FELCRA BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of plantation services focusing on integration, rehabilitation and development of land including the processing and marketing of commodity products and investment holding, whilst the principal activities of the subsidiary companies are stated in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	**122,117,291**	**95,402,294**
Non controlling interests	**1,741,151**	**-**
Profit for the year	**123,858,442**	**95,402,294**

The Company generated plantation revenue and profit amounting to RM1,104,743,884 and RM362,747,096 respectively from consolidation and rehabilitation projects in respect of the year ended 31 December 2014. The Company distributed **RM319,529,448 (2013: RM307,052,227)** to participants during the financial year as disclosed in Note 20 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) a final dividend in respect of the financial year ended 31 December 2012, of 3.0 sen per share on 500,000,002 ordinary shares less 25% taxation, declared on 27 June 2013 and paid on 20 January 2014; and

ii) a final dividend in respect of the financial year ended 31 December 2013, of 2.4 sen per share on 500,000,002 ordinary shares less 25% taxation, declared on 16 May 2014 and paid on 5 June 2014.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

SHARE CAPITAL

There were no movements in the share capital of the Company during the financial year.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Datuk Moktar bin Radin	
Dato' Dr Mohd Isa bin Hussain	
Datuk Seri Ibrahim bin Muhamad	
Dato' Haji Abdul Fattah bin Haji Abdullah	
Dato' Abdul Manan bin Ismail	
Dato' Ismail bin Kasim	
Datuk Haji Baharum bin Haji Mohamed	
Azaman @ Azman bin Haji Ruslan	
Datuk Azailiza binti Mohd Ahad	(Appointed w.e.f 16.8.2014)
Habibah binti Suleiman	(Appointed w.e.f 2.10.2014)
Hasbi bin Habibollah	(Appointed w.e.f 11.3.2015)
Zazali bin Salehudin (Alternate director to Datuk Seri Ibrahim bin Muhamad)	
Dato' Paduka Haji Ghazali bin Haji Ibrahim	(Resigned w.e.f. 11.6.2014)
Dato' Ir Haji Azizuddin bin Meor Hamzah	(Resigned w.e.f. 11.6.2014)
Dato' Haji A. Aziz bin Deraman	(Retired on 2.10.2014)

DIRECTORS' INTEREST

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year held any shares in the Company and its related corporation during the financial year ended 31 December 2014.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Since the end of last financial year, no director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statement or fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm which the director is a member or with a company in which the director has a substantial financial interest.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

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

At the date of this report, the directors of the Group and of the Company are not aware of any circumstances which would render:

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

ii) the value attributed to the current assets of the Group and of the Company misleading.

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

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

As 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 liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

i) no contingent liability or other liability of the Group and of the Company has 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; and

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

HOLDING CORPORATION

The holding corporation is the Minister of Finance (Incorporated), a body corporate incorporated under the Minister of Finance (Incorporation) Act, 1957.

AUDITORS

The auditors, Messrs. Khairuddin Hasyudeen & Razi, retire and have expressed their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors,

DATUK MOKTAR BIN RADIN
Director

DATO' HAJI ABDUL FATTAH BIN HAJI ABDULLAH
Director

Kuala Lumpur
Dated:

FELCRA BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, **DATUK MOKTAR BIN RADIN** and **DATO' HAJI ABDUL FATTAH BIN HAJI ABDULLAH** being two of the directors of FELCRA BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 88 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors,

DATUK MOKTAR BIN RADIN
Director

DATO' HAJI ABDUL FATTAH BIN HAJI ABDULLAH
Director

Kuala Lumpur
Dated:

FELCRA BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **DATO' HAJI RAMLEE BIN ABU BAKAR**, the officer primarily responsible for the financial management of FELCRA BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 9 to 88 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, 1960.

Subscribed and solemnly declared by)

DATO' HAJI RAMLEE BIN ABU BAKAR)

at Kuala Lumpur in the)

Federal Territory on)

DATO' HAJI RAMLEE BIN ABU BAKAR

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FELCRA BERHAD

Report on the Financial Statements

We have audited the financial statements of FELCRA BERHAD, which comprise the statement of financial position as at 31 December 2014 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 88.

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 Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine 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 whether the financial statements are free from material misstatement.

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FELCRA BERHAD

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in 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.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KHAIRUDDIN HASYUDEEN & RAZI
AF 1161
Chartered Accountants

Ahmad Khairuddin Salleh
1574/03/17 (J)
Partner of the Firm

Kuala Lumpur
Dated :

FELCRA BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group				Company		
		31.12.2014 RM	31.12.2013 RM (Restated)	31.12.2013 RM (Restated)	1.1.2013 RM (Restated)	**31.12.2014 RM**	31.12.2013 RM (Restated)	31.12.2013 RM
Non-current assets								
Property, plant and equipment	5	**1,020,402,568**	970,010,622	970,010,622	942,761,692	**651,230,899**	605,616,894	605,616,894
Investment properties	6	**7,578,918**	2,570,785	2,570,785	-	**-**	-	-
Goodwill	7	**8,102,188**	8,102,188	8,102,188	8,202,186	**-**	-	-
Investment in subsidiaries	8	**-**	-	-	-	**176,657,850**	170,657,852	170,657,852
Investment in associates	9	**27,338,911**	24,799,528	24,799,528	1,632,490	**27,408,911**	24,869,528	24,869,528
Other investments	10	**6,724,665**	875,000	875,000	875,000	**875,000**	875,000	875,000
Long term receivables recoverable	11	**1,715,283,982**	1,547,367,439	1,547,367,439	1,415,017,526	**1,715,283,982**	1,547,367,439	1,547,367,439
		2,785,431,232	2,553,725,562	2,553,725,562	2,368,488,894	**2,571,456,642**	2,349,386,713	2,349,386,713
Current assets								
Inventories	12	**109,403,629**	109,556,348	109,556,348	113,560,983	**68,029,696**	65,874,336	65,874,336
Trade and other receivables	13	**247,780,077**	302,178,724	302,178,724	282,344,618	**542,200,633**	591,941,551	591,941,551
Other investments	10	**140,000,000**	125,000,000	125,000,000	50,000,000	**-**	-	-
Cash and cash equivalents	14	**1,072,689,075**	1,258,190,102	1,258,190,102	1,363,840,640	**870,912,920**	1,074,681,378	1,074,681,378
		1,569,872,781	1,794,925,174	1,794,925,174	1,809,746,241	**1,481,143,249**	1,732,497,265	1,732,497,265
Current liabilities								
Trade and other payables	15	**639,804,855**	771,911,402	771,911,402	797,212,853	**576,882,645**	720,593,851	720,593,851
Loans and borrowings	16	**57,867,584**	47,883,763	47,883,763	57,367,260	**53,432,711**	43,814,963	43,814,963
Dividends payable		**-**	11,250,000	11,250,000	22,590,000	**-**	11,250,000	11,250,000
Provision for taxation		**2,646,580**	8,617,400	8,617,400	4,102,841	**-**	-	-
		700,319,019	839,662,565	839,662,565	881,272,954	**630,315,356**	775,658,814	775,658,814
Net current assets		**869,553,762**	955,262,609	955,262,609	928,473,287	**850,827,893**	956,838,451	956,838,451
		3,654,984,994	3,508,988,171	3,508,988,171	3,296,962,181	**3,422,284,535**	3,306,225,164	3,306,225,164

FELCRA BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group				Company		
		31.12.2014	31.12.2013	31.12.2013	1.1.2013	**31.12.2014**	31.12.2013	31.12.2013
		RM	RM	RM	RM	**RM**	RM	RM
			(Restated)	(Restated)	(Restated)		(Restated)	
Equity								
Share capital	17	**500,000,002**	500,000,002	500,000,002	500,000,002	**500,000,002**	500,000,002	500,000,002
Investment by Government	18	**146,371,315**	146,371,315	146,371,315	146,371,315	**146,371,315**	146,371,315	146,371,315
Capital reserves	19	**8,514,667**	8,514,667	8,514,667	8,514,667	**7,895,083**	7,895,083	7,895,083
Unappropriated profits		**697,995,736**	584,878,445	617,718,336	578,291,286	**526,474,524**	440,072,230	462,377,942
Total equity attributable to an equity holder of the Company		**1,352,881,720**	1,239,764,429	1,272,604,320	1,233,177,270	**1,180,740,924**	1,094,338,630	1,116,644,342
Non controlling interests		**16,808,915**	15,860,155	16,187,910	16,437,341	**-**	-	-
Total equity		**1,369,690,635**	1,255,624,584	1,288,792,230	1,249,614,611	**1,180,740,924**	1,094,338,630	1,116,644,342
Non current liabilities								
Participants' interests	20	**529,170,869**	705,908,459	705,908,459	798,854,588	**529,170,869**	705,908,459	705,908,459
Loans and borrowings	16	**1,542,710,405**	1,335,231,254	1,335,231,254	1,108,362,699	**1,528,323,471**	1,320,084,131	1,320,084,131
Retirement benefits	21	**212,397,439**	210,877,634	177,709,988	138,348,230	**184,049,271**	185,893,944	163,588,232
Deferred taxation		**1,015,646**	1,346,240	1,346,240	1,782,053	**-**	-	-
		2,285,294,359	2,253,363,587	2,220,195,941	2,047,347,570	**2,241,543,611**	2,211,886,534	2,189,580,822
		3,654,984,994	3,508,988,171	3,508,988,171	3,296,962,181	**3,422,284,535**	3,306,225,164	3,306,225,164
Note			37	38				

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

FELCRA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	**2014**	2013	**2014**	2013
		RM	RM	**RM**	RM
			(Restated)		(Restated)
Revenue	22	**1,753,853,748**	1,321,151,025	**1,105,686,052**	940,123,225
Cost of sales	23	**(1,273,572,069)**	(915,911,584)	**(774,652,087)**	(715,536,593)
Gross profit		**480,281,679**	405,239,441	**331,033,965**	224,586,632
Other operating income	24	**103,539,492**	139,132,391	**99,801,360**	133,860,292
Administrative expenses		**(416,190,437)**	(410,772,467)	**(309,114,962)**	(285,218,552)
Other operating expenses		**(1,008,902)**	(1,068,284)	**(4,001,400)**	(3,393,969)
Profit from operations		**166,621,832**	132,531,081	**117,718,963**	69,834,403
Finance expenses		**(2,404,356)**	(7,160,741)	**(655,279)**	(4,834,535)
		164,217,476	125,370,340	**117,063,684**	64,999,868
Share of profits of associates, net of tax		**3,346,113**	1,667,038	**3,346,113**	1,667,038
Profit before taxation	25	**167,563,589**	127,037,378	**120,409,797**	66,666,906
Taxation	26	**(43,705,147)**	(37,348,752)	**(25,007,503)**	(19,519,845)
Profit after taxation		**123,858,442**	89,688,626	**95,402,294**	47,147,061
Other comprehensive income, net of taxation					
Remeasurement of retirement benefit obligation		-	(33,505,519)	-	(23,454,943)
Total comprehensive income for the year		**123,858,442**	56,183,107	**95,402,294**	23,692,118
Profit attributable to:					
Owner of the parent		**122,117,291**	55,163,105	**95,402,294**	23,692,118
Non controlling interest		**1,741,151**	1,020,002	-	-
Total comprehensive income for the year		**123,858,442**	56,183,107	**95,402,294**	23,692,118

