PLS PLANTATIONS BERHAD

Company No. 160092-K

ANNUAL REPORT 2015

CONTENTS

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Twenty-Eighth Annual General Meeting** of the Company will be held at **Kiara Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur** on **Tuesday, 29th September 2015 at 10.30 a.m.** for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the year ended 31 March 2015 together with the Reports of the Directors and the Auditors thereon. **PLEASE REFER EXPLANATORY NOTE A**

2. To approve the payment of Directors' fees for the financial year ended 31 March 2015. **RESOLUTION 1**

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

   a) Dato' Lim Kang Poh and **RESOLUTION 2**
   b) Puan Norliza Binti Suleiman **RESOLUTION 3**

4. To re-elect Encik Abd Razak Bin Mohd Yusoff who retires in accordance with Article 89 of the Company's Article of Association:- **RESOLUTION 4**

5. To re-appoint Messrs. Baker Tilly Monteiro Heng as auditors of the Company and to authorise the Directors to fix their remuneration. **RESOLUTION 5**

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

ORDINARY RESOLUTION

Re-Appointment of Dato' Haji Ibrahim Bin Haji Keling as Director **RESOLUTION 6**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Haji Ibrahim Bin Haji Keling be and is hereby re-appointed as a Director of the Company to continue in office until next Annual General Meeting of the Company."

ORDINARY RESOLUTION

Continuing In Office As Independent Non-Executive Directors

"THAT subject to the passing of Resolution 6, approval be and is hereby given for Dato' Haji Ibrahim Bin Haji Keling who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **RESOLUTION 7**

"THAT approval be and is hereby given for Encik Hisham Bin Mahmood who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **RESOLUTION 8**

"THAT approval be and is hereby given for Miss Kang Hui Ling who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." **RESOLUTION 9**

ORDINARY RESOLUTION

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

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental/ regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

ORDINARY RESOLUTION

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

"THAT authority be and is hereby given pursuant to paragraph 10.09 and Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in paragraph 3.3 as disclosed in the Circular to Shareholders dated 27 August 2015 with the related parties listed in paragraph 3.2 which are necessary for the day-to-day operations, in the ordinary course of business, made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those normally available to the public and are not to the detriment of the minority shareholders; **AND THAT** the authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:

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

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

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

whichever is the earlier."

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

By Order of the Board

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

PETALING JAYA
27 August 2015

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors on 22 September 2015 shall be eligible to vote, speak and attend the Meeting.

2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.

4. For an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

6. To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

i. Resolution 6 - Re-Appointment of Dato' Haji Ibrahim Bin Haji Keling as Director

The Proposed Resolution 6 if passed will enable Dato' Haji Ibrahim Bin Haji Keling to continue in office until the conclusion of the next Annual General Meeting.

ii. Resolutions 7 to 9 - Continuing in office as Independent Non-Executive Directors

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

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

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

a. They fulfill the independent director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment to the Board;
b. Their relevant experience and expertise as set out in their respective profiles on Page 9 and 10 would enable them to provide the Board with pertinent and a diverse set of expertise, skills and competence and thus all matters tabled to the Board for consideration are well reviewed and deliberated;
c. Their long service with the Company enhances their knowledge and understanding of the business operations of the Group which enable them to contribute actively and effectively during deliberations or discussion at Audit Committee and Board meetings.

iii. The Proposed Resolution 10 if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 25 September 2014 and which will lapse at the conclusion of the Twenty-Eighth Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions.

iv. The Proposed Resolution 11 if passed, will authorise the Group to enter into recurrent related party transactions as specified in the Circular to Shareholders dated 27 August 2015, provided that such transactions are of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Explanatory Note A:-

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Lim Kang Yew
(Managing Director)

Mr Lee Hun Kheng
(Executive Director)

Encik Abd Razak Bin Mohd Yusoff
(Non-Independent Non-Executive Director)
(Appointed on 27 May 2015)

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

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

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

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

Encik Hisham Bin Mahmood
(Independent Non-Executive Director)

Miss Kang Hui Ling
(Independent Non-Executive Director)

Mr Lim Guan Shiun
(Alternate Director to Dato' Lim Kang Poh)

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

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

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

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

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





REGISTERED OFFICE
Unit 9-01, Level 9,
Menara TSR,
No.12, Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7717 5888
(Hunting Line)
Fax : 03-7717 5878

SHARE REGISTRAR
Sectrars Management
Sdn Bhd
Lot 9-7, Menara Sentral Vista
No.150, Jalan Sultan Abdul
Samad Brickfields,
50470 Kuala Lumpur
Tel : 03-2276 6138
Fax : 03-2276 6131

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

COMPANY WEBSITE
www.limbongan.com

MANAGING DIRECTOR'S STATEMENT

On behalf of the Board of Directors of PLS Plantations Berhad, I am pleased to present the Annual Report of the Company and the Group for the financial year ended 31st March 2015.

INDUSTRIAL TRENDS AND DEVELOPMENT

The global growth continued at a moderate pace in the first quarter of 2015 with uneven prospects across major countries. Oil-exporting developing economies are expected to register a slower growth, whilst, advanced economies are expected to expand benefiting from lower oil prices.

The Malaysian economy remained resilient, to record a steady growth of 5.6% in the first quarter of 2015 as compared to 5.7% in the previous quarter, despite uncertainties in the external environment. Growth was supported by strong domestic economic activity, particularly private consumption and investment. The construction sector grew at a stronger pace of 9.7% on account of higher activity in the non-residential and residential subsectors. The non-residential subsector was bolstered by the construction of factories, particularly in Sabah and Sarawak as well as the construction of buildings for education. The residential subsector increased mainly due to higher housing activities amid favourable economic and business conditions. The civil engineering subsector staged a rebound supported by construction of the MRT project and roads. However, the agriculture sector declined further by 4.7% due to lower palm oil production caused by the floods in the east coast, as well as slower forestry and logging activities. The market price for rubber also experienced a decline but value-added product rebounded to post a positive growth.

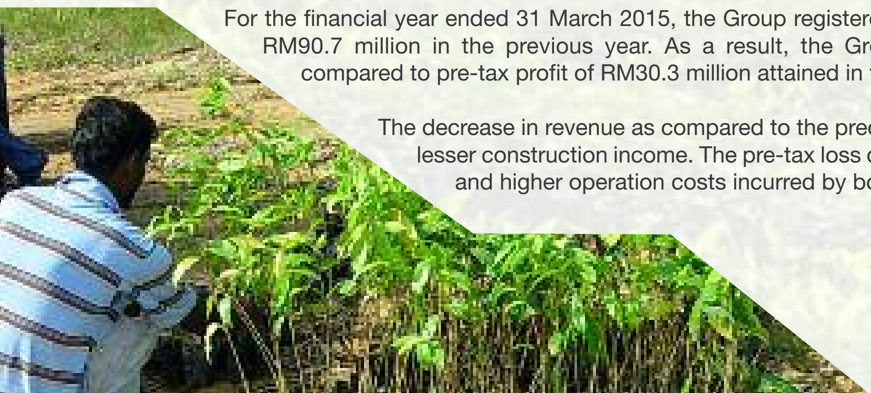
The Malaysian economy is expected to maintain on a steady growth path in 2015. The underlying macroeconomic fundamentals, supportive monetary policy as well as ongoing economic transformation will continue to strengthen the resilience of the economy. On the supply side, the continuing expansion in the construction and manufacturing sectors as well as services activities will contribute strongly to the overall GDP growth. On the demand side, growth is expected to emanate from resilient domestics demand, supported by strong private investment and higher development expenditure.

(Source: Malaysian Economic Report 1st Quarter 2015)

FINANCIAL RESULTS AND OPERATION REVIEWS

For the financial year ended 31 March 2015, the Group registered lower revenue of RM60.0 million as compared to RM90.7 million in the previous year. As a result, the Group recorded a pre-tax loss of RM1.6 million as compared to pre-tax profit of RM30.3 million attained in financial year 2014.

The decrease in revenue as compared to the preceding year corresponding period was mainly due to lesser construction income. The pre-tax loss during the year was in tandem with the lower revenue and higher operation costs incurred by both the Group's construction and plantation arms.



MANAGING DIRECTOR'S STATEMENT

FINANCIAL RESULTS AND OPERATION REVIEWS (CONT'D)

Its 70% owned subsidiary, Aramijaya Sdn Bhd ('Aramijaya') recorded a marginal decline in revenue of RM60.0 million as compared to RM61.6 million and a lower pre-tax profit of RM0.9 million as compared to RM13.9 million in the previous financial year. The lower pre-tax profit reported during the year despite an increase in the Fresh Fruit Bunches ("FFB") production was attributable to higher amortisation cost for the plantation development expenditure. Income from FFB harvested increase to RM15.9 million from RM11.1 million, despite a slight fall in the average selling price for FFB by 2% to RM518 per M/T from RM528 per M/T, due to an increase in the FFB production by 63% to 34,272 metric tonnes (M/T) from 21,010 metric tonnes (M/T) as compared to the corresponding period in 2014.

For the same current financial period ended, the Group recorded a net of tax surplus arising from the revaluation of its plantation development expenditure and leasehold land of RM22.4 million. Substantially based on the revaluation surplus, the Group recorded an increase in net asset per share attributable to equity holders from RM1.29 per share in the previous financial year to RM1.32 per share in the current financial year.

CORPORATE DEVELOPMENT

The Company has not implemented any new corporate proposal during the financial year ended 31 March 2015. However, the Board will continue to look into means to improve on the current operations and seek other related businesses and investment opportunities to improve the Group's performance.

PROSPECT

The Group intend to complete its core objective of planting its designated oil palm plantation expeditiously and looking into the possibility of increasing its plantation land bank to complement its existing operations. Meanwhile, the Group has also embarked into rubber (Timber Latex) plantation under a sub-development agreement for a period of 30 years with an option to extend further for a period of 30 years in different phases on a forest plantation area in the State of Johor. The rubber plantation development, despite its high working capital and labour intensive requirements, is expected to generate a higher return per hectare to the Group in the long term as compared to Acacia plantation.

New strategic alliances with both local and multi-national companies that are in line with the group's expansion objective will be considered for future investment and development but the Group is mindful of the need to be selective and doing them at the right time.

As for the construction arm, the Group will continue its efforts to tender for new potential construction contracts and/or negotiated contracts from both the public and private sector in line with the implementation of projects under the 10th Malaysia Plan and the Entry Point Projects under the Economic Transformation Programme. The Group is also eyeing to secure more contract opportunities in the forthcoming 11th Malaysia Plan.

Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group's performance for the forthcoming financial year would remain satisfactory.

APPRECIATION

On behalf of the board, I would like to take this opportunity to welcome Encik Abd Razak Bin Mohd Yusoff who joined our board recently. On a separate note, we wish to extend our appreciation to Datuk Md Othman Bin Haji Yusof and Encik Mat Sahwira Bin Tamat for their contributions during their tenure as Board members. Encik Hamidon Bin Samo who was appointed as Datuk Md Othman Bin Haji Yusof's Alternate also ceased to act accordingly.

I would also like to take this opportunity to express a word of thanks to my fellow directors, management team and staff for their undivided commitments and contributions to the Group.

My sincere gratitude and appreciation to all our loyal shareholders, bankers, business associates, consultants and contractors as well as relevant government authorities for their continuing support, confidence and trust in the Group.

TAN SRI DATO' LIM KANG YEW
Managing Director

DIRECTORS' PROFILE

Tan Sri Dato' Lim Kang Yew
Managing Director

Tan Sri Dato' Lim Kang Yew, a Malaysian and aged 58 was appointed to the Board on 10 March 1987 and as Managing Director on 12 December 1994. He is a businessman with over 30 years of experience in the construction, property development and plantations related industry. He started with his own construction company mainly involved in civil engineering and building works and established good working relationship with some government agencies. His vast experiences in this field have proven to be invaluable to the Group. He is currently a Deputy Executive Chairman of TSR Capital Bhd and also a director of several other private limited companies.

Tan Sri Dato' Lim Kang Yew is deemed to be interested in the related party transactions disclosed on page 84 of the Annual Report. He is a brother of Tan Sri Dato' Lim Kang Hoo and Dato' Lim Kang Poh. The interest of Tan Sri Dato' Lim Kang Yew in the Company is disclosed on page 102 of the Annual Report. He is an uncle to Mr. Lee Hun Kheng and Mr. Lim Guan Shiun.

Mr. Lee Hun Kheng
Executive Director

Mr. Lee Hun Kheng, a Malaysian and aged 38, joined to the Board on 1 August 2008. He graduated with a Degree in Mechanical Engineering from University of Monash, Melbourne, Australia in 2000. Upon his return to Malaysia, he commenced his career as a Sales Engineer in a Public Listed company specializing in Rental, Sales and Reconditioning of heavy and light machineries. During his 3 years service with the company, he has learnt commercial knowledge and marketing skills while providing machinery technical support and training to many end users. Besides, he is also actively involved in new business development such as establishing machinery product distributorship and after sales service contract with new and existing clients.

He then joined Aramijaya Sdn Bhd in 2003, a subsidiary of PLS Plantations Bhd ("PLS") as a Marketing Manager, responsible for setting up new accounts of timber products, both domestic and export market. As part of plantation project research and development, he has explored various timber industries to increase product line as well as introducing modern timber processing systems to the Company. Subsequently, he was appointed as the Executive Director and Chief Executive Officer of Aramijaya Sdn Bhd, positions that he currently hold. Besides, he was appointed as the Chief Executive Officer of Knusford Bhd on 30 January 2015. He is also a member of The Incorporated Society of Planters.

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

Encik Abd Razak Bin Mohd Yusoff
Non-Independent Non-Executive Director

Encik Abd Razak Bin Mohd Yusoff, a Malaysian and aged 51 was appointed to the Board on 27 May 2015. He graduated with Bachelor in Town and Country Planning from UTM and subsequently pursued his Post Graduate study in Land Economics at Nihon University Tokyo Japan. He joined YTL Construction Sdn Bhd in 1992 which exposed him to the construction industry specializing in the design and construction of the Nucleus Hospital projects. Later he joined Trans Resources Corporation Bhd (TRC) and involved in the construction of the Hotel Seri Malaysia chain. He was re-assigned to TRC Land Sdn Bhd, a property subsidiary of TRC in 1996 overseeing various property development projects in Klang Valley and Johor.

After 13 years in the Construction and Property Development in TRC Group, Encik Abd Razak Bin Mohd Yusoff moved to Pelangi Bhd, a renowned Property Developer in Johor as the Head of Southern Region in 2007. The Company was later merged in to I&P Group Sdn Bhd, a wholly owned by Permodalan Nasional Bhd (PNB). With his extensive experience in the Construction and Property Development, in May 2015, Encik Abd Razak Bin Mohd Yusoff was invited to join Kumpulan Prasarana Rakyat Johor Sdn Bhd, a Johor Government-Linked Company as the Chief Executive Officer. He holds directorship in several private limited companies.

Encik Abd Razak Bin Mohd Yusoff is deemed to be interested in the related party transactions disclosed on page 84 of the Annual Report. He does not have any family relationship with any of the directors and/ or substantial shareholders of the Company. Encik Abd Razak Bin Mohd Yusoff does not hold any shares in PLS.

