ANNUAL REPORT 2016

PLS PLANTATIONS BERHAD

Company No. 160092-K

CONTENTS

NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Twenty-Ninth 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 **Wednesday, 21st September 2016 at 10.30 a.m.** for the following purposes:

AGENDA

1. To lay the Audited Financial Statements for the year ended 31 March 2016 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 2016. — **RESOLUTION 1**

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

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

4. To re-elect Tan Sri Dato' Lim Kang Yew who retires in accordance with Article 117 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**

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

6. **Re-Appointment of Director over Seventy (70) Years of Age**

   "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 and to hold office until the conclusion of the next Annual General Meeting." — **RESOLUTION 6**

7. **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 subject to the passing of Resolution 3, approval be and is hereby given for Encik Hisham Bin Mahmood who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company." — **RESOLUTION 8**

   "THAT 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**

8. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

   "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." — **RESOLUTION 10**

NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

9. **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 29 July 2016 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 earlier."

10. 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
29 July 2016

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors on 14 September 2016 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.

NOTICE OF TWENTY-NINTH ANNUAL GENERAL MEETING

Notes: (Cont'd)

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

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

EXPLANATORY NOTES ON SPECIAL BUSINESS

i. Resolution 6 - Re-Appointment of Director over Seventy (70) Years of Age

   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 29 September 2015 and which will lapse at the conclusion of the Twenty-Ninth 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 29 July 2016, 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 on an 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-Ninth Annual General Meeting.

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

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)
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)

CORPORATE INFORMATION

COMPANY SECRETARIES

Mr Lim Thiam Wah, ACIS
Ms Chua Hoon Ping, ACIS

AUDIT COMMITTEE

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

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

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

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

AUTHORISED & PAID-UP CAPITAL

Authorised RM200.0 million
Paid-up RM65.34 million

PRINCIPAL BANKERS

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

COMPANY WEBSITE

www.limbongan.com

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
(Main Market)
Sector : Plantation

Stock Name : PLS
Stock Code : 9695

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 2016.

INDUSTRIAL TRENDS AND DEVELOPMENT

The global economic recovery continued at a slower pace in the first quarter of 2016 owing to a modest expansion across the advanced economies as well as emerging market and developing economies.

The Malaysian economy expanded by 4.2% during the first quarter 2016 as compared to 4.5% in the previous quarter, supported by domestics demand. On the supply side, all sectors of the economy recorded a positive growth except the agriculture sector.

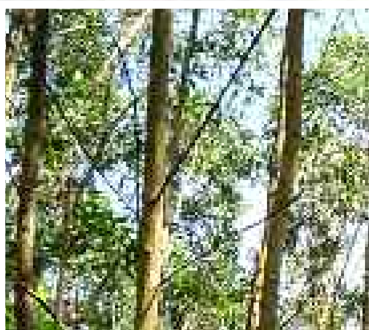
The construction sector expanded by 7.9% (Q4 2015: 7.4%) supported by higher engineering and specialised construction activities. The civil engineering subsector continued to post a double digit growth supported by construction activities in utility, transportation and petrochemical projects besides the specialised construction activities subsector were supported by earthworks and piling projects in Johor, Kuala Lumpur and Pahang. The residential subsector posted a growth of 4.9% (Q4 2015: 5.7%) aided by government initiatives on affordable housing as well as high-end housing projects particularly in Johor and Kuala Lumpur. The non-residential subsector grew at a slower pace partly due to the completion of health and education related projects. However, the agriculture sector declined by 3.8% (Q4 2015: 1.5%) due to lower output of crude palm oil, rubber and fish. With the commencement of projects under the 11th Malaysia Plan (11MP), development expenditure grew by 18.2% as compared to 12.4% in the previous year corresponding period. In terms of share of total development expenditure, the transport subsector recorded the largest spending followed by trade and industry and lastly, housing subsectors.

The Malaysian economy is expected to remain on its growth trajectory in the second quarter of 2016. On the demand side, private consumption is expected to record higher growth mainly driven by spending from the household sector, amid steady income growth from stable labour market conditions. Private investment is expected to remain firm supported by new projects and capacity expansion in the manufacturing and services sector as well as capital spending on infrastructure projects. On the supply side, growth will be supported by continued expansion in the services and construction sectors as well as recovery in the manufacturing sector.

(Source: Malaysian Economic Report 1st Quarter 2016)

FINANCIAL RESULTS AND OPERATION REVIEWS

For the financial year ended ("FYE") 31st March 2016, the Group registered lower revenue of RM34.4 million as compared to RM60.0 million in the previous year.




FINANCIAL RESULTS AND OPERATION REVIEWS (CONT'D)

As a result, the Group recorded a higher pre-tax loss of RM20.6 million as compared to RM1.6 million attained in financial year 2015.

The overall decrease in revenue and higher pre-tax loss as compared to the preceding year corresponding period were mainly due to lower revenue contributed from its construction arm while finalising the existing project. Notwithstanding higher operation cost incurred by both the Group's construction and plantation arms were also one of the contributing factor.