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

Company no. : 432483-U

FELCRA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

GROUP

	Attributable to owner of the Company						
		Non-distributable		*Distributable*			
	Share capital RM	**Investment by Government RM**	**Capital reserve RM**	**Unappropriated profits RM**	**Total RM**	**Non controlling interest RM**	**Total equity RM**
Balance as at 31 December 2012	500,000,002	146,371,315	8,514,667	578,291,286	1,233,177,270	16,437,341	1,249,614,611
Prior year adjustment	-	-	-	(37,325,946)	(37,325,946)	-	(37,325,946)
Balance as at 31 December 2012 (restated)	500,000,002	146,371,315	8,514,667	540,965,340	1,195,851,324	16,437,341	1,212,288,665
Total comprehensive income for the year							
As previously stated	-	-	-	88,002,996	88,002,996	1,347,757	89,350,753
Prior year adjustment	-	-	-	(32,839,891)	(32,839,891)	(327,755)	(33,167,646)
Restated				55,163,105	55,163,105	1,020,002	56,183,107
Dividend to owner of the Company	-	-	-	(11,250,000)	(11,250,000)	-	(11,250,000)
Dividend to non controlling interest	-	-	-	-	-	(1,597,188)	(1,597,188)
Balance as at 31 December 2013	500,000,002	146,371,315	8,514,667	584,878,445	1,239,764,429	15,860,155	1,255,624,584
Total comprehensive income for the year	-	-	-	122,117,291	122,117,291	1,741,151	123,858,442
Dividend to owner of the Company	-	-	-	(9,000,000)	(9,000,000)	-	(9,000,000)
Dividend to non controlling interest	-	-	-	-	-	(792,391)	(792,391)
Balance as at 31 December 2014	500,000,002	146,371,315	8,514,667	697,995,736	1,352,881,720	16,808,915	1,369,690,635

Company no. : 432483-U

FELCRA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

COMPANY

	Distributable	*Non-distributable*		*Distributable*	
	Share capital RM	**Investment by Government RM**	**Capital reserve RM**	**Unappropriated profits RM**	**Total RM**
Balance as at 31 December 2012	500,000,002	146,371,315	7,895,083	464,956,058	1,119,222,458
Prior year adjustment	-	-	-	(37,325,946)	(37,325,946)
Balance as at 31 December 2012 (restated)	500,000,002	146,371,315	7,895,083	427,630,112	1,081,896,512
Total comprehensive income for the year					
As previously stated	-	-	-	45,997,830	45,997,830
Prior year adjustment	-	-	-	(22,305,712)	(22,305,712)
Restated				23,692,118	23,692,118
Dividend to owner of the Company	-	-	-	(11,250,000)	(11,250,000)
Balance as at 31 December 2013	500,000,002	146,371,315	7,895,083	440,072,230	1,094,338,630
Total comprehensive income for the year	-	-	-	95,402,294	95,402,294
Dividend to owner of the Company	-	-	-	(9,000,000)	(9,000,000)
Balance as at 31 December 2014	500,000,002	146,371,315	7,895,083	526,474,524	1,180,740,924

FELCRA BERHAD
(Incorporated in Malaysia)

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

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
		Restated		
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**167,563,589**	127,037,378	**120,409,799**	66,666,906
Adjustments for:				
Amount due from subsidiaries written off	**-**	-	**3,000,000**	31,344
Bad debts recovered	**(385,886)**	-	**(385,886)**	-
Depreciation	**71,174,508**	67,190,777	**44,653,537**	44,810,814
Dividend income	**(8,426,086)**	-	**(14,112,974)**	(12,507,630)
Gain on disposal of property, plant and equipment	**(565,488)**	(35,394,523)	**(490,566)**	(35,394,523)
Gain on disposal of investment in subsidiaries	**-**	(39,124)	**-**	-
Gain on disposal of investment in an associate	**(600,510)**	-	(600,510)	-
Impairment loss on government projects	**1,001,400**	1,001,400	1,001,400	1,001,400
Impairment loss on investment in subsidiaries	**-**	-	**-**	2,361,225
Goodwill written off	**-**	99,998	**-**	-
Retirement benefits expenses	**26,878,769**	54,934,466	**21,954,383**	42,935,552
Retirement benefits paid	**(25,358,964)**	(21,766,820)	**(23,799,056)**	(20,629,840)
Share of profit of associates,net of tax	**(3,346,113)**	(1,667,038)	**(3,346,113)**	(1,667,038)
Interest expense	**2,404,356**	7,160,741	**655,279**	4,834,535
Interest income	**(58,376,366)**	(64,330,741)	**(57,450,025)**	(62,940,892)
Operating profit before working capital changes	**171,963,209**	134,226,514	**91,489,268**	29,501,853
Decrease/(Increase) in inventories	**152,719**	4,004,635	**(2,155,360)**	14,966,610
Decrease/(Increase) in trade and other receivables	**56,969,169**	(25,775,346)	**52,005,059**	44,439,984
Decrease in trade and other payables	**(133,976,230)**	(236,518,724)	**(144,712,608)**	(222,103,401)
Cash generated from/(used in) operations	**95,108,867**	(124,062,921)	**(3,373,641)**	(133,194,954)
Tax paid	**(52,191,197)**	(33,270,006)	**(29,885,760)**	(37,283,329)
Interest paid	**(2,404,356)**	(7,160,741)	**(655,279)**	(4,834,535)
Net cash generated from/(used in) operating activities	**40,513,314**	(164,493,668)	**(33,914,680)**	(175,312,818)

FELCRA BERHAD
(Incorporated in Malaysia)

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

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
		Restated		
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions of property, plant and equipment (Note 5)	**(125,588,822)**	(127,071,397)	**(90,352,800)**	(74,274,732)
Additional investment in subsidiaries	**-**	-	**(5,999,998)**	(131,999,996)
Additional investment in associates	**-**	(21,500,000)	**-**	(21,500,000)
Additions of investment properties	**(2,146,378)**	(2,570,785)	**-**	-
Additional other investment	**(19,989,494)**	(75,000,000)	**-**	-
Dividend received	**9,833,326**	-	**15,520,214**	12,507,630
Placement of pledged fixed deposits	**(1,702,556)**	(2,500)	**(647,351)**	(1,055,205)
Interest received	**58,376,366**	64,330,741	**57,450,025**	62,940,892
Net advances given for land development cost	**(192,001,697)**	(157,783,459)	**(192,001,697)**	(157,783,459)
Proceeds from disposal of a subsidiary, net of cash	**-**	(4)	**-**	-
Proceeds from disposal of property, plant and equipment	**941,821**	68,026,213	**575,826**	68,024,100
Net project receipt	**24,085,154**	25,433,546	**24,085,154**	25,433,546
Net cash used in investing activities	**(248,192,280)**	(226,137,645)	**(191,370,627)**	(217,707,224)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to the shareholder of the Company	**(20,250,000)**	(22,590,000)	**(20,250,000)**	(22,590,000)
Dividend paid to the non-controlling interests	**-**	(1,597,188)	**-**	-
Advances for participants' interest	**(176,737,590)**	(92,946,129)	**(176,737,590)**	(92,946,129)
Proceeds from loan and borrowings	**279,180,300**	274,406,370	**278,453,536**	274,406,370
Repayment of loan and borrowings	**(61,717,328)**	(57,021,312)	**(60,596,448)**	(55,974,667)
Net cash provided by financing activities	**20,475,382**	100,251,741	**20,869,498**	102,895,574
Net decrease in cash and cash equivalents	**(187,203,584)**	(290,379,572)	**(204,415,809)**	(290,124,468)
Cash and cash equivalents at beginning of the financial year	**1,238,583,979**	1,528,963,551	**1,054,112,549**	1,344,237,017
Cash and cash equivalents at end of the financial year (Note 14)	**1,051,380,395**	1,238,583,979	**849,696,740**	1,054,112,549

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

1. GENERAL

(a) The Company is principally engaged in the provision of plantation services focusing on integration, rehabilitation and development of land including the processing and marketing of commodity products and investment holding, whilst the principal activities of the subsidiary companies are stated in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

(b) The principal place of business and registered office is located at Wisma FELCRA, Lot PT4780, Jalan Rejang, Setapak Jaya, 53300 Kuala Lumpur.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 1965 and comply with the Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB). The financial statements have been prepared under the historical cost convention except as disclosed in the summary of principal accounting policies in Note 4.

The preparation of financial statements in conformity with FRS, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of the revenue and expenses during the reported period.

a. Revisions and amendments to financial reporting standards under the existing FRS Framework that are effective and have been adopted in preparing these financial statements

- **FRS 10 – Consolidated Financial Statements**

  FRS 10 replaces IC Interpretation 112 – Consolidation - Special Purpose Entities and the consolidation section in FRS 127 – Consolidated and Separate Financial Statements. It defines and sets out the principle of control to identify whether an investor controls an investee and establishes control as the basis for consolidation.

- **FRS 11 – Joint Arrangements**

  FRS 11 supersedes FRS 131 – Interests in Joint Ventures. It classifies joint arrangements into two types - joint operations and joint ventures by focusing on the rights and obligations of the arrangements.

- **FRS 12 – Disclosure of Interests in Other Entities**

  FRS 12 provides disclosure requirements for all forms of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures include significant judgements and assumptions made in determining the nature of the entity's interest in another entity and the risks associated with those interests.

- **FRS 13 – Fair Value Measurement**

  FRS 13 defines fair value, sets out the measurements framework and stipulates the disclosure requirements. It explains how to measure fair value and does not change the measurement objective as established in existing FRSs.

- **FRS 119 – Employee Benefits**

  FRS 119 eliminates the limits of the "corridor approach" where only portion of the actuarial gains and losses is recognised to profit or loss.

- **FRS 127 – Separate Financial Statements**

  The revised FRS 127 only deals with the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent.

- **FRS 128 – Investment in Associates and Joint Ventures**

  The revised FRS 128 prescribes the accounting for investment in associates as well as joint ventures where the equity method of accounting is required in accordance with FRS 11 – Joint Arrangements.