DIRECTORS' PROFILE

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

Tan Sri Dato' Lim Kang Hoo, a Malaysian and aged 60 was appointed to the Board on 28 May 2004. He is a businessman with over 36 years of experience in the construction and machinery related industry. He started his involvement in the construction industry by assisting the family construction business. His dynamism and vision coupled with experience, saw the companies that he led grow by leaps and bounds. Ekovest Bhd and Iskandar Waterfront City Bhd which are listed on the main market of Bursa Malaysia are results of his involvement. At present, he is the Executive Chairman of Ekovest Bhd and an Executive Vice Chairman of Iskandar Waterfront City Bhd and also a director of several other private limited companies.

Tan Sri Dato' Lim Kang Hoo is deemed to be interested in the related party transactions disclosed on page 84 of the Annual Report. He is a brother of Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh. Tan Sri Dato' Lim Kang Hoo has indirect shareholding in PLS through Iskandar Waterfront Holdings Sdn Bhd as disclosed on page 102 of the Annual Report. He is an uncle to Mr. Lee Hun Kheng and Mr. Lim Guan Shiun.

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

Dato' Lim Kang Poh, a Malaysian and aged 58 was appointed to the Board on 6 October 2005. He started his career in the construction industry in 1976 under Tasja Sdn Bhd. At present, he is the Deputy Executive Chairman of Astral Asia Bhd and director of several other private limited companies.

Dato' Lim Kang Poh is deemed to be interested in the related party transactions disclosed on page 84 of the Annual Report. He is a brother of Tan Sri Dato' Lim Kang Yew and Tan Sri Dato' Lim Kang Hoo. He is an uncle to Mr. Lee Hun Kheng and father to Mr. Lim Guan Shiun. The interest of Dato' Lim Kang Poh in the company is disclosed on page 102 of the Annual Report.

Puan Norliza Binti Suleiman
Non-Independent Non-Executive Director

Puan Norliza Binti Suleiman, a Malaysian and aged 50, was appointed to the Board on 28th May 2009. She is a Fellow member of the Chartered Association of Certified Accountants ("FCCA").

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

Puan Norliza Binti Suleiman joined Kumpulan Prasarana Rakyat Johor Sdn Bhd ("KPRJ") in July 1996. Currently, she holds the post of Deputy Chief Executive for KPRJ. She also sits on the board of several private limited companies.

Puan Norliza Binti Suleiman is deemed to be interested in the related party transactions disclosed on page 84 of the Annual Report. She does not have any family relationship with any of the directors and/ or substantial shareholders of the Company. Puan Norliza Binti Suleiman does not hold any shares in PLS.

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

Dato' Haji Ibrahim Bin Haji Keling, a Malaysian and aged 77 was appointed to the Board on 15 November 1994. He graduated with a Bachelor of Commerce degree and a Diploma in Business Administration in 1969 both from the Victoria University of Wellington, New Zealand. He also attended a senior management course at Cambridge University, England in 1975/1976, and a Senior Managerial Programme conducted by the Harvard Business School in 1988. He retired in 1993 where the last position he held was as Director of Management Service Department, FELDA. He also sat on the Board of Perbandanan Binaan Felda. Currently, he is a Director of several other private limited companies.

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

DIRECTORS' PROFILE

Encik Hisham Bin Mahmood
Independent Non-Executive Director

Encik Hisham Bin Mahmood, a Malaysian and aged 56 was appointed to the Board on 4 March 1997. He graduated with a Bachelor of Arts Degree in Economics from University of Kent, Canterbury, United Kingdom. He started his career in the Corporate Advisory Department of Malaysian International Merchant Bankers Bhd and later ventured into his own family business which deals in the tender of military equipment for the Malaysian Armed Forces as well as the supply of products and services for the oil and gas industry. He is currently also a director of several other private limited companies.

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

Miss Kang Hui Ling
Independent Non-Executive Director

Miss Kang Hui Ling, a Malaysian and aged 43, joined the Board on 6 April 2005. She holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Certified Public Accountant and the Malaysian Institute of Accountants. Since her graduation, she acquired 4 years of audit experience in one of the big four audit firm. As audit senior associate, she also gained exposure in field of operation audit and financial due diligence. Subsequently she joined a medium size multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is presently a partner of a professional firm registered with Malaysian Institute of Accountants. She is also an independent Non-Executive Director of Ekovest Bhd.

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

Mr. Lim Guan Shiun
Alternate Director to Dato' Lim Kang Poh

Mr. Lim Guan Shiun, a Malaysian and aged 28, was appointed as an alternate director to Dato' Lim Kang Poh on 21 May 2014. He graduated with a Bachelor of Engineering (Hons) in Civil Engineering and Master of Science in Management of Projects from University of Manchester.

Mr. Lim Guan Shiun is currently the Executive Director of Astral Asia Bhd, a position he has held since 2013. He is also the General Manager of Tasja Development Sdn Bhd.

Mr. Lim Guan Shiun is the son of Dato' Lim Kang Poh and a nephew of Tan Sri Dato' Lim Kang Hoo and Tan Sri Dato' Lim Kang Yew. He is a cousin to Mr. Lee Hun Kheng. Mr. Lim Guan Shiun does not hold any shares in PLS.

Conflict of Interest

There is no conflict of interest between the directors and the Group except for the related party transactions as disclosed on page 84 of the Annual Report.

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

STATEMENT ON CORPORATE GOVERNANCE

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

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

A) BOARD OF DIRECTORS

The Board

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

Board Responsibilities

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

Composition

The Board is made up of nine (9) members, led by the Managing Director ("MD"), Executive Director ("ED"), four (4) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Alternate Director.

Gender Diversity

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

Independence of Directors

The Board assess annually the independence of its independent directors.

Board Balance

Affirmative actions have been taken by the Board to ensure that qualified independent individuals are appointed as Directors of the Company.

Size of Non-Executive Participation

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

Board Charter

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

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

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS (CONT'D)

Board Meetings

The Board meets on a scheduled basis at least four (4) times a year, with additional meetings convened when necessary. Five (5) Board Meetings were held during the financial year ended 31 March 2015. Details of the attendance of the Directors are as follows:

Members of the Board	Status	Attendance
Tan Sri Dato' Lim Kang Yew	Managing Director	5/5
Mr Lee Hun Kheng	Executive Director	5/5
Tan Sri Dato' Lim Kang Hoo	Non-Independent Non-Executive Director	3/5
Dato' Lim Kang Poh	Non-Independent Non-Executive Director	3/5
Puan Norliza Binti Suleiman	Non-Independent Non-Executive Director	4/5
Dato' Haji Ibrahim Bin Haji Keling	Senior Independent Non-Executive Director	5/5
Encik Hisham Bin Mahmood	Independent Non-Executive Director	5/5
Miss Kang Hui Ling	Independent Non-Executive Director	4/5
Datuk Md Othman Bin Haji Yusof * *(Resigned on 20/1/2015)*	Non-Independent Non-Executive Director	2/4
Encik Abd Razak Bin Mohd Yusoff *(Appointed on 27/5/2015)*	Non-Independent Non-Executive Director	-
Encik Mat Sahwira Bin Tamat *(Appointed on 16/4/2015 & Resigned on 27/5/2015)*	Non-Independent Non-Executive Director	-

* Encik Hamidon Bin Sarmo was appointed on 6/11/2014 as an Alternative Director to Datuk Md Othman Bin Haji Yusof. In lieu of the resignation of Datuk Md Othman Bin Haji Yusof, he ceased to act on 20/1/2015.

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

Conduct of Meetings

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

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

Code of Conduct

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

Strategies promoting sustainability

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

Supply of Information

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

Access to Information

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

STATEMENT ON CORPORATE GOVERNANCE

A) BOARD OF DIRECTORS (CONT'D)

Access to Advice

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

Appointment, Retirement and Re-election of Directors

Procedures relating to the appointment, retirement and re-election of Directors are contained in the Company's Articles of Association.

New Directors are subject to re-election at the Annual Meeting ("AGM"), following their first appointment. One third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. In addition, an election of Directors shall take place each year and all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election at each Annual General Meeting.

Directors who are over the age of seventy (70) pursuant to Section 129(6) of the Companies Act, 1965 shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The election of each Director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in the Group of each Director standing for election are furnishing in this Annual Report.

B) BOARD COMMITTEES

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

Audit Committee

The composition, terms of reference and functions of the Audit Committee are discussed in the Audit Committee Report set out on pages 20 to 22 of this Annual Report.

Nomination Committee

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

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

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

Appointment process of new directors

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

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

STATEMENT ON CORPORATE GOVERNANCE

B) BOARD COMMITTEES (CONT'D)

Nomination Committee (Cont'd)

Appointment process of new directors (Cont'd)

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

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

Remuneration Committee

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

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

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

Executive Directors' Remuneration

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

Details of the Directors' Remuneration

Details of the remuneration of the Directors during the financial year ended 31 March 2015 are as follows:

	Fees	Salaries	Bonus	Benefit in kinds	Total
Executive Directors	56,000	981,360	236,000	6,500	1,279,860
Non-Executive Directors	91,400	-	-	-	91,400

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

	Number of Directors	
Remuneration Bands	**Executive**	**Non Executive**
Up to RM 50,000	-	7
RM350,001 to RM400,000	1	-
RM850,001 to RM900,000	1	-

C) DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme and the Continuing Education Programme as prescribed by Bursa Securities.

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

Members of the Board	Training Attended
Tan Sri Dato' Lim Kang Yew Dato' Lim Kang Poh Puan Norliza Binti Suleiman Dato' Haji Ibrahim Bin Haji Keling Encik Hisham Bin Mahmood Mr Lee Hun Kheng Mr Lim Guan Shiun	2015 Tax Budget Briefing
Tan Sri Dato' Lim Kang Hoo	Family Business Management : Transgenerational Entrepreneurship
Miss Kang Hui Ling	Understand and Applying the 24 Malaysian GST Tax Codes for the Preparation GST-03 Tax Return & GST Audit File (GAF)
Encik Abd Razak Bin Mohd Yusoff	Mandatory Accreditation Programme

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

D) ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, investors and regulatory authorities, the Board of Directors aims at presenting a balanced and understandable assessment of the position and prospects of the Company and the Group. The Statement of Directors' Responsibilities pursuant to Section 169 of the Companies Act, 1965 is set out at page 16 of this Annual Report.

Risk management and Internal Control

The Board is responsible in ensuring that the system of risk management and internal controls are in place and that its effectiveness be constantly reviewed to ensure the adequacy of the system. The review on the system of risk management and internal controls are set out under the Statement on Risk Management and Internal Control on pages 18 to 19 of this Annual Report.

Relationship with the Auditors

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

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

STATEMENT ON CORPORATE GOVERNANCE

E) INVESTORS RELATIONS AND SHAREHOLDER COMMUNICATION

Dialogue between Company and Investors

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

Annual General Meeting

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

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

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

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

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

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

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

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

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

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

The Group and Company were in compliance throughout the financial year ended 31 March 2015 with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 and Bursa Securities requirements.

The Board is reviewing the above non-compliance and are in the process of considering various options to comply. Subject to any eventual decision to comply, the Board is of the view that the current Board structure is effective and adequate.

H) ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Securities, the following are additional information in respect of the financial year ended 31 March 2015 to be disclosed in this Annual Report:

1. ***Utilisation of Proceeds***
   No proceeds were raised by the Company from any corporate exercise during the financial year.

2. ***Share Buy Backs***
   The Company did not carry out any share buy back during the financial year.

3. ***Options or Convertible Securities***
   The Company did not issue any options or convertible securities during the financial year.

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

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

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

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

8. ***Profit Guarantee***
   There was no profit guarantee given by the Company in respect of the financial year ended 31 March 2015.

9. ***Recurrent related party transactions***
   At the 27th Annual General Meeting of the Company held on 25 September 2014, the Company had obtained shareholders approval for the renewal of the mandate to enter into recurrent related party transactions of revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business with related parties. The said mandate takes effect on 25 September 2014 until the conclusion of the forthcoming Annual General Meeting of the Company.

   The Company is seeking shareholders approval to renew the existing mandate for recurrent related party transactions of revenue or trading nature at the forthcoming Annual General Meeting to be held on 29 September 2015. The details of the shareholders mandate to be sought are furnished in the Circular to shareholders dated 27 August 2015, accompanying this Annual Report.

   The aggregate values of transactions conducted pursuant to the shareholders` mandate during the financial year ended 31 March 2015 are disclosed on page 83 of this Annual Report.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD'S RESPONSIBILITY

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

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

INTERNAL AUDIT FUNCTIONS

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

A. Project Budget

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

B. Financial Limits and Approving Authority

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

C. Policies, Procedures and Guidelines

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

D. Information and Communication

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

E. Board / Management Committees and Meetings

i. Audit Committee

The Board has established an Audit Committee comprising three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Details of composition, terms of reference and report of the Audit Committee are provided at page 20 of this Annual Report. The recommendations of the Audit Committee are tabled to the Board for its approval.

ii. Project and Financial Meetings

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

F. Assurances

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed the Statement on Risk Management and Internal Control inclusion in the annual report of the Company for the financial year ended 31st March 2015 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 revised by Malaysian Institute of Accountant ("MIA") on 11th December 2013 and reported to the Board that nothing has come to their attention that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

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

AUDIT COMMITTEE REPORT

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

The members of the Audit Committee are as follows:

Chairman

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

Members

Encik Hisham Bin Mahmood
(Independent Non-Executive Director)

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

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

TERMS OF REFERENCE

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

1. Size and Composition

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

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

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

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

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

2. Meetings

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

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

3. Authority

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

TERMS OF REFERENCE (CONT'D)

4. Access

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

FUNCTIONS OF AUDIT COMMITTEE

The functions of the Audit Committee shall be:

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

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

2. Recommend the nomination of External Auditors.

3. Review the nomination of Internal Auditors.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee meets on quarterly basis with additional meetings held as and when necessary. A total of five (5) meetings were held during the financial year ended 31st March 2015. The representatives of External Auditors and Internal Auditors, the Company Secretaries and the Head of Group Finance were invited to meetings during deliberations, which required their input and advice.

During the financial year ended 31st March 2015, the activities of the Audit Committee covered, among others, the following:

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

b. Reviewed the External Auditors' reports in relation to their audit findings and the accounting issues arising from the audit.

c. Reviewed audit plan prepared by the External Auditors before the audit commences.

d. Reviewed audit fees of the External Auditors.

e. Reviewed the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit.

f. Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings and the Management's response thereto.

AUDIT COMMITTEE REPORT

ATTENDANCE AT MEETINGS

During the financial year ended 31st March 2015, the Audit Committee convened five (5) meetings. The attendances of the members of the Committee meetings during the financial year were as follows:

Name of Committee Member	Attendance
Dato' Haji Ibrahim Bin Haji Keling	5/5
Encik Hisham Bin Mahmood	5/5
Miss Kang Hui Ling	4/5
Puan Norliza Binti Suleiman	4/5

INTERNAL AUDIT FUNCTION

The internal audit function of the Group was carried out by Bridge Corporate Advisory Sdn. Bhd., an independent professional services provider whose principal responsibility is to undertake regular and systematic reviews of the system of internal controls, so as to provide reasonable assurance that such systems continue to operate effectively and efficiently. The Internal Audit Function is to assist the Board and the Audit Committee to evaluate the system of internal control and to provide their recommendation to the Board and the Management for further improvement. The costs incurred for the Internal Audit Function in respect of the financial year was RM38,000.00.

