources (historical data).

6. PREPAID LEASE PAYMENTS

	Unexpired period less than 50 years Group	
	2013 RM'000	**2012 RM'000**
Cost		
At 1st April/31st March	11,504	11,504
Accumulated Amortisation		
At 1st April	5,135	4,542
Amortisation during the financial year	593	593
At 31st March	5,728	5,135
Net carrying amount at 31st March	5,776	6,369

7. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2013 RM'000	**2012 RM'000**
Cost		
At 1st April	96,654	74,116
Additions during the financial year	26,618	22,538
At 31st March	123,272	96,654
Accumulated Amortisation		
At 1st April	484	-
Amortisation charged for the financial year	1,052	484
At 31st March	1,536	484
Net carrying amount at 31st March	121,736	96,170

7. PLANTATION DEVELOPMENT EXPENDITURE (CONT'D)

Included in plantation development expenditure are the following expenses incurred and capitalised during the financial year:-

	Group	
	2013 RM'000	**2012 RM'000**
Depreciation (Note 4)	296	301
Interest expense	3,506	2,893
Staff costs	4,434	2,439
	8,236	5,633

8. INVESTMENT PROPERTIES

	Leasehold buildings unexpired period more than 50 years Group and Company	
	2013 RM'000	**2012 RM'000**
Cost		
At 1st April/ 31st March	626	626
Accumulated Depreciation		
At 1st April	145	134
Depreciation for the financial year	13	11
At 31st March	158	145
Net carrying amount at 31st March	468	481
Fair value as at 31st March	560	560

The strata titles of buildings of the Company with an aggregate carrying amount of RM468,000/- (2012: RM481,000/-) were transferred to the Company from the relevant authorities.

The fair values of the investment properties are determined by considering the aggregate of the estimated cash flows expected to be received from letting the property using yield rates of 5.15% (2012: 5.14%).

The following are recognised in the profit or loss in respect of investment properties:-

	Group and Company	
	2013 RM'000	**2012 RM'000**
Rental income	23	26
Direct operating expenses:		
- income generating investment properties	13	11

9. FORE ST PLANTATION PROJECT

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1st April/ 31st March	35,429	35,429
Accumulated Amortisation		
At 1st April	5,344	5,147
Amortisation for the financial year	54	197
At 31st March	5,398	5,344
Net carrying amount at 31st March	30,031	30,085

On 4th December 2002, the Company and a subsidiary, Aramijaya Sdn. Bhd. ("Aramijaya") entered into a Privatisation Agreement with the Johor State Government and YPJ Holdings Sdn. Bhd. ("YPJH") for the maintenance, operation and management of 35,223 hectares of forest plantation land for a period of sixty (60) years. The area consist of 20,168 hectares of acacia cultivated area, 5,754 hectares of unplanted area, 3,661 hectares of mining land and 5,640 hectares of water logged area. In addition, 2,897 hectares of agricultural land with ninety nine (99) years lease was also alienated to YPJH, and was sub-leased to Aramijaya for ninety nine (99) years less one (1) day. A total consideration of RM62,270,000/- is therefore, payable to the Johor State Government for the concession and alienation (Note 19).

The Johor State Government had previously agreed to grant to YPJH the right to undertake the Forest Plantation Project. However, YPJH has agreed to undertake the project through a joint venture company, Aramijaya, in which the Company and YPJH will hold 70% and 30% of the equity respectively. For that purpose, a Joint Venture Agreement dated 4th December 2002 was signed between the Company and YPJH. Pursuant to this Joint Venture Agreement, Aramijaya shall pay a sum of RM5 million per annum for ten (10) years to YPJH commencing from the financial year ended 31st March 2003 being the expected minimum sum of profit for YPJH's 30% share in the operations of Aramijaya.

The consideration for the above project is to be repayable by instalments over the remaining stipulated repayment period of sixteen (16) years from the date of the Privatisation Agreement. To arrive at the present value of the deferred consideration for the forest plantation project, the Directors of the Aramijaya assumed a discount rate which reflected current market assessments that approximated the prevailing cost of borrowings. The difference between the consideration payable and the present value of deferred privatisation consideration was classified as deferred interests (Note 19).

On 3rd June 2003, the Company executed a guarantee in favour of the Johor State Government guaranteeing the instalment payments of Aramijaya.

Subsequent to the execution of the Privatisation Agreement, YPJH was offered by the Johor State Government an agricultural land of 2,897 hectares for alienation. Aramijaya discovered a large portion of the land was water logged and unsuitable for plantation development.

In a letter dated 20th May 2005, the Johor State Government indicated that two plots of agricultural land measuring approximately 850 hectares and 2,047 hectares respectively, will be swapped with the previously offered agricultural land.

On 13th July 2006, the Johor State Government had alienated to YPJH one plot of agricultural land measuring 850 hectares which was then sub-leased to Aramijaya on 8th October 2007 for a period of ninety nine (99) years less one (1) day from 13th July 2006 till 11th July 2105. The remaining plot of 1,991 hectares of land was alienated to YPJH on 22th October 2007 and was then sub-leased to Aramijaya on 12th June 2008 for the period of ninety nine (99) years less one (1) day from 22th October 2007 till 20th October 2106. These two plots of leasehold land are charged to secure a term loan facility amounting to RM70,000,000/-, of which RM65,681,000/- (2012: RM52,925,000/-) has been drawn-down.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 RM'000
Unquoted shares - at cost	1,440	1,440

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
Aramijaya Sdn. Bhd.	Malaysia	70	70	Management and operation of a forest plantation, logging, saw miling, chipping, other downstream manufacturing and related activities and oil palm plantation and undertaking of construction works.
Ikhlasi Bina Sdn. Bhd.	Malaysia	100	100	Civil engineering and construction works.

11. PERFORMANCE DEPOSITS

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 9), Aramijaya is required to pay YPJH a sum of RM2.5 million as security towards Aramijaya's performance in undertaking a major role in the proposed privatisation of forest plantation project ("performance deposits"), and a sum of RM5 million a year for the first ten year period commencing from the financial year ended 31st March 2003, being YPJH's minimum net profit entitlement (Note 24).

In the event that the net profit entitlement payable to YPJH arising from its 30% equity participation is less than RM5 million in any of the first ten year period, YPJH shall be entitled to request from Aramijaya additional sum towards the performance deposit equivalent to the amount of the shortfall from the RM5 million payable. Accordingly, YPJH's minimum net profit entitlement for the first ten year period totalling RM50 million (2012: RM50 million) and the deposit of RM2.5 million (2012: RM2.5 million) have been recognised as performance deposits.

The minimum net profit entitlement of YPJH totalling RM50 million (2012: RM50 million) and the deposit of RM2.5 million (2012: RM2.5 million) shall be recoverable by way of setoff against YPJH's future profit entitlement in respect of its 30% equity participation in Aramijaya over and above RM 5 million in any financial year within the first ten years from the financial year ended 31st March 2003 and any profit entitlement of YPJH thereafter.