- **Amendments to FRS 7 – Financial instruments: Disclosure**

  Amendments to FRS 7 sets out the additional disclosure requirements on the effects or potential effects including any rights of netting arrangement of a financial asset and a financial liability.

- **Amendments to FRS 101 – Presentation of Financial Statements**

  Amendments to FRS 101 clarifies the difference between the minimum required comparative information and the voluntary additional comparative information.

- **Amendments to FRS 116 – Property, Plant and Equipment**

  Amendments to FRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

- **Amendments to FRS 132 – Financial Instruments: Presentation**

  Amendments to FRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with FRS 112 – Income Taxes.

- **Amendments to FRS 12 – Disclosure of Interests in Other Entities**

  Amendments to FRS 12 offers new disclosure requirements for a parent when it becomes or ceased to be an investment entity and also disclosure requirements for each unconsolidated subsidiary.

- **Amendments to FRS 132 – Financial Instruments : Presentation**

  Amendments to FRS 132 offers additional guidance on the criterion and right to offset a financial asset and a financial liability following amendments made to FRS 7 – Financial Instruments : Disclosures.

- **Amendments to FRS 136 – Impairment of Assets**

  Amendments to FRS 136 clarifies that a recoverable amount is required to be disclosed only when an impairment loss is recognized or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

- **Amendments to FRS 139 – Financial Instruments : Recognition and Measurement**

  Amendments to FRS 139 provides relief from discounting hedge accounting in a situation where a derivative, which has been designated as a hedging instrument is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

The adoption of the above did not result in any significant changes to the Group's and Company's results and financial positions.

b. Amendments to financial reporting standards and new interpretation under the existing FRS Framework that are not yet effective and have not been early adopted in preparing these financial statements

i. Effective for annual periods beginning on or after 1 July 2014

- **Amendments to FRS 1 – First-Time Adoption of FRSs**

  Amendments to FRS 1 relates to the basis for conclusion which is not an integral part of the Standard. The basis for conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

- **Amendments to FRS 2 – Share-Based Payment**

  Amendments to FRS 2 clarifies the definition of vesting condition by separately defining performance condition and service condition to ensure consistent classification of conditions attached to a share based payments.

- **Amendments to FRS 3 – Business Combinations**

  Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 – Financial Instruments : Presentation. Contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss.

  The Amendment also clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangements itself, but not to the parties to the joint arrangements for their interest in the joint arrangements.

- **Amendments to FRS 8 – Operating Segments**

  Amendments to FRS 8 requires the disclosure of judgments made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristic. The Amendment clarifies that the reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

- **Amendments to FRS 13 – Fair Value Measurement**

  Amendments to FRS 13 relates to the basis for conclusion which is not an integral part of the Standard. The basis for conclusions clarifies that when International Accounting Standard Board (IASB) issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payable with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

- **Amendments to FRS 116 – Property, Plant and Equipment and Amendments to FRS 138 – Intangible Asset**

  Amendments to FRS 116 and Amendments to FRS 138 clarify that when an asset is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortization is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

- **Amendments to FRS 119 – Employee Benefits**

  Amendments to FRS 119 clarifies that if contribution from employee or third parties to defined benefit plans is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

  However if the amount of the contribution is dependent on the number of years of services, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit.

- **Amendments to FRS 124 – Related Party Disclosures**

  Amendments to FRS 124 extends the definition of ‘related party’ to include an entity, or any member of a group of which it is part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

- **Amendments to FRS 140 – Investment Property**

  Amendments to FRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 – Business Combination and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

ii. Effective for annual periods beginning on or after 1 January 2015:

- **Amendments to FRS 7 – Financial Instruments : Disclosures**

  Amendments to FRS 7 prescribes the disclosure requirements on the classifications and measurements of financial assets and liabilities in accordance with the requirement of FRS 9 – Financial Instruments upon initial application.

c. **New financial reporting standard under the existing FRS Framework that has not been adopted in preparing these financial statements**

i. Issued without the mandatory effective date:

- **FRS 9 – Financial Instruments**

  FRS 9 replaces FRS 139 – Financial instruments: Recognition and Measurement in phases. In the first phase, FRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial instruments: amortised costs and fair value. All instruments are to be measured at fair value except for debt instruments that qualify for amortised cost accounting.

  It allows an option to present fair value changes in equity instruments in profit or loss or other comprehensive income and it is an irrevocable election on initial recognition.

  Reclassification of financial liability between fair value and amortised cost is prohibited while financial asset can only be reclassified when the entity changes its business model for managing the financial asset. Any difference between the carrying amount and fair value on reclassification is recognized in profit or loss.

  The second phase is currently still pending finalisation by the IASB.

  In the third phase, the new hedge accounting model together with corresponding disclosures about risk management activity was developed. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

  An entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in FRS 9.

The mandatory effective date of 1 January 2015 was tentatively deferred pending finalisation of the impairment methodology which is in the second phase and limited amendments to the classification and measurement requirements by the IASB.

In November 2011, the MASB issued the Malaysian Financial Reporting Standards Framework (MFRS Framework) to replace the FRS Framework. MFRS Framework is a fully International Financial Reporting Standards (IFRS) – compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than the Transitioning Entities (TEs), which may defer adoption in view of imminent changes which may change current accounting treatments for bearer plant and property development activities. TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venture.

On 2 September 2014, the MASB issued MFRS Agriculture: Bearer Plants (Amendments to MFRS 116 – Property, Plant and Equipment and Amendments to MFRS 141 – Agriculture) and MFRS 15 – Revenue from Contracts with Customers, which shall apply to financial statements of annual periods beginning on or after 1 July 2016 and 1 July 2017 respectively. The MASB further notifies that TEs are required to comply with MFRS Framework for annual period beginning on or after 1 July 2017.

The Group and the Company, being a TE, will continue to comply with FRS until the MFRS Framework is adopted, no later than from the financial period beginning on 1 July 2017.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

MFRS Agriculture: Bearer Plants introduces a new category for biological asset, i.e. the bearer plants. A bearer plant is seen as similar to an item of machinery as it is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agricultural produce. Therefore, bearer plants are measured either at cost or revalued amounts, less accumulated depreciation and impairment losses, similar to property, plant and equipment. Agricultural produce growing on bearer plants continue to be measured at fair value less costs to sell under MFRS 141, with fair value changes recognised in profit or loss as the produce grows.

The Group is in the process of assessing the full impact of the new standards, revisions and amendments to published standard and, in particular, MFRS Agriculture: Bearer Plants and MFRS 15, on the financial statements of the Group and of the company in the year of initial application. The Group will also consider the impact of remaining phases of FRS 9 when completed by IASB.

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in their respective accounting policy Note 4(c) – Financial Instruments.

(c) **Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Group and the Company's functional currency unless otherwise stated.

(d) **Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 4(g)(i)	– goodwill
Note 4(i) and (m)	– provision for impairment losses and contingencies
Note 4(n)(i)	– revenue recognition policy for Lot Kosong – without participants
Note 4(q)	– employee benefits

3. **DATE OF AUTHORISATION OF ISSUE**

The financial statements were authorised for issue by the Board of Directors on

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, other than those disclosed in the following notes:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale.

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

(ii) Non-controlling interest

Non-controlling interest at the end of the reporting period, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company.

Non-controlling interest in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the comprehensive income for the year between non-controlling interest and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS127, *Consolidated and Separate Financial Statement*s (revised) where losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have deficit balance.

This change in accounting policy is applied prospectively in accordance with the transitional provision of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling exceed the non-controlling interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling, are charged against the Group's interest except to the extent that the non-controlling has a binding obligation to, and is able to, make additional investments to cover the losses.

If the subsidiary subsequently 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.

(iii) **Associates**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest including any long-term investments is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Group and Company's statements of financial position at cost less any impairment losses, unless the investment is classified as available-for-sale. The cost of investments includes transaction costs.

(iv) **Changes in Group composition**

When the Group purchases a subsidiary's equity shares from non-controlling interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its non-controlling interests 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.

(v) **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.

(b) **Foreign currency**

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 reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those 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 profit or loss.

(c) **Financial instruments**

(i) **Initial recognition and measurement**

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) **Held-to-maturity investments**

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) **Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) **Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains or losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment in accordance with Note 4(k)(i).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss 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 debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee.

When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require a delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) **Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) **Property, plant and equipment**

(i) **Recognition and measurement**

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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 a fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties 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 available and replacement cost when appropriate.

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 or 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" and "other expenses" respectively in profit or loss.

(ii) **Subsequent costs**

The cost of replacing part of an item or 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 the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment at the following rates:

Freehold land is not depreciated.

Leasehold land	30-99 years
Buildings and infrastructures	20 years
Machinery and equipment	5 - 14 years
Motor vehicles	5 years
Office equipment and computers	3 - 10 years
Plantation development expenditure	20 years

Depreciation methods, useful lives and residual value are reviewed and adjusted as appropriate at end of the reporting period.

(iv) **Plantation development expenditure**

Plantation development expenditure consists of planting expenditure incurred on land clearing, new planting and upkeep of trees to maturity are capitalised until the point of commercial harvesting, all income earned prior to the point of commercial harvesting and subsidies granted will be utilised to offset against plantation development expenditure. Plantation expense consists of estate labour, supply of fertilizers, contracted plantation works, agriculture consultancy fees and interest expense on funds used for plantation development expenditure.

Upon maturity, all subsequent maintenance expenditure is charged to profit or loss and the capitalised pre-cropping costs are amortised on a straight line basis over 20 years, the expected useful life of oil palms. Oil palm is considered mature only 36 months after the month of planting.

(e) **Investment property**

Investment property comprises of a building held for long term rental yields or for capital appreciation or both, and is not occupied by the Group. Investment property is stated at cost less accumulated depreciation and accumulated impairment.

Depreciation on the building, when completed, is calculated so as to write-off the cost of the asset less residual value on a straight-line basis over the expected useful life.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

(f) **Leased assets**

(i) **Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of 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 leases**

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position of the Group or the Company. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, *Leases* in 2013 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

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.

(g) **Intangible assets**

(i) **Goodwill**

Goodwill arises on business combination is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group’s interest in the fair value of the net identifiable assets and liabilities.

For business acquisitions made on or after 1 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.

(ii) **Amortisation**

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(h) **Inventories**

Raw materials, work-in-progress and finished goods other than livestock and nursery costs are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in, first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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 sales.

Livestock is stated at the net realisable value in accordance with established practices in the livestock industry. The natural increase/decrease resulting from the valuation of livestock at the net realisable value is transferred to a capital reserve account which is not distributable. When the livestock is sold, the difference between its net realisable value and cost will be reversed from the capital reserve account and recognised in profit and loss.

Nursery costs comprise of oil palm seeds, direct labour, fertilizers and other nursery preparation costs. All related expenditure is capitalised. Part of the capitalised current year's expenditure is allocated to profit or loss based on the ratio of mature seeds sold to the total of seeds for the year.

