NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. Corporate information

Negri Sembilan Oil Palms Berhad ("the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The holding company of the Company is Tiong Thye Company Sdn Bhd, which is incorporated in Malaysia.

The principal activities of the Company are the cultivation of oil palms and sale of fresh fruit bunches and investment holding. The principal activities of the subsidiaries are the cultivation of oil palms and the process and sale of crude palm oil and palm kernel. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2017.

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 requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

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

On 1 January 2016, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

Effective for annual financial periods beginning on or after 1 January 2016:

Amendments to FRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 5, 7, 119 and 134	Annual Improvements to FRSs 2012 - 2014 Cycle
Amendments to FRS 10, 12 and 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 101	Disclosure Initiatives
FRS 14	Regulatory Deferred Accounts

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.3 Standards issued but not yet effective

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

Effective for annual periods beginning on or after 1 January 2017:

Amendments to FRS 107	Statements of Cash Flows: Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRSs 2014 - 2016 Cycle

Effective for annual period beginning on or after 1 January 2018:

Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions
FRS 9	Financial Instruments
Amendments to FRS 1 and 128	Annual Improvements to FRSs 2014 - 2016 Cycle
Amendments FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
Amendments FRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Deferred

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

Amendments to FRS 107: Statement of Cash Flows: Disclosure Initiative

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

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

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The Group and the Company will assess the impact of adoption of the new standard and will adopt the new standard on the required effective date.

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

The amendments clarify that:

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

- gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board ("MASB"). Earlier application is permitted. These amendments are not expected to have any impact on the Group and the Company.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). This is in line with the need for convergence with International Financial Reporting Standards ("IFRS") in 2012.

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 and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2018.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards accounting standards under the MFRS Framework due to the ongoing assessment by the Group and the Company, Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2016 could be different if prepared under the MFRS Framework.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

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

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

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

(a) MFRS 15: Revenue from Contracts with Customers

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

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

(b) MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to assess the potential effect of MFRS 16 on its financial statements in year 2017.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

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

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiaries and ceases when the Company loses control of the subsidiaries. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

When the Company losses control of a subsidiary, a gain or loss calculated as the difference between:

(i) aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets and liabilities of the subsidiaries and any non-controlling interest, is recognised in profit or loss.

The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date of control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.4 Basis of consolidation (cont'd.)

Business combination

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 on a transaction-by-transaction basis, 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's 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.

2.5 Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions as described in Note 2.4.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee as further described in Note 2.4.

In the Company's separate financial statements, investments in subsidiaries are classified as available-for-sale financial assets in accordance with FRS 139. These financial assets are measured at fair value. Any gains or losses from changes in fair value are recognised in other comprehensive income except that impairment losses are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when such investment is derecognised.

On derecognition of such investments, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. 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 equity method. Under the equity method, the investments in associates are measured in the Group's 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 investments. 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 investments 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 impairments 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 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.

2.8 Investment in a joint venture

The Group has an interest in a joint venture. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investment in joint venture is accounted for in the Group's financial statements using the equity method as described in Note 2.7.

In the Company's separate financial statements, investment in joint venture is stated at cost less impairment losses.

On disposal of the investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.9 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2.10 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 Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold and leasehold lands 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 and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Freehold and leasehold lands are measured at fair value whose fair value is measured reliably and carried at revalued amount, being fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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 offset 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.

Freehold lands have unlimited useful lives and therefore are not depreciated. Capital-work-in-progress are not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold lands	99 years
Buildings	5 to 25 years
Motor vehicles	5 years
Plant and machinery, estate equipment, office equipment and furniture and fittings	5 to 10 years

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.10 Property, plant and equipment and depreciation (cont'd.)

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.

The fair value of the leasehold and freehold lands are estimated by reference to accredited independent professional valuations as disclosed in Note 13.

2.11 Biological assets

This represents the mature and immature oil palm plantations of the Group and of the Company which are measured at their fair values less estimated point-of-sale costs annually. Oil palms are considered mature when the palms attain 4 years old. Point-of-sale costs include all costs that would be necessary to sell the assets. The fair value of biological assets is determined by accredited independent valuers based on expected value in use of the biological assets.

The changes in fair value of the biological assets are recognised through profit or loss.

The fair value of the biological assets is estimated by reference to accredited independent professional valuations as disclosed in Note 14.

2.12 Replanting expenses

Replanting expenses incurred in the financial year is recognised in the profit or loss. Replanting expenses represent the total cost incurred from land clearing to the point of harvesting.

2.13 Inventories

Inventories of oil palm produce and estate stores are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories of oil palm produce includes, where appropriate, the cost of direct materials, direct labour and appropriate production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.14 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency 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 - 31 DECEMBER 2016

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

2.14 Foreign currencies

(b) Foreign currency transactions (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 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.

2.15 Employee benefits

(a) Short term benefits

Wages, salaries, commission, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. 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 Employees 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.16 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, 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 a 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 - 31 DECEMBER 2016

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

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.18 Impairment of non-financial assets

The Group and the Company assess 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 and the Company make 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 estimate used to determine the recoverable amount of the assets 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.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and with original maturities of not more than 3 months.

2.20 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, held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.20 Financial assets (cont'd.)

(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.

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 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 thorough 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 are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on settlement date.

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

(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 twelve months after the reporting date which are classified as non-current.

The Group and the Company have classified their cash and bank balances and receivables as loans and receivables as summarised in Note 20.

(c) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within twelve months after the reporting date which are classified as current.

The Group and the Company have not designated or classified any financial assets as held-to-maturity.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.20 Financial assets (cont'd.)

(d) 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 three 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 gains or losses 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 rights of the Group and of the Company 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 twelve months after the reporting date.

The Group and the Company have classified their investments in securities as available-for-sale financial assets. The Company has also classified its investments in subsidiaries as available-for-sale financial assets.

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 gains or losses 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 market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date the Group and the Company commit to purchase or sell the asset.

2.21 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 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 customer 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 past experience of collecting payments by the Group and the Company, 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 carrying amount of the assets and the present value of estimated future cash flows discounted at the original effective interest rate of the financial assets. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.21 Impairment of financial assets (cont'd)

(a) Trade and other receivables carried at amortised cost (cont'd.)

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 renewal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity security 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 carrying amount of the asset 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 instruments 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.

2.22 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 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 or classified any financial liabilities as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.22 Financial liabilities (cont'd.)

(b) Other financial liabilities

The financial liabilities of the Group and of the Company include trade payables and other payables. All financial liabilities of the Group and of the Company are classified as other financial liabilities and as summarised in Note 22.

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.

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.

2.23 Leases

Finance leases, which transfer to the Group and the Company 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 leases asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Leased 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 and the Company 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.

2.24 Segment reporting

The principal activities of the Group are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel and is wholly carried out in Malaysia. The management of the Company regularly reviews the segment performance. Additional disclosures on the segment is shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

2.26 Fair value measurement

The Group and the Company measure certain of their financial instruments and non-financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.
(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board of Directors ("the Board") determines the policies and procedures for both recurring fair value measurement, such as biological assets and unquoted available-for-sale financial assets (investments in subsidiaries). External valuers are involved for valuation of significant assets, such as land and biological assets. Involvement of external valuers is decided upon annually by the Board and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies of the Group and of the Company. For this analysis, the Board verifies inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents which also includes comparison with other relevant external sources to determine if any change is reasonable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above in the individual notes relating to the assets and liabilities whose fair value were determined.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

3. Significant accounting judgements and estimates

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

Key sources of estimation uncertainty

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

(a) Fair value of biological assets

The biological assets are measured at their fair values less estimated point-of-sale costs annually. This requires an estimation of the value in use of the biological assets which involves assumptions made by the management on the crude palm oil prices, fresh fruit bunches yield and oil extraction rate over the remaining useful life of the biological assets adjusted based on indirect observable market data.

The accredited independent valuers are appointed in assessing value in use and required to make an estimate of the expected future cash flows from the biological assets and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. The details are as disclosed in Note 14.

(b) Carrying value of the investments in subsidiaries

Investments in subsidiaries as disclosed in Note 15 are classified as available-for-sale financial assets and carried at fair value.

The fair value is measured using the adjusted net assets of the subsidiaries which comprise the fair value of the biological assets, land, quoted investments and other financial instruments. The inputs to this model are taken from observable market prices where possible, but where this is not feasible, a degree of judgement and assumptions about the model inputs, including forecast cash flows, the discount rate, pricing data received from third party on recently observed prices in inactive market and volatility were required.

(c) Revaluation of freehold and leasehold land

The freehold and leasehold land of the Group and of the Company as disclosed in Note 13 are measured at fair value. This requires an estimation of their fair values.

Valuations are performed with sufficient regularity by accredited independent valuers by reference to open market value using the market comparison method. Judgement is required in selecting any comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenure and restrictions if any, availability of infrastructure, soil type and drainage, age and density of plantings and other relevant characteristics.

During the financial year, revaluation of the freehold and leasehold land have been performed by accredited independent valuers. The details are as disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

3. Significant accounting judgements and estimates (cont'd.)

(d) Impairment of investment in a joint venture

The harvesting of young mature palms of the joint venture engaged in oil palm plantation in South Sumatera Province, Indonesia has been delayed due to the unrest in villages neighbouring the estate. The joint venture has maintained its existing staff force to enable it to commence harvesting which is pending clearance by the relevant authorities.

The Group and the Company determine at each reporting date whether there is any objective evidence that the investment in a joint venture is impaired.

Impairment exists when the carrying value of investment in a joint venture exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from observable market prices less incremental costs for disposing the asset. For biological assets, a valuation methodology based on a discounted cash flow ("DCF") model was used. The cash flow projections include specific estimates for 21 years and do not include restructuring activities that the joint venture is not yet committed to or significant future investments that will enhance the performance of the investment in a joint venture. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used. Land, rights and acquired land interests were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The carrying amount of the investment in a joint venture is disclosed in Note 17.

If the commencement of harvesting activities is further delayed by a year, the recoverable amount from the investment in a joint venture for the Group and the Company will reduce by RM1,061,645 and RM530,823 respectively.

4. Revenue and cost of sales

Revenue of the Group represents the invoiced value of sales of crude palm oil, palm kernel and fresh fruit bunches. The cost of sales in relation to invoiced value of sales of the Group consists of cost of cultivation, raw materials, labour and overheads.