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

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

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

- Estate management which covers new planting, harvesting, sales, and maintenance with the objective of ensuring adequate policies and procedures are in place and proper implementation of tender, process, various estate related work and reporting process.

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

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

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st March 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the undertaking of civil engineering and construction works, whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year	(3,979)	707
Other comprehensive income, net of tax	22,385	-
Total comprehesive income for the financial year	18,406	707
Attributable to:-		
Owners of the Company	12,021	707
Non-controlling interests	6,385	-
	18,406	707

DIVIDEND

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

The directors do not recommend the payment of any dividend in respect of the financial year ended 31st March 2015.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment on receivables, and had satisfied themselves that all known bad debts had been written off and adequate allowance for impairment had been made for doubtful debts.

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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

DIRECTORS' REPORT

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year, other than those disclosed in Note 34 to the financial statements.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

Tan Sri Dato' Lim Kang Yew		
Dato' Haji Ibrahim Bin Haji Keling		
Tan Sri Dato' Lim Kang Hoo		
Hisham Bin Mahmood		
Kang Hui Ling		
Dato' Lim Kang Poh		
Lee Hun Kheng		
Norliza Binti Suleiman		
Lim Guan Shiun *(Alternate Director to Dato' Lim Kang Poh)*		
Datuk Md Othman Bin Haji Yusof	-	Resigned on 20th January 2015
Hamidon Bin Sarmo *(Alternate Director to Datuk Md Othman Bin Haji Yusof)*	-	Appointed on 6th November 2014 Ceased on 20th January 2015
Mat Sahwira Bin Tamat	-	Appointed on 16th April 2015 Resigned on 27th May 2015
Abd Razak Bin Mohd Yusoff	-	Appointed on 27th May 2015

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year ended 31st March 2015 are as follows:-

	Number of ordinary shares of RM0.20 each			
	At 1.4.2014	Additions	Disposals	At 31.3.2015
The Company				
Direct interest				
Tan Sri Dato' Lim Kang Yew	36,175,000	-	-	36,175,000
Dato' Lim Kang Poh	22,323,000	-	-	22,323,000
Indirect interest				
Lee Hun Kheng	74,970,000	-	-	74,970,000
Tan Sri Dato' Lim Kang Hoo	76,500,000	-	-	76,500,000

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

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

DIRECTORS' BENEFITS

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

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

AUDITORS

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

On behalf of the Board,

....

TAN SRI DATO' LIM KANG YEW
Director

....

LEE HUN KHENG
Director

Kuala Lumpur
Date: 29 July 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST MARCH 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	116,782	117,962	1,631	2,732
Investment properties	5	443	455	443	455
Plantation development expenditure	6	667,230	627,233	-	-
Prepaid lease payments	7	4,592	5,184	-	-
Intangible assets	8	1,223	1,223	-	-
Investment in subsidiaries	9	-	-	35,600	1,440
Performance deposits	10	50,000	52,500	-	-
Amount due from a subsidiary	11	-	-	50,412	58,600
Total non-current assets		840,270	804,557	88,086	63,227
Current assets					
Inventories	12	4,148	5,578	-	-
Trade and other receivables	14	17,742	23,129	3,835	7,517
Amount due from a subsidiary	11	-	-	9,968	9,602
Tax recoverable		1,183	20	1,152	-
Fixed deposits placed with licensed banks	15	18,643	46,000	17,024	44,947
Cash and bank balances		5,182	6,650	2,305	807
		46,898	81,377	34,284	62,873
Assets classified as held for sale	16	2,126	-	2,126	-
Total current assets		49,024	81,377	36,410	62,873
TOTAL ASSETS		889,294	885,934	124,496	126,100

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST MARCH 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	65,340	65,340	65,340	65,340
Reserves	18	366,192	354,952	47,440	47,514
Reserve of assets classified as held for sale	16	781	-	781	-
Non-controlling interests		155,528	134,503	-	-
TOTAL EQUITY		587,841	554,795	113,561	112,854
Non-current liabilities					
Amount due to Johor State Government	19	9,265	13,737	-	-
Borrowings	20	81,209	70,017	-	-
Deferred tax liabilities	21	147,975	138,100	22	256
Total non-current liabilities		238,449	221,854	22	256
Current liabilities					
Amount due to customers for contract works	13	11,141	14,021	-	-
Trade and other payables	22	37,714	36,847	2,577	3,131
Amount due to a subsidiary	23	-	-	8,090	8,860
Amount due to Johor State Government	19	4,472	4,472	-	-
Amount due to a related party	24	-	44,150	-	-
Borrowings	20	9,431	8,796	-	-
Tax payable		-	999	-	999
		62,758	109,285	10,667	12,990
Liabilities directly associated with assets classified as held for sale	16	246	-	246	-
Total current liabilities		63,004	109,285	10,913	12,990
TOTAL LIABILITIES		301,453	331,139	10,935	13,246
TOTAL EQUITY AND LIABILITIES		889,294	885,934	124,496	126,100

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	25	59,973	90,754	-	29,197
Cost of sales	26	(52,624)	(52,331)	(397)	(15,591)
Gross profit/(loss)		7,349	38,423	(397)	13,606
Interest income		990	1,768	5,330	5,741
Other income		2,272	1,593	451	213
Administrative expenses		(5,644)	(5,219)	(1,944)	(2,054)
Finance costs	27	(2,553)	(2,458)	(29)	(48)
Other expenses		(4,063)	(3,774)	(3,414)	(2,866)
(Loss)/profit before taxation	28	(1,649)	30,333	(3)	14,592
Taxation	30	(2,330)	(7,760)	710	(3,642)
Net (loss)/profit for the financial year		(3,979)	22,573	707	10,950
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		987	71,310	-	781
Revaluation of plantation development expenditure		21,398	342,936	-	-
		22,385	414,246	-	781
Total comprehensive income for the financial year		18,406	436,819	707	11,731
Net profit for the financial year attributable to:-					
Owners of the Company		(3,649)	19,920	707	10,950
Non-controlling interests		(330)	2,653	-	-
		(3,979)	22,573	707	10,950
Total comprehensive income for the financial year attributable to:-					
Owners of the Company		12,021	310,126	707	11,731
Non-controlling interests		6,385	126,693	-	-
		18,406	436,819	707	11,731
Earnings per share attributable to owners of the Company (sen per share)	31				
- Basic		(1.12)	6.10	-	-
- Diluted		(1.12)	6.10	-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

	Attributable to Owners of the Company					
	Non Distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Assets Revaluation Reserve RM'000	Retained Profit RM'000	Non-Controlling Interest RM'000	Total RM'000
Group						
At 1st April 2013	65,340	4,621	-	40,205	7,810	117,976
Revaluation of property, plant and equipment	-	-	65,988	-	27,841	93,829
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	-	(15,838)	-	(6,681)	(22,519)
	-	-	50,150	-	21,160	71,310
Revaluation of plantation development expenditure	-	-	315,862	-	135,369	415,231
Deferred taxation liabilities on revaluation surplus of plantation development expenditure	-	-	(75,806)	-	(32,489)	(108,295)
	-	-	240,056	-	102,880	342,936
Total other comprehensive income for the financial year	-	-	290,206	-	124,040	414,246
Net profit for the financial year	-	-	-	19,920	2,653	22,573
Total comprehensive income for the financial year	-	-	290,206	19,920	126,693	436,819
At 31st March 2014	65,340	4,621	290,206	60,125	134,503	554,795

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

	← Attributable to Owners of the Company →						
	← Non Distributable →			Distributable			
	Share Capital RM'000	Share Premium RM'000	Assets Revaluation Reserve RM'000	Retained Profit RM'000	Reserve of disposal assets classified as held for sale RM'000	Non-Controlling Interest RM'000	Total RM'000
Group							
At 1st April 2014	65,340	4,621	290,206	60,125	-	134,503	554,795
Transaction with owner							
Issuance of ordinary shares and redeemable convertible preference shares	-	-	-	-	-	14,640	14,640
Reserve attributable to disposal assets classified as held for sale (Note 16)	-	-	(781)	-	781	-	-
Revaluation of property, plant and equipment	-	-	909	-	-	389	1,298
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	-	(218)	-	-	(93)	(311)
	-	-	691	-	-	296	987
Revaluation of plantation development expenditure	-	-	19,709	-	-	8,446	28,155
Deferred taxation liabilities on revaluation surplus of plantation development expenditure	-	-	(4,730)	-	-	(2,027)	(6,757)
	-	-	14,979	-	-	6,419	21,398
Total other comprehensive income for the financial year	-	-	15,670	-	-	6,715	22,385
Net loss for the financial year	-	-	-	(3,649)	-	(330)	(3,979)
Total comprehensive income for the financial year	-	-	15,670	(3,649)	-	6,385	18,406
At 31st March 2015	65,340	4,621	305,095	56,476	781	155,528	587,841

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

	← Attributable to Owners of the Company →					
	← Non Distributable →			Distributable	Reserve of disposal assets classified as held for sale	
	Share Capital RM'000	Share Premium RM'000	Assets Revaluation Reserve RM'000	Retained Profit RM'000	RM'000	Total RM'000
Company						
At 1st April 2013	65,340	4,621	-	31,162	-	101,123
Net profit for the financial year	-	-	-	10,950	-	10,950
Revaluation of property, plant and equipment	-	-	1,027	-	-	1,027
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	-	(246)	-	-	(246)
Other comprehensive income, net of tax	-	-	781	-	-	781
Total comprehensive income for the financial year	-	-	781	10,950	-	11,731
At 31st March 2014	65,340	4,621	781	42,112	-	112,854
Reserve attributable to disposal assets classified as held for sale (Note 16)	-	-	(781)	-	781	-
Net profit for the financial year/Total comprehensive income for the financial year	-	-	-	707	-	707
At 31st March 2015	65,340	4,621	-	42,819	781	113,561

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before tax	(1,649)	30,333	(3)	14,592
Adjustments for:-				
Amortisation of prepaid lease payments	592	592	-	-
Amortisation of forest plantation project	130	16	-	-
Amortisation of deferred interests	1,285	1,286	-	-
Amortisation of plantation development expenditure	11,816	3,574	-	-
Bad debt written off	11	-	-	-
Depreciation of property, plant and equipment	3,027	2,339	209	172
Depreciation of investment property	12	13	12	13
Gain on disposal of property, plant and equipment	(174)	(99)	(174)	(99)
Impairment loss on property, plant and equipment	-	1,143	-	-
Interest expense	1,239	1,124	-	-
Interest income	(990)	(1,768)	(5,330)	(5,741)
Interest expense from effect of discounting on retention sum	29	48	29	48
Property, plant & equipment written off	4	-	-	-
Write-back of impairment loss on trade receivables	(4)	-	-	-
Written-down of inventories to net realisable value	505	2,904	-	-
	15,833	41,505	(5,257)	8,985
Changes in Working Capital:-				
Inventories	925	(3,786)	-	-
Trade and other receivables	5,380	3,276	3,682	(7,306)
Trade and other payables	838	(4,880)	(583)	(850)
Amount due to Johor State Government	(5,757)	(5,758)	-	-
Amount due from contract customers	(2,880)	(15,564)	-	(18,990)
Cash generated from operations	14,339	14,793	(2,158)	(18,161)
Tax paid	(1,441)	(2,199)	(1,429)	(2,215)
Net Operating Cash Flows	12,898	12,594	(3,587)	(20,376)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Interest received	990	1,768	5,330	5,741
Proceeds from disposal of property, plant and equipment	176	101	176	101
Acquisition of property, plant and equipment *	(2,785)	(757)	(1,236)	(8)
Additions to plantation development expenditure **	(19,757)	(30,131)	-	-
Net advances to subsidiaries	-	-	(27,108)	(1,200)
Net Investing Cash Flows	(21,376)	(29,019)	(22,838)	4,634
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Repayment to related party	(27,010)	-	-	-
Increase in pledged deposits placed with licensed banks	(570)	(4)	(4)	(4)
Interest paid	(4,421)	(1,124)	-	-
Proceeds from drawdown of term loan	20,000	37	-	-
Repayments of finance lease liabilities	(527)	(759)	-	(17)
Repayment of term loan	(8,389)	-	-	-
Net Financing Cash Flows	(20,917)	(1,850)	(4)	(21)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(29,395)	(18,275)	(26,429)	(15,763)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	51,467	69,742	45,624	61,387
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	22,072	51,467	19,195	45,624
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Fixed deposits placed with licensed banks	18,643	46,000	17,024	44,947
Cash and bank balances	5,182	6,650	2,305	807
	23,825	52,650	19,329	45,754
Less: Fixed deposits held as security value (Note 15)	(1,753)	(1,183)	(134)	(130)
,	22,072	51,467	19,195	45,624

* *During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM3,083,000/- (2014: RM1,300,000/-) and RM1,236,000/- (2014: RM8,000/-) respectively, of which RM297,000/- (2014: RM543,600/-) and Nil (2014: RM Nil) respectively were acquired by means of finance lease arrangements.*

** *During the financial year, the Group incurred plantation development expenditure with an aggregate cost of RM23,788,000/- (2014: RM30,500,000/-), of which RM402,000/- (2014: RM370,000/-) were depreciation of property, plant and equipment capitalised.*

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in the undertaking of civil engineering and construction works. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

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

The registered office of the Company is located at Unit No. 9-01, Level 9, Menara TSR, No.12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Unit No. 9-01, Level 9, Menara TSR, No.12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 July 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

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

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

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (“IC Int”)

(a) Adoption of Amendments/Improvements to FRSs and New IC Int

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

<u>Amendments/Improvements to FRSs</u>

FRS 10	Consolidated Financial Statements
FRS 12	Disclosure of Interests in Other Entities
FRS 127	Separate Financial Statements
FRS 132	Financial Instruments: Presentation
FRS 136	Impairment of Assets
FRS 139	Financial Instruments: Recognition and Measurement

<u>New IC Int</u>

IC Int 21	Levies

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

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

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosures of Interests in Other Entities	1 January 2016
FRS 13	Fair Value Measurement	1 July 2014
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
FRS 119	Employee Benefits	1 July 2014/ 1 January 2016
FRS 124	Related Party Disclosures	1 July 2014/
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	1 January 2016
FRS 138	Intangible Assets	1 July 2014/ 1 January 2016
FRS 140	Investment Property	1 July 2014

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

FRS 9 Financial Instruments

FRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

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

Classification and measurement (Cont'd)
In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment
FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting
FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards

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

Amendments to FRS 2 Share-based Payment

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

Amendments to FRS 3 Business Combinations

Amendments to FRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to FRS 3 clarifies that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself.