(i) **Long-term receivables recoverable**

(i) **Land development costs**

Land development costs consists of plantation development costs, supply of fertilizers, other supplies and expenses related to the development of land in respect of participants' projects. The amount is recoverable from future profits from participants' projects.

(ii) **Project advances**

Project advances are advances to cover expenses by participants' projects. The amount is recoverable from future profits from participants' projects.

Land development costs and project advances are classified as long term receivables recoverable. These are categorised and measured as loans and receivables in accordance with Note 4(c) (ii) (c).

(j) **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) **Impairment**

(i) **Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal is recognised in the profit or loss.

(ii) **Other assets**

The carrying amounts on other assets (except for inventories, assets arising from construction contracts and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, than the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of asset (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) **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.

(m) **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.

(n) **Revenue and other income**

(i) **Goods sold**

Revenue from the sale of plantation produce is measured at fair value of the consideration received or receivable, net of returns and allowances, traded discount and volume rebates.

Revenue from the sale of plantation produce from 'Lot Kosong – without participants' are recognised based on proportionate shares between 30% to 40% of the consideration received or receivable, net of returns and allowances, traded discount, volume rebates and related expenses in accordance to the term of agreement with state governments.

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.

(ii) **Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) **Construction contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in 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 incentive 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 surveys of work performed. 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 profit or loss.

(iv) **Dividend income**

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

(v) **Rental income**

Rental income is recognised on the accrual basis.

(o) **Interest income and borrowing costs**

Interest income is recognised as it accrues using the effective interest method.

All borrowing costs are recognised in 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 construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) **Income tax**

(i) **Current tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

(ii) **Deferred tax**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

(q) **Employee benefits**

(i) **Short term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) **Defined benefits plans**

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or any other settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

(r) **Fair value measurement**

Fair value of an asset or a liability, expect for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable for the asset or liability, either directly or indirectly.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

5. PROPERTY, PLANT AND EQUIPMENT

Group

	COST/VALUATION				
	Balance as at 1.1.2014 RM	Additions RM	Transfer/ Reclassification RM	Disposals RM	Balance as at 31.12.2014 RM
Leasehold land	143,830,688	4,670,392	-	-	148,501,080
Freehold land	6,588,311	-	(3,646,035)	-	2,942,276
Buildings and infrastructures	400,749,888	7,254,991	6,777,342	(404,086)	414,378,135
Plantation development expenditure and projects-in -progress	733,185,504	70,598,669	(14,356,403)	-	789,427,770
Machinery and equipment	182,247,150	20,823,442	7,579,061	(46,250)	210,603,403
Office equipment and computers	85,086,113	6,647,166	-	(661,230)	91,072,049
Motor vehicles	123,445,158	15,594,162	-	(2,065,402)	136,973,918
	1,675,132,812	125,588,822	(3,646,035)	(3,176,968)	1,793,898,631

	ACCUMULATED DEPRECIATION				
	Balance as at 1.1.2014 RM	**Additions RM**	**Transfer/ Reclassification RM**	**Disposals RM**	**Balance as at 31.12.2014 RM**
Leasehold land	**27,303,408**	**177,289**	**-**	**(318,046)**	**27,162,651**
Freehold land	**-**	**-**	**-**	**-**	**-**
Buildings and infrastructures	**249,473,863**	**14,484,628**	**59,695**	**(133,877)**	**263,884,309**
Plantation development expenditure and projects-in -progress	**143,961,771**	**22,160,541**	**-**	**-**	**166,122,312**
Machinery and equipment	**128,359,320**	**14,348,826**	**(59,695)**	**(11,250)**	**142,637,201**
Office equipment and computers	**60,652,547**	**7,134,580**	**-**	**(443,019)**	**67,344,108**
Motor vehicles	**95,371,281**	**12,868,644**	**-**	**(1,894,443)**	**106,345,482**
	705,122,190	**71,174,508**	**-**	**(2,800,635)**	**773,496,063**

	CARRYING VALUE		**Depreciation**
	2014 RM	2013 RM	2013 RM
Leasehold land	**121,338,429**	116,527,280	3,660,376
Freehold land	**2,942,276**	6,588,311	-
Buildings and infrastructures	**150,493,826**	151,276,025	14,729,846
Plantation development expenditure and projects-in-progress	**623,305,458**	589,223,733	16,123,679
Machinery and equipment	**67,966,202**	53,887,830	14,249,750
Office equipment and computers	**23,727,941**	24,433,566	6,814,219
Motor vehicles	**30,628,436**	28,073,877	11,612,907
	1,020,402,568	970,010,622	67,190,777

Company

	COST/VALUATION				
	Balance as at 1.1.2014 RM	Additions RM	Transfer/ Reclassification RM	Disposals RM	Balance as at 31.12.2014 RM
Leasehold land	126,155,124	4,670,392	-	-	130,825,516
Freehold land	2,440,954	-	-	-	2,440,954
Buildings and infrastructures	377,235,790	3,783,490	5,065,473	(217,622)	385,867,131
Plantation development expenditure and projects-in -progress	400,146,049	54,573,917	(12,582,934)	-	442,137,032
Machinery and equipment	104,956,925	11,469,011	7,517,461	-	123,943,397
Office equipment and computers	70,053,827	2,997,432	-	-	73,051,259
Motor vehicles	83,735,051	12,858,558	-	(1,853,811)	94,739,798
	1,164,723,720	90,352,800	-	(2,071,433)	1,253,005,087

	ACCUMULATED DEPRECIATION				
	Balance as at 1.1.2014 RM	Additions RM	Transfer/ Reclassification RM	Disposals RM	Balance as at 31.12.2014 RM
Leasehold land	25,298,532	384,962	-	-	25,683,494
Freehold land	-	-	-	-	-
Buildings and infrastructures	242,241,951	12,937,488	-	(132,387)	255,047,052
Plantation development expenditure and projects-in -progress	98,646,556	10,198,439	-	-	108,844,995
Machinery and equipment	78,158,732	6,340,870	-	-	84,499,602
Office equipment and computers	50,726,890	5,727,400	-	-	56,454,290
Motor vehicles	64,034,165	9,064,378	-	(1,853,788)	71,244,755
	559,106,826	44,653,537	-	(1,986,175)	601,774,188

	CARRYING VALUE		Depreciation
	2014	2013	2013
	RM	RM	RM
Leasehold land	**105,142,022**	100,856,592	2,934,323
Freehold land	**2,440,954**	2,440,954	-
Buildings and infrastructures	**130,820,079**	134,993,839	13,553,032
Plantation development expenditure and projects-in-progress	**333,292,037**	301,499,493	7,646,049
Machinery and equipment	**39,443,795**	26,798,193	7,540,031
Office equipment and computers	**16,596,969**	19,326,937	5,320,558
Motor vehicles	**23,495,043**	19,700,886	7,816,821
	651,230,899	605,616,894	44,810,814

Assets under finance lease and hire purchase

Included in property, plant and equipment of the Group are plant and machinery acquired under finance lease and hire purchase plans with an aggregate carrying value of RM19,865,123 (2013: RM20,866,513).

Security

Properties of the Group with an aggregate carrying value of RM24,890,782 (2013: RM25,671,475) are charged to secure bank loans and borrowings as disclosed in Note 16.

Land

Included in the carrying amounts of land are:

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Unexpired lease period of less than 50 years	**26,647,173**	26,877,382	**26,647,173**	26,877,382
Unexpired lease period of more than 50 years	**94,691,256**	89,649,898	**78,494,849**	73,979,210
	121,338,429	116,527,280	**105,142,022**	100,856,592

6. INVESTMENT PROPERTIES

	Group	
	2014	2013
	RM	RM
As at beginning of the financial year	**2,570,785**	-
Additions	**1,362,098**	2,570,785
Transfer from property, plant and equipment	**3,646,035**	-
As at end of the financial year	**7,578,918**	2,570,785

The commercial office buildings are currently under construction.

7. GOODWILL

Group

	RM
Cost	**12,362,713**
Impairment loss	**(4,260,525)**
Carrying amounts	**8,102,188**

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying value of goodwill allocated to each unit is as follows:

	Group	
	2014	2013
	RM	RM
Felcra Processing & Engineering Sdn. Bhd.	**7,098,488**	7,098,488
Felcra Ever Herald Sdn. Bhd.	**857,103**	857,103
Felcra Bekalan dan Perkhidmatan Sdn. Bhd.	**146,597**	146,597
	8,102,188	8,102,188

The recoverable amounts used in the goodwill impairment testing were based on value in use of the investment in the respective subsidiaries. These calculations use pre-tax cash flow projections based on financial budgets approved by respective management.

The value in use was determined by discounting the future cash flows based on the following key assumptions:

(a) Cash flows were projected for five years based on actual operating results and 5 years budget.

(b) The anticipated growth rate for revenue was projected in accordance with the Group's 5 years budget and subsequently projected based on estimated commodity price of crude palm oil and fresh fruit bunches.

(c) A pre-tax discount rate of 4% (2013: 4%) was applied in determining the recoverable amount. The discount rate was estimated based on the Group's weighted average cost of capital.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	RM	RM
Unquoted shares, at cost	**179,997,306**	173,997,308
Less: Accumulated impairment losses	**(3,339,456)**	(3,339,456)
	176,657,850	170,657,852

Details of the subsidiaries are as follows:

Name of subsidiary	Paid up capital	Group's effective interest (%) 2014	2013	Principal activities
*Felcra Niaga Sdn. Bhd.	**2,000,000**	**100**	100	Provision of agricultural input products and wholesale trading activities
*Felcra Plantation Services Sdn. Bhd.	**100,000**	**100**	100	Provision of agricultural consultancy services and managing a paddy mill
*Felcra Processing & Engineering Sdn. Bhd.	**3,750,000**	**100**	100	Management of palm oil mill and sale of palm oil products, sale of equipment, construction contracts, project management, transport services and vehicle servicing

Name of subsidiary	Paid up capital	Group's effective interest (%)		Principal activities
*Felcra Pelita Jemoreng Sdn. Bhd.	**14,031,000**	**60**	60	Plantation activities in Jemoreng, Sarawak
*Felcra Urus Estet Sdn. Bhd.	**1,000,000**	**100**	100	Plantation management services
*Felcra Sundar Awat-Awat Plantation Sdn. Bhd.	**150,000**	**70**	70	Plantation activities in Sundar Awat-Awat, Sarawak
*Felcra Balingian Plantation Sdn. Bhd.	**100,000**	**80**	80	Plantation activities in Balingian, Sarawak
*Felcra Agro Industry Sdn. Bhd.	**3,000,000**	**100**	100	Management of farming projects, provision of farming supplies and labour and conducting agro tourism activities
*Felcra Gedong Plantation Sdn. Bhd.	**1,000**	**70**	70	Plantation activities in Gedong, Sarawak
*Felcra Daya Khas Plantation Sdn. Bhd.	**100,000**	**92**	92	Plantation activities in district of Sri Aman, Sarawak
*Felcra Bina Sdn. Bhd.	**10,000,000**	**100**	100	Building contractor and civil engineers
*Felcra Training and Consultancy Sdn. Bhd.	**500,002**	**100**	100	Provision of training and consultancy
*Felcra Hose & Hose Sdn. Bhd.	**3,000,002**	**100**	100	Manufacturing of hoses. Ceased operations in year 2013.
*Felcra Ever Herald Sdn. Bhd.	**15,000**	**70**	70	Plantation activities in Sarawak
*Felcra Bekalan dan Perkhidmatan Sdn. Bhd.	**1,500,000**	**53**	53	General trading
Felcra Education Services Sdn. Bhd.	**3,000,002**	**100**	100	Provision of educational services.