In the event that there is any outstanding balance of the performance deposit (including any additional sums added due to the shortfall from the RM5 million minimum net profit entitlement a year for the first ten year period) not set off due to insufficient profit entitlement at the end of the 60 years management period, YPJH shall not be required to refund the performance deposit (including any additional sums added) and the same shall be fully extinguished.

12. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is presented as follows:-

	Company	
	2013 RM'000	2012 RM'000
Non-current	54,845	52,525
Current	3,886	2,446
	58,731	54,971

On 29th September 2009, the shareholders of the Company approved the financial assistance of RM33,000,000/- to Aramijaya Sdn. Bhd. (“Aramijaya”) at an interest rate of 4.5% per annum for the first three years and 7.0% per annum thereafter, and with fixed terms of repayment. In financial year 2011, amounts totalling RM17,000,000/- was disbursed to Aramijaya.

The amount due from a subsidiary is unsecured and is repayable on demand.

13. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost:		
Timber logs	-	22
Woodchip	3,485	2,232
Pallet	33	21
Sawn timber	67	62
Consumables	714	815
Particle board	397	29
	4,696	3,181

14. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Aggregate construction costs incurred to date	338,483	285,339	114,338	87,568
Add: Attributable profits	74,672	55,249	44,464	34,054
	413,155	340,588	158,802	121,622
Less: Progress billings	(442,740)	(376,721)	(177,792)	(150,719)
Net amount due to contract customers	(29,585)	(36,133)	(18,990)	(29,097)
Presented as follows:				
Gross amount due from customers for contract works	3,374	2,210	-	-
Gross amount due to customers for contract works	(32,959)	(38,343)	(18,990)	(29,097)
Net amount due to contract customers	(29,585)	(36,133)	(18,990)	(29,097)

NOTES TO THE FINANCIAL STATEMENTS

14. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS (CONT'D)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Construction costs recognised as contract expenses during the financial year	34,792	103,964	26,837	37,979
Construction revenue recognised as contract revenue during the financial year	55,506	132,494	37,180	51,776

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Trade receivables	4,303	13,124	86	8,346
Amount due from related parties	19,875	22,227	-	-
	24,178	35,351	86	8,346
Less: Allowance for impairment	(450)	(256)	-	-
	23,728	35,095	86	8,346
Retention sums receivable	-	165	-	165
Trade receivables, net	23,728	35,260	86	8,511
Other receivables				
Sundry receivables	729	239	14	3
Deposits	1,398	1,430	111	61
Prepayments	625	1,069	-	-
Other receivables, net	2,752	2,738	125	64
Less: Allowance for impairment	(75)	(75)	-	-
Other receivables, net	2,677	2,663	125	64
Total trade and other receivables	26,405	37,923	211	8,575

a) Trade receivables

Included in trade receivables of the Group are advances made to sub-contractors amounting to RM300,000/- (2012: RM139,000/-), which are unsecured and interest free.

15. TRADE AND OTHER RECEIVABLES (CONT'D)

b) Ageing analysis of trade receivables

The ageing analysis of the Group and the Company's trade receivables are as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	594	21,343	-	7,852
Past due but not impaired				
1 to 30 days past due not impaired	2,428	269	-	-
31 to 60 days past due not impaired	64	1,974	-	-
61 to 90 days past due not impaired	1,972	189	-	-
91 to 120 days past due not impaired	89	41	-	-
More than 121 days past due not impaired	18,581	11,444	86	659
	23,134	13,917	86	659
Impaired	450	256	-	-
	24,178	35,516	86	8,511

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company. None of the Group and the Company's trade receivables that are neither past due nor impaired have been negotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM23,134,000/- (2012 : RM13,917,000/-) and RM86,000/- (2012 : RM659,000/-) respectively that are past due at the reporting date but not impaired. Based on the historical default rates, the Group and the Company believe that no impairment loss is necessary in respect of trade receivables that are past due from 1 day and up to more than 121 days. These receivables are mainly arising from trade receivables that have a good credit records with the Group and the Company. Based on the opinion of the directors, the balances due are within the normal operating cycles of the construction industry.

Trade receivables that are impaired

The movement in allowance for impairment is as follows:-

	Group	
	2013 RM'000	2012 RM'000
At 1st April	256	227
Additions during the financial year	194	29
At 31st March	450	256

Trade receivables that are impaired were determined based on individual trade receivable which has been long outstanding.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES (CONT'D)

c) Amount due from related parties

The amount due from related parties is unsecured, interest free and subject to negotiated terms. The related parties are entities which are disclosed in Note 30 to the financial statements.

d) Other receivables

(i) Included in other receivables of the Group is an amount of RM91,000/- (2012 : RM207,000/-) which represents payments made on behalf of sub-contractors.

(ii) Included in deposits of the Group is an amount of RM1,100,000/- (2012 : RM1,100,000/-) which represents deposits paid to YPJ Holdings Sdn. Bhd. ("YPJH") for the right to develop 30,000 acres of forest land in the State of Johor over 30 years at a consideration of RM100/- per acre of the plantable area. At the reporting date the surveyor is in the process of determining the plantable area of this land, and as such the total consideration payable to YPJH has yet to be determined.

(iii) Included in prepayments of the Group in the previous financial year was an amount of RM454,000/- which represents payments made in relation to the preliminary plantation expenditure.

Other receivables that are impaired

The movement in allowance for impairment is as follows:-

	Group	
	2013 RM'000	**2012 RM'000**
At 1st April	75	-
Additions during the financial year	-	75
At 31st March	75	75

16. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in fixed deposits placed with licensed banks is as follows:-

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Pledged to licensed banks for credit facilities granted to the Group/Company	1,179	1,708	126	655

The fixed deposits of the Group and of the Company earn interest at rates ranging from 2.85% to 3.30% (2012: 2.20% to 3.37%) per annum.

17. SHARE CAPITAL

	Group and Company			
	2013 Number of Shares Unit '000	2012 Number of Shares Unit'000	2013 Amount RM'000	2012 Amount RM'000
Ordinary shares of RM0.20/- each				
Authorised:				
At the beginning/end of the financial year	1,000,000	1,000,000	200,000	200,000
Issued and fully paid:				
At the beginning/end of the financial year	326,700	326,700	65,340	65,340

The owners of the Company 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 regard to the Company residual assets.

18. RESERVES

The movement in reserves of the Group and of the Company at the reporting date is as follows:-

	Share premium RM'000	Retained profits RM'000	Total RM'000
Group			
At 1st April 2011	4,621	21,880	26,501
Total comprehensive income for the financial year	-	11,795	11,795
At 31st March 2012	4,621	33,675	38,296
Total comprehensive income for the financial year	-	6,530	6,530
At 31st March 2013	4,621	40,205	44,826
Company			
At 1st April 2011	4,621	10,821	15,442
Total comprehensive income for the financial year	-	10,717	10,717
At 31st March 2012	4,621	21,538	26,159
Total comprehensive income for the financial year	-	9,624	9,624
At 31st March 2013	4,621	31,162	35,783

Share premium

Share premium of the Group and of the Company arose from allotments of ordinary shares at premium net of share issue expenses.