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

Amendments to FRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

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

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

Amendments to FRS 8 Operating Segments

Amendments to FRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to FRS 11 Joint Arrangements

Amendments to FRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to FRS 13 Fair Value Measurement

Amendments to FRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* or FRS 9 *Financial Instruments,* regardless of whether they meet the definition of financial assets or financial liabilities as defined in *FRS 132 Financial Instruments: Presentation.*

Amendments to FRS 101 Presentation of Financial Statements

Amendments to FRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to FRS 116 Property, Plant and Equipment

Amendments to FRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations (Cont'd)

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

Amendments to FRS 116 Property, Plant and Equipment (Cont'd)

Amendments to FRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to FRS 119 Employee Benefits

Amendments to FRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to FRS 124 Related Party Disclosures

Amendments to FRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to FRS 138 Intangible Assets

Amendments to FRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to FRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to FRS 140 Investment Property

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

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

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

Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in FRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

(c) MASB Approved Accounting Standards, MFRSs

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

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1st January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31st December 2017. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

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

2.2 New FRSs, Amendments/Improvements to FRSs and New IC Interpretations ("IC Int") (Cont'd)

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

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

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to 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. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

Amendments to MFRS 141 Agriculture

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

The Group if currently assessing the financial impact of the adoption of the standard.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

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

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

The adoption of *MFRS 10, Consolidated Financial Statements* resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

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

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

(ii) Accounting for business combinations

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

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

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

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

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

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

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

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(ii) Accounting for business combinations (Cont'd)

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

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

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

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

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

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

(iii) Accounting for acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

(v) Non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(v) Non-controlling interests (Cont'd)

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

(vi) Transactions eliminated on consolidation

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

(b) Foreign Currency Transactions

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

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

(c) Property, Plant and Equipment and Depreciation

(i) Recognition and measurement

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

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

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Leasehold lands are measure at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materiality from the fair value of the leasehold lands at the reporting date.

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

2.3 Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation and impairment

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

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 profits on retirement or disposal of the asset.

The policy for the recognition and measurement of impairment loss is in accordance with Note 2.3(n)(ii) to the financial statements.

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

Leasehold land	Over the remaining lease period of 78 to 92 years
Buildings	50 years
Plant and machinery	5 years
Office equipment	3 to 10 years
Motor vehicles	5 years
Fixture and fittings	5 to 10 years
Chipping plant factory	33 years
Renovation	6 to 50 years

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant Accounting Policies (Cont'd)

(d) Leased Assets

(i) Finance lease

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

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

(ii) Operating lease

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

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

(e) Plantation Development Expenditure

Plantation development expenditure represents pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and planting, labour and any general overheads directly attributed to the development of the rootstock. Pre-cropping costs incurred are capitalised at cost and amortised over the useful life of the rootstock commencing from the date of maturity of the rootstock.

Plantation development expenditure stated at valuation will be revalued with sufficient regularity by an independent valuer. Where market conditions indicate that the carrying values of the revalued assets differ materially from the market values, the Directors will consider revaluation in those intervening years. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in the profit or loss to the extent of the decrease previously recognised.

A revaluation decrease is first offset against an increase on unutilised revaluation surplus previously recognised in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

The estimated useful life for oil palm ranges from 20 to 25 years from the maturity date. The maturity date for oil palm is 5 years from the date of planting. The maturity date for acacia is 7 years from the date of planting.

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

The policy for the recognition and measurement of impairment loss is in accordance with Note 2.3 (n)(ii) to the financial statements.

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

2.3 Significant Accounting Policies (Cont'd)

(f) Forest Plantation Project

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

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

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

The policy for the recognition and measurement of impairment loss is in accordance with Note 2.3(n)(ii) to the financial statements.

(g) Intangible Assets

Goodwill

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

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

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

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that it may be impaired. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.3(n)(iii) to the financial statements.

(h) Investment Property

(i) Investment property carried at cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant Accounting Policies (Cont'd)

(h) Investment Property (Cont'd)

(ii) Determination of fair value

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

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

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

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

Significant assumption in arriving at the fair value of investment properties are disclosed in Note 5 to the financial statements.

(i) Inventories

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

(j) Financial Instruments

(i) Financial assets

Initial recognition

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

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

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

2.3 Significant Accounting Policies (Cont'd)

(j) Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:-

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

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

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

Derecognition

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

(ii) Financial liabilities

Initial Recognition

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

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

2.3 Significant Accounting Policies (Cont'd)

(j) Financial Instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:-

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

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

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

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

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

Derecognition

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

(iii) Financial guarantee contracts

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

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

(k) Construction Contracts

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

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

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

2.3 Significant Accounting Policies (Cont'd)

(k) Construction Contracts (Cont'd)

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

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

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

(l) Share Capital

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

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

(m) Fair Value Measurement

The Group measures financial instruments non-financial assets such as plantation development expenditure and agricultural leased lands at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 37.

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.

The fair value of an asset or 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 asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses 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 markets for identical assets and liabilities.
(ii) Level 2 - Valuation techniques for which 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 input that is significant to the fair value measurement is unobservable.

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

2.3 Significant Accounting Policies (Cont'd)

(m) Fair Value Measurement (Cont'd)

For the assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines 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 Group's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has 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.

(n) Impairment

(i) Financial assets

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

<u>Loans and receivables</u>

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

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

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

(ii) Non-financial assets other than goodwill

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

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

2.3 Significant Accounting Policies (Cont'd)

(n) Impairment (Cont'd)

(ii) Non-financial assets other than goodwill (Cont'd)

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss unless it reverses a previous revaluation in which case it will be charged to equity.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(iii) Goodwill

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

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

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

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

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

(o) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant Accounting Policies (Cont'd)

(o) Provisions (Cont'd)

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

(p) Employee Benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

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

(q) Revenue Recognition

(i) Construction contracts

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

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

(ii) Goods sold

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

(iii) Logging income

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

(iv) Management fee

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

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

2.3 Significant Accounting Policies (Cont'd)

(q) Revenue Recognition (Cont'd)

(v) Rental income

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

(vi) Interest income

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

(r) Borrowing Costs

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

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

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

(s) Taxation

(i) Current Tax

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

(ii) Deferred Tax

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

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

(t) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Significant Accounting Policies (Cont'd)

(u) Earnings Per Share

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

(v) Segment Reporting

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

(w) Related Parties

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

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

(x) Non-current asset held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale or distribution, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Key sources of estimation uncertainty

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

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

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

(i) Depreciation of property, plant and equipment

The directors estimate the useful lives of the Group's property, plant and equipment to be within 3 to 92 years. The estimation of the useful lives of property, plant and equipment is based on the period over which the assets are expected to be available for use.

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

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

(ii) Useful lives of oil palm plantation development expenditure

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

(iii) Impairment of non-current assets

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

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

(iv) Impairment of loans and receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

(v) Income taxes

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

(vi) Impairment of investment in subsidiaries

The directors follow the guidance of FRS 136 – Impairment of Assets, in determining whether investment in subsidiaries is impaired. This requires assumption to be made regarding the duration and extent to which the fair value of an investment is less than its costs, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The directors' assessment for impairment of investment in subsidiaries is based on the estimation of value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows, using a suitable discount rate to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries at 31st March 2015 was RM35,600,002/- (2014: RM1,440,002/-).

(vii) Construction contracts

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

Significant judgements are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as recoverability of the construction projects. In making the judgement, the directors' evaluation is based on past experience and by relying on the work of specialists. The accumulated profits recognised for the construction project of the Group and of the Company amounted to RM138,793,000/- (2014: RM121,944,000/-) and RM 57,674,000/- (2014: RM58,071,000/-). Any difference in the estimation of total contract revenue and cost will impact the results of the Group and the Company.

(viii) Allowance for inventory obsolescence

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

During the financial year, the Group recognised an amount of RM504,717/- (2014: RM2,904,000/-) as written down value of inventories to net realisable value.

(ix) Revaluation of property, plant and equipment and plantation development expenditure

The Group and the Company measure its leasehold land and buildings and plantation development expenditure at revalued amount with changes in fair value being recognised in other comprehensive income. The Group and the Company engaged independent valuation specialists to determine the fair value. The carrying amount of the leasehold land and buildings and plantation development expenditure at the end of the reporting period, and the relevant revaluation bases, are disclosed in Note 4 and in Note 6 to the financial statements.

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

(b) Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, the directors are of the opinion that there are application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements is stated below.

<u>Leases</u>

In applying the classification of leases in FRS 117, management considers some of its leases of leasehold land and motor vehicles as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with FRS 117, Leases.

4. PROPERTY, PLANT AND EQUIPMENT

Group	At Cost									At Valuation	
	Freehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Chipping Plant Factory RM'000	Work-in-Progress RM'000	Renovation RM'000	Leasehold Land RM'000	Total RM'000
2015											
Cost or valuation											
At 1st April 2014	98	6,088	29,104	1,325	5,006	1,570	5,301	653	187	97,543	146,875
Additions	-	116	463	239	1,448	218	-	-	599	-	3,083
Revaluation surplus	-	-	-	-	-	-	-	-	-	1,298	1,298
Disposals/Written off	-	-	(24)	(3)	(1,189)	-	-	-	-	-	(1,216)
Reclassification	-	653	-	-	-	-	-	(653)	-	-	-
Transfer to assets classified as held for sale (Note 16)	-	-	-	-	-	-	-	-	-	(2,224)	(2,224)
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	-	(1,288)	(1,288)
At 31st March 2015	98	6,857	29,543	1,561	5,265	1,788	5,301	-	786	95,329	146,528
Accumulated Depreciation and Impairment Loss											
At 1st April 2014	-	558	19,949	1,077	4,021	1,417	1,540	-	9	342	28,913
Depreciation for the financial year	-	126	1,353	115	566	49	159	-	17	1,044	3,429
Disposals/Written off	-	-	(20)	(1)	(1,189)	-	-	-	-	-	(1,210)
Transfer to assets classified as held for sale (Note 16)	-	-	-	-	-	-	-	-	-	(98)	(98)
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	-	(1,288)	(1,288)
At 31st March 2015	-	684	21,282	1,191	3,398	1,466	1,699	-	26	-	29,746
Net Book Value as at 31st March 2015	98	6,173	8,261	370	1,867	322	3,602	-	760	95,329	116,782

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

Group	At Cost									At Valuation	
	Freehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Chipping Plant Factory RM'000	Work-in-Progress RM'000	Renovation RM'000	Leasehold Land RM'000	Total RM'000
2014											
Cost or valuation											
At 1st April 2013	98	6,033	23,016	1,230	4,958	1,535	5,301	6,057	127	3,945	52,300
Additions	-	55	456	100	368	35	-	288	-	-	1.302
Revaluation surplus	-	-	-	-	-	-	-	-	-	93,829	93,829
Disposals	-	-	-	(5)	(320)	-	-	-	-	-	(325)
Reclassification	-	-	5,632	-	-	-	-	(5,692)	60	-	-
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	-	(231)	(231)
At 31st March 2014	98	6,088	29,104	1,325	5,006	1,570	5,301	653	187	97,543	146,875
Accumulated Depreciation and Impairment Loss											
At 1st April 2013	-	436	17,465	968	3,900	1,315	1,381	-	5	144	25,614
Depreciation for the financial year	-	122	1,341	111	441	102	159	-	4	429	2,709
Disposals	-	-	-	(2)	(320)	-	-	-	-	-	(322)
Impairment loss recognised in profit or loss	-	-	1,143	-	-	-	-	-	-	-	1,143
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	-	(231)	(231)
At 31st March 2014	-	558	19,949	1,077	4,021	1,417	1,540	-	9	342	28,913
Net Book Value as at 31st March 2014	98	5,530	9,155	248	985	153	3,761	653	178	97,201	117,962

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

Company	At Cost							At Valuation	
	Freehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Renovation RM'000	Leasehold Land RM'000	Total RM'000
2015									
Cost or valuation									
At 1st April 2014	98	590	898	580	2,061	96	-	2,224	6,547
Additions	-	-	-	130	583	111	412	-	1,236
Disposals/ Written off	-	-	-	(3)	(1,189)	-	-	-	(1,192)
Transfer to assets classified as held for sale (Note 16)	-	-	-	-	-	-	-	(2,224)	(2,224)
At 31st March 2015	98	590	898	707	1,455	207	412	-	4,367
Accumulated Depreciation									
At 1st April 2014	-	249	898	544	1,946	94	-	84	3,815
Depreciation for the financial year	-	12	-	9	157	5	12	14	209
Disposals/ Written off	-	-	-	(1)	(1,189)	-	-	-	(1,190)
Transfer to assets classified as held for sale (Note 16)	-	-	-	-	-	-	-	(98)	(98)
At 31st March 2015	-	261	898	552	914	99	12	-	2,736
Net Book Value as at 31st March 2015	98	329	-	155	541	108	400	-	1,631

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

Company	At Cost						At Valuation	
	Freehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Fixture and Fittings RM'000	Leasehold Land RM'000	Total RM'000
2014								
Cost or valuation								
At 1st April 2013	98	590	898	576	2,381	96	1,250	5,889
Additions	-	-	-	8	-	-	-	8
Revaluation surplus	-	-	-	-	-	-	1,027	1,027
Disposals	-	-	-	(4)	(320)	-	-	(324)
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	(53)	(53)
At 31st March 2014	98	590	898	580	2,061	96	2,224	6,547
Accumulated Depreciation								
At 1st April 2013	-	237	898	539	2,126	94	124	4,018
Depreciation for the financial year	-	12	-	7	140	-	13	172
Disposals	-	-	-	(2)	(320)	-	-	(322)
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	(53)	(53)
At 31st March 2014	-	249	898	544	1,946	94	84	3,815
Net Book Value as at 31st March 2014	98	341	-	36	115	2	2,140	2,732

NOTES TO THE FINANCIAL STATEMENTS

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

Leased property, plant and equipment

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

	Group	
	2015 RM'000	2014 RM'000
Motor vehicles	492	758
Plant and machinery	878	748
	1,370	1,506

Capitalisation of depreciation

Depreciation expense amounted to RM402,000/- (2014: RM370,000/-) were capitalised under plantation development expenditure during the financial year as stated in Note 6 to the financial statements.

Revaluation of leasehold lands

Leasehold lands have been revalued at the reporting date based on valuations performed by accredited independent valuers. The valuations are based on the investment method that was carried out on 31st March 2015.

The fair value hierarchy disclosure for leasehold lands are disclosed in Note 37 to the financial statements.

If the leasehold lands were measured using cost model, the carrying amount would be as follows:-

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Leasehold lands as at 31st March				
- Cost	2,695	3,945	-	1,250
- Accumulated amortisation	(212)	(322)	-	(137)
- Net carrying amount	2,483	3,623	-	1,113

Certain leasehold lands of the Group totalling RM95,328,000/- were pledged as security for term loans facility as disclosed in Note 20(b) to the financial statements.

Impairment of assets

In the financial year ended 31st March 2014, particle board production output were not up to the expectation of management had caused the Directors to perform impairment assessment on the plant and machinery of the particle board. The recoverable amount on the said impairment assessment was based on fair value less costs to sell which fall under Level 1 of the fair value hierarchy.