Permodalan Felcra Sdn. Bhd.	**130,000,000**	**100**	100	Managing and invest funds received from Felcra Berhad
Felcra Properties Sdn. Bhd.	**2,000,000**	**100**	100	Property development. Yet to commence operations.
Felcra Cambodia Pte. Ltd.	**3,310,171**	**100**	100	Dormant
Felcra Livestock and Agri Product Sdn. Bhd.	**999,998**	**100**	-	Dormant

* Audited by other firms of chartered accountants.

9. INVESTMENT IN ASSOCIATES

	Group		**Company**	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Unquoted shares, at cost	**25,153,000**	23,186,500	**25,153,000**	23,200,000
Share of post-acquisition reserves	**(70,000)**	(70,000)	**-**	-
Share of profit in associates	**2,255,911**	1,683,028	**2,255,911**	1,669,528
	27,338,911	24,799,528	**27,408,911**	24,869,528

The associates, which were audited by other firm of chartered accountants, are as follows:

Name of company	**Paid up capital RM**	**Group's effective interest (%) 2014**	2013	**Principal activities**
Sinergi Perdana Sdn. Bhd.	**16,959,000**	**33**	33	Provision of agriculture related business
Felcra Jaya Samarahan Sdn. Bhd.	**20,000,000**	**35**	35	Management of palm oil mill
Felcra Jaya Putra Sdn. Bhd.	**35,000,000**	**36**	36	Management of palm oil mill
Konsortium Baja Nasional Sdn. Bhd.	**1,000,000**	**-**	35	Provision of agriculture inputs

Summary financial statements information of associates who have coterminous year end with the Group is as follows:

	2014	2013
	RM	RM
Assets and liabilities		
Current assets	**46,517,335**	44,679,824
Non-current assets	**58,453,412**	58,269,736
Total assets	**104,970,747**	102,949,560
Current liabilities	**38,188,364**	41,120,121
Non-current liabilities	**1,470,187**	1,473,558
Total liabilities	**39,658,551**	42,593,679
Revenue	**311,946,066**	141,463,857
Profit before taxation	**10,997,607**	6,888,019
Taxation	**(1,507,292)**	(1,544,949)
Profit after taxation	**9,490,315**	5,343,070

On 15 March 2013, the Company disposed off its entire 35% shareholding in Konsortium Baja Nasional Sdn Bhd to Sinergi Perdana Sdn Bhd for a consideration of RM2,303,000. The consideration was settled via a transfer of 2,303,000 shares of Sinergi Perdana Sdn Bhd to the Company.

10. OTHER INVESTMENTS

		Group		**Company**	
	31.12.2014	31.12.2013	**1.1.2013**	**31.12.2014**	31.12.2013
	RM	RM		**RM**	RM
		Restated	Restated		Restated
Non current					
Loans and receivables:					
Unqouted shares, at cost	**875,000**	875,000	875,000	**875,000**	875,000
Fair value:					
Unit trust	**5,849,665**	-	-	**-**	-
	6,724,665	875,000	875,000	**875,000**	875,000
Current					
Loans and receivables:					
- Deposit placed with institutional trust account	**140,000,000**	125,000,000	50,000,000	-	-

11. LONG TERM RECEIVABLES RECOVERABLE

	Group and Company	
	2014	2013
	RM	RM
Non-current		
Land development costs	**1,671,454,041**	1,479,452,344
Project advances	**43,829,941**	67,915,095
	1,715,283,982	1,547,367,439

Long term receivables recoverable consist of plantation development costs incurred on participants' projects and advances given to projects which are recoverable from future profits generated by the participants' projects.

Movement in participants' projects during the year:

	Group and Company	
	2014	2013
	RM	RM
At 1 January	**1,547,367,439**	1,415,017,526
Additions	**192,001,697**	157,783,459
Receipts	**(24,085,154)**	(25,433,546)
At 31 December	**1,715,283,982**	1,547,367,439

12. INVENTORIES

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
At cost:				
Palm oil products	**38,474,943**	50,730,828	**15,829,546**	28,143,704
Fertilizer	**47,040,874**	44,557,741	**30,598,335**	25,507,038
Nursery costs	**11,273,905**	8,276,359	**9,465,012**	6,820,144
Spares and consumables	**2,260,912**	2,021,540	**1,929,162**	1,785,970
	99,050,634	105,586,468	**57,822,055**	62,256,856
At net realisable value:				
Livestock	**10,352,995**	3,969,880	**10,207,641**	3,617,480
	109,403,629	109,556,348	**68,029,696**	65,874,336

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2014	2013	**2014**	2013
	Note	**RM**	RM	**RM**	RM
Trade					
Trade receivables		**141,817,880**	183,468,994	**107,789,255**	154,094,323
Less: Impairment losses		**(3,522,432)**	(2,736,627)	**(2,350,741)**	(2,736,627)
		138,295,448	180,732,367	**105,438,514**	151,357,696
Contract work-in-progress	a	**20,385,497**	17,460,503	**-**	-
		158,680,945	198,192,870	**105,438,514**	151,357,696
Non-trade					
Other receivables		**43,412,473**	57,013,284	**23,636,554**	48,088,249
Less: Impairment losses		**(910,000)**	(910,000)	**-**	-
		42,502,473	56,103,284	**23,636,554**	48,088,249
Deposits		**5,729,800**	7,148,687	**5,407,638**	4,485,398
Prepayments		**1,972,694**	1,153,060	**1,741,302**	1,152,060
Amount due from Inland Revenue Board		**28,833,607**	26,034,084	**22,577,125**	17,698,868
		79,038,574	90,439,115	**53,362,619**	71,424,575
Amount due from subsidiaries					
- Interest bearing	b	**-**	-	**123,387,753**	138,291,039
- Interest free	c	**-**	-	**249,951,189**	217,321,502
		-	-	**373,338,942**	355,612,541
Amount due from associated companies		**10,060,558**	13,546,739	**10,060,558**	13,546,739
		247,780,077	302,178,724	**542,200,633**	591,941,551

(a) **Contract work-in-progress**

	Group	
	2014	2013
	RM	
Aggregate costs incurred	**220,363,029**	333,584,719
Add: Attributable profits	**27,441,685**	43,060,536
	247,804,714	376,645,255
Less: Progress billings	**(236,673,788)**	(369,667,560)
	11,130,926	6,977,695
Contract work-in-progress	**20,385,497**	17,460,503
Amount due to contract customers (Note 15)	**(9,254,571)**	(10,482,808)
	11,130,926	6,977,695

(b) **Interest bearing amount due from subsidiaries**

The amounts due from subsidiaries are non-trade in nature, unsecured, subject to interest at 5% to 6% (2013: 5% to 6%) per annum and are repayable on demand.

(c) **Interest free amount due from subsidiaries**

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free and are repayable on demand.

(d) **Amount due from associated companies**

The amounts due from associated companies are unsecured, interest free and repayable on demand.

14. CASH AND CASH EQUIVALENTS

	Group			Company	
	31.12.2014	31.12.2013	1.1.2013	**31.12.2014**	31.12.2013
	RM	RM	RM	**RM**	RM
		(Restated)	(Restated)		
Deposits are placed with:					
Licensed banks	**310,575,639**	238,076,177	349,360,307	**199,745,710**	131,022,223
Other corporations	**308,548,615**	293,635,150	364,448,725	**308,548,615**	293,635,150
	619,124,254	531,711,327	713,809,032	**508,294,325**	424,657,373
Cash and bank balances	**453,564,821**	726,478,775	650,031,608	**362,618,595**	650,024,005
	1,072,689,075	1,258,190,102	1,363,840,640	**870,912,920**	1,074,681,378
Less: Deposits pledged	**(21,308,680)**	(19,606,123)	(19,603,623)	**(21,216,180)**	(20,568,829)
	1,051,380,395	1,238,583,979	1,344,237,017	**849,696,740**	1,054,112,549

Deposits placed with licensed banks pledged for a bank facility

During the year, the Company separated the Government trust monies, all of which are placed in fixed deposits with financial institutions amounting to RM832,489,181 (2013: RM819,706,744). These monies are meant for Government initiated programmes.

15. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	**2014**	2013	**2014**	2013
		RM	RM	**RM**	RM
Trade					
Trade payables		**158,627,744**	189,848,270	**88,028,428**	122,293,881
		158,627,744	189,848,270	**88,028,428**	122,293,881
Non-trade					
Other payables and accruals	a	**471,922,540**	571,580,324	**431,984,151**	550,986,367
Amount due to subsidiaries	b	**-**	-	**56,870,066**	47,313,603
Amount due to contract customers	13(a)	**9,254,571**	10,482,808	**-**	-
		481,177,111	582,063,132	**488,854,217**	598,299,970
		639,804,855	771,911,402	**576,882,645**	720,593,851

(a) **Other payables and accruals**

During the year, the Company and the Group separated the Government trust monies amounting to RM832,489,181 (2013:RM819,706,744) from its other payables and accruals. These monies are meant for Government initiated programmes.

(b) **Amount due to subsidiaries**

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest bearing loans and borrowings. Information about the Group's and the Company's exposure to interest rate is disclosed in Note 30.