NOTES TO THE FINANCIAL STATEMENTS

19. AMOUNT DUE TO JOHOR STATE GOVERNMENT

	Group 2013 RM'000	Group 2012 RM'000
Future minimum payment to Johor State Government		
- not later than one year	5,757	5,757
- later than one year but not later than two years	5,757	5,757
- later than two years but not later than five years	17,273	17,273
- later than five years	-	5,758
	28,787	34,545
Less: Deferred interests	(6,106)	(7,392)
	22,681	27,153
Represented by:		
Current		
- not later than one year	4,472	4,472
Non-current		
- later than one year but not later than two years	4,472	4,472
- later than two years but not later than five years	13,737	13,416
- later than five years	-	4,793
	18,209	22,681
	22,681	27,153

Deferred interests represent the difference between the privatisation consideration of RM62,270,000/- (2012: RM62,270,000/-) and the present value of forest plantation project of RM35,429,000/- (2012: RM35,429,000/-) (Note 9) and plantation development expenditure of RM7,450,000/- (2012: RM7,450,000/-).

The deferred interests are recognised as interest expense in the profit or loss over the repayment period of the privatisation consideration.

The movement in deferred interests is as follows:-

	Group 2013 RM'000	Group 2012 RM'000
Deferred interests		
As at 1st April	7,392	9,239
Amortisation during the financial year	(1,286)	(1,847)
As at 31st March	6,106	7,392

19. AMOUNT DUE TO JOHOR STATE GOVERNMENT (CONT'D)

The amount due to Johor State Government represents the privatisation consideration payable in accordance with the payment schedule stated in the Privatisation Agreement over eighteen (18) years from 1st October 2001 (Note 9). At the date of signing of the Privatisation Agreement, the total privatisation consideration amounted to RM62,270,000/- and comprises the following:

	RM'000
Federal loans	47,718
State's expenditure	11,059
Cash Advance	3,493
	62,270

Included in Federal loans is an amount of RM13,080,000/- or USD3,442,000/- disbursed by the Federal Government to the Johor State Government in USD currency and had been translated into Malaysian currency for the purpose of the payment schedule at the prevailing exchange rate of USD1.00= RM3.80.

Pursuant to the Privatisation Agreement, the Company has undertaken to provide a corporate guarantee in favour of the Johor State Government for the repayment by Aramijaya of the privatisation consideration and any variations that may arise within six (6) months from the date of the Privatisation Agreement of 4th December 2002.

On 1st October 2001, Aramijaya had paid the first instalment payment of RM9,630,000/- to the Johor State Government. During the financial year, Aramijaya paid an amount of RM5,758,000/- (2012: RM5,757,000/-) to the Johor State Government. The movement in amount due to Johor State Government is as follows:

	2013 RM'000	2012 RM'000
Total privatisation consideration payable	62,270	62,270
Less: Cumulative instalments paid	(33,483)	(27,725)
	28,787	34,545

On 1st October 2002, Aramijaya had defaulted the second instalment payment to Johor State Government based on the initial repayment schedule. Thus, included in the amount due to Johor State Government in the previous year was five (5) instalment payments which were due on 1st October 2002, 1st October 2003, 1st October 2004, 1st October 2005 and 1st October 2006 respectively totalling RM23,858,000/-.

In the event of delay in payments of any instalments, Aramijaya, unless otherwise agreed by the Johor State Government, is liable to pay interest at 1.5% above the prevailing base lending rate of Malayan Banking Berhad on the outstanding instalment sum calculated on daily basis commencing from the date of delay until the outstanding amount is paid in full.

In the opinion of the Directors of Aramijaya, Aramijaya will be able to obtain a waiver of the interest charged on the overdue instalments of RM6.8 million (2012: RM6.8 million), which has not been accrued for.

On 18th December 2007, the Johor State Government had approved a revised repayment schedule where the remaining instalment payments will be repayable in eleven (11) unequal instalments starting from 1st January 2009 until 1st January 2018. The first three instalments from the revised schedule amounting to RM2,193,000/- each, the fourth till sixth instalments amounting to RM5,758,000/- each have been paid.

NOTES TO THE FINANCIAL STATEMENTS

20. BORROWINGS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-current				
Finance lease liabilities	912	718	-	17
Term loan	71,871	52,925	-	-
	72,783	53,643	-	17
Current				
Finance lease liabilities	736	791	17	142
Term loan	5,473	-	-	-
	6,209	791	17	142
Total borrowings	78,992	54,434	17	159

a) Finance lease liabilities

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Minimum finance lease payment:				
- not later than one year	815	862	17	147
- later than one year but not later than five years	1,000	751	-	17
	1,815	1,613	17	164
Less: Future finance charges	(167)	(104)	-	(5)
	1,648	1,509	17	159
Represented by:				
Current				
- not later than one year	736	791	17	142
Non-current				
- later than one year but not later than two years	313	718	-	17
- later than two years but not later than five years	599	-	-	-
	912	718	-	17
	1,648	1,509	17	159

Finance lease liabilities of the Group and of the Company are subject to a fixed interest rates ranging from 2.47% to 4.35% (2012: 3.00% to 4.35%) per annum and 3.00% (2012: 3.00% to 3.50%) per annum respectively.

20. BORROWINGS (CONT'D)

b) Term loan

The term of the term loan repayment is as follows:-

	Group 2013 RM'000	2012 RM'000
Non-current		
- later than one year but not later than two years	9,383	4,410
- later than two years but not later than five years	28,149	22,682
- later than five years	34,339	25,833
	71,871	52,925
Current	5,473	-
	5,473	-
	77,344	52,925

The term loan is subject to a fixed interest rate ranging from 3.00% to 6.75% (2012: 6.75%) per annum.

Term loan is secured by way of legal charge over two plots of agricultural land measuring approximately 850 hectares and 1,991 hectares respectively as stated in Note 9 to the financial statements.

21. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Property, plant and equipment	-	-	(9)	(6)	(9)	(6)
Plantation development expenditure	-	-	(20,420)	(14,794)	(20,420)	(14,794)
Forest plantation project	-	-	(3,566)	(2,463)	(3,566)	(2,463)
Tax loss carry-forwards	16,542	9,741	-	-	16,542	9,741
Unabsorbed capital allowances	3,159	3,274	-	-	3,159	3,274
Other deductible temporary differences	1,128	2,264	-	-	1,128	2,264
Tax assets/(liabilities)	20,829	15,279	(23,995)	(17,263)	(3,166)	(1,984)
Set off	(20,829)	(15,279)	20,829	15,279	-	-
Net tax liabilities	-	-	(3,166)	(1,984)	(3,166)	(1,984)

21. DEFERRED TAX LIABILITIES (CONT'D)

Recognised deferred tax assets and liabilities (Cont'd)

Deferred tax assets and liabilities are attributable to the following: (Cont'd)

Company	Assets 2013 RM'000	Assets 2012 RM'000	Liabilities 2013 RM'000	Liabilities 2012 RM'000	Net 2013 RM'000	Net 2012 RM'000
Property, plant and equipment	-	-	(9)	(6)	(9)	(6)
Net tax liabilities	-	-	(9)	(6)	(9)	(6)

22. TRADE AND OTHER PAYABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade payables				
Trade payables	22,300	20,202	2,302	626
Retention sums payable	7,455	8,743	1,139	1,237
Amount due to related parties	2,140	9,325	-	-
	31,895	38,270	3,441	1,863
Other payables				
Other payables	677	1,914	-	710
Deposits	1,513	293	2	3
Accruals	6,844	10,525	490	280
	9,034	12,732	492	993
Total trade and other payables	40,929	51,002	3,933	2,856

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2012: 30 to 60 days) terms.

b) Amount due to related parties

The amount due to related parties is unsecured, interest free and is subject to negotiated terms.

c) Other payables

In the previous financial year, included in the other payables of the Group and the Company was an amount of RM710,000/- represented compensation payable to a sub-contractor.