Revenue of the Company represents the invoiced value of sales of fresh fruit bunches. The cost of sales in relation to the invoiced value of sales of the Company consists of cost of cultivation, labour and overheads.

5. Dividend income

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Dividend income from:				
Available-for-sale financial assets				
Subsidiaries	-	-	2,061,996	2,061,996
Quoted securities				
- Securities quoted in Malaysia	590,640	524,550	287,272	270,467
- Securities quoted outside Malaysia	2,249,026	2,297,532	-	-
	2,839,666	2,822,082	2,349,268	2,332,463

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

6. Other income

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Gain on sale of property, plant and equipment	-	250,954	-	-
Unrealised gain on foreign exchange	599,100	3,303,721	1,278	16,400
Net fair value gain on available-for-sale investment securities (transferred from equity on disposal)	16,528	316,567	-	29,307
Rental	67,676	28,070	720	720
Miscellaneous	331,968	121,269	51,550	30,279
	1,015,272	4,020,581	53,548	76,706

7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Auditors' remuneration				
- Statutory audit				
Current financial year	161,000	137,000	73,000	55,000
Over provision in respect of previous financial years	(6,000)	(25,000)	(2,000)	(9,000)
- Other services				
Current financial year	10,000	10,000	10,000	10,000
Over provision in respect of previous financial year	-	(1,500)	-	(1,500)
Depreciation of property, plant and equipment (Note 13)	6,158,039	5,732,229	2,282,684	2,068,716
Non-executive directors' remuneration (Note 8)	719,000	742,653	428,000	449,000
Employee benefits expense (Note 9)	16,781,793	17,880,841	6,111,014	6,246,567
Provision for impairment loss on investment in a joint venture (Note 17)	3,113,877	-	6,749,506	-
Property, plant and equipment written off (Note 13)	129,800	-	129,800	-

8. Directors' remuneration

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Directors of the Company				
Executive directors:				
Fees	253,372	256,000	109,372	112,000
Salaries	1,276,364	1,290,000	880,364	894,000
Commission	102,422	125,194	68,552	28,993
Other emoluments	117,000	113,000	51,000	60,000
	1,749,158	1,784,194	1,109,288	1,094,993

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

8. Directors' remuneration (cont'd.)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-executive directors (Note 7):				
Fees	356,000	356,000	260,000	260,000
Salaries	144,000	144,000	-	-
Commission	-	16,653	-	-
Other emoluments	219,000	226,000	168,000	189,000
	719,000	742,653	428,000	449,000
	2,468,158	2,526,847	1,537,288	1,543,993

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are:

	Group Number of directors		Company Number of directors	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive directors:				
RM200,001 – RM250,000	-	-	2	2
RM250,001 – RM300,000	1	1	1	1
RM300,001 – RM350,000	-	-	-	-
RM350,001 – RM400,000	1	-	1	1
RM400,001 – RM450,000	-	1	-	-
RM450,001 – RM500,000	1	1	-	-
RM500,001 – RM550,000	-	-	-	-
RM550,001 – RM600,000	-	-	-	-
RM600,001 – RM650,000	1	1	-	-
	4	4	4	4
Non=executive directors:				
RM50,000 and below	1	1	2	2
RM50,001 – RM100,000	4	3	5	5
RM100,001 – RM150,000	1	2	-	-
RM150,001 – RM200,000	-	-	-	-
RM200,001 – RM250,000	1	1	-	-
	7	7	7	7
	11	11	11	11

9. Employee benefits expense

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Wages and salaries	14,497,275	15,173,290	5,575,214	5,742,288
Social security contributions	84,995	81,392	17,683	14,827
Employees Provident Fund	747,370	763,004	212,509	193,587
Other staff related expenses	1,452,153	1,863,155	305,608	295,865
	16,781,793	17,880,841	6,111,014	6,246,567

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,749,158 (2015: RM1,784,194) and RM1,109,288 (2015: RM1,094,993) respectively, as further disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

10. Income tax expense

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current income tax:				
Malaysian income tax	1,224,855	636,418	878,181	265,354
Under provision in respect of previous financial years	113,348	30,661	-	8,903
	1,338,203	667,079	878,181	274,257
Deferred income tax (Note 26):				
Origination and reversal of temporary differences	3,062,122	(9,868)	(90,551)	1,531,065
Changes in tax rates	-	(12,024)	-	(66,967)
(Over)/under provision in respect of previous financial years	(45,622)	139,473	174,224	135,749
	3,016,500	117,581	83,673	1,599,847
Income tax expense recognised in profit or loss	4,354,703	784,660	961,854	1,874,104

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit/(loss) for the year. The reconciliation between income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 31 December 2015 are as follows:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Profit/(loss) before tax, representing accounting profit/(loss) before tax	15,388,719	6,901,560	(1,391,597)	8,360,730
Tax at Malaysian statutory rate of 24% (2015: 25%)	3,693,293	1,725,390	(333,983)	2,090,183
Adjustments:				
Non-deductible expenses	984,479	466,649	1,690,358	304,029
Income not subject to tax	(881,763)	(1,716,073)	(568,745)	(597,793)
Share of results of associates and a joint venture	490,968	150,584	-	-
(Over)/under provision of deferred tax in respect of previous financial years	(45,622)	139,473	174,224	135,749
Under provision of income tax in respect of previous financial years	113,348	30,661	-	8,903
Effect of change in tax rates on deferred tax	-	(12,024)	-	(66,967)
Income tax expense recognised in profit or loss	4,354,703	784,660	961,854	1,874,104

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

11. Earnings per stock unit

Basic earnings per stock unit amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary stock units outstanding during the financial year.

	Group	
	2016	2015
	RM	RM
Profit attributable to owners of the Company used in the computation of basic and diluted earnings per stock unit	8,670,509	5,261,252

	Number of ordinary stock units	
	2016	2015
Weighted average number of ordinary stock units for basic and diluted earnings per stock unit computation	70,201,962	70,201,962

	Group	
	2016	2015
Earnings per stock unit attributable to owners of the Company (sen per stock unit)		
Basic	12.35	7.49
Diluted	12.35	7.49

The respective profit attributable to owners of the Company used in the computation of basic and diluted earnings per stock unit and the weighted average number of ordinary stock units for basic and diluted earnings per stock unit is similar as there is no potential dilutive ordinary stock units outstanding as at end of the financial years.

12. Dividends

	Group and Company			
	Amount, net of tax		Net dividends per ordinary stock unit	
	2016	2015	2016	2015
	RM	RM	sen	sen
In respect of financial year ended 31 December 2015:				
First interim single tier dividend of 3% declared on 28 May 2015 and paid on 30 June 2015	-	2,106,059	-	3
Second interim single tier dividend of 3% declared on 26 November 2015 and paid on 31 December 2015	-	2,106,059	-	3
In respect of financial year ended 31 December 2016:				
First interim single tier dividend of 3% declared on 26 May 2016 and paid on 30 June 2016	2,106,059	-	3	-
Second interim single tier dividend of 3% declared on 24 November 2016 and paid on 30 December 2016	2,106,059	-	3	-
	4,212,118	4,212,118	6	6

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

13. Property, plant and equipment

Group	<------- At valuation	-------->	<------------		At cost	------------	------------>	
	Freehold land RM	Leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Plant and machinery and estate equipment RM	Capital work-in-progress RM	Total RM
Valuation or cost:								
At 1 January 2015	188,100,000	177,000,000	11,997,257	8,788,665	739,353	17,181,119	-	403,806,394
Additions	-	-	191,500	585,119	46,236	1,723,186	599,345	3,145,386
Disposal	(28,526)	-	-	-	-	-	-	(28,526)
Elimination of accumulated depreciation on revaluation	-	(2,861,697)	-	-	-	-	-	(2,861,697)
Revaluation surplus	36,028,526	30,461,697	-	-	-	-	-	66,490,223
At 31 December 2015	224,100,000	204,600,000	12,188,757	9,373,784	785,589	18,904,305	599,345	470,551,780
At 1 January 2016	224,100,000	204,600,000	12,188,757	9,373,784	785,589	18,904,305	599,345	470,551,780
Additions	-	-	1,051,649	328,500	16,009	554,951	-	1,951,109
Write off	-	-	(660,000)	-	-	-	-	(660,000)
Reclassification	-	-	517,345	-	-	82,000	(599,345)	-
Elimination of accumulated depreciation on revaluation	-	(3,370,000)	-	-	-	-	-	(3,370,000)
Revaluation surplus	19,500,000	23,070,000	-	-	-	-	-	42,570,000
At 31 December 2016	243,600,000	224,300,000	13,097,751	9,702,284	801,598	19,541,256	-	511,042,889

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

Group	<------- At valuation	-------->	<----------		At cost	---------->		
	Freehold land RM	Leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Plant and machinery and estate equipment RM	Capital work-in-progress RM	Total RM
Accumulated depreciation:								
At 1 January 2015	-	-	6,347,100	4,900,587	558,606	12,149,883	-	23,956,176
Charge for the year	-	2,861,697	565,973	1,297,147	44,010	963,402	-	5,732,229
Elimination of accumulated depreciation on revaluation	-	(2,861,697)	-	-	-	-	-	(2,861,697)
At 31 December 2015	-	-	6,913,073	6,197,734	602,616	13,113,285	-	26,826,708
At 1 January 2016	-	-	6,913,073	6,197,734	602,616	13,113,285	-	26,826,708
Charge for the year	-	3,370,000	596,279	1,218,059	46,541	927,160	-	6,158,039
Write off	-	-	(530,200)	-	-	-	-	(530,200)
Elimination of accumulated depreciation on revaluation	-	(3,370,000)	-	-	-	-	-	(3,370,000)
At 31 December 2016	-	-	6,979,152	7,415,793	649,157	14,040,445	-	29,084,547
Net carrying amount:								
At 31 December 2015	224,100,000	204,600,000	5,275,684	3,176,050	182,973	5,791,020	599,345	443,725,072
At 31 December 2016	243,600,000	224,300,000	6,118,599	2,286,491	152,441	5,500,811	-	481,958,342