Our 70% owned subsidiary, Aramijaya Sdn Bhd ('Aramijaya') recorded a decline in revenue of RM33.8 million as compared to RM60.0 million and a pre-tax loss of RM24.0 million as compared to pre-tax profit of RM0.9 million in the previous financial year. The pre-tax loss 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 arises from the plantations revaluation.

Income from Fresh Fruit Bunches harvested increase to RM22.9 million from RM15.9 million, despite a fall in the average selling price for FFB by 4% to RM498 per MT from RM518 per MT, due to an increase in the FFB production by 51% to 51,618 metric tonnes MT from 34,272 metric tonnes MT as compared to the corresponding period in 2015.

FFB	FYE 2016	FYE 2015	Variance (%)
Production (MT)	51,618	34,272	51%
Income (RM'mil)	22.9	15.9	44%

The Group recorded a decrease in net asset per share attributable to equity holders of the holding company from RM1.32 per share in the previous financial year to RM1.26 per share in the current financial year.

CORPORATE DEVELOPMENT

The Company has not implemented any new corporate proposal during the financial year ended 31st March 2016. However, the Board will continue to look into means to improve on the current operations and seek other related business and investment opportunities to improve the Group's performance.

PROSPECT

Todate, the Group has completed planting its designated oil palm plantation but nevertheless still eyeing the possibility of increasing its plantation land bank to complement its existing operations. Meanwhile, the Group had 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 put in their efforts to tender for any new viable construction contracts and/or negotiated contracts opportunities arise from both the private and public sector, in line with the continuing implementation of projects under the 11MP initiated by the Government.

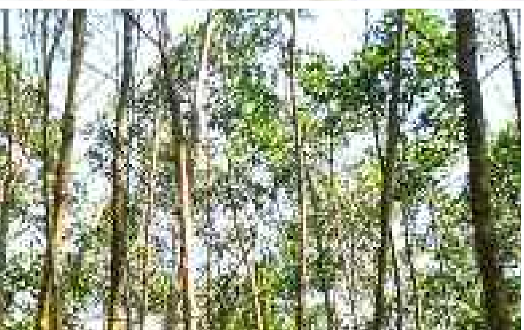
Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group's performance for the forthcoming financial year would be challenging. Nonetheless, the Group anticipates that as more young palms are moving towards maturity where improvement in FFB production in tandem with a better commodity prices for crude palm oil, more contribution towards the Group's revenue as a whole.

APPRECIATION

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

My sincere gratitude and appreciation to all our loyal shareholders, bankers, business associates, 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 59, 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 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 86 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 106 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 39, was appointed 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 gained commercial knowledge and marketing skills while providing machinery technical support and training to the end users. Besides, he is also actively involved in new business development such as establishing machinery product distributorship and after sales service contract with clients.

He then joined Aramijaya Sdn Bhd in 2003, a subsidiary of PLS Plantations Bhd ("PLS") as a Marketing Manager, responsible for the setting up of new accounts for timber products, both domestic and export market. On 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 an Executive Director and Chief Executive Officer of Aramijaya Sdn Bhd, positions that he currently hold. Mr Lee is also an Executive Director and Chief Executive Officer of Knusford Bhd and 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 52, 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 Berhad, 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 86 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 61, 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. 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. He is 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 86 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 Serumpun Abadi Sdn Bhd as disclosed on page 106 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 59, 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 86 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 106 of the Annual Report.

Puan Norliza Binti Suleiman

Non-Independent Non-Executive Director

Puan Norliza Binti Suleiman, a Malaysian and aged 51, was appointed to the Board on 28th May 2009. She is a Fellow member of the Chartered Association of Certified Accountant ("FCCA") and a member of the Malaysian Institute of Accountants.

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 86 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 78, 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 shareholder 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 57, 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 44, 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 29, 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 an Executive Director of Astral Asia Bhd, a position he held since 2013. He is also the General Manager of Tasja Development Sdn Bhd.

Mr Lim Guan Shiun is a 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 86 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

Introduction

The Board of Directors ("Board") of PLS Plantations Berhad 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 and other applicable laws, rules and regulations during the financial year ended 31 March 2016.

This statement was approved by the Board on 15 July 2016.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Board Responsibilities

The Board has overall responsibilities for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective direction for the Group and overseeing the business operations of the Group, evaluating whether they are properly managed.

The Group practices a division of clear responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented. The Non-Executive Directors fulfill a pivotal role in corporate governance accountability; providing unbiased and independent views, advice and evaluation of the strategies proposed by the executive members of the Board ensuring that the long term interests of all stakeholders, namely the company shareholders, employees, customers, business associates and the community as a whole, are always protected.

Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board had formalised and adopted a Board Charter, setting out, inter-alia, the roles of the Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board shall update the Charter as and when need arises to reflect changes to the Company's policies, procedures as well as to comply with latest regulations and legislations.

The full Charter is available on the Company's website at *www.limbongan.com* in line with the Recommendation 1.7 of the Code.