22. TRADE AND OTHER PAYABLES (CONT'D)

d) Deposits

Included in deposits of the Group was an amount of RM1,121,250/- (2012: RM Nil) which represents deposits in relation to logging contracts during the financial year.

e) Accruals

Included in accruals is an amount of RM3,304,000/- (2012 : RM9,055,000/-) which represents accrual made for sub-contractors cost at the reporting date.

23. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is unsecured, interest free and is repayable on demand.

24. AMOUNT DUE TO A RELATED PARTY

The non-current and current portions of amounts due to YPJH are as follows:

	Group	
	2013 RM'000	2012 RM'000
Current	44,900	45,000

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 9 and Note 11), Aramijaya is required to pay YPJH a sum of RM5 million a year for the first ten year period commencing from the financial year ended 31st March 2003, being YPJH's minimum net profit entitlement.

Accordingly, Aramijaya's obligation to pay YPJH in respect of its minimum net profit entitlement for the first ten year period totalling RM50 million (2012: RM50 million) has been recognised as amount due to a related party.

YPJH has via its letter dated 17th May 2006 agreed to defer the repayment of its minimum net profit entitlement until Aramijaya's cash flows have improved.

25. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of deferred interests	1,286	1,847	-	-
Finance lease liabilities	93	111	5	14
Term loan interests	589	-	-	-
Other interests	1	35	2	35
Net effects of unwinding of interests from the discounting of retention sums	-	148	-	148
	1,969	2,141	7	197

NOTES TO THE FINANCIAL STATEMENTS

26. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
After charging:-				
Amortisation of deferred interests	1,286	1,847	-	-
Amortisation of forest plantation project	54	197	-	-
Amortisation of plantation development expenditure	1,052	484	-	-
Amortisation of prepaid lease payments	593	593	-	-
Auditor remuneration				
- Audit services				
Auditor of the Company	65	65	40	40
- Other services	33	38	33	38
Depreciation of property, plant and equipment	1,448	1,363	196	433
Depreciation of investment property	13	11	13	11
Finance costs (exclude amortisation of deferred interest) (Note 25)	683	294	7	197
Impairment loss on trade and other receivables	194	104	-	-
Personnel expenses (including key management personnel)				
- Contributions to EPF	560	505	62	35
- Wages, salaries and others	7,186	7,006	1,082	1,045
Realised loss on foreign exchange	1	-	-	-
Rental of plant and machinery	506	358	-	-
Rental of premises	320	209	203	174
Rental of motor vehicles	1,258	1,232	-	-
After crediting:-				
Gain on disposal of property, plant and equipment	1	160	30	-
Rental income from hire of				
- Motor vehicles	16	29	-	-
- Plant and machinery	733	204	-	-
- Others	166	192	-	-
Rental income from investment properties	23	26	23	26
Interest income arising from:				
- Amount due from a subsidiary	-	-	3,755	2,320
- Deposits with licensed banks	2,033	1,835	1,910	1,654

27. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Directors:				
- Fees				
- current year	90	70	90	70
- prior year	20	-	20	-
- Remuneration	1,347	1,193	855	766
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	29	49	25	45
Total short term employee benefits	1,486	1,312	990	881

28. TAXATION

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Income tax				
- current year	(2,265)	(2,716)	(2,203)	(2,490)
- prior years	-	(25)	-	-
	(2,265)	(2,741)	(2,203)	(2,490)
Deferred taxation				
- current year	(863)	(2,981)	(3)	(6)
- prior years	(319)	(25)	-	(638)
	(1,182)	(3,006)	(3)	(644)
	(3,447)	(5,747)	(2,206)	(3,134)

The income tax rate is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

28. TAXATION (CONT'D)

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Profit before taxation	9,573	19,886	11,830	13,851
Tax at applicable tax rate of 25% (2012: 25%)	(2,393)	(4,971)	(2,958)	(3,463)
Tax effects arising from				
- non-deductible expenses	(739)	(1,989)	(191)	(296)
- non-taxable income	4	580	943	580
- Reversal of deferred tax assets	-	683	-	683
- under accrual in prior years	(319)	(50)	-	(638)
Tax expense for the financial year	(3,447)	(5,747)	(2,206)	(3,134)

29. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year calculated as follows:

	Group	
	2013	**2012**
Net profit for the financial year (RM'000)	6,530	11,795
Weighted average number of ordinary shares ('000)	326,700	326,700
Basic earnings per share for the financial year (sen)	2.00	3.61

Diluted earnings per ordinary share

The basic and diluted earnings per ordinary share are the same, as the Group has no dilutive potential ordinary shares.

30. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or to exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

30. RELATED PARTY TRANSACTIONS (CONT'D)

The Group has related party relationship with the following companies, which are deemed, related to the Directors and major shareholders are as follows:-

i) Ekovest Berhad, Ekovest Construction Sdn. Bhd., Danga Bay Sdn. Bhd., Limbongan Setia Corporation Sdn. Bhd., Wengcon Holdings Sdn. Bhd., Wengcon Equipment Sdn. Bhd., Wengcon Marketing Sdn. Bhd., WCM Machinery Sdn. Bhd. (f.k.a. Wengcon Machinery Sdn. Bhd.), Segi Gemilang Sdn. Bhd., Radiant Seas Sdn. Bhd., Segi Tiara Sdn. Bhd., D-Hill Sdn. Bhd., Felda Ekovest Sdn. Bhd. and Hi-Plus Development Sdn. Bhd. are deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh;

ii) Pembinaan KS Tebrau Sdn. Bhd. and Rampai Fokus Sdn. Bhd. are deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew, Haji Johar Salim bin Yahaya, Lim Keng Guan and Dato' Dr. Shahir Bin Nasir;

iii) Julung Cipta Sdn. Bhd. is deemed related to Haji Johar Salim bin Yahaya, Norliza Binti Suleiman; and

iv) Danga Bay Sdn. Bhd. is deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew, Haji Johar Salim bin Yahaya and Dato' Dr. Shahir Bin Nasir.