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

Company	<------- At valuation	-------->	<------------	------------	At cost	------------	------------>	
	Freehold land RM	Leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Plant and machinery and estate equipment RM	Capital work-in-progress RM	Total RM
Valuation or cost:								
At 1 January 2015	56,500,000	98,000,000	3,061,933	3,448,297	272,808	1,056,449	-	162,339,487
Additions	-	-	142,000	262,931	16,055	8,878	300,162	730,026
Elimination of accumulated depreciation on revaluation	-	(1,342,466)	-	-	-	-	-	(1,342,466)
Revaluation surplus	9,500,000	15,642,466	-	-	-	-	-	25,142,466
At 31 December 2015	66,000,000	112,300,000	3,203,933	3,711,228	288,863	1,065,327	300,162	186,869,513
At 1 January 2016	66,000,000	112,300,000	3,203,933	3,711,228	288,863	1,065,327	300,162	186,869,513
Additions	-	-	769,851	212,500	1,868	88,700	-	1,072,919
Write off	-	-	(660,000)	-	-	-	-	(660,000)
Reclassification	-	-	300,162	-	-	-	(300,162)	-
Elimination of accumulated depreciation on revaluation	-	(1,560,000)	-	-	-	-	-	(1,560,000)
Revaluation surplus	7,000,000	12,460,000	-	-	-	-	-	19,460,000
At 31 December 2016	73,000,000	123,200,000	3,613,946	3,923,728	290,731	1,154,027	-	205,182,432

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

Company	Freehold land RM	Leasehold land RM	Buildings RM	Motor vehicles RM	Office equipment and furniture and fittings RM	Plant and machinery and estate equipment RM	Capital work-in-progress RM	Total RM
	<------- At valuation -------->		<------------ At cost ------------>					
Accumulated depreciation:								
At 1 January 2015	-	-	1,699,530	1,794,113	175,998	744,471	-	4,414,112
Charge for the year	-	1,342,466	104,319	554,796	20,320	46,815	-	2,068,716
Elimination of accumulated depreciation on revaluation	-	(1,342,466)	-	-	-	-	-	(1,342,466)
At 31 December 2015	-	-	1,803,849	2,348,909	196,318	791,286	-	5,140,362
At 1 January 2016	-	-	1,803,849	2,348,909	196,318	791,286	-	5,140,362
Charge for the year	-	1,560,000	132,712	523,127	20,226	46,619	-	2,282,684
Write off	-	-	(530,200)	-	-	-	-	(530,200)
Elimination of accumulated depreciation on revaluation	-	(1,560,000)	-	-	-	-	-	(1,560,000)
At 31 December 2016	-	-	1,406,361	2,872,036	216,544	837,905	-	5,332,846
Net carrying amount:								
At 31 December 2015	66,000,000	112,300,000	1,400,084	1,362,319	92,545	274,041	300,162	181,729,151
At 31 December 2016	73,000,000	123,200,000	2,207,585	1,051,692	74,187	316,122	-	199,849,586

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

Freehold and leasehold land are revalued on 31 December 2016 based on valuations performed by accredited independent valuers. The valuations are determined by reference to open market value using the market comparison method.

The net carrying amount of the freehold and leasehold land had these revalued land been carried at historical cost has not been disclosed as such information and records relating to the periods prior to the previous revaluation in 1978 are no longer available for review, except for a parcel of leasehold land had it been carried at historical cost, its net carrying amount that would have been included in the financial statements of the Group and of the Company as at 31 December 2016 would be RM8,585,277 (2015: RM8,704,517) and RM8,779,846 (2015: RM8,901,788) respectively.

The fair value measurement of the freehold and leasehold land have been categorised as Level 3 using significant unobservable inputs. There have been no transfers between Level 1 and Level 2 during the financial year.

The reconciliation of Level 3 fair value is as shown below:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	428,700,000	365,100,000	178,300,000	154,500,000
Remeasurement recognised in equity	42,570,000	66,490,223	19,460,000	25,142,466
Elimination of accumulated depreciation on revaluation	(3,370,000)	(2,861,697)	(1,560,000)	(1,342,466)
Disposal	-	(28,526)	-	-
At 31 December	467,900,000	428,700,000	196,200,000	178,300,000

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable input used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison technique: Entails analysis on recent transactions and asking prices of properties in and around the locality for comparison to derive unimproved land values for all estates and market value with adjustments made for differences in location, terrain, size, shape of land, tenure, title restrictions if any, cultivation and other relevant characteristics to arrive at the market value.	• Estimated basic land value per hectare range from RM51,500 per hectare to RM77,500 per hectare (2015: RM47,000 per hectare to RM70,000 per hectare) • Risk adjusted discount rate of 4% (2015: 4%)	The estimated fair value would increase/(decrease) if: • the estimated basic land value per hectare were higher/(lower) • the risk-adjusted discount rates were lower/(higher)

Included in the above property, plant and equipment are fully depreciated assets of the Group and of the Company costing RM18,738,344 (2015: RM16,391,249) and RM2,630,686 (2015: RM2,438,971) respectively, which are still in use.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

14. Biological assets

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At valuation				
At 1 January	40,400,000	38,400,000	22,700,000	15,500,000
Fair value adjustments	15,800,000	1,600,000	1,100,000	7,200,000
At 31 December	55,800,000	40,000,000	23,800,000	22,700,000

The biological assets are revalued on 31 December 2016 based on valuations performed by accredited independent valuers.

The fair value of the biological assets is determined based on the value in use calculations using cash flow projections, covering a twenty five-year period. The discount rate used is based on the expected rate of return of the biological assets, determined by the accredited independent valuers.

The fair value measurement for biological assets have been categorised as Level 3 using significant unobservable inputs. There have been no transfers between Level 1 and Level 2 during the financial year.

The reconciliation of Level 3 fair value is as shown below.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	40,000,000	38,400,000	22,700,000	15,500,000
Remeasurement recognised in profit or loss	15,800,000	1,600,000	1,100,000	7,200,000
At 31 December	55,800,000	40,000,000	23,800,000	22,700,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

14. Biological assets (cont'd)

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable input used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 25 years. The expected net cash flows are discounted using a risk-adjusted discounted rate.	• Estimated future crude palm oil ("CPO") prices per tonne range from RM2,450 to RM3,150 (2015: RM2,250 to RM3,000), with a weighted average of RM2,450 (2015: RM2,300) • Estimated future palm kernel ("PK") prices per tonne range from RM1,715 to RM2,678 (2015: RM1,495 to RM1,950), with a weighted average of RM1,715 (2015: RM1,495) • Estimated future production cost of RM1,557 per tonne of CPO (2015: RM1,403 per tonne) • Risk adjusted discount rate of 9% (2015: 9%)	The estimated fair value would increase/(decrease) if: • the estimated CPO prices per tonne were higher/(lower) • the estimated PK prices per tonne were higher/(lower) • the estimated production costs per tonne were lower/(higher) • the risk-adjusted discount rate was lower/(higher)
Market comparison technique: Entails analysis on recent transactions and asking prices of similar properties in and around the locality for comparison to derive unimproved land values for all estates and market value with adjustments made for differences in location, terrain, size, shape of land, tenure, title restrictions if any, cultivation and other relevant characteristics to arrive at the market value.	• Estimated basic land value per hectare range from RM51,500 per hectare to RM77,500 per hectare (2015: RM47,000 per hectare to RM70,000 per hectare) • Risk adjusted discount rate of 4% (2015: 4%)	The estimated fair value of biological assets would increase/(decrease) if: • the estimated basic land value per hectare were lower/(higher) • the risk-adjusted discount rate was lower/(higher)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

15. Investments in subsidiaries

	Company 2016 RM	Company 2015 RM
Unquoted shares, at valuation		
At 1 January	303,771,570	277,021,177
Revaluation surplus	23,832,484	26,750,393
At 31 December	327,604,054	303,771,570

Details of the subsidiaries which are incorporated in Malaysia are as follows:

Name of subsidiary	Principal activities	Proportion of ownership interest (%) 2016	Proportion of ownership interest (%) 2015	Proportion of interest held by non-controlling interest (%) 2016	Proportion of interest held by non-controlling interest (%) 2015
Eng Thye Plantations Berhad ("ETP")	Cultivation of oil palms, process and sale of crude palm oil and palm kernel	83.3	83.3	16.7	16.7
Timor Oil Palm Plantation Berhad ("TOP")	Cultivation of oil palms, process and sale of crude palm oil and palm kernel	58.0	58.0	42.0	42.0

The summarised financial information relating to the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

	ETP 2016 RM	ETP 2015 RM	TOP 2016 RM	TOP 2015 RM
(i) Summarised statements of financial position				
Non-current assets	243,662,132	220,665,856	148,171,312	134,656,284
Current assets	45,005,021	45,102,066	46,843,763	45,840,079
Total assets	288,667,153	265,767,922	195,015,075	180,496,363
Non-current liabilities	12,888,957	9,823,811	25,494,180	22,455,097
Current liabilities	2,919,242	3,412,941	3,362,111	3,070,238
Total liabilities	15,808,199	13,236,752	28,856,291	25,525,335
Equity attributable to owners of the Company	227,346,780	210,409,698	96,371,462	89,882,589
Equity attributable to non-controlling interests	45,512,174	42,121,472	69,787,322	65,088,439
Total equity	272,858,954	252,531,170	166,158,784	154,971,028

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

15. Investments in subsidiaries (cont'd.)

	ETP		TOP	
	2016	2015	2016	2015
	RM	RM	RM	RM
(ii) Summarised statements of comprehensive income				
Revenue	33,318,301	35,703,436	31,352,644	31,902,811
Profit/(loss) for the year	8,351,195	(847,763)	2,093,644	2,264,540
Other comprehensive income ("OCI")	13,866,589	25,096,620	9,934,112	10,781,639
Profit/(loss) attributable to owners of the Company	6,958,214	(706,356)	1,214,313	1,313,433
Profit/(loss) attributable to non-controlling interests	1,392,981	(141,407)	879,331	951,107
OCI attributable to owners of the Company	11,553,640	20,910,504	5,761,784	6,253,350
OCI attributable to non-controlling interests	2,312,949	4,186,116	4,172,328	4,528,289
Dividends paid to owners of the Company	(1,574,772)	(1,574,772)	(487,224)	(487,224)
Dividends paid to non-controlling interests	(315,228)	(315,228)	(352,776)	(352,776)
(iii) Summarised cash flows information				
Cash flow generated from/(used in):				
Operating activities	1,413,783	205,325	1,673,582	(868,674)
Investing activities	(14,058,885)	1,446,497	(14,283,464)	117,601
Financing activities	(1,890,000)	(1,890,000)	(840,000)	(840,000)
Net decrease in cash and cash equivalents	(14,535,102)	(238,178)	(13,449,882)	(1,591,073)

The reconciliation of Level 3 fair value is as summarised below:

	Company	
	2016	2015
	RM	RM
At 1 January	303,771,570	277,021,177
Remeasurement recognised in revaluation reserve	23,832,484	26,750,393
At 31 December	327,604,054	303,771,570

16. Investments in associates

	Group		Company	
	2015	2015	2015	2015
	RM	RM	RM	RM
Unquoted shares, at cost	15,391,742	15,391,742	11,063,584	11,063,584
Share of post acquisition reserves	6,114,683	4,454,861	-	-
Currency translation differences	7,776,569	7,254,342	-	-
	29,282,994	27,100,945	11,063,584	11,063,584

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

16. Investments in associates (cont'd.)

Details of the associates are as follows:

Name of associate	Proportion of ownership interest (%) 2016	Proportion of ownership interest (%) 2015	Proportion of voting power (%) 2016	Proportion of voting power (%) 2015	Principal activities
Sin Thye Oil Mills Sdn. Bhd. #	50.0	50.0	50.0	50.0	To process and sell crude palm oil and palm kernel. The associate has not commenced operations.
Sin Thye Management Sdn. Bhd. #	30.0	30.0	30.0	30.0	Provision of management and advisory services and acting as an insurance agent.
Huay Guan Investment Pte. Ltd.***	35.4*	35.4*	37.5**	37.5**	Trading in stocks and shares.