Code of Conduct

The Board recognises the importance of having in place a Code of Conduct, setting out the standards of conduct expected from Director and employees, to engender good corporate behaviour and has formalised such a Code, including uploading the same on the Company's website. Meanwhile, the Board Charter sets out provision for disclosure and conflict of interest to be observed by Directors. The Company's Terms and Conditions of Service for employees also include provisions on conduct, which highlight, amongst others, the need to refrain from accepting any forms of gifts or inducement from interested or potentially interested party.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is considered in the Group's corporate strategies.

Supply of And Access To Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

Supply of And Access To Information (Cont'd)

Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to give effect to Board decisions and deal with matters arising from such meetings, is observed. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board before a decision is made.

All Board members are supplied with full and timely access to information with Board papers circulated in advance of the meeting. Every Director has unhindered access to the advice and services of the Company Secretaries and members of Senior Management.

All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretaries and prior to the meeting of the Board. Board papers which include reports relevant to the issues of the meeting were circulated in a timely manner to all the Directors. These Board papers are issued prior to the meeting to enable Directors to have sufficient time to prepare for discussion and to obtain further explanations, where necessary in order to be properly briefed before the meeting.

Minutes of every Board meeting and decisions made by way of circular resolutions are duly minuted and properly maintained by the Company Secretaries.

Whenever necessary, Senior Management or external advisors are also invited to attend the Board and Board Committee meetings to explain matters within their competencies and provide clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision.

As the Group's quarterly results is one of the regular annual schedule of matters which is tabled to the Board for approval at the quarterly Board meetings, notices on the closed period for trading in PLS's securities are also circulated to Directors, key management personnel and principal officers who are deemed to be privy. This is to comply with the Main LR and the Capital Markets & Services Act 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which has not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly results up to the date of announcement. In the financial year ended 2016, none of the Directors dealt in PLS's securities during the closed period.

The Company has appointed two secretaries who are qualified to act as Company Secretaries under Section 139A of the Companies Act 1965 ("CA") for the Company. Both of them are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Code of PLS Group. In this respect, they play an advisory role to the Board, particularly with regard to the Company's constitution, Board policies, procedures and its compliance with regulatory requirements, codes, guidance and legislations. The Company Secretaries also support the Board in managing the Group Governance Model to ensure its relevance and effectiveness.

The Company Secretaries attends all board meetings and ensures that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept. The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in Code through attendance at relevant conferences and training programmes. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

The Board currently comprises of Nine (9) members, One (1) Managing Director, One (1) Executive Director, Four (4) Non-Independent Non-Executive Directors and Three (3) Independent Non-Executive Directors. The Company has also appointed One (1) Alternate Director. This composition fulfills the requirements as set out under MMLR of Bursa Malaysia, which stipulates that at least two (2) Directors or One-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on page 8 to 10 in this Annual Report. The Directors, with their different background and specializations, collectively bring with them a wide range of experience and expertise in areas such as plantations, public administration, property development, construction, quantity surveying, building and civil engineering, information systems, accounting and audit.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

The presence of the Independent Non-Executive Directors promotes objectivity and they have the competence necessary to advise the Board on its decisions. They provide an effective check and balance to the Board's decision making process. The Board's composition brings together an extensive group of experienced Directors from varied backgrounds and they bring with them a wide range of skills and experience in areas relevant to managing and directing the Group's operations. The Board is satisfied that the current Board's composition fairly protects the investment of the minority shareholders and represents a balanced mix of skills and experience to discharge the Board's duties and responsibilities. In addition, no individual director or group of directors dominates the Board's decision making.

The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders with concerns or queries relating to the Group to be communicated through the normal channels.

Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors who are as follows:

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

(ii) Encik Hisham Bin Mahmood – Independent Non-Executive Director (Member)

(iii) Miss Kang Hui Ling – Independent Non-Executive Director (Member)

During the financial year ended 31 March 2016, the Nomination Committee met once and the following activities were carried out by the Nomination Committee:

1. Reviewed the composition of the Board of Directors
2. Assessed the effectiveness of the Board and Board Committee
3. Assessed and evaluated the performance and contribution of each Director
4. Reviewed the profile of each Director
5. Reviewed the training needs of the Directors to ensure that they are acquainted with the latest development and changing environment in which the Company operates.

During the assessment, the Nomination Committee had reviewed and evaluate the performance of Tan Sri Dato' Lim Kang Hoo, Encik Hisham Bin Mahmood and Tan Sri Dato' Lim Kang Yew who are due for retire by rotation.

The Board had assessed Dato' Haji Ibrahim Bin Haji Keling, Encik Hisham Bin Mahmood and Miss Kang Hui Ling, who had serves as Independent Directors for a cumulative term of more than nine (9) years.

All the six (6) Directors i.e. Tan Sri Dato' Lim Kang Hoo, Encik Hisham Bin Mahmood, Tan Sri Dato' Lim Kang Yew, Dato' Haji Ibrahim Bin Haji Keling, Encik Hisham Bin Mahmood and Miss Kang Hui Ling had expressed their intention to seek re-elections and re-appointments at the 29th AGM.