5. INVESTMENT PROPERTIES

	Leasehold buildings unexpired period more than 50 years Group and Company	
	2015 RM'000	2014 RM'000
Cost		
At the beginning of the financial year	626	626
Accumulated Depreciation		
At the beginning of the financial year	171	158
Depreciation for the financial year	12	13
At the end of the financial year	183	171
Net Carrying Amount as at 31st March	443	455
Fair Value as at 31st March	660	560

The strata titles of buildings of the Company with an aggregate carrying amount of RM443,000/- (2014: RM455,000/-) were transferred to the Company from the relevant authorities.

The fair value of the investment properties are determined by using comparison method. The following are recognised in the profit or loss in respect of investment properties:-

	Group and Company	
	2015 RM'000	2014 RM'000
Rental income	14	14
Direct operating expenses:		
- income-generating investment properties	12	13

The fair value hierarchy disclosure for investment properties are disclosed in Note 37 to the financial statements.

6. PLANTATION DEVELOPMENT EXPENDITURE

Group 2015	Forest Plantation Project RM'000 *At cost*	Plantation Development Expenditure RM'000 *At valuation*	Total RM'000
Cost or valuation			
At 1st April 2014	35,429	599,432	634,861
Additions	-	23,788	23,788
Revaluation surplus	-	28,155	28,155
Elimination of accumulated amortisation on revaluation	-	(13,934)	(13,934)
At 31st March 2015	35,429	637,441	672,870

NOTES TO THE FINANCIAL STATEMENTS

6. PLANTATION DEVELOPMENT EXPENDITURE (CONT'D)

Group 2015	Forest Plantation Project RM'000 *At cost*	Plantation Development Expenditure RM'000 *At valuation*	Total RM'000
Accumulated amortisation			
At 1st April 2014	5,414	2,214	7,628
Amortisation for the financial year	130	11,816	11,946
Elimination of accumulated amortisation on revaluation	-	(13,934)	(13,934)
At 31st March 2015	5,544	96	5,640
Net carrying amount at 31st March 2015	29,885	637,345	667,230

Group 2014	Forest Plantation Project RM'000 *At cost*	Plantation Development Expenditure RM'000 *At valuation*	Total RM'000
Cost or valuation			
At 1st April 2013	35,429	120,579	156,008
Additions	-	30,500	30,500
Revaluation surplus	-	451,231	451,231
Elimination of accumulated amortisation on revaluation	-	(2,878)	(2,878)
At 31st March 2014	35,429	599,432	634,861
Accumulated amortisation			
At 1st April 2013	5,398	1,518	6,916
Amortisation for the financial year	16	3,574	3,590
Elimination of accumulated amortisation on revaluation	-	(2,878)	(2,878)
At 31st March 2014	5,414	2,214	7,628
Net carrying amount at 31st March 2014	30,015	597,218	627,233

The plantation development expenditure was revalued by VPC Alliance (JB) Sdn. Bhd., a registered valuer using comparison and investment method in arriving at the market value.

The fair value hierarchy disclosure for plantation development expenditure are disclosed in Note 37 to the financial statements.

Had the plantation development expenditure been stated at historical cost, the net carrying amount would have been RM168,230,000/- (2014: RM147,748,000/-).

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

	Group 2015 RM'000	2014 RM'000
Depreciation (Note 4)	402	370
Interest expense	6,205	6,886
Staff costs	4,803	4,700
	11,410	11,956

6. PLANTATION DEVELOPMENT EXPENDITURE (CONT'D)

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

On 13th July 2006, the Johor State Government had alienated to YPJH one plot of agricultural land measuring 850 hectares which was then sub-leased to Aramijaya on 8th October 2007 for a period of ninety nine (99) years less one (1) day from 13th July 2006 till 11th July 2105. The remaining plot of 1,991 hectares of land was alienated to YPJH on 22th October 2007 and was then sub-leased to Aramijaya on 12th June 2008 for the period of ninety nine (99) years less one (1) day from 22th October 2007 till 20th October 2106. These two plots of leasehold land are charged to secure a term loan facility amounting to RM115,000,000/-, of which RM90,000,000/- (2014: RM70,000,000/-) has been drawndown.

7. PREPAID LEASE PAYMENTS

	Unexpired period less than 50 Years Group	
	2015 RM'000	2014 RM'000
Cost		
At the beginning of the financial year	11,504	11,504
Accumulated Amortisation		
At the beginning of the financial year	6,320	5,728
Amortisation during the financial year	592	592
At the end of the financial year	6,912	6,320
Net Carrying Amount as at 31st March	4,592	5,184

8. INTANGIBLE ASSETS – GOODWILL

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1st April/31st March	1,223	1,223
Accumulated impairment loss		
At 1st April/31st March	-	-
Net Carrying Amount as at 31st March	1,223	1,223

Impairment testing for goodwill

Goodwill of RM1,223,000/- (2014: RM1,223,000/-) represents the unamortised balance of goodwill arising from the consolidation of a subsidiary, Aramijaya Sdn. Bhd.

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

NOTES TO THE FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS – GOODWILL (CONT'D)

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

- Cash flows were projected based on past experience, actual operating results for timber business over 46 years and projected operating results for oil palm business over 25 years. Management believes that these forecast periods were justified due to the long term nature of acacia and oil palm business.
- The selling price and costs for acacia operation were assumed to be consistently applied. Costs for acacia operation is based on volume extracted and planted land areas.
- The selling price and costs of oil palm operation were consistently applied with a 10% increase from year 11 onwards.
- A pre-tax discount rate of 8% (2014: 6.75%) used for acacia operation and 8 – 9.50% (2014: 6.75%) for oil palm operation were applied in determining the recoverable amount of the operations.

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

9. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares - at cost		
At beginning of the financial year	1,440	1,440
Addition during the financial year	34,160	-
At the end of the financial year	35,600	1,440

Details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %	Principal Activities
Aramijaya Sdn. Bhd. ("Aramijaya")	Malaysia	70	70	Management and operation of a forest plantation, logging, saw miling, chipping, other downstream manufacturing and related activities and oil palm plantation and undertaking of construction works.
Ikhlasi Bina Sdn. Bhd.	Malaysia	100	100	Civil engineering and construction works.

<u>Subscription of additional shares in subsidiary</u>

During the financial year, the Company subscribed for additional ordinary shares of RM1.00/- each and redeemable convertible preference shares issued by Aramijaya with issued price of RM1.00/- each in the following subsidiary as a result of the allotment of shares in subsidiary.

a. Ordinary shares

Subsidiary	Consideration RM'000	Allotment of share Number of shares Unit'000	RM'000
Aramijaya Sdn. Bhd.	2,660	2,660	2,660

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subscription of additional shares in subsidiary (Cont'd)

b. Redeemable convertible preference shares ("RCPS")

	2015		2014	
	Number of RCPS of RM0.01/-each		RCPS premium	Total
	Unit'000	RM'000	RM'000	RM'000
Aramijaya Sdn. Bhd.				
At the beginning of the financial year	-	-	-	-
Issued and paid up	31,500	315	31,185	31,500
At the end of the financial year	31,500	315	31,185	31,500

The salient features of the RCPS issued by the Aramijaya are as follows:-

(a) Issued Price for each of the RCPS will be at RM1.00/- comprising its nominal value of RM0.01/- and a premium of RM0.99/-.
(b) Tenure for RCPS is perpetual.
(c) Annual growth of 5% per annum calculated from the date of the amount is banked in or from the issue date of the RCPS Certificate whichever is earlier until date of such payment.
(d) The RCPS may be redeemed proportionally by the RCPS holders at any time as may be determined by Aramijaya Board and shareholders' discretion and the redemption may be in whole or part of any outstanding RCPS.
(e) On any redemption of the RCPS, Aramijaya shall pay the holder the redemption price for the RCPS, which shall be the aggregate of the paid-up amount of the RCPS and the return on capital calculated based on the annual growth rate of 5% on the paid-up amount of that RCPS until the date of such redemption.
(f) Each RCPS can be converted proportionally by the RCPS holders into each new ordinary shares of RM1.00/- each with no exercise/conversion price at any time as may be determined by Aramijaya Board and shareholders' discretion and the conversion may be in whole or part of any outstanding RCPS.
(g) RCPS holders shall not have the right to vote at any general meeting of Aramijaya except upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RCPS and any resolution for the winding up of Aramijaya or any of its subsidiaries.

10. PERFORMANCE DEPOSITS

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 6), Aramijaya is required to pay YPJH a sum of RM2.5 million as security towards Aramijaya's performance in undertaking a major role in the proposed privatisation of forest plantation project ("performance deposits"), and a sum of RM5.0 million a year for the first ten year period commencing from the financial year ended 31st March 2003, being YPJH's minimum net profit entitlement (Note 24).

In the event that the net profit entitlement payable to YPJH arising from its 30% equity participation is less than RM5.0 million in any of the first ten year period, YPJH shall be entitled to request from Aramijaya additional sum towards the performance deposit equivalent to the amount of the shortfall from the RM5.0 million payable. Accordingly, YPJH's minimum net profit entitlement for the first ten year period totalling RM50.0 million and the deposit of RM2.5 million have been recognised as performance deposits.

The minimum net profit entitlement of YPJH totalling RM50.0 million and the deposit of RM2.5 million shall be recoverable by way of set-off against YPJH's future profit entitlement in respect of its 30% equity participation in Aramijaya over and above RM 5.0 million in any financial year within the first ten years from the financial year ended 31st March 2003 and any profit entitlement of YPJH thereafter.

In the event that there is any outstanding balance of the performance deposit (including any additional sums added due to the shortfall from the RM5.0 million minimum net profit entitlement a year for the first ten year period) not set off due to insufficient profit entitlement at the end of the 60 years management period, YPJH shall not be required to refund the performance deposit (including any additional sums added) and the same shall be fully extinguished.

NOTES TO THE FINANCIAL STATEMENTS

11. AMOUNT DUE FROM A SUBSIDIARY

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

	Company 2015 RM'000	Company 2014 RM'000
Non-current	50,412	58,600
Current	9,968	9,602
	60,380	68,202

On 29th September 2009, the shareholders of the Company approved the financial assistance of RM33,000,000/- to Aramijaya Sdn. Bhd. ("Aramijaya") at an interest rate of 4.5% per annum for the first three years and 7.0% per annum thereafter, and with fixed terms of repayment. In financial year 2011 and 2014, amounts totalling RM17,000,000/- and RM5,500,000/- was disbursed to Aramijaya Sdn. Bhd..

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

12. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
At cost		
Pallets	9	18
Sawn timbers	94	239
Consumables	924	744
Particle board	102	-
	1,129	1,001
At net realisable value		
Woodchips	3,019	3,904
Particle board	-	673
	3,019	4,577
	4,148	5,578

During the financial year ended 31st March 2015:-

(i) the amount of inventories recognised as an expense in the cost of sales of the Group was RM4,027,000/- (2014: RM2,209,000/-)
(ii) the woodchips of the Group was written down to the net realisable value by RM504,717/- (2014: RM2,904,000/-).

NOTES TO THE FINANCIAL STATEMENTS

13. AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORKS

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Aggregate construction costs incurred to date	307,852	377,181	130,326	129,929
Add: Attributable profits	138,793	121,944	57,674	58,071
	446,645	499,125	188,000	188,000
Less: Progress billings	(457,786)	(513,146)	(188,000)	(188,000)
Net amount due to contract customers	(11,141)	(14,021)	-	-
Presented as follows:-				
Amount due to contract customers for contract works	(11,141)	(14,021)	-	-
Construction costs recognised as contract expenses during the financial year	13,497	25,085	397	15,591
Construction revenue recognised as contract revenue during the financial year	37,126	72,109	-	29,197

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Trade receivables				
Trade receivables	6,863	10,129	3,548	7,386
Amount due from related parties	9,540	11,509	-	-
	16,403	21,638	3,548	7,386
Less: Allowance for impairment	(446)	(450)	-	-
Trade receivables, net	15,957	21,188	3,548	7,386
Other receivables				
Sundry receivables	1,001	1,242	3	2
Deposits	464	325	215	129
Prepayments	395	449	69	-
	1,860	2,016	287	131
Less: Allowance for impairment	(75)	(75)	-	-
Other receivables, net	1,785	1,941	287	131
Total trade and other receivables	17,742	23,129	3,835	7,517

(a) Trade receivables

Included in trade receivables of the Group are advances made to sub-contractors amounting to RM400,333/- (2014: RM215,000/-), which are unsecured and interest-free.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables

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

	Group		Company	
	2015 RM '000	**2014 RM '000**	**2015 RM '000**	**2014 RM '000**
Neither past due nor impaired	6,452	12,870	-	7,309
Past due but not impaired				
1 to 30 days past due but not impaired	248	229	-	-
31 to 60 days past due but not impaired	305	150	-	-
61 to 90 days past due but not impaired	220	130	-	-
91 to 120 days past due but not impaired	280	66	-	-
More than 121 days past due but not impaired	8,452	7,743	3,548	77
	9,505	8,318	3,548	77
Impaired	446	450	-	-
	16,403	21,638	3,548	7,386

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

The Group and the Company have trade receivables amounting to RM9,505,000/- (2014: RM8,318,000/-) and RM3,548,000/- (2014: RM77,000/-) respectively that are past due at the reporting date but not impaired. Based on the historical default rates, the Group and the Company believe that no impairment loss is necessary in respect of trade receivables that are past due from 1 day and up to more than 121 days. These receivables are mainly arising from trade receivables that have a good credit records with the Group and the Company. Based on the opinion of the directors, the balances due are within the normal operating cycles of the construction industry.

Trade receivables that are impaired
The movement in allowance for impairment is as follows:-

	Group	
	2015 RM'000	**2014 RM'000**
At the beginning of the financial year	450	450
Write-back during the financial year	(4)	-
At the end of the financial year	446	450

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

(c) Amount due from related parties
The amount due from related parties is unsecured, interest-free and subject to negotiated terms. The related parties are entities which are disclosed in Note 32 to the financial statements.

(d) Other receivables
In previous financial year, included in other receivables of the Group is an amount of RM186,000/- which represents payments made on behalf of sub-contractors.

NOTES TO THE FINANCIAL STATEMENTS

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Included in fixed deposits placed with licensed banks are the following:-

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Fixed deposits pledged to licensed banks for credit facilities granted to the Group/Company	1,753	1,183	134	130

The fixed deposits of the Group and of the Company earn interest at rates ranging from 3.15 % to 3.60% (2014: 2.95% to 3.30%) per annum.

16. ASSETS CLASSIFIED AS HELD FOR SALE

	Group and Company	
	2015 RM'000	2014 RM'000
At 1st April	-	-
Reclassified from property, plant and equipment (Note 4)	2,126	-
At 31st March	2,126	-
Liabilities directly associated with assets classified as held for sale:		
Deferred tax liabilities (Note 21)	246	-
Reserve:		
Asset revaluation reserve	781	-

On 27th October 2014, the Company entered into an agreement to dispose six parcels of leasehold lands and buildings held under HS(M) 28398 (PT 30419), HS(M) 28402 (PT 30423), PM 6146 (Lot 39559), PM 5736 (Lot 39604), PM 5996 (Lot 39488) and PM5995 (Lot 39487) Mukim Kuala Kuantan, District of Kuantan, State of Pahang for a cash consideration of RM2,420,511/-.

