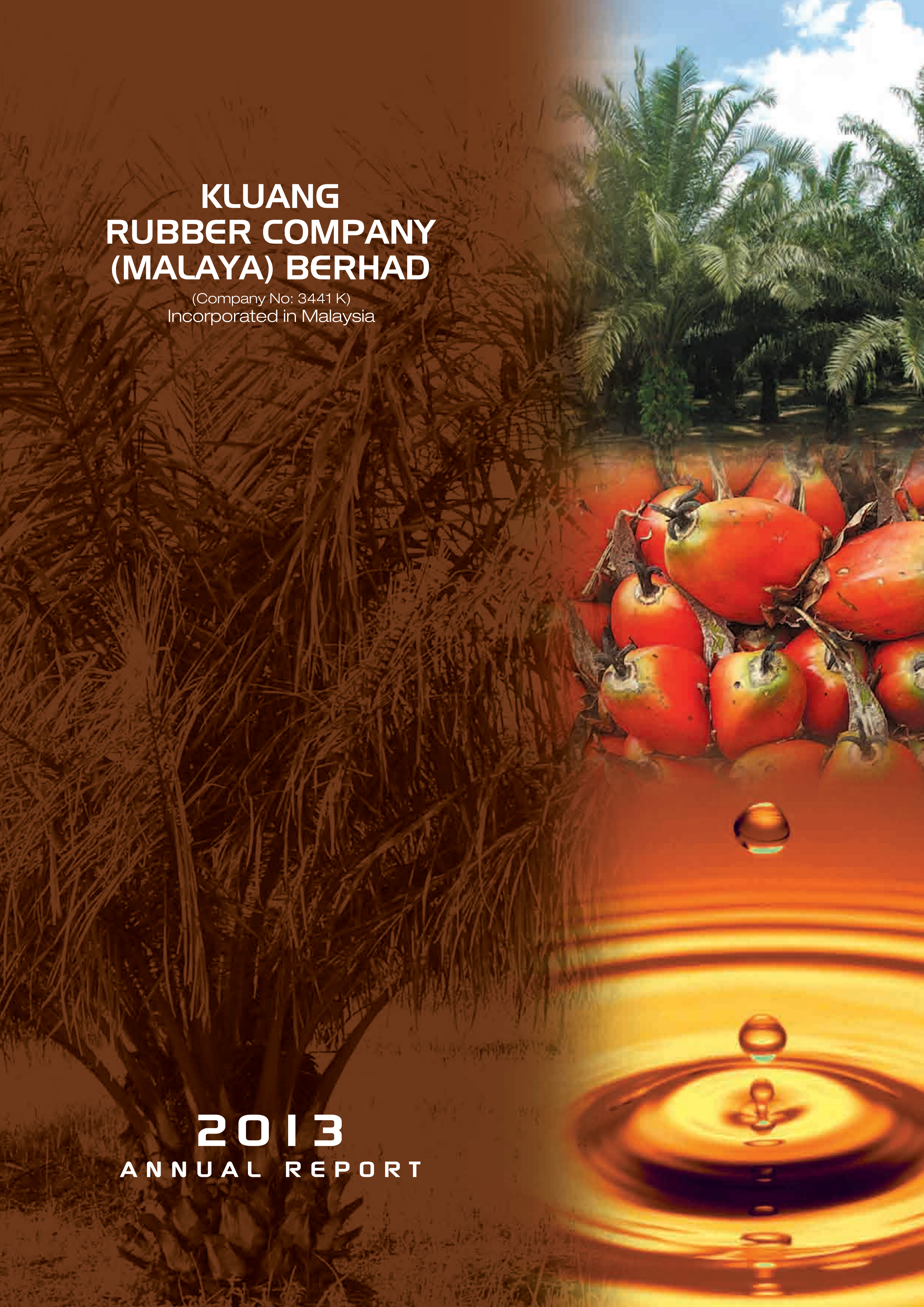

KLUANG RUBBER COMPANY (MALAYA) BERHAD

(Company No: 3441 K)
Incorporated in Malaysia

2013
ANNUAL REPORT

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KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fourth Annual General Meeting of **KLUANG RUBBER COMPANY (MALAYA) BERHAD** will be held at Thistle Johor Bahru Hotel, Orchid 1 (LG Floor), Jalan Sungai Chat, 80720 Johor Bahru, Johor, Malaysia on Thursday, 28 November 2013 at 11.00 a.m. to transact the following businesses:-

Agenda

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2013 together with the Directors' and Auditors' Reports thereon. ***REFER TO EXPLANATORY NOTE A***

2. To approve the payment of a final dividend of 1% less 25% income tax for the financial year ended 30 June 2013. **RESOLUTION 1**

3. To approve the payment of Directors' Fees of up to the maximum amount of RM400,000 for the financial year ending 30 June 2014. **RESOLUTION 2**

4. To re-elect the following Directors who retire during the year in accordance with the Company's Articles of Association and being eligible, offer themselves for re-election :

   a) Lee Chung-Shih - Article 85 **RESOLUTION 3**

   b) Huang Yuan Chiang - Article 85 **RESOLUTION 4**

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

   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Lee Soo Hoon be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **RESOLUTION 5**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorize the Directors to fix their remuneration. **RESOLUTION 6**

SPECIAL BUSINESS

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

   ORDINARY RESOLUTION 1 **RESOLUTION 7**
   CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR
   "**THAT** authority be and is hereby given to Huang Yuan Chiang to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012" ***REFER TO EXPLANATORY NOTE B***

   ORDINARY RESOLUTION 2 **RESOLUTION 8**
   CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR
   "**THAT** authority be and is hereby given to Liew Chuan Hock to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012" ***REFER TO EXPLANATORY NOTE B***

   ORDINARY RESOLUTION 3 **RESOLUTION 9**
   CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR
   "**THAT** subject to the passing of Resolution 5, authority be and is hereby given to Lee Soo Hoon to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012" ***REFER TO EXPLANATORY NOTE B***

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION 4
AUTHORITY TO ALLOT SHARES - SECTION 132D **RESOLUTION 10**

"**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION 5
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH KLUANG ESTATE (1977) SDN. BHD., PURSUANT TO PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD **RESOLUTION 11**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiary be and is hereby authorized to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Kluang Estate (1977) Sdn. Bhd., as set out in section 2.1 of the Circular to Shareholders dated 29 October 2013 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

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

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

whichever is earlier."

ORDINARY RESOLUTION 6
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH THE NYALAS RUBBER ESTATES LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD **RESOLUTION 12**

"**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiary be and is hereby authorized to enter into and give effect to recurrent related party transactions of a revenue and trading nature with The Nyalas Rubber Estates Limited, as set out in section 2.1 of the Circular to Shareholders dated 29 October 2013 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

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

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

whichever is earlier."

9. To transact any other business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT
A FINAL DIVIDEND OF 1% LESS 25% INCOME TAX

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifty-Fourth Annual General Meeting, a final dividend of 1% less 25% income tax in respect of the financial year ended 30 June 2013 will be payable on 26 December 2013 to Depositors registered in the Record of Depositors at the close of business on 6 December 2013.

A Depositor shall qualify for entitlement only in respect of:-

a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 4 December 2013 in respect of shares which are exempted from mandatory deposits;

b) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 6 December 2013 in respect of transfers; and

c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA NO. 7003178)
LEONG SIEW FOONG (MAICSA NO. 7007572)
Company Secretaries
Johor Bahru
29 October 2013

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes :

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.

b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.

c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.

d. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.

f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS

Note A
This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Note B
Mr Huang Yuan Chiang, Mr Liew Chuan Hock and Mr Lee Soo Hoon are Independent Directors of the Company who have served the Company for more than nine years.

In line with the Malaysia Code on Corporate Governance 2012, the Nomination Committee has assessed the above as defined in Bursa Securities Listing Requirements.

(i) Ordinary Resolution 4
The Ordinary Resolution 4, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

(ii) Ordinary Resolutions 5 and 6
Please refer to the Circular to Shareholders dated 29 October 2013.

CORPORATE INFORMATION

DIRECTORS
LEE SOO HOON
LEE CHUNG-SHIH
LIEW CHUAN HOCK
HUANG YUAN CHIANG
WILLIAM WONG TIEN LEONG

SECRETARIES
CHIN NGEOK MUI
LEONG SIEW FOONG

AUDIT COMMITTEE MEMBERS
LEE SOO HOON
Chairman
Independent Non-Executive Director

LIEW CHUAN HOCK
Independent Non-Executive Director

HUANG YUAN CHIANG
Independent Non-Executive Director

WILLIAM WONG TIEN LEONG
Independent Non-Executive Director

NOMINATION COMMITTEE MEMBERS
HUANG YUAN CHIANG
Chairman
Independent Non-Executive Director

LEE SOO HOON
Independent Non-Executive Director

LIEW CHUAN HOCK
Independent Non-Executive Director

WILLIAM WONG TIEN LEONG
Independent Non-Executive Director

REMUNERATION COMMITTEE MEMBERS
LIEW CHUAN HOCK
Chairman
Independent Non-Executive Director

LEE SOO HOON
Independent Non-Executive Director

HUANG YUAN CHIANG
Independent Non-Executive Director

WILLIAM WONG TIEN LEONG
Independent Non-Executive Director

CORPORATE INFORMATION (cont'd)

INVESTMENT COMMITTEE MEMBERS
HUANG YUAN CHIANG
Chairman
Independent Non-Executive Director

LIEW CHUAN HOCK
Independent Non-Executive Director

WILLIAM WONG TIEN LEONG
Independent Non-Executive Director

AUDITORS
ERNST & YOUNG
Chartered Accountants

REGISTERED OFFICE
SUITE 6.1A, LEVEL 6, MENARA PELANGI,
JALAN KUNING, TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR
TEL: 07-3323536 FAX: 07-3324536

SHARE REGISTRAR
SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)
LEVEL 6, SYMPHONY HOUSE,
PUSAT DAGANGAN DANA 1,
JALAN PJU 1A/46,
47301 PETALING JAYA, SELANGOR.
TEL: 603-78418000 FAX: 603-78418151

BANKER
OCBC BANK (MALAYSIA) BERHAD

STOCK EXCHANGE
MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD *("Bursa Malaysia")*

WEBSITE
www.kluangrubber.com

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2013.

Overview

The Group achieved total revenue of RM6,291,644 for the current financial year. This was lower than RM7,162,645 achieved a year ago by 12% despite higher dividend and interest income.