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Current				
Secured term loans	**5,890,519**	5,604,650	**4,783,349**	4,922,238
Hire purchase and finance lease liabilities	**3,327,703**	3,386,388	**-**	-
	9,218,222	8,991,038	**4,783,349**	4,922,238
Unsecured term loans from Government				
- Land development	**47,485,790**	37,729,153	**47,485,790**	37,729,153
- Participants' housing	**1,163,572**	1,163,572	**1,163,572**	1,163,572
	48,649,362	38,892,725	**48,649,362**	38,892,725
	57,867,584	47,883,763	**53,432,711**	43,814,963

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Non-current				
Secured term loans	**19,561,155**	31,245,194	**14,838,487**	25,849,555
Hire purchase and finance lease liabilities	**9,664,266**	9,751,484	**-**	-
	29,225,421	40,996,678	**14,838,487**	25,849,555
Unsecured term loans from Government				
- Land development	**1,504,455,111**	1,284,477,939	**1,504,455,111**	1,284,477,939
- Participants' housing	**9,029,873**	9,756,637	**9,029,873**	9,756,637
	1,513,484,984	1,294,234,576	**1,513,484,984**	1,294,234,576
	1,542,710,405	1,335,231,254	**1,528,323,471**	1,320,084,131

		Group		Company	
		2014	2013	**2014**	2013
	Note	**RM**	RM	**RM**	RM
Total borrowings					
Secured term loans		**25,451,674**	36,849,844	**19,621,836**	30,771,793
Hire purchase and finance lease liabilities		**12,991,969**	13,137,872	**-**	-
Unsecured term loans from Government					
- Land development	a	**1,551,940,901**	1,322,207,092	**1,551,940,901**	1,322,207,092
- Participants housing	b	**10,193,445**	10,920,209	**10,193,445**	10,920,209
		1,562,134,346	1,333,127,301	**1,562,134,346**	1,333,127,301
		1,600,577,989	1,383,115,017	**1,581,756,182**	1,363,899,094

Security

Deposits placements of the Group and of the Company amounting to RM21,308,680 (2013: RM19,606,124) and RM21,216,180 (2013: RM20,568,829) respectively in Note 14 are pledged to secure bank loans of the Group and of the Company.

Properties of the Group with an aggregate carrying value of RM24,890,782 (2013: RM25,671,475) in Note 5 are secured over bank loans and hire purchase.

Significant salient features of loans and borrowings

Unsecured term loans from Government

Repayment is based on the schedules agreed upon by the Government and the Company.

Group and Company

Terms of the Government loans are as follows:

(a) **Land Development**

	Loans disbursed for the years						
Terms	**2000 - 2001**	**2002 - 2007**	**2008 - 2009**	**2010 - 2011**	**2012 - 2013**	**2014**	**Total**
Interest rate	4%	4%	4%	4%	4%	4%	
Period of loans	25 years	20 years	20 years	20 years	15-20 years	16-20 years	
Interest free period	5 years	7 years	6 years	7 years	3-7 years	5-7 years	
Period of interest capitalisation	None	None	None	None	None	None	
Year from the effective date of the loan in which repayment commences	6th year	8th year	7th year	8th year	4- 8th year	6- 8th year	
Period of repayment	20 years	13 years	14 years	13 years	12-20 years	16-20 years	
Total outstanding loans for land development (RM)	155,378,285	222,670,888	141,258,000	477,289,985	276,163,443	279,180,300	1,551,940,901

(b) **Participants' Housing**

	2014	2013
Terms		
Interest rate	**4%**	4%
Period of loans	**15 years**	15 years
Interest free period	**3 years**	3 years
Period of interest capitalisation	**None**	None
Year from the effective date of the loan in which repayment commences	**4th year**	4th year
Period of repayment	**12 years**	12 years
Total outstanding loans for land development (RM)	**10,193,445**	10,920,209

Terms and debt repayment schedule

Group	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
2014		**RM**	**RM**	**RM**	**RM**	**RM**
Secured term loans	**2013 - 2018**	**25,451,674**	**5,890,519**	**11,781,038**	**7,780,117**	**-**
Hire purchase and finance lease liabilities	**2014 - 2019**	**12,991,969**	**3,327,703**	**6,655,406**	**3,008,860**	**-**
Unsecured term loans from Government						
- Land development	**2013 - 2026**	**1,551,940,901**	**47,485,790**	**58,351,790**	**112,707,320**	**1,333,396,001**
- Participants' housing	**2022**	**10,193,445**	**1,163,572**	**2,327,144**	**3,927,524**	**2,775,205**
		1,600,577,989	**57,867,584**	**79,115,378**	**127,423,821**	**1,336,171,206**
2013						
Secured term loans	2013 - 2017	36,849,844	5,604,650	11,209,300	20,035,894	-
Hire purchase and finance lease liabilities	2013 - 2018	13,137,872	3,386,388	9,751,484	-	-
Unsecured term loans from Government						
- Land development	2013 - 2026	1,322,207,092	49,446,491	50,483,015	176,115,814	1,046,161,772
- Participants' housing	2022	10,920,209	1,163,572	2,327,144	3,490,716	3,938,777
		1,383,115,017	59,601,101	73,770,943	199,642,424	1,050,100,549

Company	**Year of maturity**	**Carrying amount**	**Under 1 year**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
2014		**RM**	**RM**	**RM**	**RM**	**RM**
Secured term loans	**2014 - 2017**	**19,621,836**	**4,783,349**	**14,838,487**	**-**	**-**
Unsecured term loans from Government						
- Land development	**2014 - 2026**	**1,551,940,901**	**47,485,790**	**58,351,790**	**112,707,320**	**1,333,396,001**
- Participants' housing	**2022**	**10,193,445**	**1,163,572**	**2,327,144**	**3,927,524**	**2,775,205**
		1,581,756,182	**53,432,711**	**75,517,421**	**116,634,844**	**1,336,171,206**
2013						
Secured term loans	2013 - 2016	30,771,793	4,922,278	25,849,515	-	-
Unsecured term loans from Government						
- Land development	2013 - 2026	1,322,207,092	49,446,491	50,483,015	176,115,814	1,046,161,772
- Participants' housing	2022	10,920,209	1,163,572	2,327,144	3,490,716	3,938,777
		1,363,899,094	55,532,341	78,659,674	179,606,530	1,050,100,549

Finance lease and hire purchase liabilities

Finance lease and hire purchase liabilities are payable as follows:

Group	**Minimum lease payments 2014 RM**	**Interest 2014 RM**	**Principal 2014 RM**
Less than 1 year	**3,460,811**	**133,108**	**3,327,703**
Between 1 and 5 years	**10,143,074**	**478,808**	**9,664,266**
	13,603,885	**611,916**	**12,991,969**

	Minimum lease payments 2013 RM	Interest 2013 RM	Principal 2013 RM
Less than 1 year	3,521,844	135,456	3,386,388
Between 1 and 5 years	10,547,073	795,589	9,751,484
	14,068,917	931,045	13,137,872

17. SHARE CAPITAL

	Group and Company	
	2014 RM	2013 RM
Authorised:		
1,000,000,000 ordinary shares of RM1.00 each	**1,000,000,000**	1,000,000,000
Issued and paid-up:		
500,000,002 ordinary shares of RM1.00 each	**500,000,002**	500,000,002

18. INVESTMENT BY GOVERNMENT

The investment by Government of RM146,371,315 comprise of the following:

(i) The statement of financial position of the Company as at 1 September 1997 was based on the financial statements of Lembaga Penyatuan dan Pemulihan Tanah Persekutuan as at 31 August 1997 which was audited by the Auditor General's office. The excess of assets over liabilities totaling RM48,383,860 which was transferred to the Company on 1 September 1997 was classified as investment by Government.

(ii) On 25 July 2006, the Government had converted RM97,987,455 of term loans from Government into investment by Government as part of their obligation to bear long term loss making participants' projects.

19. CAPITAL RESERVES

The capital reserves comprise the equity portion of financial instruments issued.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2014 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2014, whichever is earlier.

20. PARTICIPANTS' INTERESTS

Movement in participants' projects during the year:

		Group and Company	
		2014	2013
	Note	**RM**	RM
Participants' profits from projects	a	**173,890,212**	279,191,990
Development programs for the poor	b	**136,893,125**	206,504,889
Replanting Fund	c	**218,387,532**	220,211,580
		529,170,869	705,908,459

(a) **Participants' profits from projects**

	Group and Company	
	2014	2013
	RM	RM
Plantation revenue directly attributable to participants	**1,104,743,884**	1,195,918,046
Raw materials and consumables used	**(741,996,838)**	(811,742,439)
Profit for the year	**362,747,046**	384,175,607
Distribution to participants	**(319,529,448)**	(307,052,227)
Profits attributable to participants	**43,217,598**	77,123,380
Residual profits attributable to participants after the distribution	**130,672,614**	202,068,610
Participants' profits from projects	**173,890,212**	279,191,990

The above figures are directly attributable to participants’ projects. As such, these figures are separated from those attributable to the Group’s and Company’s projects, and are separately disclosed.

(b) **Development programs for the poor**

Development program for the poor is in relation to the funds received from the Government to distribute to the poor people who are FELCRA Participants.

(c) **Replanting Fund**

The Replanting Fund relates to the reserve fund deducted yearly from the projects income for a period of 15 years for replanting purposes. It has been established to subsidise the cost of replanting and/or to provide funding to participants as cost of living allowance during the replanting period.

21. RETIREMENT BENEFITS

	Group			Company		
	2014	2013	2013	**2014**	2013	2013
	RM	RM	RM	**RM**	RM	RM
		(Restated)			(Restated)	
Present value of unfunded obligations - Non current	**212,397,439**	210,877,634	177,709,988	**184,049,271**	185,893,944	163,588,232

Liability for defined benefit obligations

The Group operates an unfunded, defined Retirement Benefit Scheme (the Scheme) for its permanent employees regardless the length of service. Only employees who have reached 50 years of age for male employees and 45 years of age for female employees but not exceeding 56 years of age for both gender categories are entitled for payment under the Scheme upon retirement.

Movements in the net liability recognised in the statements of financial position:

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Liability for defined benefit obligations at 1 January	**210,877,634**	177,709,988	**185,893,944**	163,588,232
Retirement benefits paid	**(25,358,964)**	(21,766,820)	**(23,799,056)**	(20,629,840)
Expense recognised in profit or loss (Note 28)	**26,878,769**	54,934,466	**21,954,383**	42,935,552
Liability for defined benefit obligations at 31 December	**212,397,439**	210,877,634	**184,049,271**	185,893,944

Expenses recognised in statements of financial position

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Included in profit or loss				
Current service costs	**16,934,539**	12,422,887	**13,030,172**	10,524,177
Interest on obligation	**9,944,230**	9,006,060	**8,924,211**	8,956,432
Included in other comprehensive income				
Actuarial loss arising from:				
Financial assumptions	**-**	20,675,981	**-**	8,973,998
Experience adjustments	**-**	12,829,538	**-**	14,480,945
Net benefit expense	**26,878,769**	54,934,466	**21,954,383**	42,935,552

Actuarial assumptions

Principal actuarial assumptions used at the reporting date (expressed as weighted averages):

	2014	2013
Discount rate at 31 December	5.00%	6.00%
Expected rate of salary increase	5.00%	5.00%

The computations were made based on the assessment by Actuarial Partners Consulting Sdn. Bhd. dated 1 December 2014.