17. SHARE CAPITAL

	Group and Company			
	2015 Number of Shares Unit'000	2014 Number of Shares Unit'000	2015 Amount RM'000	2014 Amount RM'000
Ordinary shares of RM0.20 each				
Authorised:-				
At the beginning/end of the financial year	1,000,000	1,000,000	200,000	200,000
Issued and fully paid:-				
At the beginning/end of the financial year	326,700	326,700	65,340	65,340

The owners of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally regard to the Company residual assets.

NOTES TO THE FINANCIAL STATEMENTS

18. RESERVES

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

Group	Share Premium RM'000	Asset Revaluation Reserve RM'000	Retained Profit RM'000	Total RM'000
At 1st April 2013	4,621	-	40,205	44,826
Net profit for the financial year	-	-	19,920	19,920
Other comprehensive income:				
Revaluation of property, plant and equipment	-	65,988	-	65,988
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	(15,838)	-	(15,838)
Revaluation of plantation development expenditure	-	315,862	-	315,862
Deferred taxation liabilities on revaluation surplus of plantation development expenditure	-	(75,806)	-	(75,806)
Total other comprehensive income for the financial year	-	290,206	-	290,206
At 31st March 2014	4,621	290,206	60,125	354,952

Group	Share Premium RM'000	Asset Revaluation Reserve RM'000	Retained Profits RM'000	Reserve of disposal assets classified as held for sale RM'000	Total RM'000
At 1st April 2014	4,621	290,206	60,125	-	354,952
Reserve attributable to disposal assets classified as held for sale (Note 16)	-	(781)	-	781	-
Net loss for the financial year	-	-	(3,649)	-	(3,649)
Other comprehensive income:					
Revaluation of property, plant and equipment	-	909	-	-	909
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	(218)	-	-	(218)
Revaluation of plantation development expenditure	-	19,709	-	-	19,709
Deferred taxation liabilities on revaluation surplus of plantation development expenditure	-	(4,730)	-	-	(4,730)
Total other comprehensive income for the financial year	-	15,670	-	-	15,670
At 31st March 2015	4,621	305,095	56,476	781	366,973

18. RESERVES (CONT'D)

Company	Share Premium RM'000	Asset Revaluation Reserve RM'000	Retained Profits RM'000	Reserve of disposal assets classified as held for sale RM'000	Total RM'000
At 1st April 2013	4,621	-	31,162	-	35,783
Net profit for the financial year	-	-	10,950	-	10,950
Other comprehensive income:					
Revaluation of property, plant and equipment	-	1,027	-	-	1,027
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	(246)	-	-	(246)
Total other comprehensive income for the financial year	-	781	-	-	781
At 31st March 2014	4,621	781	42,112	-	47,514
Reserve attributable to disposal assets classified as held for sale (Note 16)	-	(781)	-	781	-
Net profit for the financial year/Total comprehensive income for the financial year	-	-	707	-	707
At 31st March 2015	4,621	-	42,819	781	48,221

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

Asset revaluation reserve
During the financial year, the Group's leasehold lands and plantations development expenditure have been revalued by an independent valuer, VPC Alliance (JB) Sdn. Bhd., using comparison and investment methods in arriving at the market value.

The market value and fair value changes recognised as at 31st December 2013 and 31st March 2015 are shown below:-

	Market value as at 31.03.2015 RM'000	Fair value changes recognised as at 31.03.2015, net of tax RM'000
Revaluation of leasehold lands	95,328	71,515
Revaluation of plantation development expenditures	643,872	364,335
	739,200	435,850

	Market value as at 31.03.2013 RM'000	Fair value changes recognised as at 31.03.2013, net of tax RM'000
Revaluation of leasehold lands	97,458	71,310
Revaluation of plantation development expenditures	602,511	342,936
	699,969	414,246

NOTES TO THE FINANCIAL STATEMENTS

19. AMOUNT DUE TO JOHOR STATE GOVERNMENT

	Group 2015 RM'000	Group 2014 RM'000
Future minimum payment to Johor State Government		
- not later than one year	5,757	5,757
- later than one year but not later than two years	5,757	5,757
- later than two years but not later than five years	5,758	11,515
- later than five years	-	-
	17,272	23,029
Less: Deferred interests	(3,535)	(4,820)
	13,737	18,209
Represented by:-		
Current		
- not later than one year	4,472	4,472
Non-current		
- later than one year but not later than two years	4,472	4,472
- later than two years but not later than five years	4,793	9,265
- later than five years	-	-
	9,265	13,737
	13,737	18,209

Deferred interests represent the difference between the privatisation consideration of RM62,270,000/- (2014: RM62,270,000/-) and the present value of forest plantation project of RM35,429,000/- (2014: RM35,429,000/-) and plantation development expenditure of RM7,450,000/- (2014: RM7,450,000/-) (Note 6).

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

The movement in deferred interests is as follows:-

	Group 2015 RM'000	Group 2014 RM'000
Deferred interests		
At the beginning of the financial year	4,820	6,106
Amortisation during the financial year	(1,285)	(1,286)
At the end of the financial year	3,535	4,820

The amount due to Johor State Government represents the privatisation consideration payable in accordance with the payment schedule stated in the Privatisation Agreement over eighteen (18) years from 1st October 2001 (Note 6). At the date of signing of the Privatisation Agreement, the total privatisation consideration amounted to RM62,270,000/- and comprises of the following:-

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

NOTES TO THE FINANCIAL STATEMENTS

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

The movement in amount due to Johor State Government is as follows:-

	2015 RM'000	2014 RM'000
Total privatisation consideration payable	62,270	62,270
Less: Cumulative instalments paid	(44,998)	(39,241)
	17,272	23,029

The remaining instalment payments will be repayable in eleven (11) unequal instalments starting from 1st January 2009 until 1st January 2018. The first three instalments from the revised schedule amounting to RM2,193,000/- each, the fourth till seventh instalments amounting to RM5,757,000/- each have been paid.

20. BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Non-current		
Finance lease liabilities	843	1,025
Term loan	80,366	68,992
	81,209	70,017
Current		
Finance lease liabilities	445	407
Term loan	8,986	8,389
	9,431	8,796
Total borrowings	90,640	78,813

(a) Finance lease liabilities

	Group	
	2015 RM'000	2014 RM'000
Minimum finance lease payment:-		
- not later than one year	512	482
- later than one year but not later than five years	905	1,117
	1,417	1,599
Less: Future finance charges	(129)	(167)
	1,288	1,432

NOTES TO THE FINANCIAL STATEMENTS

20. BORROWINGS (CONT'D)

(a) Finance lease liabilities (Cont'd)

	Group 2015 RM'000	Group 2014 RM'000
Represented by:-		
Current		
- not later than one year	445	407
Non-current		
- later than one year but not later than two years	408	383
- later than two years but not later than five years	435	642
	843	1,025
	1,288	1,432

Finance lease liabilities of the Group are subject to a fixed interest rates ranging from 2.43% to 3.84% (2014: 2.43% to 3.82%) per annum.

(b) Term loan

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

	Group 2015 RM'000	Group 2014 RM'000
Non-current		
- later than one year but not later than two years	9,627	8,986
- later than two years but not later than five years	47,345	30,984
- later than five years	23,394	29,022
	80,366	68,992
Current		
- not later than one year	8,986	8,389
	8,986	8,389
	89,352	77,381

The term loan is subject to a fixed interest rates ranging from 3.00% to 7.15% (2014: 3.00% to 6.75%) per annum.

Term loan is secured by way of legal charge over two plots of agricultural land measuring approximately 850 hectares and 1,991 hectares respectively as stated in Note 4 and Note 6 to the financial statements.

21. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:-

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group						
Property, plant and equipment	-	-	(268)	(256)	(268)	(256)
Plantation development expenditure	-	-	(30,805)	(25,493)	(30,805)	(25,493)
Forest plantation project	-	-	(4,154)	(3,111)	(4,154)	(3,111)
Revaluation surplus on plantation development expenditure	-	-	(134,870)	(130,085)	(134,870)	(130,085)
Tax loss carry-forwards	17,431	16,070	-	-	17,431	16,070
Unabsorbed capital allowances	3,521	4,666	-	-	3,521	4,666
Other deductible temporary differences	924	109	-	-	924	109
Tax assets/(liabilities)	21,876	20,845	(170,097)	(158,945)	(148,221)	(138,100)
Set off	(21,876)	(20,845)	21,876	20,845	-	-
Reclassified as asset held for sale (Note 16)	-	-	246	-	246	-
Net tax liabilities	-	-	(147,975)	(138,100)	(147,975)	(138,100)
Company						
Property, plant and equipment	-	-	(268)	(256)	(268)	(256)
Reclassified as asset held for sale (Note 16)	-	-	246	-	246	-
Net tax liabilities	-	-	(22)	(256)	(22)	(256)

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Trade payables				
Trade payables	22,025	19,158	1,531	2,002
Retention sums payable	5,546	7,875	336	831
Amount due to related parties	1,062	1,572	-	-
	28,633	28,605	1,867	2,833
Other payables				
Other payables	852	833	-	-
Deposits	3,252	2,984	244	2
Accruals	4,977	4,425	466	296
	9,081	8,242	710	298
Total trade and other payables	37,714	36,847	2,577	3,131

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables
These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2014: 30 to 60 days) terms.

(b) Amount due to related parties
The amount due to related parties is unsecured, interest-free and is subject to negotiated terms.

(c) Deposits
Included in deposits of the Group was an amount of RM2,692,000/- (2014: RM2,485,000/-) which represents deposits in relation to logging contracts during the financial year.

(d) Accruals
Included in accruals is an amount of RM Nil/- (2014: RM118,125/-) which represents accrual made for sub-contractors cost at the reporting date.

23. AMOUNT DUE TO A SUBSIDIARY

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

24. AMOUNT DUE TO A RELATED PARTY

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

	Group	
	2015 RM'000	2014 RM'000
Current	-	44,150

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 6 and Note 10), Aramijaya is required to pay YPJH a sum of RM5.0 million a year for the first ten year period commencing from the financial year ended 31st March 2003, being YPJH's minimum net profit entitlement.

Accordingly, Aramijaya's obligation to pay YPJH in respect of its minimum net profit entitlement for the first ten year period totalling RM50.0 million (2014: RM50.0 million) has been recognised as amount due to a related party.

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

During the financial year, the entire amount due to related party was fully repaid by way of cash and subscriptions of redeemable convertible preference shares of Aramijaya.

25. REVENUE

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Construction income	37,126	72,109	-	29,197
Sales of timber products	6,943	7,537	-	-
Sales of fresh fruit brunches	15,904	11,108	-	-
	59,973	90,754	-	29,197

NOTES TO THE FINANCIAL STATEMENTS

26. COST OF SALES

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Contract costs recognised as expense	13,497	25,085	397	15,591
Cost of goods sold	39,127	27,246	-	-
	52,624	52,331	397	15,591

27. FINANCE COSTS

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Amortisation of deferred interests	1,285	1,286	-	-
Hire purchase interest	40	54	-	-
Term loan interests	1,199	1,070	-	-
Interest expense from effect of discounting on retention sums	29	48	29	48
	2,553	2,458	29	48

28. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at:-

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
After charging:-				
Amortisation of deferred interests	1,285	1,286	-	-
Amortisation of forest plantation project	130	16	-	-
Amortisation of plantation development expenditure	11,816	3,574	-	-
Amortisation of prepaid lease payments	592	592	-	-
Auditor remuneration				
- Audit services				
Auditor of the Company	77	72	44	44
Other auditor				
- Other services	38	33	38	33
Bad debts written off	11	-	-	-
Depreciation of property, plant and equipment	3,027	2,339	209	172
Depreciation of investment property	12	13	12	13
Finance costs (exclude amortisation of deferred interest) (Note 27)	1,268	1,172	29	48
Impairment loss on property, plant and equipment	-	1,143	-	-
Property, plant and equipment written off	4	-	-	-
Personnel expenses (including key management personnel)				
- Contributions to EPF	627	686	234	161
- Wages, salaries and others	8,766	8,471	2,542	2,230
Rental of plant and machinery	222	205	-	-
Rental of premises	395	319	272	165
Rental of motor vehicles	15	99	-	-
Write-down of inventories to net realisable value	505	2,904	-	-

NOTES TO THE FINANCIAL STATEMENTS

28. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

(Loss)/profit before taxation has been arrived at:- (Cont'd)

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
After crediting:-				
Gain on disposal of property, plant and equipment	174	99	174	99
Rental income from hire of				
- Motor vehicles	22	20	-	-
- Plant and machinery	624	463	-	-
- Others	111	190	-	-
Rental income from investment properties	14	14	14	14
Interest income arising from:				
- Amount due from a subsidiary	-	-	4,342	3,973
- Deposits with licensed banks	990	1,768	988	1,768
Write-back of impairment loss on trade receivables	4	-	-	-

29. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Directors:-				
- Fees				
- current year	85	92	85	92
- prior year	-	5	-	5
- Remuneration	1,372	1,421	848	848
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	7	126	-	122
Total short term employee benefits	1,464	1,644	933	1,117

30. TAXATION

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Income tax				
- Current year	-	(3,118)	-	(3,118)
- Prior years	721	(523)	721	(523)
	721	(3,641)	721	(3,641)
Deferred taxation				
- Current year	(1,677)	(3,904)	(11)	(1)
- Prior years	(1,374)	(215)	-	-
	(3,051)	(4,119)	(11)	(1)
	(2,330)	(7,760)	710	(3,642)

The income tax rate is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the fiscal year. The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25% effective from Year of Assessment 2016. The computation of deferred tax as at 31st March 2015 has been reflected with these changes.