The contributions from the Estate Operations were only about 82% of last year's level as the fall in the selling price of Fresh Fruit Bunches ("FFB") by about 25% more than offset the 10% increase in FFB production.

The Group posted an after-tax profit of RM10,409,152 for the current financial year. This was higher than the profit of RM6,767,082 reported a year ago, mainly due to significantly higher share of associates' profit of RM8,754,605 as compared to last year's share of RM4,671,409.

Corporate Proposal

On 22 March 2013, the Company announced the proposed dividend reinvestment scheme ("DRS") that will provide shareholders the option to elect to reinvest in whole or in part of their cash dividend which includes interim, final, special or any other cash dividend in new ordinary share(s) of RM1.00 each in the Company.

The Company's shareholders approved the proposed DRS at the Extraordinary General Meeting held on 3 July 2013.

On 19 September 2013, the Company announced that the DRS will be implemented for the Special Dividend of 24.25% less 25% income tax. The Issue Price of the new shares to be issued pursuant to the DRS for the Special Dividend has been fixed at RM2.75 per new share, a discount of approximately 10% to the five (5) market day volume weighted average market price up to and including 18 September 2013.

Prospects

The Group recognises that the oil palm industry in Malaysia will continue to face the inherent challenges such as changing weather patterns, uncertain commodities prices, production of FFB and heavy reliance on foreign labour and inflationary pressure on the production cost especially after the implementation of minimum wage rate policy.

The Group's production of FFB for financial year 2014 is expected to increase as we foresee 2014 as a peak period which normally follows a trough period (2013). However, palm trees of different age group will respond differently to the climatic changes.

Based on the above factors and barring any unforeseen circumstances, the Board expects the Group to continue to perform satisfactorily as selling prices of FFB are expected to improve.

The results of the associated companies may be further affected by the market valuation of their investments and currency fluctuations.

CHAIRMAN'S STATEMENT (cont'd)

Dividends

The Board is proposing a final dividend of 1% less 25% income tax for the year ended 30 June 2013. This is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Pursuant to the DRS approved by the shareholders at the Extraordinary General Meeting held on 3 July 2013, the Company has declared on 19 September 2013 that a special dividend of 24.25% less 25% income tax will be payable on 4 November 2013.

Acknowledgement

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Directors, the management and staff at all levels for their continuing efforts and immense contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their unwavering and continuous support.

On behalf of the Board of Directors

LEE SOO HOON
Chairman

STATEMENT OF CORPORATE GOVERNANCE

THE CODE OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance (the Code) sets out the principles of Corporate Governance which essentially relate to the Boards' practices and procedures involving composition of the board, appointments, directors' remuneration, accountability, shareholders, employees, etc.

The Board of Directors of Kluang Rubber Company (Malaya) Berhad ("the Company") recognizes the importance of good corporate governance in building a sustainable business and is committed to ensure that high standards of corporate governance are practiced throughout the Company and its subsidiary ('the Group"). This Statement is produced by the Board pursuant to paragraph 15.25 of the Bursa Malaysia's Main Market Listing Requirements in applying the Principles and the Recommendations of the Code on Corporate Governance. The Board further acknowledges the Principles and the Recommendations of the Code and except where specifically identified, the Board has generally complied with the Principles and Recommendations set out in the Code.

The only area of non-compliance with the Code is the disclosure of details of the remuneration of each director. Details of the Directors' remuneration are set out in Note 7 to the financial statements by applicable bands of RM50,000, which complies with the disclosure requirements under the Bursa Malaysia's Listing Requirements. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the band disclosure made.

DIRECTORS

The Board

The Board's responsibilities are for setting the strategic direction of the Group, establishing goals for the management and continuously improving its performance so as to protect and enhance shareholders' value in the Group. They are hence responsible for the overall standards of conduct, risk management, succession planning, strategic planning as well as the system of internal controls within the Group.

Board Composition and Balance

The Board comprises five (5) members; of whom four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Board composition complies with the Listing Requirements of Bursa Malaysia that requires a minimum of 2 or 1/3 of the Board to be Independent Directors. A brief profile of each Director is presented on pages 22 to 25 of the Annual Report.

The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. With their different backgrounds and specialization, the Directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties in managing the business affairs of the Group.

Senior Independent Non-Executive Director which is identified by Board is Mr Lee Soo Hoon as to whom Shareholders' concerns may be conveyed.

Board Meetings

Board meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of seven (7) times. The attendance record of each Director since the last financial year is as follows:

Name of Directors	Attendance of meetings
Lee Soo Hoon	7/7
Lee Chung-Shih ^	6/7
Liew Chuan Hock	7/7
Huang Yuan Chiang	6/7
William Wong Tien Leong	7/7
Edwards John Richard *	1/1

Note:
* Resigned on 17 October 2012.
^ Redesignated as Non-Independent Non-Executive Director and resigned as Investment Committee Member on 2 October 2012.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Supply of Information

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed, in a timely manner. Relevant Directors will provide explanation to pertinent issues when necessary. Company Secretary attends all board meetings whereby all proceedings and conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 156 of the Companies Act, 1965.

All Directors have unrestricted access to all information and the advice as well as services of the Company Secretaries and external auditors whether as a full Board or in their individual capacity, in the furtherance of their duties. They may obtain independent professional advice at their discretion at the Company's expense.

Appointment to the Board

The Company has a transparent and formal procedure for the appointment of new Directors to the Board.

The Nomination Committee of the Company comprises four (4) Independent Non-Executive Directors. The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

The Board, through the Nomination Committee annually reviews its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board.

The Board has implemented a process, to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual member of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

Re-election

In accordance with the Company's Articles of Association, the newly appointed Directors will retire at the first Annual General Meeting ("AGM") and are eligible for re-election by shareholders. The Articles also provide that at least one third of the Board including Executive Directors is subject to re-election annually and each Director shall stand for re-election at least once every three (3) years.

Directors' Training

All Directors have completed the Mandatory Accredition Programme as required by the listing requirements of Bursa Malaysia. The Directors are aware of the importance of continuous training to update themselves and to further enhance their skills, knowledge and better equip themselves to effectively discharge their fiduciary duties.

During the financial year, the Directors have attended the following relevant training programmes to keep themselves abreast with relevant changes whilst discharging their duties: -

Date	Seminar/Workshop	Conducted by	Attended by
29 May 2013	Training on Risk Management & Internal Control	Ernst & Young Advisory Services Sdn Bhd	All Directors

The Directors also received regular briefings from External Auditors on updates in financial reporting and new accounting standards.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION

The Remuneration Committee, consisting of four (4) Independent Non-Executive Directors, ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval. Fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

Details of the remuneration of the Directors for the financial year are as follows:

(i) Aggregate remuneration of Directors categorised into appropriate components.

	Salaries and Allowances	Fees	Total
	RM	RM	RM
Executive Directors	243,000	9,888	252,888
Non-Executive Directors	-	316,912	316,912
Total	243,000	326,800	569,800

The fees paid to all Directors were approved in advance by the shareholders at the Annual General Meeting.

(ii) Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
Range of remuneration	Executive	Non-Executive
Below RM50,000	1	1
RM50,00I to RM100,000	-	4
RM200,001 to RM250,000	1	-

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS POLICY

Dialogue Between the Company and Investors

The Board recognizes the importance of accurate and timely dissemination of information to shareholders on all material business affecting the Group. The Company makes quarterly announcements of the financial results of the Company and the Group within the time frame prescribed in the Listing Requirements of Bursa Malaysia, accompanied by a balanced and comprehensive assessment of the performance and position of the Company and the Group. The Company's Annual Report, containing the Financial Statements of the Company and the Group for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

Annual General Meeting

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Notice of the AGM and the Company's Annual Report at least 21 days before the date of the meeting.

Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunities to seek clarification on any matters pertaining to the Group's affairs and performance as the Directors and the representatives of the external auditors are present to answer any questions that they may have.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible for taking reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year under review.

In preparing the financial statements of the Group and the Company for the year ended 30 June 2013, the Board of Directors has adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable that are reasonable and prudent and ensured that applicable accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Malaysia well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the Audit Committee.

The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control of the Group. The Audit Committee comprises four (4) Directors, all of whom are Independent Non-Executive. The term of references and activities of the Audit Committee are detailed in the Audit Committee Report on pages 19 to 21 of this Annual Report.

Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls to safeguard the shareholders' investment and the Group's assets. The Board also recognises its overall responsibility for continuous reviewing and maintenance of the system of internal controls of the Group with the assistance of the outsourced internal auditors. The external auditors are appointed by the Board to review the Statement on Risk Management and Internal Control and to report thereon.

The Statement on Risk Management and Internal Control in this Annual Report herein details the state of internal controls within the Company.

Relationship with Auditors

The Board of Directors has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The Audit Committee communicated directly and independently with the auditors quarterly where necessary and without the presence of the Management twice a year.

The role of the Audit Committee in relation to the external auditors is stated on pages 19 to 21.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group is committed to Corporate Social Responsibility ("CSR") by integrating it into the way the business is run.

At the workplace, the Group continues to focus on safety and health of our employees and workers by conducting regular briefings on safety and health. The Group organizes annual medical camp for free medical checkups for employees, workers, their families and also families around the neighborhood.

The Group takes great care to promote a sense of belonging and harmony among our employees through social gatherings and festive celebrations.

The Group also provides its employees and families in our estates with quality facilities and amenities to live and work comfortably. Small plots of land were allocated for employees and workers to do vegetable and fruit tree farming.

In taking into consideration of its social responsibilities, the Group have also made contributions and donations to various causes and for various facilities that benefit the Group employees and the community that it operates in. Roads are maintained on regular basis and ensures securities for the students of a nearby secondary school in using the plantation for their cross country activities.

The Group is aware of the importance of conserving and preserving our natural environment.

The Group is conscious of the environment and avoids open burning in disposing of its waste from replanting activities, in line with the requirements of the Ministry of Environment and Roundtable on Sustainable Palm Oil (RSPO). In addition, disposal of chemical containers and cleaning of chemical spraying equipment are done in an environmentally and socially responsible manner.

Illegal or inappropriate hunting, fishing or collecting activities are strictly forbidden on the plantation to avoid damage to and deterioration of natural habitats. Road building and repairs, replanting, construction of terraces and drains, special attention is always paid to avoid soil erosion in affected areas.

ADDITIONAL COMPLIANCE INFORMATION (RRPT)

Disclosure of recurrent related party transactions

The details of the shareholders' mandate are reflected in the Circular to Shareholders dated 29 October 2013.