The Board will be seeking shareholders' approval for the re-election of Tan Sri Dato' Lim Kang Hoo, Encik Hisham Bin Mahmood and Tan Sri Dato' Lim Kang Yew, re-appointment of Dato' Haji Ibrahim Bin Haji Keling and retention of Dato' Haji Ibrahim Bin Haji Keling, Encik Hisham Bin Mahmood and Miss Kang Hui Ling as Independent Directors, at the upcoming Annual General Meeting of the Company.

The Nomination Committee's Terms of Reference specifies the duties and functions of the Committee, which relate to the recruitment of directors and criteria used in their selection in terms of the appropriate balance of skills, expertise, attributes and core competencies and annual assessment. The Committee is responsible for reviewing candidates for appointment to the Board Committee and make appropriate recommendations thereon to the Board for approval. It is tasked with assessing the effectiveness of the Board and Board Committee and the performance of individual Directors in order to ensure that required mix of skills and experience are present of the Board.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

Nomination Committee (Cont'd)

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

The Nomination Committee also recognised the importance of having succession plan and will ensure that appropriate plans are in place, including new appointment and training to replace Board members and Senior Management of the Group. For this purpose, the factors considered by the Nomination Committee include the suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessment.

The assessment of the Board by an individual director is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process, succession planning and Board governance. The assessment criteria include contributions to interaction, role and duties, knowledge and integrity, governance and independence.

The Nomination Committee meets at least once a year and conducts an annual review of the required mix of skills, diversify and experience, professionalism and other qualities, commitment (including time commitment) to effectively discharge his/her role as a Director, Boardroom diversity including gender diversity and core competencies which Non-Executive Directors should bring to the Board and to assess, on annual basis, the effectiveness of the Board as a whole, the Committee of the Board and the contributions of each individual director.

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.

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

(i) A list of nominations for candidates proposed by the Executive Directors and the Nomination Committee will review the profile and short-list suitable candidates for consideration.

(ii) The profile of short-listed candidates will be circulated for consideration.

(iii) The Nomination Committee will then recommend the appointment to the Board.

(iv) The Board will make a decision to appoint the candidate.

New Directors are subject to retirement at the Annual General Meeting ("AGM"), following their 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 including the Managing Director 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 furnished in this Annual Report.

Remuneration Committee

The Remuneration Committee is entrusted with the role of determining and reviewing the performance of the Executive Directors and provide recommendations to the Board on specific adjustments in remuneration, including reward payments commensurate with the respective contributions of the Executive Directors for the year. None of the Executive Directors shall participated in any way in determining their individual remuneration.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

Remuneration Committee (Cont'd)

The Remuneration Committee comprises of the following Directors, a majority of whom are Independent Non-Executive Directors :

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

(ii) Encik Hisham Bin Mahmood – Independent Non-Executive Director (Member)

(iii) Miss Kang Hui Ling – Independent Non-Executive Director (Member)

(iv) Tan Sri Dato' Lim Kang Yew – Managing Director (Member)

The Board as a whole will determine the remuneration of Non-Executive directors with individual directors abstaining from decisions in respect of their individual remuneration. The level of remuneration reflects the level of experiences and responsibilities undertaken. Fees payable to the Company's Directors are subject to yearly approval by shareholders at the Company's AGM.

The policy practiced by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align their interest with those of the shareholders.

The Remuneration Committee meet at least once a year or more frequently as deemed necessary. During the financial year ended 31 March 2016, the Committee had one (1) meeting.

The aggregate remuneration of the Directors of the Board for the year ended 31 March 2016 is as follows:

(a) Total Remuneration

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	20,000	75,900	95,900
Salaries	979,209	-	979,209
Bonuses and allowances	250,000	18,000	268,000
Benefits-In-Kind	6,500	-	6,500
Total	1,255,709	93,900	1,349,609

(b) Directors' remuneration by bands

The number of Directors whose total remuneration falls within the following bands during the financial year ended 31 March 2016 is as follows:

Remuneration Band	Executive Directors	Non-Executive Directors	Total
Up to RM50,000	-	7	7
RM350,001 to RM400,000	1	-	1
RM850,001 to RM900,000	1	-	1
Total	2	7	9

The details of the individual Director's remuneration are not disclosed in this report as the Board considers the above disclosures satisfied the accountability and transparency aspects of the Code.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3: REINFORCE INDEPENDENCE

The appointment of the independent directors is to ensure that the Board includes directors who can effectively exercise their independent and objective judgment to Board deliberations and to mitigate risks arising from conflict of interest or undue influence from interested parties.

Criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his involvement in any significant transaction within the Group. In the case of Independent Directors, the provision of an annual declaration of independence is practised.

The Nomination Committee is specially tasked to assess the independence of Independent Directors upon admission, annually and when any new interest or directorship develops.

The Nomination Committee has assessed the independence of each present Independent Director and recommended that they continue to act as an Independent Non-Executive Directors of the Company on the following basis:

(I) They have no interest or ties in the Company that could adversely affect independent and objective judgment and place the interest of the Company above all other interests;

(II) They have met the criteria for independence set out in Chapter 1 of the MMLR; and they continue to be able to exercise independent judgment and to act in the best interest of the Company.