30. TAXATION (CONT'D)

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

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
(Loss)/profit before taxation	(1,649)	30,333	(3)	14,592
Tax at applicable tax rate of 25% (2014: 25%)	412	(7,583)	1	(3,648)
Tax effects arising from:-				
- Non-deductible expenses	(1,566)	(71)	(1,118)	(476)
- Non-taxable income	463	286	1,106	1,005
- Deferred tax assets not recognised	(1,055)	-	-	-
- Deferred tax recognised at differential tax rates	69	346	-	-
- (Under)/over accrual in prior years	(653)	(738)	721	(523)
Tax expense for the financial year	(2,330)	(7,760)	710	(3,642)

31. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

	Group	
	2015	2014
Net (loss)/profit for the financial year (RM'000)	(3,649)	19,920
Weighted average number of ordinary shares ('000)	326,700	326,700
Basic earnings per share for the financial year (sen)	(1.12)	6.10

Diluted earnings per ordinary share

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

32. RELATED PARTY TRANSACTIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY TRANSACTIONS (CONT'D)

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

(i) Ekovest Berhad, Ekovest Construction Sdn. Bhd., Limbongan Setia Corporation Sdn. Bhd., Uni-Magna Sdn. Bhd., Knusford Equipment Sdn. Bhd. *(formerly known as Wengcon Equipment Sdn. Bhd.),* Knusford Marketing Sdn. Bhd. *(formerly known as Wengcon Marketing Sdn. Bhd.),* Segi Gemilang Sdn. Bhd., Radiant Seas Sdn. Bhd., Segi Tiara Sdn. Bhd. and D-Hill Sdn. Bhd., are deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew and Dato' Lim Kang Poh;
(ii) Pembinaan KS Tebrau Sdn. Bhd. is deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh and Lim Keng Guan;
(iii) Rampai Fokus Sdn. Bhd. is deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Lim Keng Guan and Datuk Md Othman Bin Haji Yusof, Norliza Binti Suleiman and Abd Razak Bin Mohd Yusoff;
(iv) Iskandar Waterfront Sdn. Bhd. is deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Norliza Binti Suleiman and Abd Razak Bin Mohd Yusoff;
(v) KPRJ Builders Sdn. Bhd. *(formerly known as Julung Cipta Sdn. Bhd.)* is deemed related to Datuk Md Othman Bin Haji Yusof, Abd Razak Bin Mohd Yusoff and Norliza Binti Suleiman; and
(vi) Danga Bay Sdn. Bhd. is deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh and Datuk Md Othman Bin Haji Yusof and Norliza Binti Suleiman

<u>Related party transactions</u>

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

Type of transactions Related party		**2015 RM'000**	**2014 RM'000**
Group			
Sales	Danga Bay Sdn. Bhd.	(4)	(2)
	Knusford Equipment Sdn. Bhd.	(1)	-
	Rampai Fokus Sdn. Bhd.	(41)	(36)
	Segi Tiara Sdn. Bhd.	(4)	(7)
Secondment fee payable	Knusford Equipment Sdn. Bhd.	36	57
	Segi Tiara Sdn. Bhd.	13	-
	Radiant Seas Sdn. Bhd.	8	21
	Ekovest Construction Sdn. Bhd.	3	-
Secondment fee receivable	Danga Bay Sdn. Bhd.	(6)	(9)
	D-Hill Sdn. Bhd.	(79)	(47)
	Ekovest Construction Sdn. Bhd.	(419)	(128)
	Radiant Seas Sdn. Bhd.	-	(112)
	Rampai Fokus Sdn. Bhd.	(7)	(3)
	Segi Tiara Sdn. Bhd.	(16)	(22)
	Knusford Equipment Sdn. Bhd.	(65)	(36)
Purchases	Knusford Marketing Sdn. Bhd.	2,042	2,373
	Danga Bay Sdn. Bhd.	36	69
	Knusford Equipment Sdn. Bhd.	8	14
	Segi Tiara Sdn. Bhd.	-	14
	Ekovest Berhad	60	72

32. RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (Cont'd)

Type of transactions	Related party	2015 RM'000	2014 RM'000
Group			
Construction income	KPRJ Builders Sdn. Bhd.	(794)	(1,439)
	Pembinaan KS Tebrau Sdn. Bhd.	(36,332)	(41,473)
Sand discharge income	Radiant Seas Sdn. Bhd.	(1,100)	(651)
Other income - Admin Charges	Radiant Seas Sdn. Bhd.	(1)	(1)
Rental of plant and machinery payable	Knusford Equipment Sdn. Bhd.	104	104
	Segi Tiara Sdn. Bhd.	-	68
	Ekovest Berhad	95	129
	Ekovest Construction Sdn. Bhd.	-	12
Rental of plant and machinery receivables	Knusford Equipment Sdn. Bhd.	(58)	(63)
	Segi Tiara Sdn. Bhd.	(21)	(66)
	Radiant Seas Sdn. Bhd.	(540)	(159)
Rental of motor vehicle payable	D-Hill Sdn. Bhd.	8	8
	Ekovest Berhad	-	1
	Ekovest Construction Sdn. Bhd.	1	10
	Danga Bay Sdn. Bhd.	2	2
Rental of motor vehicle receivable	Radiant Seas Sdn. Bhd.	(10)	(1)
Rental of equipment payable	Segi Gemilang Sdn. Bhd.	-	100
Rental of premises receivable	Iskandar Waterfront Sdn. Bhd.	(22)	(26)
	Segi Tiara Sdn. Bhd.	(42)	(67)
	Radiant Seas Sdn. Bhd.	(10)	-
Repair and service of plant and machinery payable	Knusford Equipment Sdn. Bhd.	-	6
	Danga Bay Sdn. Bhd.	-	1
Company			
Interest income receivable	Aramijaya Sdn. Bhd.	(4,342)	(3,973)
Rental of premises payable	Limbongan Setia Corporation Sdn. Bhd.	108	108
Outsourcing of workforce	Ikhlasi Bina Sdn. Bhd.	37	-
Sub-contractor cost	Ikhlasi Bina Sdn. Bhd.	-	13,860
Rental of Premises payable, Car Parking & Maintenance Charge	Uni-Magna Sdn. Bhd.	180	-
Rental of premises receivables	Segi Tiara Sdn. Bhd.	(7)	(7)

Balances with related parties are disclosed in Note 14, Note 22 and Note 24. These transactions have been entered into in the normal course of business and have been established under negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

33. SEGMENTAL INFORMATION

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

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

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

Inter-segment pricing is determined on a negotiated basis.

Business segments

The Group comprises the following main business segments:-

Construction - Civil engineering and construction work of earthwork and building.

Plantation - Management and operation of forest plantation, logging, saw milling, chipping and other downstream manufacturing and related activities, and operation of oil palm plantation.

Geographical segments

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

Business segments

	Construction		Plantation		Elimination			Consolidated	
	2015	2014	2015	2014	2015	2014		2015	2014
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Note	RM'000	RM'000
Segment revenue	37,126	81,228	22,847	18,645	-	(9,119)	A	59,973	90,754
Segment result	(5,443)	13,602	5,357	17,421	-	-		(86)	31,023
Results from operating activities	(5,443)	13,602	5,357	17,421	-	-		(86)	31,023
Interest income	5,330	5,741	1	-	(4,341)	(3,973)		990	1,768
Finance costs	(29)	(48)	(4,440)	(3,506)	1,916	1,096		(2,553)	(2,458)
(Loss)/profit before taxation	(142)	19,295	918	13,915	(2,425)	(2,877)	B	(1,649)	30,333
Taxation	710	(3,641)	(2,018)	(5,072)	(1,022)	953		(2,330)	(7,760)
Net (loss)/profit for the financial year	568	15,654	(1,100)	8,843	(3,447)	(1,924)		(3,979)	22,573
Segment assets	133,639	136,152	871,879	838,013	(116,224)	(88,231)	C	889,294	885,934
Total assets	133,639	136,152	871,879	838,013	(116,224)	(88,231)		889,294	885,934
Segment liabilities	18,415	21,495	353,451	389,669	(70,413)	(80,025)	D	301,453	331,139
Total liabilities	18,415	21,495	353,451	389,669	(70,413)	(80,025)		301,453	331,139

33. SEGMENTAL INFORMATION (CONT'D)

Business segments (Cont'd)

	Construction 2015 RM'000	Construction 2014 RM'000	Plantation 2015 RM'000	Plantation 2014 RM'000	Elimination 2015 RM'000	Elimination 2014 RM'000	Note	Consolidated 2015 RM'000	Consolidated 2014 RM'000
Capital expenditure	2,010	8	27,286	34,671	(2,425)	(2,877)		26,871	31,802
Depreciation of property, plant and equipment	286	172	2,741	2,537	-	-		3,027	2,709
Depreciation of investment properties	12	13	-	-	-	-		12	13
Amortisation of deferred interests	-	-	1,285	1,286	-	-		1,285	1,286
Amortisation of forest plantation project	-	-	130	16	-	-		130	16
Amortisation of prepaid lease payments	-	-	592	592	-	-		592	592
Amortisation of plantation development expenditure	-	-	11,816	3,574	-	-		11,816	3,574
Non-cash expenses other than depreciation and amortisation	346	3,948	-	-	-	-	E	346	3,948

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation

B The following items are deducted from segment profit to arrive at 'Profit before taxation' presented in the consolidated statement of comprehensive income:

	2015 RM'000	2014 RM'000
Inter-segment transactions	(2,425)	(2,877)

C The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Goodwill	1,223	1,223
Investment in subsidiaries	(35,600)	(1,440)
Inter-segment assets	(81,847)	(88,014)
	(116,224)	(88,231)

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Deferred tax liabilities	(1,942)	(2,964)
Inter-segment transactions	(68,471)	(77,061)
	(70,413)	(80,025)

NOTES TO THE FINANCIAL STATEMENTS

33. SEGMENTAL INFORMATION (CONT'D)

E Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:-

	Note	2015 RM'000	2014 RM'000
Bad debts written off		11	-
Impairment loss on property, plant and equipment	4	-	1,143
Written-down of inventories to net realisable value	12	505	2,904
Gain on disposal of property, plant and equipment	4	(174)	(99)
Property, plant and equipment written off	4	4	-
		346	3,948

34. FINANCIAL GUARANTEES

	Company 2015 RM'000	Company 2014 RM'000
Unsecured		
Performance bond to third parties in respect of a project	9,400	9,400
Corporate guarantee to third party in respect of purchasing of machinery by a subsidiary	347	477
Corporate guarantee to Johor State Government in respect of payment by a subsidiary	17,273	23,030
Corporate guarantee to third party in respect of a term loan facility held by a subsidiary	101,654	77,020
	128,674	109,927

35. MATERIAL LITIGATION

(a) On 18th December 2002, the Company had terminated a sub-contract which had been awarded by the Company to Josu Engineering Construction Sdn. Bhd. ("the Defendant"), for failure to complete certain sub-contracted works in accordance with the agreed schedule. The termination was accepted by the Defendant, and in accordance with the terms of the sub-contract, the Company engaged other contractors to complete the said sub-contracted works.

On 6th August 2007, the Company filed a suit against the Defendant, claiming a sum of RM10,303,000/- for damages incurred by the Company in completing the sub- contracted works. The Defendant is counter-claiming a sum of RM11,612,000/- being damages alleged suffered.

On 21st November 2012, the Company had filed an application to amend its writ and statement of claim to include a prayer for pre-judgement interests and was allowed by the High Court. A full trial was initially fixed from 26th November 2012 to 28th November 2012. However, on 22nd November 2012, the Defendant filed an application for an Order from the Court to refer the above dispute to an arbitrator.

Both the Company and the Defendant have entered into a Consent Order on 5th December 2012 to refer the above matter to an arbitrator for determination. As such, the Court proceedings are stayed in favour of the arbitration.

As at latest practicable date, the arbitration hearing dates have been fixed in the months of September and November 2015. The Court has directed parties to write and update to the Court once the hearing is complete. In the meantime, there are no further case management dates fixed.

35. MATERIAL LITIGATION (CONT'D)

(b) On 6th November 2013, United Forest Contractor ("UFC") had filed a suit against Aramijaya Sdn. Bhd. ("ASB"), a subsidiary of the Company and claiming a sum of RM1,015,190/-, a retention sum held of RM63,445/-, an interest on the claimed amounts and other incidental costs for alleged losses pursuant to the contract awarded by the ASB to UFC for site clearance, cultivation and maintenance of oil palm and other site ancillary works.

ASB is counter-claiming a sum of RM3,789,468/- for special damages and general damages sustained by virtue of the unsatisfactory works, together with cost and interest at 4% per annum from the date of the filling of defence until the date of full realisation.

The High Court had pronounced its judgement on 12th January 2015 and held that the Defendant's determination of the contract was valid as the Plaintiff would not be able to complete the works on time. The Plaintiff's claim is therefore dismissed. As for the Defendant's counterclaim, the Court also dismissed it as its reiterated that the losses were delayed, not a complete loss. Both parties to bear their own costs in this matter. Subsequently, the Plaintiff filed a notice of appeal to the Court on its judgement and ASB filed the Notice of Cross Appeal. As at latest practical date, the Court of Appeal had fixed the hearing date of the said matter on 1st October 2015.

36. FINANCIAL INSTRUMENTS

(a) Financial Risk Management and Objectives

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

(i) Credit risk

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk (Cont'd)

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

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Trade and other receivables (excluding prepayments)	17,347	22,680	3,766	7,517
Amount due from a subsidiary	-	-	60,380	68,202
Fixed deposits placed with licensed banks	18,643	46,000	17,024	44,947
Cash and bank balances	5,182	6,650	2,305	807
	41,172	75,330	83,475	121,473
Financial guarantee	128,674	109,927	128,674	109,927
	169,846	185,257	212,149	231,400

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 14(b) to the financial statements.

(ii) Interest rate risk

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

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

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

Group	2015 Average Effective Interest Rate %	Carrying amount RM'000	2014 Average Effective Interest Rate %	Carrying amount RM'000
Fixed rate instruments				
Fixed deposits placed with licensed banks	3.38	18,643	3.13	46,000
Finance lease liabilities	6.49	1,288	5.86	1,432
Term loan	5.08	89,352	4.88	77,381
Company				
Fixed rate instruments				
Fixed deposits placed with licensed banks	3.38	17,024	3.13	44,947
Amount due from a subsidiary	7.00	60,380	7.00	68,202

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

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk

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

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

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

2015	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one years RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Group							
Amount due to Johor State Government	13,737	17,272	5,757	5,757	5,758	-	17,272
Finance lease liabilities	1,288	1,417	512	448	457	-	1,417
Term loan	89,352	153,437	12,637	12,637	56,387	71,776	153,437
Trade and other payables	37,714	37,714	37,714	-	-	-	37,714
	142,091	209,840	56,620	18,842	62,602	71,776	209,840
Company							
Trade and other payables	2,577	2,577	2,577	-	-	-	2,577
Amount due to a subsidiary	8,090	8,090	8,090	-	-	-	8,090
	10,667	10,667	10,667	-	-	-	10,667

2014	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one years RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Group							
Amount due to Johor State Government	18,209	23,029	5,757	5,757	11,515	-	23,029
Amount due to a related party	44,150	44,150	44,150	-	-	-	44,150
Finance lease liabilities	1,432	1,599	482	433	684	-	1,599
Term loan	77,381	100,555	12,637	12,637	37,910	37,371	100,555
Trade and other payables	36,847	36,847	36,847	-	-	-	36,847
	178,019	206,180	99,873	18,827	50,109	37,371	206,180

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

2014	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one years RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Company							
Trade and other payables	3,131	3,131	3,131	-	-	-	3,131
Amount due to a subsidiary	8,860	8,860	8,860	-	-	-	8,860
	11,991	11,991	11,991	-	-	-	11,991

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

(b) Financial Instruments Classifications

(i) Financial assets and liabilities classification

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

2015	Note	Loans and receivables RM '000	Other financial liabilities RM '000	Total carrying amount RM '000
Group				
Financial assets				
Trade and other receivables (excluding deposit and prepayments)	14	16,883	-	16,883
Fixed deposits placed with licensed banks	15	18,643	-	18,643
Cash and bank balances		5,182	-	5,182
		40,708	-	40,708
Financial liabilities				
Trade and other payables	22	-	37,714	37,714
Amount due to Johor State Government	19	-	13,737	13,737
Finance lease liabilities	20(a)	-	1,288	1,288
Term loan	20(b)	-	89,352	89,352
		-	142,091	142,091

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Instruments Classifications (Cont'd)

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

2014	Note	Loans and receivables RM '000	Other financial liabilities RM '000	Total carrying amount RM '000
Group				
Financial assets				
Trade and other receivables (excluding deposit and prepayments)	14	22,355	-	22,355
Fixed deposits placed with licensed banks	15	46,000	-	46,000
Cash and bank balances		6,650	-	6,650
		75,005	-	75,005
Financial liabilities				
Trade and other payables	22	-	36,847	36,847
Amount due to Johor State Government	19	-	18,209	18,209
Amount due to a related party	24	-	44,150	44,150
Finance lease liabilities	20(a)	-	1,432	1,432
Term loan	20(b)	-	77,381	77,381
		-	178,019	178,019

2015	Note	Loans and receivables RM '000	Other financial liabilities RM '000	Total carrying amount RM '000
Company				
Financial assets				
Trade and other receivables (excluding deposit and prepayments)	14	3,551	-	3,551
Amount due from a subsidiary	11	60,380	-	60,380
Fixed deposits placed with licensed banks	15	17,024	-	17,024
Cash and bank balances		2,305	-	2,305
		83,260	-	83,260
Financial liabilities				
Trade and other payables	22	-	2,577	2,577
Amount due to a subsidiary	23	-	8,090	8,090
		-	10,667	10,667

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Instruments Classifications (Cont'd)

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

2014	Note	Loans and receivables RM '000	Other financial liabilities RM '000	Total carrying amount RM '000
Company				
Financial assets				
Trade and other receivables (excluding deposit and prepayments)	14	7,388	-	7,388
Amount due from a subsidiary	11	68,202	-	68,202
Fixed deposits placed with licensed banks	15	44,947	-	44,947
Cash and bank balances		807	-	807
		121,344	-	121,344
Financial liabilities				
Trade and other payables	22	-	3,131	3,131
Amount due to a subsidiary	23	-	8,860	8,860
		-	11,991	11,991

(c) Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company as at reporting date approximate their fair value except for the following:-

	Group Carrying amount RM	Group Fair value RM
At 31st March 2015		
Financial lease liabilities	1,288	1,417
At 31st March 2014		
Financial lease liabilities	1,432	1,429

The methods and assumption used to determine the fair value of the following classes of financial assets and liabilities are as follows:-

(i) Current receivables, cash and cash equivalents and current payables
The carrying amount of these financial assets and liabilities are reasonable approximation of fair values due to short term of these financial instruments.