\# Incorporated in Malaysia
Audited by Ernst & Young, Malaysia
Year end of 31 December

* Includes interest held by a subsidiary, Eng Thye Plantations Berhad. The Company has an ownership interest of 20%.

** The proportion of voting power is higher than the proportion of ownership interest as it includes interest held by a non-wholly owned subsidiary of the Company

*** Incorporated in the Republic of Singapore
Audited by a firm of auditors other than Ernst & Young
Year end of 31 December

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2016 RM	2015 RM
Assets and liabilities		
Current assets	82,016,389	72,846,442
Non-current assets	2,382,152	2,295,965
Total assets	84,398,541	75,142,407
Current liabilities, representing total liabilities	5,518,660	2,235,792
Results		
Revenue	42,343,987	29,735,709
Profit for the year	4,474,559	3,588,734

Summarised financial information representing adjusted proportion of ownership interest held by the Group in respect of the material associate of the Group are stated below:

	Huay Guan Investment Pte. Ltd. RM	Other individually immaterial associates RM	Total RM
At 31 December 2016			
(i) Summarised statements of financial position			
Current assets	29,099,522	1,316,449	30,415,971
Non-current assets	-	714,646	714,646
Current liabilities, representing total liabilities	958,006	889,617	1,847,623
Net assets	28,141,516	1,141,478	29,282,994

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

16. Investments in associates (cont'd.)

	Huay Guan Investment Pte. Ltd. RM	Other individually immaterial associates RM	Total RM
At 31 December 2016 (cont'd)			
(ii) Summarised statements of comprehensive income			
Revenue	13,427,781	1,960,971	15,388,752
Profit for the year	1,640,229	29,585	1,669,814
Other comprehensive income	-	(9,992)	(9,992)
At 31 December 2015			
(i) Summarised statements of financial position			
Current assets	26,081,130	1,022,814	27,103,944
Non-current assets	-	688,790	688,790
Current liabilities, representing total liabilities	102,075	589,714	691,789
Net assets	25,979,055	1,121,890	27,100,945
(ii) Summarised statements of comprehensive income			
Revenue	8,279,352	2,297,231	10,576,583
Profit for the year	826,410	326,914	1,153,324
Other comprehensive income	-	10,743	10,743

17. Investment in a joint venture

	Group		Company	
	2015 RM	2015 RM	2015 RM	2015 RM
Unquoted shares, at cost	27,630,955	27,630,955	13,781,480	13,781,480
Share of post acquisition reserve	(11,790,472)	(8,083,618)	-	-
Currency translation differences	1,337,341	563,310	-	-
	17,177,824	20,110,647	13,781,480	13,781,480
Less: Provision for impairment loss	(3,113,877)	-	(6,749,506)	-
	14,063,947	20,110,647	7,031,974	13,781,480

Details of the joint venture in which the Group participates are as follows:

Name of joint venture	Proportion of ownership interest (%) 2016	2015	Proportion of voting power (%) 2016	2015	Principal activity
Chin Thye Investment Pte Ltd ("Chin Thye") *	34.6**	34.6**	40.0***	40.0***	Investment holding

* Incorporated in the Republic of Singapore
Audited by an affiliate of Ernst & Young, Malaysia
Year end of 31 December

** Includes interests held by subsidiaries. The Company has an ownership interest of 20%.

*** The proportion of voting power is higher than the proportion of ownership interest as it includes interests held by non-wholly owned subsidiaries of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

17. Investment in a joint venture (cont'd.)

The Group's aggregate share of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the joint venture are as follows:

	Group 2016 RM	2015 RM
Assets and liabilities		
Current assets	7,008,845	9,225,065
Non-current assets	11,784,337	13,898,699
Total assets	18,793,182	23,123,764
Current liabilities	546,610	2,061,886
Non-current liabilities	1,068,748	951,231
Total liabilities	1,615,358	3,013,117
Results		
Other income	114,199	77,404
Expenses	(3,829,713)	(1,833,065)
Loss for the year	(3,715,514)	(1,755,661)
Other comprehensive income	8,660	7,000

<u>Provision for impairment loss</u>

Chin Thye invests in 70% equity interest in an Indonesian entity engaged in oil palm plantation in South Sumatera Province, Indonesia.

The harvesting of young mature palms of the joint venture engaged in the oil palm plantation has been delayed due to the unrest in the villages neighbouring the estate. This has resulted in the plantation making losses in recent years. In view of this situation, the Group and the Company have provided for impairment loss in their investments in Chin Thye and its subsidiary ("Chin Thye Group") amounting to RM3,113,877 and RM6,749,506, respectively, for the financial year ended 31 December 2016.

The Group and the Company estimated the recoverable amount of their investment in Chin Thye Group to be at RM14,063,947 and RM7,031,974, respectively, comprising biological assets, land, rights, and acquired land interest and other financial instruments.

Biological assets are valued based on a discounted cash flows ("DCF") model, while land, rights, and acquired land interest are valued using market comparison technique.

The discount rate used in the DCF is 15% (2015: 15%) per annum.

The fair value measurement of the land, rights, and acquired land interest has been categorised as Level 3 using significant unobservable inputs. There has been no transfer between Level 1 and Level 2 during the financial year.

Market comparison technique entails analysis on recent transactions and asking prices of properties in and around the locality for comparison to derive unimproved land values for all estates and market value with adjustments made for differences in location, terrain, size, shape of land, tenure, title restrictions, if any, cultivation and other relevant characteristics to arrive at the market value.

For the land, significant unobservable inputs are estimated basic land value per hectare and risk adjusted discount rate. Basic land value per hectare is estimated at RM1,706 (2015: RM1,707) per hectare and risk adjusted discount rate used is 6% (2015: 6%) per annum.

For the rights and acquired land interest, the legal interest is estimated at RM653 (2015: RM645) per hectare.

Other financial instruments comprised of cash and bank balances net of payables. Other financial instruments are measured at their carrying amount which approximate to fair value.

The change in the recoverable amount from the investment in a joint venture for the Group and the Company if the commencement of harvesting activities is further delayed by a year are disclosed in Note 3(d).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. Investment securities

	2016		2015	
	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM
Group				
Available-for-sale financial assets				
Securities quoted In Malaysia	14,673,738	14,673,738	14,493,701	14,493,701
Securities quoted outside Malaysia	59,416,498	59,416,498	54,804,013	54,804,013
Total investment securities	74,090,236	74,090,236	69,297,714	69,297,714
Company				
Available-for-sale financial assets				
Securities quoted In Malaysia, representing total investment securities	8,167,130	8,167,130	8,096,428	8,096,428

19. Inventories

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At cost:				
Oil palm produce	748,435	1,112,568	-	-
Estate stores	1,141,417	1,194,142	282,486	201,609
	1,889,852	2,306,710	282,486	201,609

The amount of inventories of the Group and of the Company recognised as an expense during the financial year were RM59,353,170 (2015: RM58,843,105) and RM8,230,690 (2015: RM9,376,826) respectively.

20. Receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
Third parties	3,250,213	4,390,631	-	-
A related corporation in which certain directors and substantial shareholders have interests	2,166,342	1,519,854	2,166,342	1,519,854
	5,416,555	5,910,485	2,166,342	1,519,854
Other receivables				
Interest receivable	1,219,532	409,893	685,161	211,105
Deposits, prepayment and sundry receivables	878,882	631,174	609,811	330,972
	2,098,414	1,041,067	1,294,972	542,077
Total trade and other receivables	7,514,969	6,951,552	3,461,314	2,061,931
Add: Cash and bank balances (Note 21)	120,095,469	117,122,167	36,630,928	36,446,770
Less: Prepayment	(9,959)	(3,445)	(9,959)	(3,445)
Total loans and receivables	127,600,479	124,070,274	40,082,283	38,505,256

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

20. Receivables (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-day (2015:30-day) terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The trade receivables of the Group and of the Company as at reporting date are neither past due nor impaired. These have also not been renegotiated during the financial year.

These receivables are creditworthy customers with good payment records with the Group and the Company. The trade receivables of the Group and of the Company arise from customers with more than ten years of experience with the Group and the Company and losses have occurred infrequently.

(b) Other receivables

The other receivables of the Group and of the Company as at reporting date are neither past due nor impaired.

Other information on financial risks of trade and other receivables are disclosed in Note 31.

(c) Amount due from a related corporation in which certain directors and substantial shareholders have interests

The amount due from a related corporation in which certain directors and substantial shareholders have interests are trade in nature, non-interest bearing, unsecured and are normally settled on 30-day (2015:30-day) terms.

Further details on related party transactions are disclosed in Note 28.

The carrying amounts of loan and receivables are reasonable approximation of fair value due to their short-term nature.

21. Cash and bank balances

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Cash on hand and at banks	17,527,274	25,711,759	3,503,667	4,088,504
Deposits with:				
Licensed banks	77,763,395	71,653,658	33,127,261	32,358,266
Other financial institutions	24,804,800	19,756,750	-	-
	102,568,195	91,410,408	33,127,261	32,358,266
Cash and bank balances	120,095,469	117,122,167	36,630,928	36,446,770

Deposits are made for varying periods of between 31 days and 365 days depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2016 for the Group and the Company were 3.07% (2015: 2.67%) and 3.90% (2015: 3.10%) respectively.