Utilisation of Proceeds

There were no issuance of new shares and rights issue carried out during the financial year ended 30 June 2013 to raise any cash proceeds.

Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

Exercise of Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2013.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programmes for the financial year ended 30 June 2013.

Sanctions and/or Penalties

The Company and its subsidiary, Directors and management have not been imposed with any sanctions and/or penalties during the financial year.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors to the Company and its subsidiary for the financial year amounted to RM46,000.

Variation in Results

There is no material variance between the results for the financial year ended 30 June 2013 and the unaudited results previously announced by the Company.

Profit Guarantee, Profit Estimate, Forecast or Projection

During the financial year, there was no Profit Guarantee, Profit Estimate, Forecast or Projection given by the Group.

Material Contracts

None of the Directors and major shareholders has any material contract with the Company and/or its subsidiary either still subsisting at the end of the financial year ended 30 June 2013 or entered into since the end of that financial year.

Contract Relating to Loan

There were no contracts relating to loan by the Company and its subsidiary during the financial year.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

BOARD COMMITEES

To assist the Board in fulfilling its roles, the Company has formed four (4) committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Investment Committee to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and terms of reference of the Board committees as well as authority delegated to these Board committees have been defined by the Board. The Committees report and make recommendations to the Board on matters delegated to them for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board.

Audit Committee

Details of Audit Committee is presented on pages 19 to 21.

Nomination Committee

The Nomination Committee met one (1) time for the financial year ended 30 June 2013. All members attended the meetings.

The salient responsibilities of the Nomination Committee are as follows:

(a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.

(b) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.

(c) Assess annually the effectiveness of the Board as a whole, the committee of the Board and the contribution of each individual Director based on the process implemented by the Board.

(d) Assess and recommend to the Board, the re-election by rotation or re-appointment of Directors in accordance with the Company's Articles of Association or other prevailing law.

The Nomination Committee carries out all assessments and evaluations required and these are properly documented.

Remuneration Committee

The Remuneration Committee met two (2) times during the financial year ended 30 June 2013. All members attended the meetings.

The salient responsibilities of Remuneration Committee are as follows:

(a) Review and recommend to the Board the remuneration of the Executive and Non-Executive Directors, and key senior management.

(b) Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.

(c) Assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

Investment Committee

The Investment Committee consisting of three (3) Independent Non-Executive Directors, met two (2) times during the financial year ended 30 June 2013. All members attended the meetings.

Amongst the salient responsibilities of Investment Committee, it shall review any investment of the Group, policies and guidelines governing the Group's investment portfolio and monitor compliance with the policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements, which outlines the Group's key elements of internal control system for the financial year ended 30 June 2013.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and the Group's assets, and for reviewing the adequacy and integrity of the system. However, the Board recognizes that reviewing of the Group's system of internal controls is a concerted and on-going process whereby such system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

Risk Management Framework

The Board regards risk management as an integral part of the business operations. The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives on an informal basis via its Board and Audit Committee meetings with the assistance of the outsourced Internal Auditors.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Group's Annual Report.

Internal Audit

The Audit Committee with the assistance of the outsourced Internal Auditors annually reviews the Group's system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.

Other Key Elements of Internal Control

Other key elements of the system of internal control of the Group are as follows:-

- The Group has an appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group.

- Responsibilities are clearly defined and delegated to the committees of the Board.

- Key processes of the Group are governed by written policies and procedures.

- The estate prepares budgets for the coming year which are approved by the Board.

- Information covering the financial performance against the budget of the estate is provided to the Board on quarterly basis together with key operational performance indicators.

- Quarterly and annual financial statements with detailed analysis of financial results are reviewed by the Audit Committee who then recommends to the Board for approval prior to submission to Bursa Malaysia.

- The Investment Committee was set up to oversee the Group's investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines. The Investment Committee ultimately reports the overall investment results to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Board's Conclusion

Overall, based on the Board's assessment of risk mangement and internal control system of the Group, it is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance. The Group will strive to ensure that the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal as well as external auditors.

In consideration of the Internal Auditors' report, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed.

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

AUDIT COMMITTEE REPORT

MEMBERS

Chairman
Lee Soo Hoon

Members
Liew Chuan Hock
Huang Yuan Chiang
William Wong Tien Leong

Functions

The functions of the Audit Committee shall be:

(a) To review and report the following to the Board of Directors -

- (i) with the external auditors, the audit plan;
- (ii) with the external auditors, their evaluation of the system of internal controls;
- (iii) with the external auditors, their audit report and management letter (if any);
- (iv) the assistance given by the Company's officers to the external auditors;
- (v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements
- (vi) information covering the financial performance against the budget of the estate on quarterly basis together with key operational performance indicators;
- (vii) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (viii) to consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation, suitability and dismissal.

(b) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an

opportunity to submit his reasons for resigning.

AUDIT COMMITTEE REPORT (cont'd)

(c) To carry out other function that may be mutually agreed upon by the Committee and the Board that would be beneficial to the Group and ensure the effective discharge of the Group's duties and responsibilities.

(d) To verify the criteria for allocation of options pursuant to a share scheme for employee.

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR

The Committee met with External Auditor twice during the year without the presence of the Executive Directors. The Chairman engages on a continuous basis with senior management of the Company on all matters affecting the Company.

The Audit Committee held a total of five (5) meetings during the financial year ended 30 June 2013. Details of attendance of the Committee members were as follows:

Name of Audit Committee Members	Attendance of Meetings
Lee Soo Hoon	5/5
Liew Chuan Hock	5/5
Huang Yuan Chiang	4/5
William Wong Tien Leong	5/5

The details of training attended by the Audit Committee who are also the Board members are set out on page 11 of the Annual Report.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 30 June 2013, the main activities carried out by the Committee were as follows:

1. Reviewed and discussed the unaudited quarterly financial reports of the Group prior to presentation to the Board of Directors for approval and subsequent announcements.

2. Reviewed the external auditors' scope of work and their audit plan and discussed results of their examination and recommendations.

3. Reviewed with the external auditors the audited financial statements for the financial year ended 30 June 2013 the results of the audit, audit report and recommendation prior to the approval of the Board and subsequent announcements.

4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the Group's and Company's financial statements.

5. Reviewed the internal audit plan and programme for the financial year under review.

6. Reviewed the reports prepared by the outsourced internal auditors on the state of internal controls of the Group.

7. Reviewed the related party transactions and conflict of interest situations that arose within the Group for compliance with the Listing Requirements of Bursa Malaysia.

8. Reviewed the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance 2012 for the purpose of preparing the Corporate Governance Statement and Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.

AUDIT COMMITTEE REPORT (cont'd)

9. Reviewed the information covering the financial performance against the budget of the estate together with key operational performance indicators on quarterly basis.

10. Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group.

11. Considered the re-appointment of the external auditors and the outsourced internal auditors.

Internal Audit Function

The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm has been engaged to handle this function and would report directly to the Audit Committee. Their report has been received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures. The internal audit fee for services provided by the outsourced internal auditors for the financial year amounted to RM9,500.

PROFILE OF DIRECTORS

LEE SOO HOON

Position	Independent Non-Executive Chairman
Age	71
Nationality	Malaysian
Work Experience/Occupation	a) Partner of Ernst & Young, Singapore (1978 - 1997) b) Independent Director of Singapore Public Companies c) Provides management and financial consultancy services
Qualification/Professional body	a) F.C.A. Institute of Chartered Accountants in England and Wales b) Member of Singapore Institute of Certified Public Accountants c) Member of Malaysian Institute of Certified Public Accountants d) Member of Malaysian Institute of Accountants e) Member of Singapore Institute of Directors
Date of Appointment	19 October 2001
Details of any board committee to which Director belongs	a) Chairman of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other listed companies	a) IPC Corporation Ltd b) CSE Global Ltd c) Transview Holdings Ltd d) Kuchai Development Berhad e) Sungei Bagan Rubber Company (Malaya) Berhad f) G.K. Goh Holdings Ltd g) Heatec Jietong Holdings Ltd h) LMIRT Management Ltd
Securities holding in the Company (as at 30 June 2013)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

LEE CHUNG-SHIH

Position	Non-Independent Non-Executive Director
Age	51
Nationality	Singaporean
Work Experience/Occupation	a) Executive Director, Public Unlisted Real Estate Investment Company b) Director, Public Unlisted Licenced Trust Company

PROFILE OF DIRECTORS (cont'd)

Qualification/Professional body	B. Sc., International Business
Date of Appointment	19 February 1990
Details of any board committee to which Director belongs	Nil
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2013)	Direct interest of 30,000 shares and deemed interest of 29,536,200 shares in the Company equivalent to 0.05% and 49.08% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih
Conflict of interest with the Company	Nil

LIEW CHUAN HOCK

Position	Independent Non-Executive Director
Age	52
Nationality	Malaysian
Work Experience/Occupation	a) Vice President Institutional Sales, HwangDBS Investment Bank Berhad. Holds dealers representative licence b) Executive Director, Britac Bhd c) Head of Institutional Sales, Sime Securities Sdn Bhd d) Head of Institutional Sales, HLG Securities Bhd
Qualification/Professional body	a) Masters in Business Administration, University of Manchester b) B. Sc. (Eng.) Hons.
Date of Appointment	18 November 2002
Details of any board committee to which Director belongs	a) Chairman of Remuneration Committee b) Member of Audit Committee c) Member of Nomination Committee d) Member of Investment Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2013)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

PROFILE OF DIRECTORS (cont'd)

HUANG YUAN CHIANG

Position	Independent Non-Executive Director
Age	54
Nationality	Malaysian
Work Experience/Occupation	Mr Huang is a lawyer by training and was an investment banker by vocation. His career in investment banking spanned 13 years and he has held senior management positions with various international banks including Standard Chartered Bank, HSBC, Bankers Trusts and Deutsche Bank. His last position at Bankers Trust was Managing Director, overseeing the Mergers & Acquisitions Division of Bankers Trust for Singapore, Malaysia, Thailand, Indonesia, Philippines and India.
Qualification/Professional body	a) Bachelor of Laws (LL.B) Monash University b) Bachelor of Economics (B.Ec) Monash University
Date of Appointment	18 November 2003
Details of any board committee to which Director belongs	a) Chairman of Investment Committee b) Member of Nomination Committee c) Member of Audit Committee d) Member of Remuneration Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad c) MTQ Corporation Limited d) Mercator Lines (Singapore) Limited e) Hwa Hong Corporation Limited
Securities holding in the Company (as at 30 June 2013)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

WILLIAM WONG TIEN LEONG

Position	Independent Non-Executive Director
Age	54
Nationality	Singaporean
Work Experience/Occupation	a) Partner of Francis Khoo & Lim b) Independent Director of a Singapore Public-Listed Company

PROFILE OF DIRECTORS (cont'd)

Qualification/Professional body	Bachelor of Laws (LLB) National University of Singapore
Date of Appointment	7 December 2011
Details of any board committee to which Director belongs	a) Member of Audit Committee b) Member of Nomination Committee c) Member of Investment Committee d) Member of Remuneration Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2013)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activity of the subsidiary is described in Note 12 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit, net of tax	10,409,152	1,558,449
Attributable to:		
Owners of the parent	10,409,152	1,558,449

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 30 June 2012 were as follows:

	Amount RM	Net dividend per share Sen
In respect of the financial year ended 30 June 2012 as reported in the directors' report of that year on 60,191,550 ordinary shares, declared on 20 November 2012 and paid on 20 December 2012:		
First and final ordinary dividend of 1% less 25% taxation	451,436	0.75
Bonus dividend of 0.5% less 25% taxation	225,718	0.38
	677,154	1.13

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2013 on 60,191,550 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
Final ordinary dividend of 1% less 25% taxation	451,436	0.75

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2014.