Following by this assessment, the Board is of the opinion that the Independent Directors continue to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and the Board Committee.

The Board is further of the view that the length of service of the Independent Directors on the Board do not in any way interfere with their independent judgment and ability to act in the best interest of the Group. Hence, based on the recommendation by the Nomination Committee, the Board recommends that the Independent Directors continue in their present positions.

Whilst the length of service is not regarded by the Board to entirely demonstrate the independence of the independent non-executive directors, the Board will justify and seek shareholders' approval in the event the Board intends to retain the Independent Director after serving a cumulative term of 9 years.

The Code 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.

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 ("MMLR") 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 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.

   Following the resignation of the previous Chairman, the Board is in the process of considering and approaching various nominees to ensure a suitable, Chairman is being appointed.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

All directors are expected to devote sufficient time to carry out their responsibilities and are required to notify the Board before accepting any new directorship.

The Board Charter has specify that any director shall notify the Chairman before accepting any new directorship and the notification shall include the indication of time that will be spent on the new appointment.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 – FOSTER COMMITMENT 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 2016. Details of the attendance of the Directors are as follows:

Members of the Board	Designation	Attendance
Tan Sri Dato' Lim Kang Yew	Managing Director	4/5
Mr Lee Hun Kheng	Executive Director	4/5
Encik Abd Razak Bin Mohd Yusoff	Non-Independent Non-Executive Director	4/5
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	5/5
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

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

Directors' Training – Continuing Education Programmes

Currently all Board members comply with paragraph 15.06 of the MMLR on the restriction of five (5) directorships in listed issuers.

The Board recognises the needs to attend trainings in order to enhance their skills and knowledge and keep abreast with the relevant change in laws, regulations and business environment so that they can discharge their duties effectively.

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

Members of the Board	Training Attended
Tan Sri Dato' Lim Kang Yew Dato' Lim Kang Poh Encik Abd Razak Bin Mohd Yusoff Puan Norliza Binti Suleiman Dato' Haji Ibrahim Bin Haji Keling Encik Hisham Bin Mahmood Mr Lee Hun Kheng Mr Lim Guan Shiun	2016 Tax Budget Briefing
Tan Sri Dato' Lim Kang Hoo	Driving Growth When The Markets Is Contracting Seminar
Miss Kang Hui Ling	Persidangan Cukai Malaysia 2016 GST Post-Implementation Issues Reviewing GST Returns, Summary Sheets and Performing Reconciliations Managing Tax Audits in Present Regime

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

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Audit Committee

The Audit Committee consists of four (4) Non-Executive Directors of which three (3) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director with two (2) of the Committee Members are members of the Malaysian Institute of Accountants. The Audit Committee assists the Board in reviewing information for disclosure purposes such as quarterly reports and financial statements to ensure that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards so as to offer a balanced and comprehensive assessment of the Group's financial position and prospects to the shareholders.

The Audit Committee is delegated the task of assessing whether the External Auditors are suitable for reappointment for the following financial year, of which competence and independence are key considerations. The details of responsibilities, composition, and terms of reference and activities of the Committee are outlined in this Annual Report under the Audit Committee's Report.

A Responsibility Statement by the Directors is set out on page 19 of this Annual Report.

The Audit Committee keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee ensures that the external auditors do not supply a substantial volume of non-audit services to the Company. The Audit Committee also ensures that the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by external auditors and ensures that it will not give rise to instances of conflict of interests.

Through the Audit Committee, the Board has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's auditors, both external and internal. The auditors have continued to meet with the Audit Committee at least 2 times in a year mainly to review the audit plan, the results of the audit and any other matters that requires the Audit Committee's attention. The Audit Committee Report is set out on page 26 to 28.

The external auditors have confirmed to Audit Committee that they are, and have been independent throughout the conduct of the audit engagement in accordance with independence criteria set out by the Malaysian Institute of Accountants since financial year ended in 2012. The external auditors are given access to books and records of the Group at all times.

PRINCIPLE 6: RECOGNISE AND MANAGE RISK

A Sound Framework to Manage Risk

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, beside ensuring the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis.

Internal Audit Function

The Company outsources the internal audit function as it is the most cost effective means of implementing an internal audit function. The internal auditors report directly to the Audit Committee.

The detail and review on the system of risk management and internal controls and internal audit function are set out under the Statement on Risk Management and Internal Control on page 22 to 25 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

All the information disseminated is in accordance with Bursa Malaysia disclosure rules and regulations and all other relevant laws and regulations. The Board has taken steps to ensure that no market sensitive information is disclosed to any party prior to making an official announcement to Bursa Securities.

The Board supports the use of information technology for the effective dissemination of information. The Group has established its corporate website at *www.limbongan.com.* which has served as a useful reference source of information to our shareholders, investment analysts, business partners and other stakeholders.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND ITS SHAREHOLDERS

Shareholder Participation at General Meeting

The Board presents the progress and performance of the Group to provide shareholders with the opportunity to seek clarification on the Group's businesses and financial performance during the Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM"). The Directors, Chairman of the Audit Committee, and External Auditors, if necessary will be available to response to the questions of shareholders during the AGM and EGM.