Included in deposits with licensed banks are deposits pledged to banks for bank guarantee facilities provided to the Group and the Company amounting to RM347,053 (2015: RM335,447) and RM238,879 (2015: RM230,632) respectively. The deposits with other financial institutions relate to placements with foreign banks.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

21. Cash and bank balances (cont'd)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	120,095,469	117,122,167	36,630,928	36,446,770
Less: Deposits with maturity of more than 3 months	(56,708,383)	(335,447)	(26,427,261)	(230,632)
Cash and cash equivalents	63,387,086	116,786,720	10,203,667	36,216,138

22. Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	3,100,409	1,836,090	518,237	80,751
Other payables				
Accruals and sundry payables				
- Third parties	5,788,135	6,402,840	2,088,949	1,897,078
Total payables, representing total financial liabilities carried at amortised cost	8,888,544	8,238,930	2,607,186	1,977,829

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90-day (2015: 30 to 90-day) terms.

(b) Other payables

Other payables are non-interest bearing and are normally settled on an average term of three to six months (2015: average term of three to six months).

The carrying amounts of these payables are reasonable approximation of fair value due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

23. Share capital and share premium

	Company			
	Number of shares of RM1 each		<--------- Amount ---------->	
	2016	2015	2016 RM	2015 RM
Authorised share capital				
At beginning/end of year	150,000,000	150,000,000	150,000,000	150,000,000

	Company		
	Number of ordinary stock units of RM1 each	<--------- Amount ---------->	
		Share capital RM	Share premium RM
Issued and fully paid			
At beginning/end of year	70,201,962	70,201,962	4,335,840

The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the Company. All ordinary stock units rank equally with regard to the residual assets of the Company.

24. Other reserves

Group	Asset revaluation reserve - land RM	Foreign currency translation reserve RM	Fair value adjustment reserve RM	Employee benefits plan reserve of a joint venture RM	Total RM
At 1 January 2015	221,245,898	2,307,192	15,908,856	52,782	239,514,728
Revaluation reserve of leasehold land realised	(1,517,649)	-	-	-	(1,517,649)
Other comprehensive income/(loss):					
Foreign currency translation	-	5,233,125	-	-	5,233,125
Net loss on fair value changes of available-for-sale investment securities	-	-	(1,527,503)	-	(1,527,503)
- Transfer to profit or loss upon disposal	-	-	(232,151)	-	(232,151)
- Loss on fair value changes	-	-	(1,295,352)	-	(1,295,352)
Share of other comprehensive income of a joint venture	-	-	10,743	-	10,743
Share of other comprehensive income of a joint venture	-	-	-	6,062	6,062
Revaluation surplus	48,443,981	-	-	-	48,443,981
Total other comprehensive income/(loss):	48,443,981	5,233,125	(1,516,760)	6,062	52,166,408
At 31 December 2015	268,172,230	7,540,317	14,392,096	58,844	290,163,487

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

24. Other reserves (cont'd.)

Group	Asset revaluation reserve - land RM	Foreign currency translation reserve RM	Fair value adjustment reserve RM	Employee benefits plan reserve of a joint venture RM	Total RM
At 1 January 2016	268,172,230	7,540,317	14,392,096	58,844	290,163,487
Revaluation reserve of leasehold land realised	(1,791,115)	-	-	-	(1,791,115)
Other comprehensive income:					
Foreign currency translation	-	1,163,472	-	-	1,163,472
Net gain on fair value changes of available-for-sale investment securities	-	-	2,379,781	-	2,379,781
- Transfer to profit or loss upon disposal	-	-	(11,679)	-	(11,679)
- Gain on fair value changes	-	-	2,391,460	-	2,391,460
Share of other comprehensive loss of a joint venture	-	-	(9,992)	-	(9,992)
Share of other comprehensive income of a joint venture	-	-	-	7,500	7,500
Revaluation surplus	30,690,737	-	-	-	30,690,737
Total other comprehensive income:	30,690,737	1,163,472	2,369,789	7,500	34,231,498
At 31 December 2016	297,071,852	8,703,789	16,761,885	66,344	322,603,870

Company	Asset revaluation reserve - land RM	Asset revaluation reserve – investments in subsidiaries RM	Fair value adjustment reserve RM	Total RM
At 1 January 2015	105,752,911	241,168,526	4,044,072	350,965,509
Revaluation reserve of leasehold land realised	(803,928)	-	-	(803,928)
Other comprehensive income/(loss):				
Net gain on fair value changes of available-for-sale investments in subsidiaries	-	26,750,393	-	26,750,393
Net loss on fair value changes of available-for-sale investment securities	-	-	(242,531)	(242,531)
- Transfer to profit or loss upon disposal	-	-	(29,307)	(29,307)
- Loss on fair value changes	-	-	(213,224)	(213,224)
Revaluation surplus	20,913,274	-	-	20,913,274
Total other comprehensive income/(loss):	20,913,274	26,750,393	(242,531)	47,421,136
At 31 December 2015	125,862,257	267,918,919	3,801,541	397,582,717

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

24. Other reserves (cont'd.)

Company	Asset revaluation reserve - land RM	Asset revaluation reserve – investments in subsidiaries RM	Fair value adjustment reserve RM	Total RM
At 1 January 2016	125,862,257	267,918,919	3,801,541	397,582,717
Revaluation reserve of leasehold land realised	(960,000)	-	-	(960,000)
Other comprehensive income/(loss):				
Net gain on fair value changes of available-for-sale investments in subsidiaries	-	23,832,484	-	23,832,484
Net loss on fair value changes of available-for-sale investment securities	-	-	(78,072)	(78,072)
- Transfer to profit or loss upon disposal	-	-	-	-
- Loss on fair value changes	-	-	(78,072)	(78,072)
Revaluation surplus	16,119,600	-	-	16,119,600
Total other comprehensive income/(loss):	16,119,600	23,832,484	(78,072)	39,874,012
At 31 December 2016	141,021,857	291,751,403	3,723,469	436,496,729

(a) Asset revaluation reserve - land

The asset revaluation reserve - land represents increases in the fair value of freehold and leasehold land and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in statement of comprehensive income.

(b) Asset revaluation reserve - investments in subsidiaries

The asset revaluation reserve - investments in subsidiaries represents the cumulative fair value changes of investments in subsidiaries until they are disposed of or impaired.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the presentation currency of the Group.

(d) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale investment securities until they are disposed of or impaired.

(e) Employee benefits plan reserve of a joint venture

Employee benefits plan reserve of a joint venture represents the Group's share of the cumulative fair value changes in the pension related assets and liabilities of a joint venture.

25. Retained profits

The Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

26. Deferred tax liabilities

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At beginning of year	64,259,819	55,030,004	31,980,909	26,151,870
Recognised in profit or loss (Note 10)	3,016,500	117,581	83,673	1,599,847
Recognised in equity	6,511,800	9,112,234	3,340,400	4,229,192
At end of year	73,788,119	64,259,819	35,404,982	31,980,909

Presented after appropriate offsetting as follows:

Deferred tax liabilities	73,880,743	64,259,819	35,404,982	31,980,909
Deferred tax asset	(92,624)	-	-	-
	73,788,119	64,259,819	35,404,982	31,980,909

The components and movements of deferred tax liabilities and asset during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

	Property, plant and equipment RM	Revaluation of land and biological assets RM	Total RM
Group			
At 1 January 2015	797,196	54,232,808	55,030,004
Recognised in profit or loss	379,802	(262,221)	117,581
Recognised in equity	-	9,112,234	9,112,234
At 31 December 2015	1,176,998	63,082,821	64,259,819
At 1 January 2016	1,176,998	63,082,821	64,259,819
Recognised in profit or loss	111,777	2,997,347	3,109,124
Recognised in equity	-	6,511,800	6,511,800
At 31 December 2016	1,288,775	72,591,968	73,880,734
Company			
At 1 January 2015	14,053	26,137,817	26,151,870
Recognised in profit or loss	167,635	1,432,212	1,599,847
Recognised in equity	-	4,229,192	4,229,192
At 31 December 2015	181,688	31,799,221	31,980,909
At 1 January 2016	181,688	31,799,221	31,980,909
Recognised in profit or loss	194,073	(110,400)	83,673
Recognised in equity	-	3,340,400	3,340,400
At 31 December 2016	375,761	35,029,221	35,404,982

Deferred tax asset:

	Unabsorbed capital allowance RM
Group	-
At 1 January 2016	-
Recognised in profit or loss	(92,624)
At 31 December 2016	(92,624)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

27. Segment information

The chief operating decision-maker has been identified as the Board of Directors. The Board reviews the internal reporting of the Group in order to assess performance and allocation of resources. The principal activities of the Group are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel and are wholly carried out in Malaysia.

	Group	
	2016 RM	2015 RM
Revenue from external customers	84,682,524	84,893,912
Depreciation of property, plant and equipment	6,158,039	5,732,229
Reportable segment profit/(loss)	14,246,046	(1,431,140)
Reportable segment assets	550,778,874	502,667,044
Reportable segment liabilities	8,888,544	8,238,930
Reportable segment profit/(loss) is reconciled as follows:		
Total profit/(loss) for reportable segment	14,246,046	(1,431,140)
Share of results of associates	1,669,814	1,153,324
Share of loss of a joint venture	(3,715,514)	(1,755,661)
Interest income	2,976,756	2,492,667
Dividend income	2,839,666	2,822,082
Other income	615,628	3,620,288
Other expenses	(3,243,677)	-
Profit before tax	15,388,719	6,901,560
Reportable segment assets are reconciled as follows:		
Total assets for reportable segment	550,778,874	502,667,044
Investments in associates	29,282,994	27,100,945
Investment in a joint venture	14,063,947	20,110,647
Investment securities	74,090,236	69,297,714
Unallocated assets	119,202,979	110,829,031
Total assets	787,419,030	730,005,381
Reportable segment liabilities are reconciled as follows:		
Total liabilities for reportable segment	8,888,544	8,238,930
Income tax payable	336,035	-
Deferred tax liabilities	73,788,119	64,259,819
Total liabilities	83,012,698	72,498,749

Revenue from five (2015: four) major customers amounted to RM78,890,004 (2015: RM69,344,237).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

28. Related party transactions

(a) Sale and purchase of goods and services

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
A related corporation in which certain directors and substantial shareholders have interest:				
- Sale of oil palm produce	(20,944,961)	(18,819,297)	(20,869,348)	(18,819,297)
- Purchase of oil palm produce	1,173,106	654,654	-	-
- Service charge on seedlings cultivation	39,450	-	28,800	-
An associate in which certain directors and substantial shareholders have interest:				
- Management fee	1,949,310	2,303,990	841,390	994,370
Companies in which certain directors and substantial shareholders have interest:				
- Marketing consultancy fee	548,832	522,277	183,378	175,623
- Purchase of oil palm produce	1,703,620	1,324,128	-	-
- Sale of oil palm produce	(71,417)	-	-	-

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly and indirectly.