On 19 September 2013, the Company declared a special dividend of 24.25 sen less 25% taxation on 60,191,550 ordinary shares amounting to RM10,947,338 for the financial year ended 30 June 2013. On the same day, the Company also announced that a Dividend Reinvestment Scheme will be implemented for this dividend. The financial statements for the current financial year do not reflect this special dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2014.

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

Lee Chung-Shih (redesignated from Executive Director to Non-Executive Director on 2 October 2012)
Lee Soo Hoon
Liew Chuan Hock
Huang Yuan Chiang
William Wong Tien Leong
Edwards John Richard (resigned on 17 October 2012)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

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

	<- - - - - - Number of Ordinary Shares of RM1 Each - - - - - - ->			
	1 July 2012	**Bought**	**Sold**	**30 June 2013**
Deemed interest				
Lee Chung-Shih				
- Direct interest	30,000	-	-	30,000
- Indirect interest	29,536,200	-	-	29,536,200

Lee Chung-Shih by virtue of his interest in the Company is also deemed interested in the shares of the Company's subsidiary to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

OTHER STATUTORY INFORMATION

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

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

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

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

(i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

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

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

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

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

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet 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 or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 October 2013.

Lee Soo Hoon

Lee Chung-Shih

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

We, Lee Soo Hoon and Lee Chung-Shih, being two of the directors of Kluang Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 75 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their results and cash flows for the year then ended.

The information set out in Note 34 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 October 2013.

Lee Soo Hoon   Lee Chung-Shih

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

I, Corinna Foo Kim Joke, being the officer primarily responsible for the financial management of Kluang Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 32 to 76 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the	)	
abovenamed Corinna Foo Kim Joke at	)	
Johor Bahru in the State of Johor on	)	
10 October 2013	)	Corinna Foo Kim Joke

Before me,

No. J210
Harcharan Singh
Pesuruhjaya Sumpah
Johor Bahru

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Kluang Rubber Company (Malaya) Berhad, which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 75.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2013 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

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

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

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

(c) The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 34 on page 76 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF : 0039
Chartered Accountants

Wun Mow Sang
1821/12/14(J)
Chartered Accountant

Johor Bahru, Malaysia
Dated: 10 October 2013

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Group **2013** **RM**	Group 2012 RM	Company **2013** **RM**	Company 2012 RM
Revenue	4	**6,291,644**	7,162,645	**6,593,480**	7,775,925
Other income		**80,294**	1,200	**80,294**	1,200
Changes in inventories		**(9,867)**	(6,730)	**(9,867)**	(6,730)
Employee benefits expenses	5	**(459,790)**	(550,242)	**(459,790)**	(550,242)
Depreciation		**(65,904)**	(33,964)	**(65,904)**	(33,964)
Subcontract labour cost, fertilizer and chemical costs		**(1,923,327)**	(1,846,202)	**(1,923,327)**	(1,846,202)
Foreign exchange gain/(loss)		**62,237**	(361,503)	**(161,006)**	1,239,396
Other expenses		**(1,903,496)**	(1,605,643)	**(1,862,763)**	(1,545,293)
Profit from operations	6	**2,071,791**	2,759,561	**2,191,117**	5,034,090
Share of profit of associates	13	**8,754,605**	4,671,409	**-**	-
Profit before taxation		**10,826,396**	7,430,970	**2,191,117**	5,034,090
Income tax expense	8	**(417,244)**	(663,888)	**(632,668)**	(927,544)
Profit, net of tax		**10,409,152**	6,767,082	**1,558,449**	4,106,546
Other comprehensive income:					
Share of other comprehensive gain/(loss) of associates		**19,535,259**	(10,179,859)	**-**	-
Fair value (loss)/gain on available-for-sale investments		**(3,379,592)**	(3,643,853)	**(101,313)**	148,751
Foreign currency translation		**(243,911)**	2,467,855	**-**	-
Other comprehensive income/(loss) for the year		**15,911,756**	(11,355,857)	**(101,313)**	148,751
Total comprehensive income/(loss) for the year		**26,320,908**	(4,588,775)	**1,457,136**	4,255,297
Profit attributable to:					
Owners of the parent		**10,409,152**	6,767,082	**1,558,449**	4,106,546
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**26,320,908**	(4,588,775)	**1,457,136**	4,255,297
Earnings per share (Sen)					
Basic	9(a)	**17.3**	11.2		
Diluted	9(b)	**17.3**	11.2		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	**73,991,210**	73,703,529	**73,991,210**	73,703,529
Biological assets	11	**336,079**	336,079	**336,079**	336,079
Investment in subsidiary	12	**-**	-	**5**	5
Investment in associates	13	**260,297,945**	232,654,353	**1,893,891**	1,893,891
Available-for-sale investments	14	**33,953,876**	36,951,828	**7,845,910**	7,947,223
Due from subsidiary	15	**-**	-	**15,869,994**	15,969,994
		368,579,110	343,645,789	**99,937,089**	99,850,721
Current assets					
Inventories	16	**1,319**	11,186	**1,319**	11,186
Trade and other receivables	17	**259,973**	381,344	**7,485,435**	7,649,460
Tax recoverable		**302,809**	67,553	**302,809**	67,553
Prepayments		**45,351**	44,191	**41,536**	40,508
Cash and bank balances	18	**44,273,501**	44,372,535	**23,355,384**	23,425,290
		44,882,953	44,876,809	**31,186,483**	31,193,997
Total assets		**413,462,063**	388,522,598	**131,123,572**	131,044,718
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	19	**1,111,871**	944,334	**1,095,093**	924,395
Retirement benefits	20	**-**	860,687	**-**	860,687
		1,111,871	1,805,021	**1,095,093**	1,785,082
Net current assets		**43,771,082**	43,071,788	**30,091,390**	29,408,915
Non-current liabilities					
Retirement benefits	20	**70,416**	91,555	**70,416**	91,555
Deferred tax liability	21	**21,000**	11,000	**21,000**	11,000
		91,416	102,555	**91,416**	102,555
Total liabilities		**1,203,287**	1,907,576	**1,186,509**	1,887,637
Net assets		**412,258,776**	386,615,022	**129,937,063**	129,157,081
Equity attributable to owners of the parent					
Share capital	22	**60,191,550**	60,191,550	**60,191,550**	60,191,550
Reserves	23 & 24	**352,067,226**	326,423,472	**69,745,513**	68,965,531
		412,258,776	386,615,022	**129,937,063**	129,157,081
Total equity and liabilities		**413,462,063**	388,522,598	**131,123,572**	131,044,718

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

		<- - - - - - - - - - - Non-distributable			- - - - - - - - - - >	<- - - - - - - - Distributable		- - - - - - - - ->	
Group 2013	**Share capital (Note 22) RM**	**Capital reserve Note 23(a) RM**	**Share of associated companies reserves (Note 23(b)) RM**	**Fair value reserve (Note 23(c)) RM**	**Foreign currency translation reserve (Note 23(d)) RM**	**Cultivation and replacement reserves (Note 23(e)) RM**	**General reserve (Note 23(f)) RM**	**Retained earnings (Note 24) RM**	**Total equity RM**
Opening balance at 1 July 2012	60,191,550	25,710,722	178,588,584	16,067,920	(2,586,166)	2,307,150	10,000,000	96,335,262	386,615,022
Total comprehensive income	-	-	19,535,259	(3,379,592)	(243,911)	-	-	10,409,152	26,320,908
Transactions with owners: Dividends (Note 25)	-	-	-	-	-	-	-	(677,154)	(677,154)
Closing balance at 30 June 2013	60,191,550	25,710,722	198,123,843	12,688,328	(2,830,077)	2,307,150	10,000,000	106,067,260	412,258,776

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

Group 2012		<- - - - - - Non-distributable			- - - - - ->	<- - - - Distributable	- - - ->		
	Share capital (Note 22) RM	Capital reserve Note 23(a) RM	Share of associated companies reserves (Note 23(b)) RM	Fair value reserve (Note 23(c)) RM	Foreign currency translation reserve (Note 23(d)) RM	Cultivation and replacement reserves (Note 23(e)) RM	General reserve (Note 23(f)) RM	Retained earnings (Note 24) RM	Total equity RM
Opening balance at 1 July 2011	60,191,550	25,710,722	188,768,443	19,711,773	(5,054,021)	2,307,150	10,000,000	90,245,334	391,880,951
Total comprehensive income	-	-	(10,179,859)	(3,643,853)	2,467,855	-	-	6,767,082	(4,588,775)
Transactions with owners: Dividends (Note 25)	-	-	-	-	-	-	-	(677,154)	(677,154)
Closing balance at 30 June 2012	60,191,550	25,710,722	178,588,584	16,067,920	(2,586,166)	2,307,150	10,000,000	96,335,262	386,615,022