22. REVENUE

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Plantation revenue from the Company's projects				
- sales of crude palm oil	**647,862,134**	470,922,464	**544,853,634**	470,922,464
- sales of agriculture activities	**396,404,551**	313,003,262	**333,538,156**	313,003,262
- revenue derived from participants' projects	**213,181,288**	143,689,869	**213,181,288**	143,689,869
Dividends	**7,415,934**	4,791,043	**14,112,974**	12,507,630
Trading	**347,528,257**	223,709,923	**-**	-
Construction	**72,110,632**	79,221,586	**-**	-
Others	**69,350,952**	85,812,878	**-**	-
	1,753,853,748	1,321,151,025	**1,105,686,052**	940,123,225

23. COST OF SALES

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Cost of inventories sold	**1,099,449,789**	750,297,291	**774,652,087**	715,536,593
Construction contract costs	**62,908,090**	69,314,820	**-**	-
Cost of services rendered	**111,214,190**	96,299,473	**-**	-
	1,273,572,069	915,911,584	**774,652,087**	715,536,593

24. OTHER OPERATING INCOME

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Interest income	**58,376,366**	64,330,741	**58,404,588**	62,940,892
Bad debts recovered	**385,886**	-	**385,886**	-
Rental income	**15,992,958**	11,032,225	**15,651,706**	11,032,225
Gain on disposal of property, plant and equipment	**565,488**	35,394,523	**490,566**	35,394,523
Gain on disposal of an associate	**600,510**	-	**600,510**	-
Others	**27,618,284**	28,374,902	**24,268,104**	24,492,652
	103,539,492	139,132,391	**99,801,360**	133,860,292

25. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following items:

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Auditors' remuneration				
- auditors of the Company	**471,500**	422,500	**450,000**	415,000
- other auditors	**252,000**	243,790	**-**	-
Amount due from subsidiaries written off	**-**	-	**3,000,000**	31,344
Depreciation	**71,174,508**	67,190,777	**44,653,537**	44,810,814
Finance costs:				
- secured term loans	**759,346**	1,755,731	**637,721**	847,061
- hire purchase and lease liabilities	**1,250,190**	1,188,564	**-**	-
- replanting funds	**-**	3,649,337	**-**	3,649,337
- others	**394,820**	567,109	**17,588**	338,137
Impairment losses on investment in subsidiaries	**-**	-	**-**	2,361,225
Impairment losses on goodwill	**-**	99,998	**-**	-
Impairment losses on government projects	**1,001,400**	1,001,400	**1,001,400**	1,001,400
Retirement benefits	**26,878,769**	54,934,466	**21,954,383**	42,935,552
Rental expenses	**7,673,940**	9,865,270	**5,432,583**	5,491,428

26. TAXATION

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Current income tax expense	**48,496,377**	41,546,820	**27,851,704**	22,758,747
Overprovision of prior year taxation	**(4,460,636)**	(4,198,068)	**(2,844,201)**	(3,238,902)
Reversal of deferred tax assets	**(330,594)**	-	**-**	-
	43,705,147	37,348,752	**25,007,503**	19,519,845

Reconciliation of tax expense with accounting profit:

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Accounting profit	**167,563,589**	127,037,378	**120,409,797**	66,666,906
Tax at the current income tax rate of 25%	**41,890,897**	31,759,345	**30,102,449**	16,666,727
Tax effect in respect of:				
Non-allowable expenses	**10,502,859**	10,272,549	**387,808**	8,873,094
Overprovision of prior year taxation	**(4,460,636)**	(4,198,068)	**(2,844,201)**	(3,238,902)
Non taxable income	**(6,443,203)**	(2,781,074)	**(2,638,553)**	(2,781,074)
Deferred tax assets not recognised during the year	**2,545,824**	2,296,000	**-**	-
Reversal of deferred tax assets	**(330,594)**	-	**-**	-
Tax expense	**43,705,147**	37,348,752	**25,007,503**	19,519,845

As at 31 December 2014, the Group has unabsorbed tax losses and unutilised capital allowances of approximately RM35,300,000 (2013: RM32,800,000) and RM46,000 (2013: RM12,000) respectively which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

The deferred tax benefits which have not been included in the financial statements due to no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to realised are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Cummulative timing differences				
Unabsorbed tax losses	**35,300,000**	32,800,000	**-**	-
Unutilised capital allowances	**46,000**	12,000	**-**	-
	35,346,000	32,812,000	**-**	-

27. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Directors				
- fees	**2,496,445**	1,184,586	**525,200**	658,400
- remuneration	**126,833**	939,400	**-**	-
- honorarium	**-**	387,915	**-**	-
	2,623,278	2,511,901	**525,200**	658,400

28. STAFF COSTS

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Salaries, allowances and bonus	**148,864,441**	147,634,962	**117,410,835**	114,494,915
EPF contributions	**26,006,855**	21,734,719	**22,761,683**	20,302,163
Retirement benefit contributions (Note 21)	**26,878,769**	54,934,466	**21,954,383**	42,935,552
Other related expenses	**9,872,674**	20,116,626	**6,980,641**	18,300,728
	211,622,739	244,420,773	**169,107,542**	196,033,358

The number of employees in the Group and in the Company at the end of the financial year were 3,329 and 2,841 (2013: 3,087 and 2,704) respectively.

29. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Amount		Net Ordinary Shares	
	2014	2013	**2014**	2013
	RM'000	RM'000	**sen**	sen
In respect of the financial year ended 31.12.2013				
Final dividend:				
2.4 sen less 25% taxation, declared on 16 May 2014 and paid on 5 June 2014	**9,000,000**	-	**2.4**	**-**
In respect of the financial year ended 31.12.2012				
Final dividend:				
3.0 sen less 25% taxation, declared on 27 June 2013 and paid on 20 January 2014	**-**	11,250,000	**-**	3.0

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables (L&R);

(ii) Available-for-sale financial assets (AFS);

(iii) Other liabilities (OL).

	Carrying amount RM	**L&R RM**	**AFS RM**
2014			
Financial assets			
Group			
Other investments	**146,724,665**	**140,875,000**	**5,849,665**
Long term receivables	**1,715,283,982**	**1,715,283,982**	**-**
Trade and other receivables	**247,780,077**	**247,780,077**	**-**
Cash and cash equivalents	**1,072,689,075**	**1,072,689,075**	**-**
	3,182,477,799	**3,176,628,134**	**5,849,665**
Company			
Other investments	**875,000**	**875,000**	
Long term receivables	**1,715,283,982**	**1,715,283,982**	**-**
Trade and other receivables	**542,200,633**	**542,200,633**	**-**
Cash and cash equivalents	**870,912,920**	**870,912,920**	**-**
	3,129,272,535	**3,129,272,535**	**-**

	Carrying amount RM	L&R RM	AFS RM
2013			
Financial assets			
Group			
Other investments	125,875,000	125,875,000	-
Long term receivables	1,547,367,439	1,547,367,439	-
Trade and other receivables	302,178,724	302,178,724	-
Cash and cash equivalents	1,258,190,102	1,258,190,102	-
	3,233,611,265	3,233,611,265	-
Company			
Other investments	875,000	875,000	-
Long term receivables	1,547,367,439	1,547,367,439	-
Trade and other receivables	591,941,551	591,941,551	-
Cash and cash equivalents	1,074,681,378	1,074,681,378	-
	3,214,865,368	3,214,865,368	-

	Carrying amount RM	OL RM
2014		
Financial liabilities		
Group		
Participants' interest	**(529,170,869)**	**(529,170,869)**
Loans and borrowings	**(1,600,577,989)**	**-**
Trade and other payables	**(639,804,855)**	**(639,804,855)**
	(2,769,553,713)	**(1,168,975,724)**
Company		
Participants' interest	**(529,170,869)**	**(529,170,869)**
Loans and borrowings	**(1,581,756,182)**	**(1,581,756,182)**
Trade and other payables	**(576,882,645)**	**(576,882,645)**
	(2,687,809,696)	**(2,687,809,696)**

	Carrying amount RM	OL RM
2013		
Financial liabilities		
Group		
Participants' interest	(705,908,459)	(705,908,459)
Loans and borrowings	(1,383,115,017)	(1,383,115,017)
Trade and other payables	(771,911,402)	(1,592,478,317)
Dividends payable	(11,250,000)	(11,250,000)
	(2,872,184,878)	(3,692,751,793)
Company		
Participants' interest	(705,908,459)	(705,908,459)
Loans and borrowings	(1,363,899,094)	(1,363,899,094)
Trade and other payables	(720,593,851)	(1,540,300,595)
Dividends payable	(11,250,000)	(11,250,000)
	(2,801,651,404)	(3,621,358,148)

(b) **Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

(i) **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

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 a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

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 90 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
2014			
Group			
Not past due	**101,477,330**	**-**	**101,477,330**
Past due 1-30 days	**10,394,942**	**-**	**10,394,942**
Past due 31-120 days	**23,334,114**	**-**	**23,334,114**
Past due more than 120 days	**6,611,494**	**(3,522,432)**	**3,089,062**
	141,817,880	**(3,522,432)**	**138,295,448**

	Gross RM	Individual impairment RM	Net RM
2014			
Company			
Not past due	**78,082,767**	**-**	**78,082,767**
Past due 1-30 days	**6,777,858**	**-**	**6,777,858**
Past due 31-120 days	**20,577,889**	**-**	**20,577,889**
Past due more than 120 days	**2,350,741**	**(2,350,741)**	**-**
	107,789,255	**(2,350,741)**	**105,438,514**

	Gross RM	Individual impairment RM	Net RM
2013			
Group			
Not past due	82,795,028	-	82,795,028
Past due 1-30 days	66,354,576	-	66,354,576
Past due 31-120 days	18,360,390	-	18,360,390
Past due more than 120 days	15,959,000	(2,736,627)	13,222,373
	183,468,994	(2,736,627)	180,732,367

	Gross RM	Individual impairment RM	Net RM
2013			
Company			
Not past due	69,601,090	-	69,601,090
Past due 1-30 days	55,689,796	-	55,689,796
Past due 31-120 days	15,850,248	-	15,850,248
Past due more than 120 days	12,953,189	(2,736,627)	10,216,562
	154,094,323	(2,736,627)	151,357,696

The assessment of recoverability of long term receivables recoverable is performed by reviewing the profitability of the participants' projects. If the participants' projects give indications of impairment that would result in a loss, the Company will request the Government to set-off the relevant impaired receivables against the unsecured government loans that were provided to fund the development cost of participants' projects and investment by Government (as stated in Note 20) as evidenced by past experiences. In addition, amounts in the replanting fund could also be used as set-off. Based on these, impairment loss on long term receivables recoverable was not required.