Total remuneration of key management personnel

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total	2,468,158	2,526,847	1,537,288	1,543,993

Details of the remuneration of the Board of Directors are disclosed in Note 8.

29. Capital commitments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Capital commitments:				
Approved and contracted for:				
Capital and investment outlay in a joint venture	22,769,045	22,769,045	11,418,520	11,418,520
Purchase of property, plant and equipment	164,575	375,000	40,175	-
	22,933,620	23,144,045	11,458,695	11,418,520
Approved but not contracted for:				
Purchase of property, plant and equipment	2,048,600	4,038,000	408,200	1,930,000

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. Fair value measurement

Financial instruments

The following table provides the fair value measurement hierarchy of the assets of the Group and of the Company as at reporting date.

(i) The following table shows carrying amounts of financial assets measured at fair value including their levels in the fair value hierarchy.

	Carrying amount			Fair value measurement using			
As at 31 December 2016	**Available-for-sale**	**Other financial assets**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable input (Level 2)**	**Significant unobservable input (Level 3)**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group							
Financial assets measured at fair value							
Investment securities (Note 18)	74,090,236	-	74,090,236	74,090,236	-	-	74,090,236
Company							
Financial assets measured at fair value							
Investments in subsidiaries (Note 15)	327,604,054	-	327,604,054	-	-	327,604,054	327,604,054
Investment securities (Note 18)	8,167,130	-	8,167,130	8,167,130	-	-	8,167,130
As at 31 December 2015							
Group							
Financial assets measured at fair value							
Investment securities (Note 18)	69,297,714	-	69,297,714	69,297,714	-	-	69,297,714
Company							
Financial assets measured at fair value							
Investments in subsidiaries (Note 15)	303,771,570	-	303,771,570	-	-	303,771,570	303,771,570
Investment securities (Note 18)	8,096,428	-	8,096,428	8,096,428	-	-	8,096,428

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

Reconciliation of Level 3 fair value is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

30. Fair value measurement (cont'd.)

Financial instruments (cont'd.)

(ii) The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement			
		Sensitivity level		Effect on fair value Increase/(Decrease)	
Investments in subsidiaries		2016	2015	2016 RM	2015 RM
Adjusted net assets value: Valuation methodology which entails adjustment to the carrying values of assets and liabilities of individually subsidiary to arrive at their fair value reflecting the specific characteristics that market participants would consider in pricing the equity instrument.	• Estimated basic land value per hectare	+5% -5%	+5% -5%	11,945,300 (11,945,300)	12,520,000 (12,520,000)
	• Estimated CPO price per tonne on the present value of the net cash flows expected to be generated by the plantation	+RM100 - RM100	+RM100 - RM100	11,000,000 (11,000,000)	11,500,000 (11,500,000)

Non-financial instrument measurement

The non-financial instrument of the Group and of the Company measured at fair value comprise biological assets and property, plant and equipment. Fair value measurement hierarchy, valuation techniques as well as the significant unobservable inputs used are disclosed in Note 13 and Note 14, respectively.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

31. Financial risk management objectives and policies

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

The overall financial risk management policy of the Group is to ensure that adequate financial resources are available for the development of the businesses of the Group whilst minimising the potential adverse impact arising from fluctuation in foreign exchange and interest rates and the unpredictability of the financial and commodity markets.

The Group operates within clearly defined guidelines that are approved by the Board of Directors and it does not engage in speculative transactions. Financial risk management is further enhanced by effective internal controls and adherence to the financial risk management policies.

The following sections provide details regarding the exposure of the Group and of the Company 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 exposure of the Group and of the Company to credit risk arises primarily from trade and other receivables and other financial assets such as cash and bank balances.

The objective of the Group and of the Company is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade and have dealings only with recognised and creditworthy third parties. It is the policy of the Group and of the Company that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure of the Group and of the Company to bad debts is not significant. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

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

At the reporting date, 100% (2015: 100%) of the trade receivables of the Company were due from one related corporation (2015: one) in which payment were subsequently received in January 2017 (2015: January 2016). Other than this, the Company has no significant concentration of credit risk as at reporting date. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risks related to any financial assets other than an amount of RM2,166,342 (2015: RM1,519,854) due from one (2015: one) customer representing approximately 40% (2015: 26%) of the trade receivables of the Group as disclosed in Note 20.

Financial assets that are neither past due nor impaired

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

(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 exposure of the Group and of the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The objective of the Group and of the Company is to maintain sufficient levels of cash including fixed deposits to meet its working capital requirements.

At the reporting date, the Group and the Company do not have any borrowings (including overdrafts) from financial institutions. The maturity profile of the liabilities of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations are on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

31. 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 financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates.

The exposure of the Group and the Company to interest rate risk arises primarily from its deposits with financial institutions.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the profit net of tax of the Group and (loss)/profit net of tax of the Company to a reasonably possible change in interest rate resulting in changes in interest income from deposits with financial institutions.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Increase/(decrease) in profit net of tax of the Group and (loss)/profit net of tax of the Company				
Interest rate				
25 basis point higher	209,762	183,742	(62,942)	60,672
25 basis point lower	(209,762)	(183,742)	62,942	(60,672)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The business of the Group is predominantly located in Malaysia. The functional currency in foreign bank balances and quoted investments outside Malaysia are predominantly denominated in Singapore Dollar ("SGD"), which give rise to conversion exposure. The foreign currency exposures are not hedged.

The unhedged financial assets of the Group that are not denominated in Ringgit Malaysia are as follows:

	Cash and bank balances RM	Investment securities RM	Total RM
Singapore Dollar			
At 31 December 2016	28,809,396	59,416,498	88,225,894
At 31 December 2015	26,880,114	54,804,013	81,684,127

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the other reserves and profit net of tax of the Group to a reasonably possible change in the SGD exchange rate against the functional currency of the Group, with all other variables held constant.

	Other reserves		Profit net of tax	
	2016 RM	2015 RM	2016 RM	2015 RM
SGD/RM				
- strengthened 1% (2015: 1%)	420,866	388,189	288,094	268,801
- weakened 1% (2015: 1%)	(420,866)	(388,189)	(288,094)	(268,801)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

(e) Market price risk

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

(i) Securities price risk

The Group and the Company are exposed to securities price risk from its investment in quoted securities classified as available-for-sale financial assets. These securities are listed on the Bursa Malaysia and Singapore Exchange Limited.

The objective of the Group and of the Company is to manage investment returns and the price risk by investing in investment grade shares with steady dividend yield.

Sensitivity analysis for security price risk

At the reporting date, if the market prices for available-for-sale investment securities had been 1% higher/lower, with all other variables being held constant, the other reserve of the Group and of the Company in equity would have been RM550,434 and RM81,671 (2015:RM556,020 and RM80,964), respectively higher/lower, arising as a result of an increase/decrease in the fair value of quoted securities classified as available-for-sale.

(ii) Commodity price risk

The Group and the Company are exposed to price volatility arising from fluctuation in the prices of fresh fruit bunches ("FFB"), crude palm oil ("CPO") and palm kernel ("PK") in the commodity market.

The Group manages and mitigates price volatility by monitoring the fluctuation of CPO and PK prices daily and enter into physical forward selling commodity contracts.

The Company sells only FFB and these sales are transacted at market prices.

Sensitivity analysis for commodity price risk

The following table demonstrates the sensitivity of the profit net of tax of the Group and the (loss)/profit net of tax of the Company to a reasonably possible change in prices of FFB, CPO and PK at the reporting date, with all other variables held constant.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Increase/(decrease) in profit net of tax of the Group and (loss)/profit net of tax of the Company				
- FFB				
Price 5% higher	815,269	741,035	(793,035)	705,096
Price 5% lower	(815,269)	(741,035)	793,035	(705,096)
- CPO				
Price 5% higher	1,922,652	2,039,201	-	-
Price 5% lower	(1,922,652)	(2,039,201)	-	-
- PK				
Price 5% higher	480,015	403,003	-	-
Price 5% lower	(480,015)	(403,003)	-	-

The Group and the Company do not enter into commodity future contracts.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

32. Capital management

The objective of the Group and of the Company in managing their capital is to ensure that they maintains a strong and healthy capital to enable the Group and the Company to continue as a going concern in order to provide returns for shareholders and to maintain a debt free capital structure.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group and the Company did not have any borrowings for the years ended 31 December 2016 and 31 December 2015. The Group and the Company monitor capital using dividend payout ratio, which is amount of dividends paid divided by profit net of tax attributable to owners of the Company.

	Group		Company	
	2015	2015	2015	2015
	RM	RM	RM	RM
Amount of dividends paid	4,212,118	4,212,118	4,212,118	4,212,118
Profit/(loss) net of tax attributable to owners of the Company	8,670,509	5,261,252	(2,353,451)	6,486,626
Dividend payout ratio	48.58%	80.06%	N/A	64.94%

The strategy of the Group and of the Company in 2016, which was unchanged from 2015, are to maintain a debt free capital structure and to pay steady amount of dividends to shareholders.