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

		<- - - - - - Non-distributable	- - - - - >		<- - - - - - - - - Distributable	- - - - - - - - ->		
Company 2013	**Share capital (Note 22) RM**	**Capital reserve Note 23(a) RM**	**Fair value reserve (Note 23(c)) RM**	**Foreign currency translation reserve (Note 23(d)) RM**	**Cultivation and replacement reserves (Note 23(e)) RM**	**General reserve (Note 23(f)) RM**	**Retained earnings (Note 24) RM**	**Total equity RM**
Opening balance at 1 July 2012	60,191,550	25,710,722	5,674,059	2,664,972	2,307,150	10,000,000	22,608,628	129,157,081
Total comprehensive income	-	-	(101,313)	-	-	-	1,558,449	1,457,136
Transactions with owners: Dividends (Note 25)	-	-	-	-	-	-	(677,154)	(677,154)
Closing balance at 30 June 2013	60,191,550	25,710,722	5,572,746	2,664,972	2,307,150	10,000,000	23,489,923	129,937,063
2012								
Opening balance at 1 July 2011	60,191,550	25,710,722	5,525,308	2,664,972	2,307,150	10,000,000	19,179,236	125,578,938
Total comprehensive income	-	-	148,751	-	-	-	4,106,546	4,255,297
Transactions with owners: Dividends (Note 25)	-	-	-	-	-	-	(677,154)	(677,154)
Closing balance at 30 June 2012	60,191,550	25,710,722	5,674,059	2,664,972	2,307,150	10,000,000	22,608,628	129,157,081

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Operating activities				
Profit before taxation	**10,826,396**	7,430,970	**2,191,117**	5,034,090
Adjustments for:				
Depreciation	**65,904**	33,964	**65,904**	33,964
(Write back of)/Provision for retirement benefits	**(11,103)**	11,557	**(11,103)**	11,557
Dividend income	**(891,795)**	(768,094)	**(1,210,463)**	(1,397,155)
Interest income	**(439,939)**	(376,587)	**(423,107)**	(360,806)
Share of profit of associates	**(8,754,605)**	(4,671,409)	**-**	-
Unrealised foreign exchange (gain)/loss	**(72,139)**	360,713	**151,110**	(1,240,112)
Operating cash flows before working capital changes	**722,719**	2,021,114	**763,458**	2,081,538
Receivables	**122,172**	39,256	**119,509**	20,635
Prepayments	**(1,160)**	303	**(1,028)**	499
Inventories	**9,867**	6,730	**9,867**	6,730
Payables	**167,537**	56,931	**164,979**	41,282
Cash flows from operations	**1,021,135**	2,124,334	**1,056,785**	2,150,684
Retirement benefits paid	**(870,723)**	-	**(870,723)**	-
Taxes paid	**(642,500)**	(695,629)	**(642,500)**	(695,629)
Net cash flows (used in)/generated from operating activities	**(492,088)**	1,428,705	**(456,438)**	1,455,055
Investing activities				
Dividends received	**1,538,068**	1,559,062	**995,039**	1,133,499
Interest received	**439,137**	367,184	**422,232**	351,690
Purchase of property, plant and equipment	**(353,585)**	(24,736)	**(353,585)**	(24,736)
Purchase of available-for-sale investments	**(543,028)**	(2,831,903)	**-**	(1,224,270)
Net cash flows generated from/ (used in)investing activities	**1,080,592**	(930,393)	**1,063,686**	236,183

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Financing activity				
Dividends paid, representing net cash flow used in financing activity	**(677,154)**	(677,154)	**(677,154)**	(677,154)
Net (decrease)/increase in cash and cash equivalents	**(88,650)**	(178,842)	**(69,906)**	1,014,084
Effects of exchange rate changes	**(10,384)**	439,421	**-**	-
Cash and cash equivalents at beginning of year	**44,372,535**	44,111,956	**23,425,290**	22,411,206
Cash and cash equivalents at end of year (Note 18)	**44,273,501**	44,372,535	**23,355,384**	23,425,290

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. CORPORATE INFORMATION

Kluang Rubber Company (Malaya) Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6-1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor. The principal place of business is located at 8F, 8th Floor, Jalan Ibrahim, 80000 Johor Bahru.

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activity of the subsidiary is described in Note 12. There have been no significant changes in the nature of these activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for the financial periods beginning on or after 1 July 2012 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for freehold land included within property, plant and equipment and available-for-sale investments that have been measured at their fair values.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations:

FRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2012
FRS 124: Related Party Disclosures
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Transfers of Financial Assets
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The adoption of the above new and amended standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards and interpretations issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments [(Improvements to FRSs (2012)]	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	1 January 2013
Improvements to FRSs Issued in 2013	1 January 2013
Amendment to FRS 132 Financial Instruments: [Presentation Improvements to FRSs (2012)]	1 January 2014
Amendment to FRS 134 Interim Financial Reporting: [Improvements to FRSs (2012)]	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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

<u>FRS 9: Financial Instruments</u>
FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

<u>FRS 10: Consolidated financial statements</u>
FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

<u>FRS 11: Joint Arrangements</u>
FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

FRS 13: Fair Value Measurement
FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

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

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

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set- off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments affect disclosure only and have no impact on the Group's financial position or performance.

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re- measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Foreign currencies (cont'd)

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

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

(c) Foreign operations

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

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

2.6 Property, plant and equipment and depreciation

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at fair value less impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Property, plant and equipment and depreciation (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10%
Plant and machinery	10%
Furniture, fittings and computers	10%
Motor vehicles and tractors	33.3%

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

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

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

2.7 Biological assets

Biological assets represent oil palms which are initially recorded at cost. Certain biological assets were not revalued since 1965 and continue to be stated at their 1965 valuation as permitted under the transitional provisions of International Accounting Standard (IAS) 16 (Revised): Property, Plant and Equipment which was the applicable accounting standards when the last revaluation was done.

(a) New planting
New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under estates costs and are not depreciated.

(b) Replanting expenditure
Replanting expenditure consists of expenses incurred from the point of clearing of planted areas to the point of harvesting and is charged to profit or loss in the year that it is incurred.

2.8 Intangible assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets

2.8 Intangible assets (cont'd)

Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

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

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

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

2.12 Financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets (cont'd)

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

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

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

(b) Loans and receivables

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

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

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

(c) Available-for-sale financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Impairment of financial assets

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

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

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

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

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

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

(b) Unquoted equity securities carried at cost

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

(c) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- spare parts, fertilizers and chemicals: purchase costs on a first-in first-out basis.

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

2.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.17 Financial liabilities

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

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

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

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

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

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Financial liabilities (cont'd)

(b) Other financial liabilities

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

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

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

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

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

2.18 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

(c) Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been computed on the retirement benefits provision, as the amount is deemed to be insignificant to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 Leases

As lessee

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

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

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

2.20 Revenue

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

(a) Sales of goods
Revenue relating to sale of fresh oil palm fruit bunches is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(b) Interest income
Interest is recognised on a time proportion basis that reflect the effective yield on the assets.

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

(d) Replanting cess refund
Replanting cess refund is accounted for on a receipt basis.

2.21 Income taxes

(a) Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Income taxes (cont'd)

(b) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Income taxes (cont'd)

(c) Sales tax

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

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

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

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

2.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

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

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

2.24 Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

The management evaluated the process of applying the Group's and the Company's accounting policies and concluded that there is no significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

Impairment of investment in associates

The Group determines whether investment in associates is impaired at least on an annual basis by comparing the carrying amount with the recoverable amount of the investment in associates. This requires an estimation of the fair value less costs to sell and the value-in-use of the cash- generating units ("CGU") of the investment in associates. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Sales of fresh oil palm fruit bunches	**4,959,910**	6,017,964	**4,959,910**	6,017,964
Dividend income				
- Quoted shares in Malaysia	**-**	-	**861,696**	1,054,624
- Quoted shares outside Malaysia	**348,767**	342,531	**348,767**	342,531
- Unquoted shares outside Malaysia	**543,028**	425,563	**-**	-
Interest income	**439,939**	376,587	**423,107**	360,806
	6,291,644	7,162,645	**6,593,480**	7,775,925

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

5. EMPLOYEE BENEFITS EXPENSES

	Group and Company	
	2013	2012
	RM	RM
Wages and salaries	**421,785**	457,287
Contributions to defined contribution plan	**23,231**	20,540
Social security contributions	**2,309**	2,487
Retirement benefits - current year	**14,547**	11,557
- overprovision in prior year	**(25,650)**	-
Other benefits	**23,568**	58,371
	459,790	550,242

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM252,888 (2012 : RM303,347) as further disclosed in Note 7.

6. PROFIT FROM OPERATIONS

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration				
- Current year	**38,000**	37,000	**38,000**	37,000
- Overprovision in prior year	**(1,000)**	-	**(1,000)**	-
- Of subsidiary, borne by the Company	**3,000**	3,000	**3,000**	3,000
- Other services	**46,000**	41,000	**46,000**	41,000
Fees of subsidiary's directors	**2,225**	2,227	**-**	-
Foreign exchange loss/(gain)				
- Realised	**9,902**	790	**9,896**	716
- Unrealised	**(72,139)**	360,713	**151,110**	(1,240,112)
Rental of building	**-**	732	**-**	732
Replanting cost	**430,426**	265,856	**430,426**	265,856

7. DIRECTORS' REMUNERATION

	Group and Company	
	2013	2012
	RM	RM
Directors of the Company		
Executive:		
- Salaries and allowances	**243,000**	253,887
- Fees	**9,888**	49,460
	252,888	303,347
Non-executive:		
- Fees	**316,912**	264,143
Total	**569,800**	567,490

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

7. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the year fell within the following bands are as analysed below:

	Number of Directors	
	2013	2012
Executive directors		
Below RM50,000	**1**	-
RM100,001 to RM150,000	**-**	1
RM150,001 to RM200,000	**-**	1
RM200,001 to RM250,000	**1**	-
Non-Executive directors		
Below RM50,000	**1**	2
RM50,001 to RM100,000	**4**	3

Included in this year's directors' remuneration is the remuneration of a director, Mr. Edwards John Richard who resigned on 17 October 2012.