Related Party Transactions

The related party transactions between the Group and the related parties which took place at the terms agreed between the related parties during the financial year are as follows:-

Type of transactions	Related party	2013 RM'000	2012 RM'000
Group			
Sales	Danga Bay Sdn. Bhd.	(8,923)	(6)
	Ekovest Construction Sdn. Bhd.	(1)	(2)
	Wengcon Marketing Sdn. Bhd.	-	(5)
	Wengcon Equipment Sdn. Bhd.	(10)	-
	Rampai Fokus Sdn. Bhd.	(1,864)	(964)
	Hi-Plus Development Sdn. Bhd.	-	(5)
Sales of plant and machinery	Wengcon Holdings Sdn. Bhd.	-	(124)
Secondment fee payable	Wengcon Equipment Sdn. Bhd.	27	65
	Segi Tiara Sdn. Bhd.	3	3
	Radiant Seas Sdn. Bhd.	26	90
Secondment fee receivable	Radiant Seas Sdn. Bhd.	(84)	-
Purchases	Wengcon Marketing Sdn. Bhd.	2,298	3,592
	Danga Bay Sdn. Bhd.	70	83
	Wengcon Equipment Sdn. Bhd.	46	90
	Segi Tiara Sdn. Bhd.	3	25
	Ekovest Berhad	12	-
Construction income	Julung Cipta Sdn. Bhd.	(13,514)	(60,060)
	Pembinaan KS Tebrau Sdn. Bhd.	(4,812)	(20,658)

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS (CONT'D)

Related Party Transactions (Cont'd)
The related party transactions between the Group and the related parties which took place at the terms agreed between the related parties during the financial year are as follows:- (Cont'd)

Type of transactions	Related party	2013 RM'000	2012 RM'000
Group			
Rental of plant and machiney payable	Wengcon Equipment Sdn. Bhd.	148	82
	Wengcon Holdings Sdn. Bhd.	-	114
	WCM Machinery Sdn. Bhd. (f.k.a. Wengcon Machinery Sdn. Bhd.)	35	15
	Wengcon Marketing Sdn. Bhd.	6	64
	Danga Bay Sdn. Bhd.	237	-
	Ekovest Berhad	214	32
	Hi-Plus Development Sdn. Bhd.	11	55
Rental of plant and machinery receivables	Wengcon Equipment Sdn. Bhd.	(63)	(69)
	Segi Tiara Sdn. Bhd.	(66)	(169)
	Danga Bay Sdn. Bhd.	-	(30)
	Radiant Seas Sdn. Bhd.	(530)	-
Purchase of motor vehicles	Segi Tiara Sdn. Bhd.	-	22
Rental of motor vehicle payable	D-Hill Sdn. Bhd.	7	4
	Ekovest Berhad	11	17
	Ekovest Construction Sdn. Bhd.	12	13
	Danga Bay Sdn. Bhd.	2	-
	Hi-plus Development Sdn. Bhd.	25	-
	Segi Tiara Sdn. Bhd.	2	-
Rental of motor vehicle receivable	Danga Bay Sdn. Bhd.	(2)	-
	Segi Tiara Sdn. Bhd.	-	(6)
Rental of equipment payable	Segi Gemilang Sdn. Bhd.	1,200	1,200
Rental of premises payable	Limbongan Setia Corporation Sdn. Bhd.	108	108
Rental of premises receivable	Segi Tiara Sdn. Bhd.	(110)	(120)
Repair and service of plant and machinery payable	WCM Machinery Sdn. Bhd. (f.k.a. Wengcon Machinery Sdn. Bhd.)	39	5
	Wengcon Holdings Sdn. Bhd.	-	5
	Wengcon Marketing Sdn. Bhd.	308	-
	Wengcon Equipment Sdn. Bhd.	6	-
Sub-contractor cost	Hi-Plus Development Sdn. Bhd.	-	37
Back-charge of admin charges	Radiant Seas Sdn Bhd	(2)	-

30. RELATED PARTY TRANSACTIONS (CONT'D)

Related Party Transactions (Cont'd)
The related party transactions between the Group and the related parties which took place at the terms agreed between the related parties during the financial year are as follows:- (Cont'd)

Type of transactions	Related party	2013 RM'000	2012 RM'000
Company			
Interest income receivable	Aramijaya Sdn. Bhd.	(3,755)	(2,320)
Rental of premises payable	Limbongan Setia Corporation Sdn. Bhd.	108	108
Outsourcing of workforce	Ikhlasi Bina Sdn. Bhd.	7	60
Sub-contractor cost	Ikhlasi Bina Sdn. Bhd.	17,061	32,154
Gain on disposal of property, plant and equipment	Aramijaya Sdn. Bhd.	(30)	-

Balances with related parties are disclosed in Note 15, Note 22 and Note 24. These transactions have been entered into in the normal course of business and have been established under negotiated terms.

31. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on a negotiated basis.

Business segments

The Group comprises the following main business segments:

Construction	Civil engineering and construction work of earthwork and building
Plantation	Management and operation of forest plantation, logging, saw milling, chipping and other downstream manufacturing and related activities, and operation of oil palm plantation.

Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

NOTES TO THE FINANCIAL STATEMENTS

31. SEGMENTAL INFORMATION (CONT'D)

Business segments

	Construction		Plantation		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
REVENUE						
Segment revenue	55,506	132,494	21,432	15,663	76,938	148,157
Segment result	5,901	7,622	3,608	12,570	9,509	20,192
Results from operating activities					9,509	20,192
Interest income					2,033	1,835
Finance costs					(1,969)	(2,141)
Profit before taxation					9,573	19,886
Taxation					(3,447)	(5,747)
Net profit for the financial year					6,126	14,139
Segment assets	66,793	73,000	274,810	257,316	341,603	330,316
Total assets	66,793	73,000	274,810	257,316	341,603	330,316
Segment liabilities	27,519	39,289	196,108	179,177	223,627	218,466
Total liabilities	27,519	39,289	196,108	179,177	223,627	218,466
Capital expenditure	19	-	29,227	25,138	29,246	25,138
Depreciation of property, plant and equipment	196	433	1,548	1,231	1,744	1,664
Depreciation of investment properties	13	11	-	-	13	11
Amortisation of deferred interests	-	-	1,286	1,847	1,286	1,847
Amortisation of forest plantation project	-	-	54	197	54	197
Amortisation of prepaid lease payments	-	-	593	593	593	593
Amortisation of plantation development expenditure	-	-	1,052	484	1,052	484
Non-cash expenses other than depreciation and amortisation	-	-	193	(56)	193	(56)

32. CONTINGENT LIABILITIIES

	Group and Company 2013 RM'000	2012 RM'000
Unsecured		
Performance bond to third parties in respect of a project	9,400	9,400
Corporate guarantee to third party in respect of purchasing of machinery by a subsidiary	1,013	893
Corporate guarantee to Johor State Government in respect of payment by a subsidiary	28,788	34,545
Corporate guarantee to third party in respect of a term loan facility held by a subsidiary	77,335	52,925
	116,536	97,763

33. MATERIAL LITIGATION

On 18th December 2002, the Company had terminated a sub-contract which had been awarded by the Company to Josu Engineering Construction Sdn. Bhd. ("the Defendant"), for failure to complete certain sub-contracted works in accordance with the agreed schedule. The termination was accepted by the Defendant, and in accordance with the terms of the sub-contract, the Company engaged other contractors to complete the said sub-contracted works. On 6th August 2007, the Company filed a suit against the Defendant, claiming a sum of RM10,303,000/- for damages incurred by the Company in completing the sub-contracted works. The Defendant is counter-claiming a sum of RM11,612,000/- being damages alleged suffered.