	Group		Company	
	2015	2015	2015	2015
	RM	RM	RM	RM
Amount of dividends paid	4,212,118	4,212,118	4,212,118	4,212,118
(Loss)/profit net of tax attributable to owners of the Company (excluding fair value adjustment of biological assets)	(665,787)	3,470,054	(3,189,451)	1,014,626
Dividend payout ratio	N/A	121.38%	N/A	415.14%

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

33. Supplementary information - Breakdown of retained profits into realised and unrealised

The breakdown of the retained profits as at 31 December 2016 and 31 December 2015 into realised and unrealised profits or losses are follows:

	Group		Company	
	2015	2015	2015	2015
	RM	RM	RM	RM
Total retained profits of the Company and subsidiaries				
Realised	197,940,185	203,999,963	55,673,782	61,907,758
Unrealised	37,726,233	26,266,472	12,834,540	12,206,133
	235,666,418	230,266,435	68,508,322	74,113,891
Total shares of retained profits from associates				
Realised	5,107,766	4,061,995	-	-
Unrealised	647,201	114,356	-	-
Total shares of (accumulated losses)/retained profits from a joint venture				
Realised	(10,792,237)	(11,533,191)	-	-
Unrealised	515,816	4,474,256	-	-
	231,144,964	227,383,851	68,508,322	74,113,891
Less: Consolidation adjustments	(39,763,124)	(42,251,517)	-	-
Total retained profits as per financial statements	191,381,840	185,132,334	68,508,322	74,113,891

The disclosure of realised and unrealised profits or losses above has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and should not be applied for any other purposes.

SHAREHOLDINGS STATISTICS

Share Capital As At 31 March 2017

Authorised	: RM150,000,000
Issued and fully paid	: RM70,201,962
Class of stock units	: Ordinary stock units
Voting rights	: One vote per stock unit
No. of shareholders	: 2,340

Distribution schedule of issued and paid-up share capital as at 31 March 2017

No. of Holders	%	Holdings	Total Holdings	%
90	3.85	Less than 100	704	*
453	19.36	100 to 1,000	370,084	0.53
1,414	60.43	1,001 to 10,000	5,148,730	7.33
354	15.13	10,001 to 100,000	9,339,885	13.30
28	1.19	100,001 to less than 5% of the issued shares	16,641,550	23.71
1	0.04	5% and above of the issued shares	38,701,009	55.13
2,340	100.00		70,201,962	100.00

Substantial shareholders (excluding bare trustees) as shown in the register of substantial shareholders as at 31 March 2017.

	<-------Direct Interest-------->		<------Deemed Interest------->	
Name of Substantial Shareholders	No. of Stock Units	%	No. of Stock Units	%
Tiong Thye Company Sdn Bhd	38,701,009	55.13	-	-
Goh Eng Chew	-	-	39,101,009	55.70
Gho Lian Chin	2,200	*	38,852,673	55.34
Tai Chuan Company (Private) Limited	-	-	38,701,009	55.13

(A) Interests of directors in the stock units of the Company as at 31 March 2017.

	<-------Direct Interest-------->		<------Deemed Interest------->	
Name of Directors	No. of Stock Units	%	No. of Stock Units	%
Goh Wei Lei	-	-	-	-
Goh Pock Ai	401,100	0.57	-	-
Sio Sit Po	608,968	0.87	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Gho Eng Liong	400,000	0.57	-	-
Goh Yeok Beng	400,000	0.57	-	-
Gho Lian Chin	2,200	*	38,852,673	55.34
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong	-	-	-	-
Goh Chih Yuan (Wu Zhiyuan)	-	-	-	-
Gho Bun Tjin	2,200	*	-	-

* Less than 0.01%

SHAREHOLDINGS STATISTICS

(B) Interests of directors in the shares of the related corporations as at 31 March 2017.

(i) Eng Thye Plantations Berhad, subsidiary of the Company.

Name of Directors	<------Direct Interest----------> No. of Ordinary Shares	%	<------Deemed Interest------> No. of Ordinary Shares	%
Goh Wei Lei	-	-	-	-
Goh Pock Ai	-	-	-	-
Sio Sit Po	-	-	-	-
Dato' Ong Bok Lim	35,000	0.19	-	-
Keong Choon Keat	-	-	-	-
Gho Eng Liong	3,500	0.02	-	-
Goh Yeok Beng	-	-	-	-
Gho Lian Chin	-	-	15,783,250	83.51
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong	-	-	-	-
Goh Chih Yuan (Wu Zhiyuan)	-	-	-	-
Gho Bun Tjin	-	-	-	-

(ii) Timor Oil Palm Plantation Berhad, subsidiary of the Company.

Name of Directors	<--------Direct Interest--------> No. of Ordinary Shares	%	<-------Deemed Interest------> No. of Ordinary Shares	%
Goh Wei Lei	-	-	-	-
Goh Pock Ai	10,000	0.10	-	-
Sio Sit Po	-	-	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Gho Eng Liong	-	-	-	-
Goh Yeok Beng	10,000	0.10	-	-
Gho Lian Chin	10,000	0.10	6,132,300	58.40
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong	10,000	0.10	-	-
Goh Chih Yuan (Wu Zhiyuan)	-	-	-	-
Gho Bun Tjin	-	-	-	-

SHAREHOLDINGS STATISTICS

(B) Interests of directors in the shares of the related corporations as at 31 March 2017. (cont'd.)

Immediate holding company and other related corporations.

Tiong Thye Company Sdn Bhd, holding company.

	<-------Direct Interest--------->		<-------Deemed Interest------>	
Name of Directors	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Gho Lian Chin	1,000	*	9,233,000	43.97
Gho Bun Tjin	1,000	*	-	-

* Less than 0.01%

Gho Lian Chin by virtue of his interest in the holding company, is also deemed interested in the shares of all its subsidiaries to the extent the holding company has an interest.

The interests of Gho Lian Chin in other related corporations are as follows:

	<-------Direct Interest--------->		<-------Deemed Interest------>	
Name of other related corporation	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Seong Thye Plantations Sdn Bhd	-	-	43,474,500	100.00
Seong Thye Development & Oil Mills Sdn Bhd	-	-	6,000,000	100.00
Masai Tinggi Developments Sdn Bhd	-	-	2	100.00

Other than as disclosed above, none of the other directors have any shareholdings in the holding company and other related corporations.

SHAREHOLDINGS STATISTICS

List of 30 largest securities account holders according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person) as at 31 March 2017

	Name	No. of Stock Units	%
1.	Tiong Thye Company Sdn Bhd	38,701,009	55.13
2.	Nam Heng Oil Mill Company Sdn. Berhad	3,500,800	4.99
3.	RHB Nominees (Asing) Sdn Bhd Exempt An for RHB Securities Singapore Pte Ltd (A/C Clients)	1,902,202	2.71
4.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,749,398	2.49
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,321,006	1.88
6.	Guan Brothers Realty Sdn Bhd	831,288	1.18
7.	Wong Aun Phui	645,850	0.92
8.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Sio Sit Po	608,968	0.87
9.	Leong Kok Tai	591,500	0.84
10.	Seah Mok Khoon	510,000	0.73
11.	Chew Huaipin Sdn Bhd	445,500	0.63
12.	Wong Taek Boon @ Guan Taek Boon	422,888	0.60
13.	Goh Pock Ai	401,100	0.57
14.	Goh Eng Hian	400,000	0.57
15.	Goh Yeok Beng	400,000	0.57
16.	RHB Nominees (Tempatan) Sdn Bhd Exempt An for RHB Securities Singapore Pte. Ltd. (A/C Clients)	400,000	0.57
17.	Lim Kian Huat	377,000	0.54
18.	Lim Sian Yew & Sons Sdn. Berhad	325,250	0.47
19.	Lai Beng Chu	255,000	0.37
20.	Hup Lee Bakery Sdn Bhd	247,500	0.36
21.	Ng Poh Cheng	204,400	0.29
22.	Ang Swee Kiat	199,100	0.28
23.	Teoh Peng Heong & Sons Sdn Bhd	149,000	0.21
24.	Low Kim Seng	136,600	0.19
25.	Thiam Loy Sdn Bhd	129,800	0.19
26.	Tan Ai Leng	126,000	0.18
27.	Foo Hee Wei	125,400	0.18
28.	Yeo Kim Soon	122,000	0.17
29.	Yeo Khee Huat	114,000	0.16
30.	Seah Yee Sheau	100,000	0.14
		55,442,559	78.98

LIST OF PROPERTIES AS AT 31 DECEMBER 2016

Location	Tenure	Size	Description	Net carrying amount as at 31 December 2016
		Hectares		RM'000
Ladang Senama Lot 594, 607, 947 Mukim of Jelai, Daerah Jempol Negeri Sembilan Darul Khusus (Date of acquisition: 8.1.1950, 14.4.1930 & 5.4.1930)	Freehold	942	Oil palm estate	77,347*a
Ladang Ibam PT 5419 Mukim of Bebar, Daerah Pekan Pahang Darul Makmur (Date of acquisition: 10.3.1988)	Leasehold (Expires on 9.3.2087)	2,180	Oil palm estate	144,861*a
Ladang Gula Lot 4583, 8418, 2150, 2151, 2124, 2126, 2127, 2795, 2831, 6721, 4351, 4352, 10035, 8950, 2794, 1668 Mukim of Kuala Kurau and Bagan Serai, Daerah Kerian Perak Darul Ridzuan (Date of acquisition: 10.9.1959)	Freehold	2,582	Oil palm estate with mill (Approximate age of mill: 50 years)	193,237*a
Lot 1009, 1010, 1011, 1012, 1237, 1374 Mukim of Sungai Tinggi Daerah Larut & Matang Perak Darul Ridzuan (Date of acquisition: 11.4.1988) Lot 130423, 130427, 130428, 130430, 130431 Mukim of Batu Kurau Daerah Larut & Matang Perak Darul Ridzuan (Date of acquisition: 1.10.1988)	Freehold	13.81	Agricultural land	3,700*a
Ladang Maran Lot PT 2/2273 Mukim of Luit Daerah Maran Pahang Darul Makmur (Date of acquisition: 25.1.1967)	Leasehold (Expires on 24.1.2066)	1,964	Oil palm estate with mill (Approximate age of mill: 43 years)	110,674*a

(a) Net book value as at 31 December 2016 are as follows: -

	Valuation	Cost	
	Land and biological assets	Buildings	Total
	RM'000	RM'000	RM'000
Ladang Senama	77,000	347	77,347
Ladang Ibam	143,000	1,861	144,861
Ladang Gula	190,000	3,237	193,237
Freehold agricultural land	3,700	-	3,700
Ladang Maran	110,000	674	110,674
	523,700	6,119	529,819

The freehold and leasehold lands and biological assets were revalued on 31 December 2016 by an independent firm of professional registered valuers, Savills (Malaysia) Sdn Bhd.

The revaluation surplus arising from the revaluation of freehold and leasehold lands is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve.

The changes in carrying value of biological assets are recognised in profit or loss.