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2013 and 2012 are:

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Income tax:				
Malaysian income tax	**406,576**	667,344	**622,000**	931,000
Under/(over) provided in prior years:				
Malaysian income tax	**668**	(3,456)	**668**	(3,456)
	407,244	663,888	**622,668**	927,544
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	**13,000**	-	**13,000**	-
Underprovision in prior year	**(3,000)**	-	**(3,000)**	-
	10,000	-	**10,000**	-
Total income tax expense	**417,244**	663,888	**632,668**	927,544

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

8. INCOME TAX EXPENSE (cont'd)

Major components of income tax expense (cont'd)

Reconciliation between tax expense and accounting profit:
The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2013 and 2012 are as follows:

	2013	2012
Group	**RM**	RM
Profit before taxation	**10,826,396**	7,430,970
Taxation at Malaysian statutory tax rate of 25% (2012 : 25%)	**2,706,599**	1,857,742
Effects of tax exempted foreign income	**(87,192)**	(85,633)
Effects of expenses not deductible for tax purposes	**149,413**	280,639
Effects of (profits)/losses in subsidiaries not subject to tax	**(160,593)**	92,476
Effects of share of associates results at lower tax rate	**(2,188,651)**	(1,167,852)
Effects of income not subject to tax	**-**	(310,028)
Overprovision of deferred tax in prior year	**(3,000)**	-
Under/(Over) provision of tax expense in prior years	**668**	(3,456)
Tax expense for the year	**417,244**	663,888
Company		
Profit before taxation	**2,191,117**	5,034,090
Taxation at Malaysian statutory tax rate of 25% (2012 : 25%)	**547,779**	1,258,523
Effects of tax exempted foreign income	**(87,192)**	(85,633)
Effects of expenses not deductible for tax purposes	**174,413**	68,139
Effects of income not subject to tax	**-**	(310,029)
Overprovision of deferred tax in prior year	**(3,000)**	-
Under/(Over) provision of tax expense in prior years	**668**	(3,456)
Tax expense for the year	**632,668**	927,544

9. EARNINGS PER SHARE

(a) Basic
Basic earnings per share is calculated by dividing the net profit for the year by the number of ordinary shares in issue during the financial year.

	Group	
	2013	2012
	RM	RM
Profit for the year	**10,409,152**	6,767,082
Number of ordinary shares	**60,191,550**	60,191,550
Earnings per share (Sen)	**17.3**	11.2

(b) Diluted
Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding as at 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT

	At valuation	<- - - - - - - - - -	At cost - - - - - - - - - -	->	
2013	**Freehold land RM**	**Buildings RM**	**Plant and machinery RM**	***Other assets RM**	**Total RM**
Group and Company					
Cost/Valuation					
At 1 July 2011	73,549,300	598,986	204,849	448,423	74,801,558
Additions	-	16,000	-	8,736	24,736
At 30 June 2012 and 1 July 2012	73,549,300	614,986	204,849	457,159	74,826,294
Addition	-	128,000	220,205	5,380	353,585
At 30 June 2013	73,549,300	742,986	425,054	462,539	75,179,879
Accumulated depreciation					
At 1 July 2011	-	547,899	115,168	425,734	1,088,801
Charge for the year	-	9,910	-	24,054	33,964
At 30 June 2012 and 1 July 2012	-	557,809	115,168	449,788	1,122,765
Charge for the year	-	22,710	33,484	9,710	65,904
At 30 June 2013	-	580,519	148,652	459,498	1,188,669
Net carrying amount					
At 30 June 2012	73,549,300	57,177	89,681	7,371	73,703,529
At 30 June 2013	73,549,300	162,467	276,402	3,041	73,991,210

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

(a) The freehold land was revalued at RM73,549,300 on 1 October 2009 by a professional valuer. The valuation was made based on comparison method by comparing the subject properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued freehold land was made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) Included in property, plant and equipment of the Group and of the Company are the cost of following fully depreciated assets which are still in use:

Group and Company	2013 RM	2012 RM
Buildings	**515,885**	515,885
Plant and machinery	**90,218**	90,218
Other assets	**440,450**	421,915
	1,046,553	1,028,018

11. BIOLOGICAL ASSETS

Group and Company	2013 RM	2012 RM
Oil palm, at valuation		
At beginning of year/end of year	**336,079**	336,079

(a) Biological assets comprise oil palm. The biological assets were revalued by directors in 1965.

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued biological assets was made.

12. INVESTMENT IN SUBSIDIARY

	2013 RM	2012 RM
Unquoted shares, at cost	**5**	5

Details of the subsidiary are as follows:

Name of Subsidiary	Country of Incorporation	Equity Interest Held (%) 2013	Equity Interest Held (%) 2012	Principal Activities
Devon Worldwide Limited	British Virgin Islands	**100**	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

13. INVESTMENT IN ASSOCIATES

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
In Malaysia:				
Quoted shares, at cost	**1,893,891**	1,893,891	**1,893,891**	1,893,891
Share of post-acquisition reserves	**258,404,054**	230,760,462	**-**	-
	260,297,945	232,654,353	**1,893,891**	1,893,891
Market value of quoted shares	**114,651,831**	98,799,145	**114,651,831**	98,799,145

(a) Details of the associates are as follows:

Name of Associates	**Country of Incorporation**	**Equity Interest Held (%) 2013**	2012	**Principal Activities**
Sungei Bagan Rubber Company (Malaya) Berhad	Malaysia	**32**	32	Plantation owner and long term portfolio investor
Kuchai Development Berhad	Malaysa	**42**	42	Investment holding

(b) As at 30 June 2013, both the above associates hold shares of the Company as follows:

	2013		2012	
	Number of Shares	**%**	Number of Shares	%
Sungei Bagan Rubber (Malaya) Berhad	**3,600,000**	**5.98**	3,600,000	5.98
Kuchai Development Berhad	**900,000**	**1.50**	900,000	1.50

(c) The summarised financial information of the associates are as follows:

	2013	2012
Share of assets and liabilities	**RM**	RM
Current assets	**57,550,053**	54,901,071
Non-current assets	**203,187,405**	180,476,538
Current liabilities	**(906,618)**	(1,193,138)
Non-current liabilities	**(273,303)**	(2,270,618)
Net assets	**259,557,537**	231,913,853
Results		
Revenue	**6,217,493**	5,462,335
Share of profit for the year	**8,754,605**	4,671,409

(d) Having considered the underlying value of the assets and the prospect of the associates, the directors are of the opinion that no provision for impairment is required.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

13. INVESTMENT IN ASSOCIATES (cont'd)

(e) The details of goodwill included within the Group's carrying amount of investment in associates are as follows:

	2013	2012
Cost/Net carrying amount	**RM**	RM
At beginning of year	**740,500**	740,604
Exchange differences	**(92)**	(104)
At end of year	**740,408**	740,500

14. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Quoted -				
Shares outside Malaysia	**6,088,591**	5,657,094	**6,088,591**	5,657,094
Precious metal	**3,514,638**	4,580,258	**1,757,319**	2,290,129
	9,603,229	10,237,352	**7,845,910**	7,947,223
Unquoted -				
Redeemable preference shares outside Malaysia	**2,529,646**	3,250,566	**-**	-
Other equity instruments outside Malaysia	**21,821,001**	23,463,910	**-**	-
	24,350,647	26,714,476	**-**	-
	33,953,876	36,951,828	**7,845,910**	7,947,223

During the financial year, dividend received from available-for-sale investment of RM543,028 (2012: RM425,563) of the Group was reinvested.

15. DUE FROM SUBSIDIARY

	Company	
	2013	2012
	RM	RM
Due from subsidiary	**23,095,669**	23,238,397
Less: Current portion (Note 17)	**(7,225,675)**	(7,268,403)
Non-current portion	**15,869,994**	15,969,994

Amount due from subsidiary is unsecured and interest free. The non-current portion of the amount due from subsidiary represents the Company's investment in the foreign subsidiary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

16. INVENTORIES

	Group and Company	
	2013	2012
	RM	RM
At cost:		
Spare parts, fertilizers and chemicals	**1,319**	11,186

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Trade receivables	**175,805**	304,462	**175,805**	304,462
Deposits	**16,313**	10,780	**16,313**	10,780
Sundry receivables	**67,855**	66,102	**65,462**	64,370
Due from associate	**-**	-	**2,180**	1,445
Due from subsidiary (Note 15)	**-**	-	**7,225,675**	7,268,403
	259,973	381,344	**7,485,435**	7,649,460

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 day (2012 : 15 to 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2013	2012
	RM	RM
Neither past due nor impaired	**175,805**	304,462

Receivables that are neither past due nor impaired

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

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

(b) Other receivables

Amount due from subsidiary and associate are unsecured, interest free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

18. CASH AND BANK BALANCES

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Cash on hand and at bank				
- in Malaysia	**2,462,304**	2,942,281	**2,462,304**	2,942,281
- outside Malaysia	**3,409,538**	3,465,048	**101,389**	113,549
Short-term deposits with licensed banks				
- in Malaysia	**20,791,691**	20,369,460	**20,791,691**	20,369,460
- outside Malaysia	**17,609,968**	17,595,746	**-**	-
Cash and cash equivalents	**44,273,501**	44,372,535	**23,355,384**	23,425,290

The weighted average effective interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
In Malaysia	**2.20**	1.82	**2.20**	1.82
Outside Malaysia	**0.11**	0.05	**-**	-

The average maturity days of deposits as at the end of the financial year were as follows:

	Group		Company	
	2013	2012	**2013**	2012
	Days	Days	Days	Days
In Malaysia	**81**	81	**81**	81
Outside Malaysia	**29**	19	**-**	-

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Trade payables	**206,948**	130,616	**206,948**	130,616
Other payables:				
Accruals	**508,124**	396,007	**495,984**	384,467
Sundry payables	**74,010**	43,848	**69,372**	35,449
Due to director related companies	**307,864**	358,938	**307,864**	358,938
Unclaimed dividends	**14,925**	14,925	**14,925**	14,925
	904,923	813,718	**888,145**	793,779
Total trade and other payables	**1,111,871**	944,334	**1,095,093**	924,395

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

19. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one month to three months.

Included in trade payables of the Group and of the Company is an amount of RM37,238 (2012 : RM55,710) due to Kluang Estate (1977) Sdn. Bhd., a company in which a director namely, Lee Chung-Shih, has interest.

(b) Other payables

The amount due to director related companies represents non-trade amounts due to companies in which a director, Lee Chung-Shih has interest. These are unsecured, interest free and with no fixed terms of repayment.