On 21st November 2012, the Company had filed an application to amend its writ and statement of claim to include a prayer for pre-judgement interests and was allowed by the High Court. A full trial was initially fixed from 26th November 2012 to 28th November 2012. However, on 22nd November 2012, the Defendant filed an application for an Order from the Court to refer the above dispute to an arbitrator. As such, the Court vacated the trial dates and fixed 5th December 2012 for case management in order for the Company and the Defendant to update the Court as to whether they are agreeable to have the above dispute referred to an arbitrator and the terms thereon.

Both the Company and the Defendant have entered into a Consent Order on 5th December 2012 to refer the above matter to an arbitrator for determination. As such, the Court proceedings are stayed in favour of the arbitration. A mention date has been fixed on 28th June 2013 for parties to update the Court on the status of the arbitration. In the meantime, the Company and the Defendant will proceed to mutually select an arbitrator within the next 13 days, failing which will be appointed by the Director of Kuala Lumpur Regional Centre for Arbitration.

Subsequently, the arbitrator had fixed a several tentatively hearing dates to be held at Kuala Lumpur Regional Centre for Arbitration in July and August 2013.

On 15th July 2013, the Defendant has made a written request to the Arbitrator for an adjournment of the Arbitration hearing dates. Accordingly, the Company made a written objection to the Defendant's request on such adjournment. The High Court had fixed a further case management on 2nd August 2013.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group and the Company's risk management framework. The Group and the Company's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group and the Company's businesses whilst managing its credit risk, interest rate risk and liquidity and cash flows risk. The Group and the Company's risk management approach seek to minimise the potential material adverse effects from these exposures. The Board reviews and agrees policies for managing each of these risks and they are summarised below. As the Group and the Company's exposure to market risk are kept at a minimum level, the Group and the Company have not used any derivatives financial instruments for trading purposes.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(i) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over certain amount.

The Group and the Company trade only with recognised and creditworthy third parties. It is the Group and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Monies due from the customers are followed up, reviewed on a regular basis to understand the reasons of non-payment or delay in payment, if any, so that appropriate actions can be implemented promptly.

The maximum exposure to credit risk for each of the financial assets at the reporting date was as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade and other receivables (excluding prepayments)	25,780	36,854	211	8,575
Amount due from a subsidiary	-	-	58,731	54,971
Fixed deposits placed with licensed banks	59,778	69,234	58,725	56,181
Cash and bank balances	11,143	7,810	2,788	3,584
	96,701	113,898	120,455	123,311
Financial guarantee	116,536	97,763	116,536	97,763
	213,237	211,661	236,991	221,074

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 15(b) to the financial statements.

Financial assets that are either past due or impaired
Information regarding trade receivables that are either past due or impaired is disclosed in Note 15(b) to the financial statements.

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group and the Company's exposure to interest rate risk arise primarily from fixed deposits placed with licensed banks, finance lease liabilities and term loans.

The Group and the Company's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, the Group and the Company manage the interest rate risk by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

Profile

At the reporting date, the interest rate profile of interest-bearing financial instruments is as follows:-

	2013 Average Effective Interest Rate %	Carrying amount RM'000	2012 Average Effective Interest Rate %	Carrying amount RM'000
Group				
Fixed rate instruments				
Fixed deposits placed with licensed banks	3.08	59,778	2.95	69,234
Finance lease liabilities	3.41	1,648	5.59	1,509
Term loan	4.88	77,344	6.75	52,925
Company				
Fixed rate instruments				
Fixed deposits placed with licensed banks	3.08	58,725	2.95	56,181
Amount due from a subsidiary	7.00	58,731	5.75	54,971
Finance lease liabilities	3.00	17	4.97	159

Interest rate sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss of the Group and of the Company.

(iii) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management and Objectives (Cont'd)

(iii) Liquidity and Cash Flow Risk (Cont'd)

The analysis of financial instruments by remaining contractual maturities is as follows:-

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31st March 2013					
Group					
Amount due to Johor State Government	5,757	5,757	17,273	-	28,787
Amount due to a related party	44,900	-	-	-	44,900
Finance lease liabilities	815	668	333	-	1,816
Term loan	9,839	13,187	35,678	44,018	102,722
Trade and other payables	40,929	-	-	-	40,929
	102,240	19,612	53,284	44,018	219,154
Company					
Finance lease liabilities	17	-	-	-	17
Trade and other payables	3,933	-	-	-	3,933
Amount due to a subsidiary	589	-	-	-	589
	4,539	-	-	-	4,539
31st March 2012					
Group					
Amount due to Johor State Government	5,757	5,757	17,273	5,758	34,545
Amount due to a related party	45,000	-	-	-	45,000
Finance lease liabilities	862	751	-	-	1,613
Term loan	3,572	7,928	30,314	28,805	70,619
Trade and other payables	51,002	-	-	-	51,002
	106,193	14,436	47,587	34,563	202,779
Company					
Finance lease liabilities	147	17	-	-	164
Trade and other payables	2,856	-	-	-	2,856
Amount due to a subsidiary	3,197	-	-	-	3,197
	6,200	17	-	-	6,217

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial Instruments Classifications and Fair Values**

(i) Financial assets and liabilities classification and fair values

The fair values of financial assets and liabilities of the Group and of the Company, together with the carrying amounts shown in the statement of financial position, are as follows:-

Group	Note	Loans and receivables RM'000	Other financial liabilities RM'000	Total carrying amount RM'000	Fair value RM'000
31st March 2013					
Financial assets					
Trade and other receivables (excluding deposit and prepayments)	15	24,382	-	24,382	24,382
Fixed deposits placed with licensed banks	16	59,778	-	59,778	59,778
Cash and bank balances		11,143	-	11,143	11,143
		95,303	-	95,303	95,303
Financial liabilities					
Trade and other payables	22	-	40,929	40,929	40,929
Amount due to Johor State Government	19	-	22,681	22,681	22,681
Amount due to a related party	24	-	44,900	44,900	44,900
Finance lease liabilities	20(a)	-	1,648	1,648	1,648
Term loan	20(b)	-	77,344	77,344	77,344
		-	187,502	187,502	187,502
31st March 2012					
Financial assets					
Trade and other receivables (excluding deposit and prepayments)	15	35,424	-	35,424	35,424
Fixed deposits placed with licensed banks	16	69,234	-	69,234	69,234
Cash and bank balances		7,810	-	7,810	7,810
		112,468	-	112,468	112,468
Financial liabilities					
Trade and other payables	22	-	51,002	51,002	51,002
Amount due to Johor State Government	19	-	27,153	27,153	27,153
Amount due to a related party	24	-	45,000	45,000	45,000
Finance lease liabilities	20(a)	-	1,509	1,509	1,509
Term loan	20(b)	-	52,925	52,925	52,925
		-	177,589	177,589	177,589

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Instruments Classifications and Fair Values (Cont'd)

(i) Financial assets and liabilities classification and fair values (Cont'd)

The fair values of financial assets and liabilities of the Group and of the Company, together with the carrying amounts shown in the statement of financial position, are as follows:- (Cont'd)