The shareholders are encouraged to attend the AGM and EGM as it serves as an important avenue for the shareholders to communicate with the members of the Board. The Chairman of the meeting 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.

While members of the media are not invited into the meeting hall, a media conference is held immediately after the meeting where the Chairman of the Meeting, Managing Director and Executive Director update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media. The results of all resolutions are presented to the audience and outcome of the AGM is announced on the same day via Bursa LINK.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal regulatory framework governing the release of material and price-sensitive information. As such, corporate disclosure will take into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information, such as financial performance results and statements, material disposals, material litigations as well as other significant corporate events.

Investor information of the Company and Annual Report can be accessed on the Company's website at *www.limbongan.com.*

Statement of Directors' Responsibility In Respect of The Financial Statements

The Group's financial statements have been drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act, 1965. The financial statements give a true and fair view of the state of the affairs of the end of the financial year, and of the profit and cash flows for the financial year.

In preparing the financial statements, the Directors are also responsible for:

- the adoption of suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- ensuring that all applicable financial reporting standards have been followed; and
- preparing financial statements on a going concern basis as the Director have reasonable expectations, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets and to prevent and detect fraud or other irregularities in the Group.

This statement was approved by the Board of Directors on 15 July 2016.

STATEMENT ON CORPORATE GOVERNANCE

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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 2016 to be disclosed in this Annual Report:

a. **Utilisation of Proceeds**

The Company has not implemented any corporate proposal during the financial year ended 31 March 2016.

b. **Share Buy-Back**

The Company did not make any share buy-back during the financial year ended 31 March 2016.

c. **Options, Warrants or Convertible Securities**

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

d. **Depository Receipt Programme**

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

e. **Sanctions/Penalties Imposed**

There were no sanctions/penalties imposed during the financial year.

f. **Non-Audit Fee**

There amount of non-audit fee incurred for services rendered to the Group by the External Auditor for the financial year ended 31 March 2016 amounted to RM3,000.00.

g. **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.

h. **Profit Guarantees**

There were no profit guarantees given by the Company during the financial year.

i. **Recurrent related party transactions**

At the 28th Annual General Meeting of the Company held on 29 September 2015, the Company had obtained shareholders' approval for the renewal and additional mandate to enter into recurrent related party transactions of revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business with related parties. The said mandate takes effect on 29 September 2015 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 21 September 2016. The details of the shareholders mandate to be sought are furnished in the Circular to shareholders dated 29 July 2016, accompanying this Annual Report.

The aggregate values of transactions conducted pursuant to the shareholders` mandate during the financial year ended 31 March 2016 are disclosed on page 86 of this Annual Report.

j. **Material Contracts**

There were no material contracts entered into by the Group and Company involving Directors' and major shareholders' interest during the financial year ended 31 March 2016.

STATEMENT ON CORPORATE GOVERNANCE

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

Additional Compliance Information (Cont'd)

In compliance with the Listing Requirements of Bursa Securities, the following are additional information in respect of the financial year ended 31 March 2016 to be disclosed in this Annual Report: (Cont'd)

k. Contracts Relating to Loans

There were no contracts relating to loans by the Company and its subsidiaries in respect of the preceding item.

l. Corporate Social Responsibilities

The Group has continuously participated in supporting the community projects by providing assistance in cash and in kind to local schools, community centres and places of worship.

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 ("ERM") Framework and clear governance structure 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 Board of Director ("BOD"), Senior Management and all staff of PLS Group play an important role in ensuring the effective management of risks. The Risk Management governance structure sets out the structure used to assign responsibility for managing risks and is based on the following key principles:-

i. Board of Directors – assumes ultimate accountability over the effectiveness of its risk management and internal control system by establishing and supervising the operation of the risk management framework;

ii. Risk Management Committee ("RMC")

   a. The review of the risk management and internal control reports and processes is delegated by the Board to Audit Committee ("AC").

   b. Ensure that there is a structured risk management framework in place;

   c. Review the status of implementation of the policies approved by the Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (CONT'D)

ii. Risk Management Committee ("RMC") (Cont'd)

d. Review the key profile of the organisation and ensures adequate allocation of resources, appropriate measurements are in place for managing the prioritised risks;

e. Communicate to the Board the changes to the Key Risk Profiles and the course of action to be taken by Senior Management and/or Line Management in managing these risks on periodic basis; and

f. Approve changes to Risk Profiles based on recommendation by Senior Management assisted by ERM Service Provider.

iii. Senior Management

a. Provide further input on identification, assessment, mitigation, monitoring and reporting of risks.

b. Moderate risk scoring based on group level.

c. Consider and recommend changes of risk profile to RMC assisted by ERM Service Provider.

iv. Line Management

a. The responsibility of risk identification and management of each operating unit lies with the respective Line Management, with the assistance of ERM Service Provider. Any significant risks identified with the corresponding risk management activities are communicated to Senior Management during periodic management meetings before the results are being communicated to the Board.

b. Involvement in identification, assessment, mitigation, monitoring and reporting of risks that are appropriate to the needs of the organisation.

c. Implement and manage various controls identified.

v. Internal Audit

a. Review risk management activities adopted to ensure implementation and effectiveness.