	Group and Company	
	2013	2012
	RM	RM
The Nyalas Rubber Estates Limited	**295,122**	299,083
Kuchai Development Berhad	**8,983**	52,410
Estate & Trust Agencies (1927) Limited	**3,759**	7,445
	307,864	358,938

20. RETIREMENT BENEFITS

	Group and Company	
	2013	2012
	RM	RM
At beginning of year	**952,242**	940,685
Charged to profit or loss	**(11,103)**	11,557
Payment	**(870,723)**	-
At end of year	**70,416**	952,242
Analysed as:		
Retirement benefit payable, current	**-**	860,687
Retirement benefit payable, non-current	**70,416**	91,555
	70,416	952,242

The current portion of the retirement benefit in prior year was paid to a former chairman, Mr. Lee Thor Seng.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

21. DEFERRED TAX LIABILITY

	Group and Company	
	2013	2012
	RM	RM
At beginning of year	**11,000**	11,000
Recognised in profit or loss (Note 8)	**10,000**	-
At end of year	**21,000**	11,000

The components and movements of deferred tax liability/(asset) during the financial year are as follows:

Deferred tax liability/(asset)	**Retirement benefit obligations RM**	**Accelerated capital allowances RM**	**Total RM**
2013			
At 1 July 2012	**(21,000)**	**32,000**	**11,000**
Recognised in profit or loss	**2,000**	**8,000**	**10,000**
At 30 June 2013	**(19,000)**	**40,000**	**21,000**
2012			
At 1 July 2011/30 June 2012	(21,000)	32,000	11,000

22. SHARE CAPITAL

	Number of shares of RM1 each		Amount	
	2013	2012	**2013**	2012
			RM	RM
Authorised: Ordinary shares	**99,900,000**	99,900,000	**99,900,000**	99,900,000
15% cumulative participating preference shares of RM1 each	**100,000**	100,000	**100,000**	100,000
	100,000,000	100,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
Ordinary shares	**60,191,550**	60,191,550	**60,191,550**	60,191,550

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

23. RESERVES

The components and movements of reserves are disclosed in the statements of changes in equity.

(a) Capital reserve represents gain arising from disposal and/or provision in respect of investment and/or properties and surplus arising from revaluation of property, plant and equipment, set aside for the purpose of future acquisition of investment and/or properties.

(b) Share of associated companies reserves represents the Group's share of the associates' other reserves.

(c) Fair value reserve represents net gains or losses from the fair value adjustments of the available-for-sale investments at fair value.

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

(e) Cultivation and replacement reserves represent reserves created for the purpose of replanting oil palm and rubber crop.

(f) General reserve represents reserve transferred from retained profits and is distributable.

24. DISTRIBUTABLE RESERVES

Prior to Year of Assessment 2008, Malaysian companies adopt 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 six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 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 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2013 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 June 2013, the Company has tax credit in the 108 balance of approximately RM3.80 million (2012: RM4.02 million) and balance in the tax exempt income accounts of approximately RM8.64 million (2012: RM8.29 million) to pay dividends amounting to approximately RM20.04 million (2012: RM20.37 million) out of its distributable reserves. If the balance of the distributable reserves of approximately RM15.75 million (2012: RM14.54 million) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

25. DIVIDENDS

	Amount		Net dividends per share	
	2013	2012	**2013**	2012
	RM	RM	**Sen**	Sen
First and final				
1% less 25% taxation, on 60,191,550 ordinary shares, declared on 20 November 2012, paid on 20 December 2012	**451,436**	-	**0.75**	-
1% less 25% taxation, on 60,191,550 ordinary shares, declared on 24 November 2011, paid on 16 December 2011	**-**	451,436	**-**	0.75
Bonus dividend				
0.5% less 25% taxation, on 60,191,550 ordinary shares, declared on 20 November 2012, paid on 20 December 2012	**225,718**	-	**0.38**	-
0.5% less 25% taxation, on 60,191,550 ordinary shares, declared on 24 November 2011, paid on 16 December 2011	**-**	225,718	**-**	0.38
	677,154	677,154	**1.13**	1.13

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2013 on 60,191,550 ordinary shares, will be proposed for shareholders' approval.

	Amount	Net dividend per share
	RM	**Sen**
Final ordinary dividend of 1% less 25% taxation	451,436	0.75

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2014.

On 19 September 2013, the Company declared a special dividend of 24.25 sen less 25% taxation on 60,191,550 ordinary shares amounting to RM10,947,338 for the financial year ended 30 June 2013. On the same day, the Company also announced that a Dividend Reinvestment Scheme will be implemented for this dividend. The financial statements for the current financial year do not reflect this special dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
With companies, in which a director, Lee Chung-Shih, has an interest:				
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd.	**194,140**	210,266	**194,140**	210,266
Administration and support services payable to The Nyalas Rubber Estates Limited	**575,057**	555,842	**575,057**	555,842
Administration and support services payable to Estate & Trust Agencies (1927) Limited	**42,179**	44,861	**31,842**	18,439

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1	**Level 2**	**Level 3**	**Total**
Group	**RM**	**RM**	**RM**	**RM**
2013				
Financial asset:				
Available-for-sale investments	**9,603,229**	**24,350,647**	**-**	**33,953,876**
2012				
Financial asset:				
Available-for-sale investments	10,237,352	26,714,476	-	36,951,828
Company				
2013				
Financial asset:				
Available-for-sale investments	**7,845,910**	**-**	**-**	**7,845,910**
2012				
Financial asset:				
Available-for-sale investments	7,947,223	-	-	7,947,223

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy
The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

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

<u>Advance to subsidiary (non-current)</u>
Advance to subsidiary is stated at its initial transaction value as there is no repayment terms and it is not possible to estimate the timing of future cash flows.

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

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

	Note
Trade and other receivables	17
Trade and other payables	19

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

(d) Determination of fair values

<u>Quoted equity instruments</u>
Fair value is determined directly by reference to their published market bid price at the reporting date.

<u>Precious metal</u>
Fair value of precious metal is determined by reference to its average bid spot price at the reporting date.

<u>Unquoted redeemable preference shares and other equity instruments</u>
The unquoted redeemable preference shares and other equity instruments have been valued using the net asset value of the shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate, foreign currency risk and market risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Exposure to credit risk
At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial positions.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile
The Group has no significant concentration of credit risk.

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

(b) Liquidity risk

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

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	Group		Company	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Trade and other payables				
- On demand or within 1 year	**1,111,871**	944,334	**1,095,093**	924,395

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their short term deposits with licensed banks at floating rates. All of the Group's and the Company's financial assets at floating rates are contractually re-priced at intervals of less than 6 months (2012: less than 6 months) from the reporting date.

Sensitivity analysis of interest rate risk
The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on interest income on floating rate short term deposits with licensed banks).

	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit net of tax RM	Increase/ (decrease) in basis points	Effect on profit net of tax RM
2013				
- Ringgit Malaysia	**10**	**1,600**	**10**	**1,600**
- Ringgit Malaysia	**(10)**	**(1,600)**	**(10)**	**(1,600)**
- Singapore Dollar	**10**	**1,700**	**-**	**-**
- Singapore Dollar	**(10)**	**(1,700)**	**-**	**-**
2012				
- Ringgit Malaysia	10	2,000	10	2,000
- Ringgit Malaysia	(10)	(2,000)	(10)	(2,000)
- Singapore Dollar	10	1,700	-	-
- Singapore Dollar	(10)	(1,700)	-	-

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from its investments and short term deposits with licensed banks that are denominated in a currency other than the respective functional currencies of Group entities, primarily in RM and United States Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and USD.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in SGD and USD) amounted to RM20,148,533 and RM870,973 (2012 : RM20,150,227 and RM910,567) respectively.

The Group is also exposed to currency translation risk arising from its net investment in its subsidiary. The Group's investment in its subsidiary is not hedged as the currency position in USD is considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD and USD against exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2013	2012
		RM	RM
USD/RM	- Strengthened 5%	**4,500**	5,100
	- Weakened 5%	**(4,500)**	(5,100)
SGD/RM	- Strengthened 5%	**(15,400)**	(18,000)
	- Weakened 5%	**15,400**	18,000
SGD/USD	- Strengthened 5%	**1,007,400**	1,007,100
	- Weakened 5%	**(1,007,400)**	(1,007,100)

(e) Market price risk

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

The Group and the Company are exposed to equity price risk arising from its investments in quoted equity instruments quoted in Bursa Malaysia, SGX-ST in Singapore and the metal prices quoted in Australia. These instruments are classified as available for sale financial assets.

Sensitivity analysis for equity price risk
At the reporting date, if the FTSE Bursa Malaysia KLCI, STI in Singapore and the metal price in Australia were to change by 5% respectively with all other variables held constant, the effects on other comprehensive income for the Group and the Company would have been as follows:

	Group		**Company**	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Other comprehensive income				
Quoted shares in Singapore				
- increased by 5%	**304,400**	282,900	**304,400**	282,900
- decreased by 5%	**(304,400)**	(282,900)	**(304,400)**	(282,900)
Precious metal				
- increased by 5%	**175,800**	229,000	**87,900**	114,500
- decreased by 5%	**(175,800)**	(229,000)	**(87,900)**	(114,500)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

29. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments of the Group and the Company as at 30 June 2013 and 30 June 2012 by classes are as follows:

	Note	Group 2013 RM	Group 2012 RM
(a) Available-for-sale financial assets			
Available-for-sale investments	14	**33,953,876**	36,951,828
(b) Loans and receivables			
Trade and other receivables	17	**259,973**	381,344
Cash and bank balances	18	**44,273,501**	44,372,535
		44,533,474	44,753,879
(c) Financial liabilities measured at amortised cost			
Trade and other payables	19	**1,111,871**	944,334

	Note	Company 2013 RM	Company 2012 RM
(a) Available-for-sale financial assets			
Available-for-sale investments	14	**7,845,910**	7,947,223
(b) Loans and receivables			
Due from subsidiary (non-current)	15	**15,869,994**	15,969,994
Trade and other receivables	17	**7,485,435**	7,649,460
Cash and bank balances	18	**23,355,384**	23,425,290
		46,710,813	47,044,744
(c) Financial liabilities measured at amortised cost			
Trade and other payables	19	**1,095,093**	924,395

30. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2013 and 30 June 2012.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 30 June 2013 and 30 June 2012, are as follows:

	2013 RM	2012 RM
Total liability	**1,203,287**	1,907,576
Total equity	**412,258,776**	386,615,022
Gearing ratio	**0.3%**	0.5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

31. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group is organised into business units based on their sources of income, and has two reportable operating segments as follows:

(i) Plantation - cultivation of oil palm
(ii) Investments - long term portfolio investment in securities

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

	Plantation		**Investments**		**Consolidated**	
	2013	2012	**2013**	2012	**2013**	2012
	RM	RM	**RM**	RM	**RM**	RM
Revenue						
External	**4,959,910**	6,017,964	**1,331,734**	1,144,681	**6,291,644**	7,162,645
Result						
Segment results	**2,515,267**	3,676,211	**1,269,409**	1,084,332	**3,784,676**	4,760,543
Unallocated corporate expenses					**(1,775,122)**	(1,639,479)
Foreign exchange (loss)/gain	**(9,896)**	(716)	**72,133**	(360,787)	**62,237**	(361,503)
Profits from operations					**2,071,791**	2,759,561
Share of results of associates	**-**	-	**8,754,605**	4,671,409	**8,754,605**	4,671,409
Income tax expense					**(417,244)**	(663,888)
Profit, net of tax					**10,409,152**	6,767,082
Assets						
Segment assets	**77,092,208**	77,414,640	**75,769,101**	78,386,052	**152,861,309**	155,800,692
Investments in associates	**-**	-	**260,297,945**	232,654,353	**260,297,945**	232,654,353
Unallocated assets					**302,809**	67,553
Consolidated total assets					**413,462,063**	388,522,598
Liabilities						
Segment liabilities	**275,670**	166,065	**-**	-	**275,670**	166,065
Unallocated liabilities					**927,617**	1,741,511
					1,203,287	1,907,576
Other information						
Depreciation	**65,904**	33,964	**-**	-	**65,904**	33,964

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

31. SEGMENT INFORMATION (cont'd)

(b) Geographical segments

The Group's plantation activity is mainly in Malaysia whilst the investment activities are in five geographical areas of the world.