Company	Note	Loans and receivables RM'000	Other financial liabilities RM'000	Total carrying amount RM'000	Fair value RM'000
31st March 2013					
Financial assets					
Trade and other receivables (excluding deposit and prepayments)	15	100	-	100	100
Amount due from a subsidiary	12	58,731	-	58,731	58,731
Fixed deposits placed with licensed banks	16	58,725	-	58,725	58,725
Cash and bank balances		2,788	-	2,788	2,788
		120,344	-	120,344	120,344
Financial liabilities					
Trade and other payables	22	-	3,933	3,933	3,933
Finance lease liabilities	20(a)	-	17	17	17
Amount due to a subsidiary	23	-	589	589	589
		-	4,539	4,539	4,539
31st March 2012					
Financial assets					
Trade and other receivables (excluding deposit and prepayments)	15	8,514	-	8,514	8,514
Amount due from a subsidiary	12	54,971	-	54,971	54,971
Fixed deposits placed with licensed banks	16	56,181	-	56,181	56,181
Cash and bank balances		3,584	-	3,584	3,584
		123,250	-	123,250	123,250
Financial liabilities					
Trade and other payables	22	-	2,856	2,856	2,856
Finance lease liabilities	20(a)	-	159	159	159
Amount due to a subsidiary	23	-	3,197	3,197	3,197
		-	6,212	6,212	6,212

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial Instruments Classifications and Fair Values (Cont'd)**

(ii) Determination of fair values

The carrying amounts of trade and other receivables, amounts due from a subsidiary, fixed deposits placed with licensed banks, cash and bank balances, trade and other payables and borrowings approximate their fair values due to relatively short term nature of these financial instruments.

The carrying amounts of short term borrowings with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Non-derivative financial liabilities

Fair value of hire purchase and finance lease liabilities and term loans ("non-derivative financial liabilities"), which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2013 %	2012 %
Finance lease liabilities	2.47 - 4.35	3.00 - 4.35
Term loans	3.00 - 6.75	6.75

(c) **Unrecognised Financial Instruments**

There were no unrecognised financial instruments on the statements of financial position of the Group and of the Company as at 31st March 2013.

35. CAPITAL MANAGEMENT

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as going concerns and to maintain an optimal capital structure so as to maximise shareholder value. The Group and the Company maintain an optimum capital structure through internally generated funds.

The capital equity of the Group and of the Company consist of equity attributable to owners of the Company, comprising share capital, shares premium, retained profits and total liabilities.

The debt-to-equity ratio is as follows:-

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total liabilities	223,627	218,466	23,538	35,781
Equity attributable to owners of the Company	110,166	103,636	101,123	91,499
Debt-to-equity ratio	203.0%	210.8%	23.3%	39.1%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25th March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the reporting date, into realised and unrealised profits or losses.

On 20th December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31st March 2013 are as follows:-

	Group		**Company**	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total retained profits of the Company and its subsidiaries				
- Realised	43,371	35,659	31,171	21,544
- Unrealised	(3,166)	(1,984)	(9)	(6)
Total retained profits	40,205	33,675	31,162	21,538

The determination of realised and unrealised profits is complied based on Guidance of 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,* issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS

We, **HAJI JOHAR SALIM BIN YAHAYA** and **TAN SRI DATO' LIM KANG YEW,** being two of the directors of **PLS PLANTATIONS BERHAD,** do hereby state that in the opinion of the directors, the financial statements set out on pages 30 to 92 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st March 2013 and of the results and cash flows of the Group and of the Company for the financial period ended on that date.

The supplementary information set out on page 93 have been compiled in accordance with the Guidance of 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, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....
HAJI JOHAR SALIM BIN YAHAYA
Director

....
TAN SRI DATO'LIM KANG YEW
Director

Kuala Lumpur
Date: 30th July 2013

STATUTORY DECLARATION

I, **HEI KUM HONG,** being the officer primarily responsible for the financial management of **PLS PLANTATIONS BERHAD,** do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 30 to 92 and the supplementary information set out on page 93 are 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, l960.

....
HEI KUM HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 30th July 2013.

Before me,

....
Arshad Abdullah (W550)
Commissioner for Oaths

INDEPENDENT AUDITOR'S REPORT

To The Members Of PLS Plantations Berhad

Incorporated In Malaysia

Report on the Financial Statements

We have audited the financial statements of PLS Plantations Berhad, which comprise the statements of financial position as at 31st March 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 92.

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 the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

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

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITOR'S REPORT
To The Members Of PLS Plantations Berhad
Incorporated In Malaysia

Other Reporting Responsibilities

The supplementary information set out on page 93 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 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 ("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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

M.J. Monteiro
No. 828/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur
Date: 30th July 2013

ANALYSIS OF SHAREHOLDINGS
As At 1st August 2013

Authorized capital	: RM200,000,000
Issued and fully paid-up	: RM65,340,000
Class of shares	: Ordinary shares of RM0.20 each
Voting rights	: One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholder	%	No. of shareholdings	%
Less than 100	49	5.45	1,188	0.00
100 – 1,000	257	28.59	61,712	0.02
1001 - 10,000	304	33.82	1,696,300	0.52
10,001 – 100,000	211	23.47	6,372,900	1.95
100,000 – less than 5% of issued shares	74	8.23	123,599,900	37.83
5% and above issued shares	4	0.44	194,968,000	59.68
TOTAL	**899**	**100.00**	**326,700,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholdings	%
1. Iskandar Waterfront Holdings Sdn Bhd	76,500,000	23.42	-	-
2. Limbongan Resources Sdn Bhd	74,970,000	22.95	-	-
3. Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
4. Dato' Lim Kang Poh	22,323,000	6.83	-	-
5. Lee Hun Kheng	-	-	74,970,000	22.95
6. Lim Keng Guan	-	-	81,605,000	24.98
7. Tan Sri Dato' Lim Kang Hoo	-	-	76,500,000	23.42
8. Credence Resources Sdn Bhd	-	-	76,500,000	23.42
9. Kumpulan Prasarana Rakyat Johor Sdn Bhd	-	-	76,500,000	23.42
TOTAL	**194,968,000**	**59.68**		

DIRECTORS SHAREHOLDINGS

Name of Shareholders	Direct shareholdings	%	Indirect shareholdings	%
1. Haji Johar Salim Bin Yahaya	-	-	-	-
2. Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
3. Mr Lee Hun Kheng	-	-	74,970,000	22.95
4. Tan Sri Dato' Lim Kang Hoo	-	-	76,500,000	23.42
5. Dato' Lim Kang Poh	22,323,000	6.83	-	-
6. Dato' Haji Ibrahim Bin Haji Keling	-	-	-	-
7. Encik Hisham Bin Mahmood	-	-	-	-
8. Ms Kang Hui Ling	-	-	-	-
9. Puan Norliza Binti Suleiman	-	-	-	-
TOTAL	**58,498,000**	**17.90**		