The ERM process adopted is as follows:-

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 and carry out the function according to International Standards for the Professional Practice of Internal Auditing.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTIONS (CONT'D)

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 Enterprise Risk Management Framework, 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 regards to the specific findings and recommendations. The Management as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. The Audit Committee presents its findings regularly to the Board.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system that are regularly reviewed by the Board 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 Senior Management headed by the Managing Director reviews and monitors the achievements of the Group's performance and reports to the Board.

B. Financial Limits and Approving Authority

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

C. Policies, Procedures and Guidelines

Tendering, Human Resource & Administrative, Treasury and Account, Oil Palm Management, Occupational Safety & Health, Sales & Collection and Procurement policies, procedures and guidelines are implemented throughout the group.

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 26 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

The other key elements of the Group's internal control system that are regularly reviewed by the Board are described below: (Cont'd)

F. Assurances

The Board has received reasonable assurance from the Managing Director, Executive Director, Accountant and Accounts Manager that, to the best of their knowledge and belief, 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.

Nonetheless, the Board wishes to reiterate that risk management and internal control system should be continuously improved in line with the progressing business development. It should also be noted that risk management and internal control system is only designed to manage and rather than eliminate risks of failure to achieve business objectives. Therefore, it can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

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 2016 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 / Member of the Malaysian Institute of Accountants)

TERMS OF REFERENCE

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

1. Size and Composition

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

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

The Chairman shall be an Independent Non-Executive Director elected by the members of the Committee.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

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

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

2. Meetings

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

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

3. Authority

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

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE (CONT'D)

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

   In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, the terms of reference of the Audit Committee is made available at the Company's website: *http://www.limbongan.com*

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee meets on quarterly basis with additional meetings held as and when necessary. A total of five (5) meetings were held during the financial year ended 31 March 2016. The representatives of External Auditors and Internal Auditors, the Company Secretaries and the Head of Group Finance were invited to meetings during deliberations, which required their input and advice.

During the financial year ended 31 March 2016, the activities of the Audit Committee covered, among others, the following:

1. Financial Reporting

   a. Reviewed financial statements including unaudited 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.

AUDIT COMMITTEE REPORT

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

During the financial year ended 31 March 2016, the activities of the Audit Committee covered, among others, the following: (Cont'd)

2. Internal Audit

a. Reviewed the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit.
b. Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings and the Management's response thereto.
c. Reviewed the updated risk profile of the Group and the adequacy and integrity of the internal control systems to manage these risks.
d. Reviewed the performance of the internal audit function and effectiveness of the internal auditor; and
e. Reviewed the compliance of procedures for Shareholders' Mandate for Recurrent Related Party Transactions.

3. Other

a. Reviewed the proposed shareholders' circular on Recurrent Related Party Transactions entered by the Group.
b. Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control prior to the recommendation of their adoption to the Board and inclusion in the Annual Report.

ATTENDANCE AT MEETINGS

During the financial year ended 31 March 2016, 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