	Total revenue from external customers		**Segment assets**	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Malaysia	**5,383,017**	6,378,770	**358,484,653**	330,506,006
Singapore	**365,599**	342,809	**27,006,921**	26,604,626
Hong Kong	**-**	15,503	**3,815**	3,683
Mauritius	**543,028**	425,563	**20,722,399**	23,160,958
Cayman Islands	**-**	-	**3,603,534**	3,505,019
Australia	**-**	-	**3,640,741**	4,742,306
	6,291,644	7,162,645	**413,462,063**	388,522,598

32. SUBSEQUENT EVENT

On 22 March 2013, the Company announced a proposed dividend reinvestment provide shareholders the option to elect to reinvest in whole or part of their cash dividend which included interim, final, special or any other cash dividend in new ordinary share(s) of RM1.00 each in the Company.

The Company's shareholders have approved the proposed dividend reinvestment scheme at the Extraordinary General Meeting held on 3 July 2013.

As disclosed in Note 25, this scheme was implemented for the special dividend declared on 19 September 2013.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 10 October 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (cont'd)

34. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 30 June 2013 and 30 June 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2012 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		**Company**	
	2013	2012	**2013**	2012
	RM	RM	**RM**	RM
Total retained profits/ (accumulated losses)				
- Realised	**44,556,183**	42,994,649	**28,114,840**	27,072,427
- Unrealised	**(1,899,131)**	(1,861,262)	**(4,624,917)**	(4,463,799)
	42,657,052	41,133,387	**23,489,923**	22,608,628
Total retained profits from associates				
- Realised	**48,657,749**	44,760,408	**-**	-
- Unrealised	**22,958,544**	18,101,280	**-**	-
	71,616,293	62,861,688	**-**	-
Less:				
Consolidation adjustments	**(8,206,085)**	(7,659,813)	**-**	-
Retained profits as per financial statements	**106,067,260**	96,335,262	**23,489,923**	22,608,628

FIVE YEARS COMPARATIVE FIGURES

Year ended 30 June	**2009**	**2010**	**2011**	**2012**	**2013**
Crop – FFB – tonnes	11,162	10,775	8,594	9,185	**10,102**
Net average price FFB – RM/tonne	450	483	700	655	**491**
Harvested acreage	1,305	1,315	1,244	1,244	**1,227**
Immature acreage	269	259	330	330	**347**
Average yield per mature acres : FFB – tonne	9	8	7	7	**8**
Profit/(Loss) before taxation and exceptional items (RM'000)	(4,739)	8,706	16,022	7,431	**10,826**
Taxation (RM'000)	300	196	761	664	**417**
Profit/(Loss) for the year (RM'000)	(5,039)	8,510	15,261	6,767	**10,409**
Dividend – %	1.0	1.0	2.0	1.5	**1.5**
Net cost of dividend (RM'000)	451	451	903	677	**677**

STATEMENT OF SHAREHOLDINGS

As at 27 September 2013

Authorised capital	:	RM100,000,000 divided into 99,900,000 ordinary shares and 15% cumulative participating preference shares
Issued and fully paid-up capital	:	RM60,191,550
Class of shares	:	Ordinary shares of RM1.00 each and 15% cumulative participating preference shares of RM1.00 each
Voting rights	:	One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Number of Shares	Percentage of Holdings
16	Less than 100	588	0.00
344	100 to 1,000	295,632	0.49
638	1,001 to 10,000	2,728,220	4.53
203	10,001 to 100,000	6,982,340	11.60
39	100,001 to less than 5% of issued shares	16,609,840	27.59
3	5% and above of issued shares	33,574,930	55.78
1,243		60,191,550	100.00

THIRTY LARGEST SHAREHOLDERS

	Name of shareholders	Number of shares	Percentage of shares
1.	Malaysia Nominees (Asing) Sendirian Berhad The Nyalas Rubber Estates Ltd	20,582,700	34.20
2.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited	8,538,730	14.19
3.	The Nyalas Rubber Estates Ltd	4,453,500	7.40
4.	RHB Nominees (Tempatan) Sdn Bhd Sungei Bagan Rubber Company (Malaya) Berhad	2,400,000	3.99
5.	UOB Kay Hain Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	1,813,440	3.01
6.	Key Development Sdn Berhad	1,626,100	2.70
7.	Malaysia Nominees (Tempatan) Sendirian Berhad Sungei Bagan Rubber Company (Malaya) Berhad	1,200,000	1.99
8.	Malaysia Nominees (Tempatan) Sendirian Berhad Kuchai Development Berhad	900,000	1.50
9.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	851,100	1.41
10.	Key Development Sdn. Berhad	629,000	1.04

STATEMENT OF SHAREHOLDINGS (cont'd)

	Name of shareholders	Number of shares	Percentage of shares
11.	HDM Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Chong Yong Wah	585,000	0.97
12.	AMSEC Nominees (Asing) Sdn Bhd AMFRASER Securities Pte Ltd for Lee Thor Seng	474,000	0.79
13.	Yeow Teng Tak	466,000	0.77
14.	Yeow Wee Hong	405,000	0.67
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	355,500	0.59
16.	Wong Cecil Vivian Richard	300,000	0.50
17.	Wong Mabel	300,000	0.50
18.	Chong Yean Fong	277,600	0.46
19.	HLB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teo Meng Hai	265,000	0.44
20.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Khoo Hye Tin	261,000	0.43
21.	Chan Kim Sendirian Berhad	261,000	0.43
22.	HDM Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Teo Leng Teow & Sons Investments (Pte) Ltd	240,000	0.40
23.	Gan Kim Hoe	226,900	0.38
24.	Pang Boon Seng	225,600	0.37
25.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Oh Kim Hoe	220,400	0.37
26.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Estate & Trust Agencies (1927) Ltd	180,000	0.30
27,	Yeo Poh Noi Caroline	180,000	0.30
28.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB Securities (Singapore) Pte Ltd	163,000	0.27
29.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Tan Peng Tow Wilson	150,000	0.25
30.	Soo Liu Meng	150,000	0.25

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

		<- - - - - - - - - No. of Shares - - - - - - - - ->			
	Shareholders	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	The Nyalas Rubber Estates Limited #	25,582,700	34.20	4,500,000	7.48
2.	Sungei Bagan Rubber Company (Malaya) Berhad	3,600,000	5.98	-	-
3.	Kuchai Development Berhad ###	900,000	1.50	3,600,000	5.98
4.	Lee Thor Seng ##	474,000	0.79	29,536,200	49.08
5.	Lee Chung-Shih ##	30,000	0.05	29,536,200	49.08
6.	Lee Yung-Shih ##	30,000	0.05	29,536,200	49.08

Note:

Deemed interested by virtue of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

Deemed interested by virture of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 134 of the Companies Act, 1965, the following are the shareholdings of the Directors in the Company:

		<- - - - - - - - - No. of Shares - - - - - - - - ->			
	Directors	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Lee Chung-Shih @	30,000	0.05	29,536,200	49.07
2.	Lee Soo Hoon	-	-	-	-
3.	Liew Chuan Hock	-	-	-	-
4.	Huang Yuan Chiang	-	-	-	-
5.	William Wong Tien Leong	-	-	-	-

Note:

@ Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 June 2013 are as follows:

Location	Description of existing use	Tenure	Land Area	Approximate age of building	Net Carrying Amount RM	Date of Acquisition(A)/ Revaluation(R)
Lot 838, 1219 and 2723 District of Kluang, Johor	Oil palm estate	Freehold	1,598 acres	-	73,549,300	Not available(A)/ 1 October 2009(R)

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

FORM OF PROXY

I/We...

of..

being a member/members of KLUANG RUBBER COMPANY (MALAYA) BERHAD, hereby appoint

....

of..

or failing him...

of..

as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Fourth Annual General Meeting of the Company to be held at Thistle Johor Bahru Hotel, Orchid 1 (LG Floor), Jalan Sungai Chat, 80720 Johor Bahru, Johor, Malaysia on Thursday, 28 November 2013 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

NO	RESOLUTION	RESOLUTION	FOR	AGAINST
1	To approve the payment of a Final Dividend.	**1**		
2	To approve the Directors' Fees for the financial year ending 30 June 2014.	**2**		
3	To re-elect of Lee Chung-Shih as Director.	**3**		
4	To re-elect of Huang Yuan Chiang as Director.	**4**		
5	To re-appoint of Lee Soo Hoon as Director.	**5**		
6	To re-appoint Messrs Ernst & Young as Auditors.	**6**		
7	To approve the continuation of terms of office of Huang Yuan Chiang as Independent Director.	**7**		
8	To approve the continuation of terms of office of Liew Chuan Hock as Independent Director.	**8**		
9	To approve the continuation of terms of office of Lee Soo Hoon as Independent Director.	**9**		
10	Authority To Allot Shares - Section 132D.	**10**		
11	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Kluang Estate (1977) Sdn Bhd	**11**		
12	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with The Nyalas Rubber Estates Limited	**12**		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this..day.. 2013.

NO. OF SHARES HELD

....
Signature of Member(s)

Notes :

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.
b A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
c Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
d The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
e The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

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Affix
Stamp
Here

The Secretary
KLUANG RUBBER COMPANY (MALAYA) BERHAD
(Company No: 3441-K)
Suite 6.1A, Level 6,
Menara Pelangi, Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor.

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