ANALYSIS OF SHAREHOLDINGS
As At 1st August 2013

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	Shareholdings	%
1.	Iskandar Waterfront Holdings Sdn Bhd	76,500,000	23.42
2.	Limbongan Resources Sdn Bhd	59,970,000	18.36
3.	Tan Sri Dato' Lim Kang Yew	36,175,000	11.07
4.	Dato' Lim Kang Poh	22,323,000	6.83
5.	Limbongan Resources Sdn Bhd	15,000,000	4.59
6.	Lim Keng Cheng	8,762,700	2.68
7.	RHB Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Ngai Sok Fong*	6,736,300	2.06
8.	Lim Seong Hai Holdings Sdn Bhd	6,635,000	2.03
9.	CIMSEC Nominees (Tempatan) Sdn Bhd - *CIMB Bank for Mohamad Nor Bin Hamid*	3,938,200	1.20
10.	Khoo Nang Seng @ Khoo Nam Seng	3,915,000	1.20
11.	Yap Shing & Yap Sue Kim	3,841,300	1.18
12.	Koh Hong Seng	3,708,500	1.14
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Tan Wen Shiow*	3,701,900	1.13
14.	RHB Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Tan Lai Leng*	3,597,200	1.10
15.	RHB Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Gary Lee Seaton*	3,580,000	1.10
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Wong Kim Leng*	3,395,000	1.04
17.	Wong Yit Choy	2,965,700	0.91
18.	ECML Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Yap Kok Woon*	2,883,700	0.88
19.	Loh Yu San	2,873,900	0.88
20.	Ho Sau Mun	2,695,300	0.83
21.	Mayban Securities Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Cheong Meow Yen*	2,267,500	0.69
22.	Wong Khai Shiang	2,261,000	0.69
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Pang Piu Fong*	2,202,500	0.67
24.	Gary Lee Seaton	2,139,000	0.65
25.	Lim Hoe	1,673,000	0.51
26.	ECML Nominees (Tempatan) Sdn Bhd - *Pledged securities account for Wong Khai Shiang*	1,599,500	0.49
27.	Yong Huoy Ping	1,461,000	0.45
28.	Foo Suet Kum	1,424,500	0.44
29.	Tan Leak Goh	1,423,400	0.44
30.	Amsec Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Tan Leak Goh*	1,394,400	0.43
TOTAL		**291,043,500**	**89.09**

LIST OF PROPERTIES
As At 31st March 2013

No.	Location	Description /Existing Use	Area	Land Tenure	Age of Building	Date of Acquisition	Cost RM	Net Book Value RM '000
1	H.S. (D) No. 9469, PT No. 7923, Mukim Batu Caves, Selangor Darul Ehsan.	4-Storey Shop/Head Office Building	226.00 sq. m (2,434 sq. ft)	Freehold	21 Years	31.03.1992	688,000	452
2	HS (M) 28398, PT 30419, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,365.50 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	191,077	170
3	HS (M) 28402, PT 30423, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,401.50 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	196,115	175
4	HS (M) 28454, PT 30475, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,399.20 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	31.03.2003	195,793	174
5	HS (M) 28556, PT 30577, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,206.40 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	179,877	164
6	HS (M) 28619, PT 30640, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,602.10 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	238,871	217
7	HS (M) 28620, PT 30641, Indera Mahkota, Mukim Kuala Kuantan, District of Kuantan, Pahang	Bungalow Lots/Vacant	1,662.90 sq. m	Leasehold 99 years expiring on 10 Sep 2092	-	02.02.2005	247,930	225

LIST OF PROPERTIES
As At 31st March 2013

No.	Location	Description /Existing Use	Area	Land Tenure	Age of Building	Date of Acquisition	Cost RM	Net Book Value RM '000
8	No. 21, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Vacant	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	13 Years	15.09.2000	157,640	118
9	No. 22, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	13 Years	15.09.2000	157,640	118
10	No. 21, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	13 Years	15.09.2000	155,290	116
11	No. 22, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Vacant	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	13 Years	15.09.2000	155,290	116
12	Plot 12, Jalan Simen 1, Kawasan Pelabuhan Johor, 81700 Pasir Gudang, Johor	Chipping Plant Factory	621,863 sq. ft	Leasehold 19 years expiring on 22 Mar 2023	9 Years	30.04.2004	16,805,213	9,696
13	No.G-12, No. 1-12, No. 2-12, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	7 Years	05.10.2006	928,218	756
14	No.G-14, No. 1-14, No.2-14, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	7 Years	05.10.2006	928,218	756

The group has not revalued any of its properties

PLS PLANTATIONS BERHAD
Company No. 160032-K

PROXY FORM

I/We____

of____

being a member/members of the above named Company hereby appoint________________________

of____

or failing whom____

of____

or the Chairman of the meeting as my/our proxy on my/our behalf at the **Twenty-Sixth Annual General Meeting** of the Company to be held on **Monday, 30th day of September 2013** at **10.00 a.m.** at Function Room, KKlub, Jalan Melawati 3, Taman Melawati, 53100 Selangor Darul Ehsan.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "**X**".

NO.	ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' Fee	[Resolution 1]		
2.	Re-election of Directors :- a) Tan Sri Dato' Lim Kang Hoo (Article 82)	[Resolution 2]		
	b) Encik Hisham Bin Mahmood (Article 82)	[Resolution 3]		
3.	To re-elect Datuk Md Othman Bin Haji Yusof (Article 89)	[Resolution 4]		
4.	To re-elect Tan Sri Dato' Lim Kang Yew (Article 117)	[Resolution 5]		
5.	Re-appointment of Dato' Haji Ibrahim Bin Haji Keling Section 129 (6)	[Resolution 6]		
6.	Re-appointment of Auditors	[Resolution 7]		
7.	**ORDINARY RESOLUTION 1** Approval for Encik Hisham Bin Mahmood to continue to act as an Independent Non-Executive Director	[Resolution 8]		
	Approval for Dato Haji Ibrahim Bin Haji Keling to continue to act as an Independent Non-Executive Director	[Resolution 9]		
	ORDINARY RESOLUTION 2 Authority to Issue Shares pursuant to Section 132D Of the Companies Act, 1965	[Resolution 10]		
	ORDINARY RESOLUTION 3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	[Resolution 11]		
	SPECIAL RESOLUTION Proposed Amendment to the Articles of Association	[Resolution 12]		

Dated this ____________ day of ____________ 2013

Number of shares held ____________

CDS Account No. ____________

Signature of Shareholder (s)

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors on 23 September 2013 shall be eligible to vote, speak and attend the Meeting.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. 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. There shall be no restriction as to the qualification of the proxy.
4. For an exempt authorised nominee as defined under the Securities Industry Central Depositories Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

Then fold here

AFFIX STAMP

THE COMPANY SECRETARIES

PLS PLANTATIONS BERHAD
(Company No. 160032-K)

17C, Wisma Limbongan Setia
Jalan SG 3/4, Taman Seri Gombak
68100 Batu Caves
Selangor Darul Ehsan

1st fold here

2nd fold here

PLS PLANTATIONS BERHAD
Company No. 160032-K

17, Wisma Limbongan Setia, Jalan SG 3/4,
Taman Seri Gombak, 68100 Batu Caves, Selangor Darul Ehsan
www.limbongan.com