OTHER INFORMATION

(a) Material Contracts

Material contracts entered into by the Company and its subsidiaries which involved the directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year: -

Related party transactions of a revenue or trading nature entered into by the Company and its subsidiaries during the financial year ended 31 December 2016: -

	RM
Transactions with Seong Thye Plantations Sdn. Bhd., a related corporation in which the substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company Pte Ltd, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Eng Chew, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Wei Lei, Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong, Gho Bun Tjin and Goh Chih Yuan (Wu Zhiyuan)) have interests.	
Sale of oil palm produce	20,944,961
Purchase of oil palm produce	1,173,106
Service charge on seedlings cultivation	39,450
Transaction with Chin Teck Plantations Berhad, a company in which the substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company Pte Ltd, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Eng Chew, Wong Aun Phui, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Wei Lei, Sio Sit Po, Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong, Gho Bun Tjin and Goh Chih Yuan (Wu Zhiyuan)) have interests.	
Purchase of oil palm produce	1,703,620
Sales of oil palm produce	71,417
Marketing consultancy fees paid to Tat Lee Commodities Pte. Ltd., a company incorporated in the Republic of Singapore, in which the substantial shareholders (Goh Eng Chew and Gho Lian Chin) and several directors (Goh Eng Chew, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Wei Lei, Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong, Gho Bun Tjin and Goh Chih Yuan (Wu Zhiyuan)) have interests.	548,832
Management fees paid to Sin Thye Management Sdn. Bhd., an associate in which the substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company Pte Ltd, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Eng Chew, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Wei Lei, Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong, Gho Bun Tjin and Goh Chih Yuan (Wu Zhiyuan)) have interests.	1,949,310

(b) Sanctions and /or penalties

No sanctions and/or penalties were imposed on the Company and its subsidiaries, Directors or management by relevant authorities during the financial year, other than fine amounting to RM13,500 imposed on a subsidiary for committing offence under Section 16(1) of the Environmental Quality Act, 1974.

(c) Non-audit fees paid to external auditors for the financial year ended 31 December 2016

During the financial year ended 31 December 2016, non-audit fees paid or payable to Ernst & Young amounted to RM10,000 in respect of the review of the Statement on Risk Management and Internal Control.

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NEGRI SEMBILAN OIL PALMS BERHAD (592D)
(Incorporated in Malaysia)

FORM OF PROXY

I / We ....

of ....

being a member of NEGRI SEMBILAN OIL PALMS BERHAD hereby appoint ....

....

of ....

or failing him / her ....

of ....

as my / our proxy to attend and vote on my / our behalf at the Eighty Fifth Annual General Meeting of the Company to be held at the Conference Room, Suite 2B-3A-3, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Tuesday, 30 May 2017 at 10.30 am and at any adjournment thereof.

Resolutions		For	Against
1.	To receive the Directors' Report and the Financial Statements for the financial year ended 31 December 2016 and the Independent Auditors' Report thereon.		
2.	To approve the directors' fees for the financial year ended 31 December 2016 and to authorise the directors to divide such fees in the proportions and manner to be determined by them		
	To re-elect the following directors retiring under Article 94 of the Constitution of the Company:-		
3.	Mr Sio Sit Po		
4.	Mr Gho Eng Liong		
	To re-elect the following directors retiring under Article 97 of the Constitution of the Company:-		
5.	Mr Goh Chih Yuan (Wu Zhiyuan)		
	To appoint the following directors :-		
6.	Dato' Ong Bok Lim		
7.	Mr Goh Pock Ai		
8.	Mr Keong Choon Keat		
9.	To re-appoint auditors and authorise the directors to fix their remuneration.		
10.	Proposed renewal of shareholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Seong Thye Plantations Sdn Bhd.		
	To retain the following directors as Independent Non-Executive Directors:-		
11.	Mr Sio Sit Po		
12.	Dato' Ong Bok Lim		
13.	Mr Keong Choon Keat		
14.	Proposed retirement gratuity payment to Mr Goh Eng Chew, former Executive Chairman of the Company.		

(Please indicate with "X" or "√" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

____
Signature(s)
Date:

No. of stock units held	
CDS No,	

NOTES:

1. A depositor shall not be regarded as a member entitled to attend this Meeting and to speak and vote thereat unless his/her name appears in the Record of Depositors as at 23 May 2017 issued by Bursa Malaysia Depository Sdn Bhd ('Bursa Depository') upon request by the Company in accordance with the rules of Bursa Depository.
2. A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. If the member is a corporation, the Form of Proxy must be executed under its common seal or under the hand of a person duly authorised in writing.
4. The Form of Proxy must be deposited at the Registered Office, Suite 2B-3A-2, Block 2B. Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 24 hours before the time fixed for the Meeting or any adjournment thereof.
5. For Resolutions 10 and 14, further information are set out in the Circular to Shareholders dated 28 April 2017.
6. For Resolutions 3, 4, 5, 11, 12, and 13, further information are set out in Statement Accompanying Notice of Annual General Meeting.

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AFFIX
STAMP

NEGRI SEMBILAN OIL PALMS BERHAD
Suite 2B-3A-2
Block 2B Level 3A
Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur

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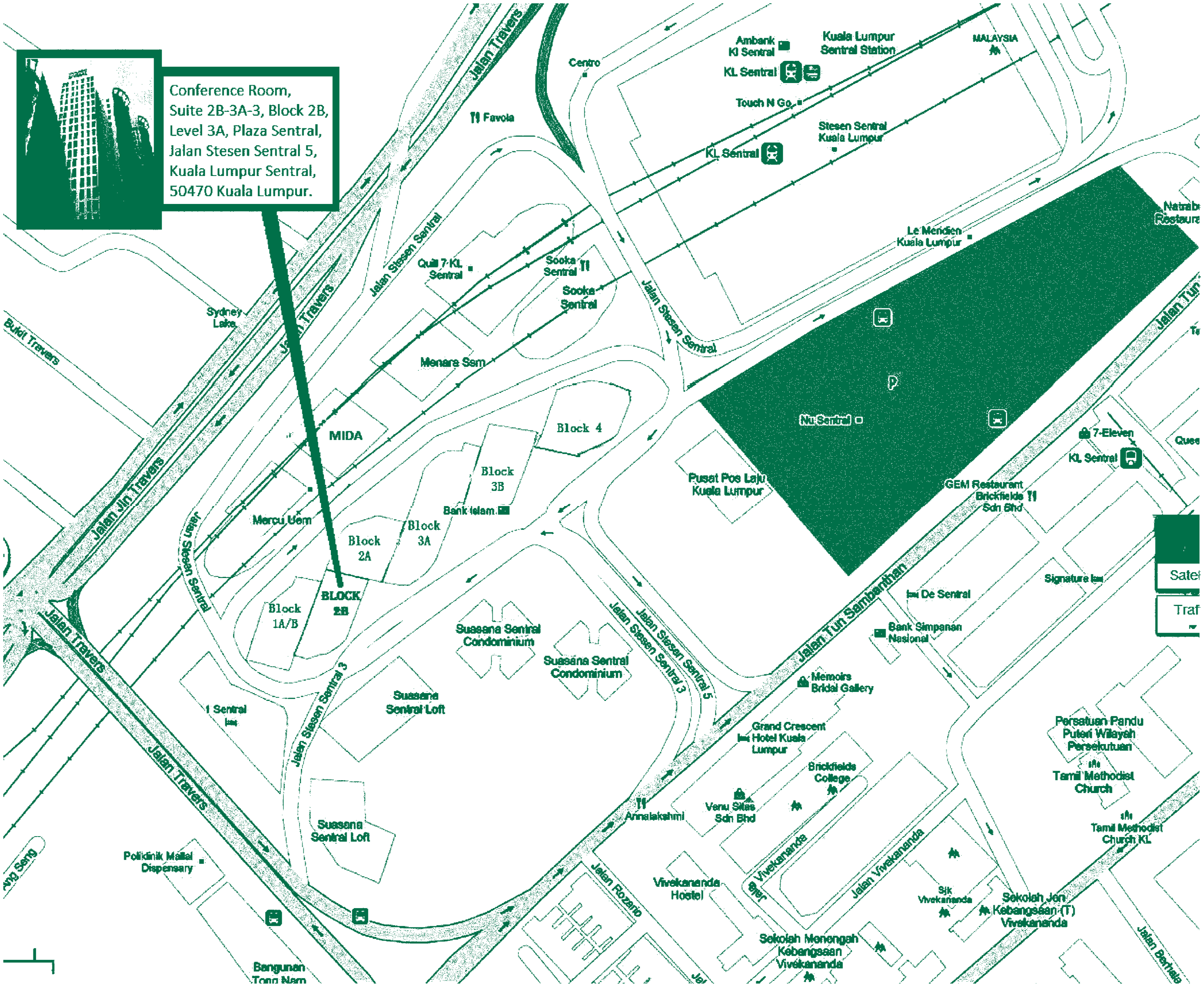
Conference Room,
Suite 2B-3A-3, Block 2B,
Level 3A, Plaza Sentral,
Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.
BLOCK 2B
Block 1A/B
Block 2A
Block 3A
Block 3B
Block 4
MIDA
Mercu Uem
Menara Sam
Bank Islam
Quill 7 KL Sentral
Sooka Sentral
Nu Sentral
Pusat Pos Laju Kuala Lumpur
Le Meridien Kuala Lumpur
Kuala Lumpur Sentral Station
KL Sentral
Ambank Kl Sentral
Touch N Go
Stesen Sentral Kuala Lumpur
Centro
Favola
Sydney Lake
Bukit Travers
Jalan Travers
Jalan Jin Travers
Jalan Stesen Sentral
Jalan Stesen Sentral 3
Jalan Stesen Sentral 5
Jalan Tun Sambanthan
Suasana Sentral Condominium
Suasana Sentral Loft
1 Sentral
Polidinik Mallal Dispensary
Bangunan Tong Nam
7-Eleven
GEM Restaurant Brickfields Sdn Bhd
Signature
De Sentral
Bank Simpanan Nasional
Memoirs Bridal Gallery
Grand Crescent Hotel Kuala Lumpur
Brickfields College
Venu Sitas Sdn Bhd
Annalakshmi
Vivekananda Hostel
Jalan Rozario
Jalan Vivekananda
Sekolah Menengah Kebangsaan Vivekananda
SJK Vivekananda
Sekolah Jen Kebangsaan (T) Vivekananda
Persatuan Pandu Puteri Wilayah Persekutuan
Tamil Methodist Church
Tamil Methodist Church KL
MALAYSIA