Investment and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in licensed with financial institutions and securities that have a credit rating the same given from Rating Agency Malaysia (RAM) or Malaysian Rating Corporation Bhd. (MARC).

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of quoted debentures below. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The amounts due from subsidiaries are repayable on demand.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

Group

2014	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
Secured term loans	25,451,674	3.80% to 4.75%	26,706,535	12,455,405	14,251,130	-
Unsecured term loans from Government						
- Land development	1,551,940,901	4.00%	1,650,274,277	70,613,521	257,411,391	1,322,249,365
- Participants' housing	10,193,445	4.00%	15,126,436	1,163,572	4,654,288	9,308,576
Hire purchase and finance lease liabilities	12,991,969	3.39% to 5.01%	13,603,885	3,460,811	10,143,074	-
Participants' interest	529,170,869		529,170,869	529,170,869	-	-
Trade and other payables	639,804,855		639,804,855	639,804,855	-	-
	2,769,553,713		2,874,686,857	1,256,669,033	286,459,883	1,331,557,941

Company

2014	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
Secured term loans	19,621,836	3.80% to 4.75%	20,876,697	11,348,235	9,528,462	-
Unsecured term loans from Government						
- Land development	1,551,940,901	4.00%	1,650,274,277	70,613,521	257,411,391	1,322,249,365
- Participants' housing	10,193,445	4.00%	15,126,436	1,163,572	4,654,288	9,308,576
Participants' interest	529,170,869		529,170,869	529,170,869	-	-
Trade and other payables	576,882,645		576,882,645	576,882,645	-	-
	2,687,809,696		2,792,330,924	1,189,178,842	271,594,141	1,331,557,941

Group

2013	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
Secured term loans	36,849,844	3.80% to 4.75%	41,959,722	12,465,922	29,493,800	-
Unsecured term loans from Government						
- Land development	1,322,207,092	4.00%	1,604,866,591	56,353,967	366,855,267	1,181,657,357
- Participants' housing	10,920,209	4.00%	19,908,475	1,163,572	8,295,198	10,449,705
Hire purchase and finance lease liabilities	13,137,872	3.39% to 5.01%	19,332,690	4,317,433	15,015,257	-
Participants' interest	705,908,459		705,908,459	705,908,459	-	-
Trade and other payables	771,911,402		771,911,402	771,911,402	-	-
Dividends payable	11,250,000		11,250,000	11,250,000	-	-
	2,872,184,878		3,175,137,339	1,563,370,755	419,659,522	1,192,107,062

Company

2013	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
Secured term loans	30,771,793	3.80% to 4.75%	31,610,232	11,428,977	20,181,255	-
Unsecured term loans from Government						
- Land development	1,322,207,092	4.00%	1,604,866,591	56,353,967	366,855,267	1,181,657,357
- Participants' housing	10,920,209	4.00%	19,908,475	1,163,572	8,295,198	10,449,705
Participants' interest	705,908,459		705,908,459	705,908,459	-	-
Trade and other payables	720,593,851		720,593,851	720,593,851	-	-
Dividends payable	11,250,000		11,250,000	11,250,000	-	-
	2,801,651,404		3,094,137,608	1,506,698,826	395,331,720	1,192,107,062

(iii) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily *U.S. Dollar (USD).*

Risk management objectives, policies and processes for managing the risk

The Group and the Company ensure that the net exposure is kept to an acceptable level by monitoring the fluctuation of the foreign currency exchange rates.

Exposure to foreign currency risk

The Company has 100% shareholding in Felcra Cambodia Ltd, a company that operates its business in plantation and trading activities in Cambodia. However, the Company has remained dormant during the financial year under review.

Other than above, the Group is not exposed to foreign currency risk on other financial instruments.

Currency risk sensitivity analysis

The exposure to currency risk of the Group entities is not material and hence, sensitivity analysis is not presented.

Interest rate risk

The Group's deposit placed with licensed banks and borrowings are subject to fixed interest rates, are exposed to a risk of change in their fair value due to changes in interest rates. Other receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of investing and borrowing mainly in fixed rate instruments to avoid the risk of fluctuation in interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group 2014 RM	**Company 2014 RM**
Fixed rate instruments		
Financial assets		
Amount due from subsidiaries		
- interest bearing portion	**-**	**123,387,753**
Other investment- current	**140,000,000**	**-**
Deposits placed with:		
Licensed banks	**310,575,639**	**199,745,710**
Other corporations	**308,548,615**	**308,548,615**
Financial liabilities		
Loans and borrowings	**(1,600,577,989)**	**(1,581,756,182)**
	(841,453,735)	**(950,074,104)**

	Group 2013 RM	Company 2013 RM
Fixed rate instruments		
Financial assets		
Amount due from subsidiaries		
- interest bearing portion	-	138,291,039
Other investment- current	125,000,000	-
Deposits placed with:		
Licensed banks	238,076,177	131,022,223
Other corporations	293,635,150	293,635,150
Financial liabilities		
Loans and borrowings	(1,383,115,017)	(1,363,899,094)
	(726,403,690)	(800,950,682)

Interest rate risk sensitivity analysis

The Group does 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 end of the reporting period would not affect profit or loss.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

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

	2014	
	Carrying Value RM	**Fair Value RM**
Group		
Non-current		
Secured term loans	**19,561,155**	**19,561,155**
Hire purchase and finance lease liabilities	**9,664,266**	**9,664,266**
Unsecured term loans from Government	**1,513,484,984**	**1,513,484,984**
Participants' interest	**529,170,869**	**529,170,869**

	Carrying Value RM	**Fair Value RM**
Company		
Non-current		
Secured term loans	**14,838,487**	**14,838,487**
Unsecured term loans from Government	**1,513,484,984**	**1,513,484,984**
Participants' interest	**529,170,869**	**529,170,869**

	2013	
	Carrying Value RM	Fair Value RM
Group		
Non-current		
Secured term loans	31,245,194	31,245,194
Hire purchase and finance lease liabilities	9,751,484	9,751,484
Unsecured term loans from Government	1,284,477,939	1,284,477,939
Participants' interest	705,908,459	705,908,459

	Carrying Value RM	Fair Value RM
Company		
Non-current		
Secured term loans	25,849,555	25,849,555
Unsecured term loans from Government	1,284,477,939	1,284,477,939
Participants' interest	705,908,459	705,908,459

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value is determined using estimated future cash flows discounted using related market rate for a similar instrument at the reporting date. For hire purchase and finance leases the market rate of interest is determined by reference to similar lease agreements.

31. CAPITAL RISK MANAGEMENT

The primary objective of the Group and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group and the Company may adjust the dividend payment to shareholder. The Group and the Company's approach in managing capital are based on defined guidelines that are approved by the Board.

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM (Restated)	**RM**	RM
Loan and borrowings (Note 16)	**1,600,577,989**	1,383,115,017	**1,581,756,182**	1,363,899,094
Less: Cash and cash equivalent (Note 14)	**(1,072,689,075)**	(1,258,190,102)	**(870,912,920)**	(1,074,681,378)
Net debt	**527,888,914**	124,924,915	**710,843,262**	289,217,716
Total equity	**1,369,690,635**	1,255,624,584	**1,180,740,924**	1,094,338,630
Debt-to-equity ratio	**0.39**	**0.10**	**0.60**	**0.26**

There were no changes in the Group and the Company's approach to capital management during the year.

32. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders (single tier system). However, there is a transitional period of 6 years, expiring on 31 December 2014, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2014 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007. As at 31 December 2014, the Company has sufficient tax exempt profits to pay dividends out of its entire retained earnings.

33. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Services and supplies				
Contracted but not provided for	**130,112,720**	101,874,176	**129,362,720**	101,189,961

34. HOLDING CORPORATION

The holding corporation is the Minister of Finance (Incorporated), a body corporate which was incorporated under the Minister of Finance (Incorporation) Act, 1957.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 14 February 2014, the Company injected RM3,000,000 into its wholly owned subsidiary, Felcra Cambodia Pte Ltd. The Company is currently dormant.

(ii) On 30 April 2014, the Company injected RM999,998 into its wholly owned subsidiary, Felcra Livestock and Agri Product Sdn Bhd. The Company is currently dormant.

(iii) On 30 May 2014, the Company injected RM2,000,000 into its wholly owned subsidiary, Felcra Education Sdn Bhd for its working capital.

(iv) On 30 September 2014, the Company advanced RM15,000,000 to its wholly owned subsidiary, Permodalan Felcra Sdn. Bhd., a company incorporated in Malaysia to manage and invest in deposit with institutional trust accounts.

36. RELATED PARTIES

Identity of related parties

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 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, and certain members of senior management of the Group.

	Transactions value year ended	
	2014	2013
	RM	RM
Subsidiaries		
Interest income	**2,002,204**	2,035,035
Purchases	**255,145,915**	270,715,187
Rental income	**439,969**	2,043,705

The above transactions have been entered into in the normal course of business and have been established under negotiated terms that are no less favourable than those arranged with independent parties. The outstanding net amounts are disclosed in Note 13 and 15 respectively.

37. PRIOR YEAR ADJUSTMENT

The prior year adjustment is due to the effect of adoption of the amended FRS 119 *Employee Benefits*, was not recognised in the financial statement in the prior financial year. This has been adjusted respectively and the effect to the Group's and the Company's liability and unappropriated profits are as stated below:

	As previously reported RM	Effect of prior year adjustment RM	As restated RM
Group			
Statement of Financial Position			
Unappropriated profits	89,350,753	(33,167,646)	56,183,107
Retirement benefits	177,709,988	33,167,646	210,877,634
Company			
Statement of Financial Position			
Unappropriated profits	45,997,830	(22,305,712)	23,692,118
Retirement benefits	163,588,232	22,305,712	185,893,944

38. COMPARATIVE FIGURES

Explanation of reclassification of cash and cash equivalent

During the financial year, the Group reclassified its deposits that have maturity of more than three months with institutional trust account to other investments in accordance to the guidance in FRSIC Consensus 22, *Classification of Fixed Deposits and Similar Instruments as Cash and Cash Equivalents* effective from 1 January 2014. In the previous financial years, all deposits with institutional trust account were classified as cash and cash equivalents.

Accordingly, reclassification has been made to the comparative figures to align with the current year presentation. This is now applied retrospectively and the affects are as follows:

Statement of Financial Position

	31.12.2013		1.1.2013	
	As previously stated	As restated	As previously stated	As restated
	RM	RM	RM	RM
Group				
Current Assets				
Other investments	-	125,000,000	-	50,000,000
Cash and cash equivalents	1,383,190,102	1,258,190,102	1,413,840,640	1,363,840,640

FELCRA BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2014

FELCRA BERHAD
(Incorporated in Malaysia)

INDEX

Contents	Page