(ii) Financial lease liabilities
The fair value of financial lease liabilities is estimated using discounted cash flows analysis, based on current lending rate for similar types of borrowings. The fair values of these financial instruments are within level 2 of the fair value hierarchy.

(iii) Other non-current financial liabilities
It is not practiced to determine the fair values of these financial liabilities because of the lack of market information of comparable instruments with similar characteristic and risk profile.

37. FAIR VALUE MEASUREMENT ON NON-CURRENT ASSETS

The Group and the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31st March 2015				
Property, plant and equipment				
- Leasehold lands	-	-	95,328	95,328
Plantation development expenditure	-	-	643,872	643,872
Investment properties	-	660	-	660
	-	660	739,200	739,860

Description of valuation techniques used and key inputs to valuation on plantation development expenditure measured at Level 3:-

Category	Valuation technique	Significant unobservable inputs	Range (Weighted Average)
Oil palm	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM3,160 8% - 9.5% 19 years- 27 years
Acacia	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM2,564 8% 1 year
Rubber	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM16,886 - RM18,473 8% 12 - 14 years
Karas	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM14,217 9% 7 - 9 years

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31st March 2014				
Property, plant and equipment				
- Leasehold lands	-	-	97,458	97,458
Plantation development expenditure	-	-	602,511	602,511
Investment properties	-	560	-	560
	-	560	699,969	700,529

37. FAIR VALUE MEASUREMENT ON NON-CURRENT ASSETS (CONT'D)

Description of valuation techniques used and key inputs to valuation on plantation development expenditure measured at Level 3:-

Category	Valuation technique	Significant unobservable inputs	Range (Weighted Average)
Oil palm	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM 3,160 8% - 9.5% 20 years- 27 years
Acacia	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM 2,564 8% 1 year
Rubber	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM 18,473 8% 14 years
Karas	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM14,217 8% 10 years
Forest timber log	Investment method	Natural forest average timber stocking Average timber logs price	27.519 RM110

Comparison method
This method of valuation seeks to determine the value of the investment properties, leasehold lands and certain plantation development expenditure ("the subject property") by comparing and adopting as a yardstick of recent transactions and sale evidences involving other similar property in the locality. These similarities and dissimilarities of the sales comparable are then reduced to a common denominator by adjusting for the differences between them and the subject property in order to arrive at the indicative value of the subject property. Investment properties, leasehold lands and certain plantation development expenditure were valued using the comparison method are categorised as Level 2 in the fair value hierarchy.

Investment method
The investment method involves the following:-
(i) Estimating the long-term average price of the crops. This is determined by analysing previous and current pricing trends.
(ii) Estimating the average annual costs of production for the crops which include general charges, transportation, fertilising, weeding, harvesting, etc;
(iii) Estimating the profit per ton per acre obtained by deducting (ii) from (i).
(iv) Capitalising the net profit by an appropriate rate of interest (yield) reflecting the security of future income receivable from plantation.

38. CAPITAL MANAGEMENT

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

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

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

	Group		Company	
	2015 RM '000	2014 RM '000	2015 RM '000	2014 RM '000
Total liabilities	301,453	331,139	10,935	13,246
Equity attributable to owners of the Company	431,532	420,292	113,561	112,854
Debt-to-equity ratio	69.9%	78.8%	9.6%	11.7%

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

39. SUBSEQUENT EVENTS

On 16th July 2015, the Company had entered into a sale and purchase agreement with Koperasi Serbaguna Iman Malaysia Berhad for the disposal of 4-story building for a total disposal consideration of RM4,500,000/-. The disposal of the said property is expected to be completed in the financial year ending 31st March 2016.

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

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31st March 2015 are as follows:-

	Group		Company	
	2015 RM '000	**2014 RM '000**	**2015 RM '000**	**2014 RM '000**
Total retained profits of the Company and its subsidiaries				
- Realised	69,581	67,894	42,843	42,368
- Unrealised	(13,105)	(7,769)	(24)	(256)
Total retained profits	56,476	60,125	42,819	42,112

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20th December 2010.

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

STATEMENT BY DIRECTORS

We, **TAN SRI DATO' LIM KANG YEW** and **LEE HUN KHENG**, being two of the directors of **PLS PLANTATIONS BERHAD**, do hereby state that in the opinion of the directors, the financial statements set out on pages 27 to 97 are properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st March 2015 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 98 have been compiled in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....

TAN SRI DATO' LIM KANG YEW
Director

....

LEE HUN KHENG
Director
Kuala Lumpur
Date: 29 July 2015

STATUTORY DECLARATION

I, **HEI KUM HONG**, being the officer primarily responsible for the financial management of **PLS PLANTATIONS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 27 to 97 and the supplementary information set out on page 98 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....

HEI KUM HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 July 2015.

Before me,

....

ZULKIFLA MOHD DAHLIM (W541)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PLS PLANTATIONS BERHAD
INCORPORATED IN MALAYSIA

Report on the Financial Statements

We have audited the financial statements of PLS Plantations Berhad, which comprise the statements of financial position as at 31st March 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 97.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lock Peng Kuan
No. 2819/10/16 (J)
Chartered Accountant

Kuala Lumpur
Date : 29 July 2015

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2015

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

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholder	%	No. of shareholdings	%
Less than 100	40	4.94	661	0.00
100 – 1,000	243	30.04	63,139	0.02
1001 – 10,000	283	34.98	1,501,800	0.46
10,001 – 100,000	168	20.77	4,819,100	1.47
100,001 – Less than 5% of issued shares	71	8.78	125,347,300	38.37
5% and above of issued shares	4	0.49	194,968,000	59.68
TOTAL	**809**	**100.00**	**326,700,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholdings	%
1. Iskandar Waterfront Holdings Sdn Bhd	76,500,000	23.42	-	-
2. Limbongan Resources Sdn Bhd	74,970,000	22.95	-	-
3. Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
4. Dato' Lim Kang Poh	22,323,000	6.83	-	-
5. Lee Hun Kheng	-	-	74,970,000	22.95
6. Lim Keng Guan	-	-	81,605,000	24.98
7. Tan Sri Dato' Lim Kang Hoo	-	-	76,500,000	23.42
8. Credence Resources Sdn Bhd	-	-	76,500,000	23.42
9. Kumpulan Prasarana Rakyat Johor Sdn Bhd	-	-	76,500,000	23.42
TOTAL	**209,968,000**	**64.27**		

DIRECTORS' SHAREHOLDINGS

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

ANALYSIS OF SHAREHOLDINGS
AS AT
31ST JULY 2015

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	Shareholdings	%
1.	Iskandar Waterfront Holdings Sdn Bhd	76,500,000	23.42
2.	Limbongan Resources Sdn Bhd	59,970,000	18.36
3.	Tan Sri Dato' Lim Kang Yew	36,175,000	11.07
4.	Dato' Lim Kang Poh	22,323,000	6.83
5.	Limbongan Resources Sdn Bhd	15,000,000	4.59
6.	Datuk Lim Keng Cheng	8,762,700	2.68
7.	RHB Nominees (Tempatan) Sdn Bhd *- Pledged securities account for Ngai Sok Fong*	7,623,300	2.33
8.	Lim Seong Hai Holdings Sdn Bhd	6,635,000	2.03
9.	CIMSEC Nominees (Tempatan) Sdn Bhd *- CIMB Bank for Mohamad Nor Bin Hamid*	3,938,200	1.21
10.	Khoo Nang Seng @ Khoo Nam Seng	3,886,000	1.19
11.	Yap Shing @ Yap Sue Kim	3,857,300	1.18
12.	Tan Wen Shiow	3,845,400	1.18
13.	Koh Hong Seng	3,708,500	1.14
14.	RHB Nominees (Tempatan) Sdn Bhd *- Pledged securities account for Tan Lai Leng*	3,597,200	1.10
15.	RHB Nominees (Tempatan) Sdn Bhd *- Pledged securities account for Gary Lee Seaton*	3,580,000	1.10
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd *- Pledged securities account for Wong Kim Leng*	3,405,000	1.04
17.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged securities account for Yap Kok Woon*	3,367,500	1.03
18.	Wong Chooi Lin	3,174,100	0.97
19.	Loh Yu San	2,873,900	0.88
20.	RHB Nominees (Tempatan) Sdn. Bhd. *- Pledged securities account for Yap Song Ming*	2,712,400	0.83
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd *- Pledged securities account for Cheong Meow Yen*	2,267,500	0.69
22.	Wong Khai Shiang	2,261,000	0.69
23.	Maybank Securities Nominees (Tempatan) Sdn Bhd *- Pledged securities account for Pang Piu Fong*	2,202,500	0.67
24.	Gary Lee Seaton	2,139,000	0.65
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Pledged securities account for Wong Khai Shiang*	1,687,100	0.52
26.	Lim Hoe	1,673,000	0.51
27.	Kencang Kuasa Sdn. Bhd.	1,666,000	0.51
28.	Amsec Nominees (Tempatan) Sdn.Bhd. *- Pledge Securities Account for Tan Leak Goh*	1,570,200	0.48
29.	Yong Huoy Ping	1,461,000	0.45
30.	Foo Suet Kum	1,424,500	0.44
TOTAL		**293,286,300**	**89.77**

LIST OF PROPERTIES
AS AT 31ST MARCH 2015

No	Location	Description /Existing Use	Area	Land tenure	Age of Building	Date of Acquisition / Revaluation	Cost / Revaluation RM'000	Net Book Value RM '000
1	H.S. (D) No. 9469, PT No. 7923, Mukim Batu Caves, Selangor Darul Ehsan.	4-Storey Shop/Head Office Building	226.00 sq. m (2,434 sq. ft)	Freehold	22 Years	31.03.1992	688	428
2	No. 21, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Vacant	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	14 Years	15.09.2000	158	112
3	No. 22, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Vacant	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	14 Years	15.09.2000	158	112
4	No. 21, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	14 Years	15.09.2000	155	110
5	No. 22, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Vacant	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	14 Years	15.09.2000	155	110
6	Plot 12, Jalan Simen 1, Kawasan Pelabuhan Johor, 81700 Pasir Gudang, Johor	Chipping Plant Factory	621,863 sq. ft	Leasehold 19 years expiring on 22 Mar 2023	10 Years	30.04.2004	16,805	8,193
7	No.G-12, No. 1-12, No. 2-12, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	8 Years	05.10.2006	928	819
8	No.G-13, No. 1-13, No.2-13, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	3-Storey Shop Office	3,360 sq. ft	Freehold	8 Years	05.10.2006	928	819

The group has not revalued all of its properties listed above. It is not the Group's policy to carry out regular valuations of its property, plant and equipment

PLS PLANTATIONS BERHAD
Company No. 160032-K

PROXY FORM

I/We____

of____

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

of____

or failing whom____

of____

or the Chairman of the meeting as my/our proxy on my/our behalf at the **Twenty-Eighth Annual General Meeting** of the Company to be held on **Tuesday, 29th day of September 2015** at **10.30 a.m.** at **Kiara Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur.**

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

ORDINARY RESOLUTIONS		FOR	AGAINST
1. Approval of Directors' Fees	[Resolution 1]		
2. Re-election of Directors :- a) Dato' Lim Kang Poh (Article 82)	[Resolution 2]		
b) Puan Norliza Binti Suleiman (Article 82)	[Resolution 3]		
3. Re-election of Encik Abd Razak Bin Mohd Yusoff (Article 89)	[Resolution 4]		
4. Re-appointment of Auditors	[Resolution 5]		
5. **ORDINARY RESOLUTION** Re-appointment of Dato Haji Ibrahim Bin Haji Keling [Section 129 (6)]	[Resolution 6]		
ORDINARY RESOLUTION Approval for Dato' Haji Ibrahim Bin Haji Keling to continue to act as an Independent Non-Executive Director	[Resolution 7]		
Approval for Encik Hisham Bin Mahmood to continue to act as an Independent Non-Executive Director	[Resolution 8]		
Approval for Miss Kang Hui Ling to continue to act as an Independent Non-Executive Director	[Resolution 9]		
ORDINARY RESOLUTION Authority to Issue Shares pursuant to Section 132D Of the Companies Act, 1965	[Resolution 10]		
ORDINARY RESOLUTION Proposed Renewal of Shareholders' Mandate and Additional Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	[Resolution 11]		

Dated this ____________ day of ____________ 2015

Number of shares held ____________

Signature of Shareholder (s)

Notes:
1. Only depositors whose names appear in the General Meeting Record of Depositors on 22 September 2015 shall be eligible to vote, speak and attend the Meeting.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
4. For an exempt authorised nominee as defined under the Securities Industry Central Depositories Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. To be valid, this proxy form, duly completed must be deposited at the Registered Office not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

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AFFIX
STAMP

THE COMPANY SECRETARIES
PLS PLANTATIONS BERHAD
(Company No. 160032-K)

Unit No. 9-01, Level 9,
Menara TSR
No. 12, Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

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PLS PLANTATIONS BERHAD
Company No. 160032-K

Unit 9-01, Level 9, Menara TSR,
No.12, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya, Selangor Darul Ehsan.
www.limbongan.com