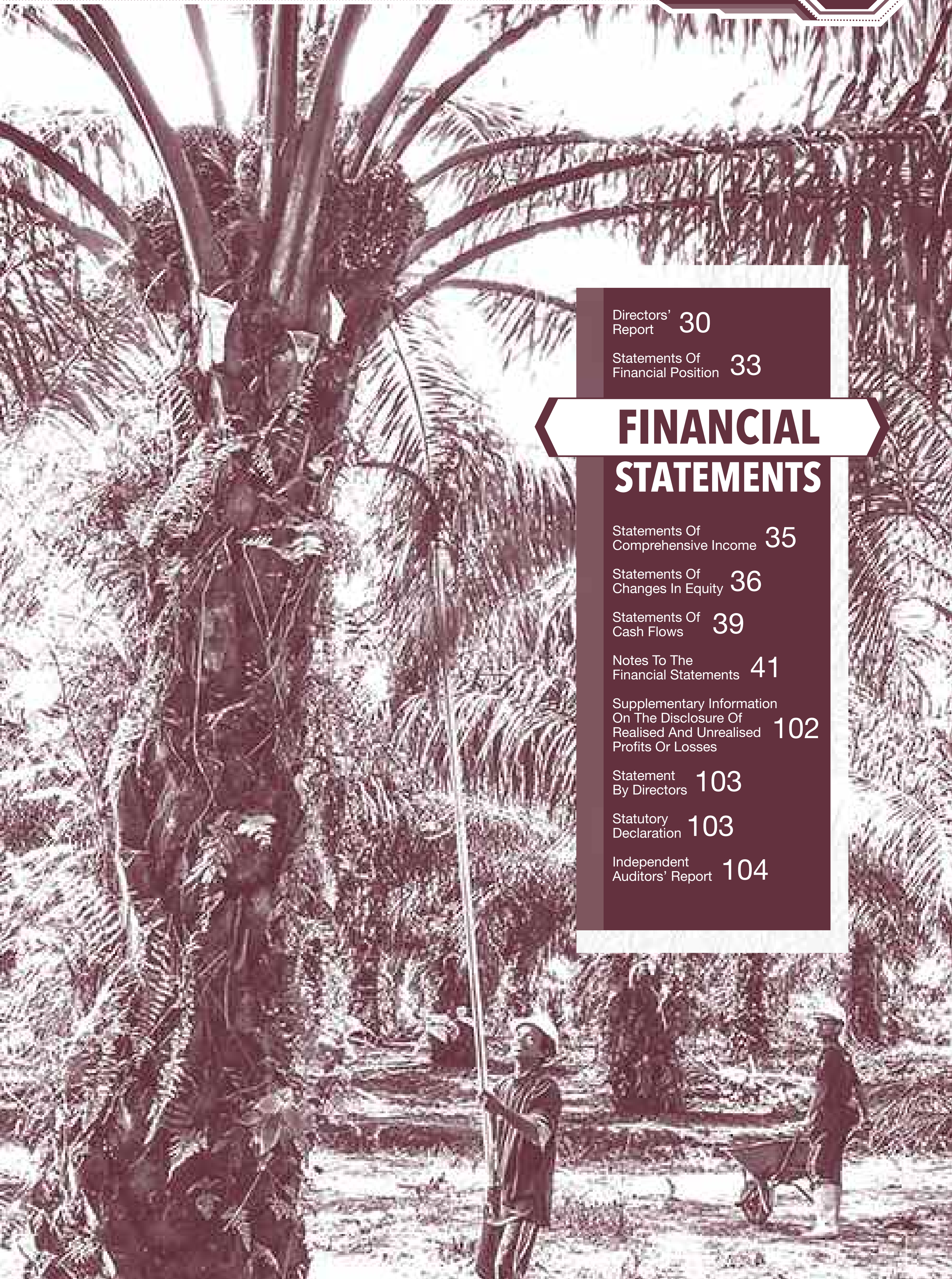
INTERNAL AUDIT FUNCTION

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 and carry out the function according to International Standards for the Professional Practice of Internal Auditing, which had been approved by the Audit Committee. Internal audits were carried out 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 subcontractors/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

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 2016.

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 11 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	(19,405)	5,442
Attributable to:-		
Owners of the Company	(12,578)	5,442
Non-controlling interests	(6,827)	-
	(19,405)	5,442

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31st March 2016.

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 that 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 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 including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which 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 method 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 or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group or of the Company that has arisen since the end of the financial year, other than those as disclosed in Note 35 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 or of the Company to meet their 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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

Other than as disclosed in the financial statements, 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, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office since the date of the last report and the date of this 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)*
Abd Razak Bin Mohd Yusoff

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 2016 are as follows:-

	Number of ordinary shares of RM0.20 each			
	At 1.4.2015	Additions	Disposals	At 31.3.2016
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				
Tan Sri Dato' Lim Kang Hoo	76,500,000	-	-	76,500,000
Lee Hun Kheng	74,970,000	-	-	74,970,000

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Tan Sri Dato' Lim Kang Yew, Dato' Lim Kang Poh, Tan Sri Dato' Lim Kang Hoo and Lee Hun Kheng are deemed to have an interest in the ordinary shares of the subsidiaries during the financial year to the extent that PLS Plantations Berhad has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary 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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 30 to 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 where the object is 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.

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

....

TAN SRI DATO' LIM KANG YEW
Director

....

LEE HUN KHENG
Director

Kuala Lumpur
Date: 15 July 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 (restated)	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	124,733	116,782	995	1,631
Investment properties	6	431	443	431	443
Forest plantation project	7	29,710	29,885	-	-
Plantation development expenditure	8	616,243	637,345	-	-
Prepaid lease payments	9	3,999	4,592	-	-
Intangible assets	10	1,223	1,223	-	-
Investment in subsidiaries	11	-	-	35,600	35,600
Performance deposits	12	50,000	50,000	-	-
Amount due from a subsidiary	13	-	-	54,754	50,412
Total non-current assets		826,339	840,270	91,780	88,086
Current assets					
Inventories	14	1,441	4,148	-	-
Trade and other receivables	15	6,224	17,742	1,523	3,835
Amount due from a subsidiary	13	-	-	14,878	9,968
Tax recoverable		1,183	1,183	1,152	1,152
Fixed deposits placed with licensed banks	16	14,909	18,643	13,289	17,024
Cash and bank balances		1,862	5,182	1,621	2,305
		25,619	46,898	32,463	34,284
Assets classified as held for sale	17	-	2,126	-	2,126
Total current assets		25,619	49,024	32,463	36,410
TOTAL ASSETS		851,958	889,294	124,243	124,496

STATEMENTS OF FINANCIAL POSITION
AS AT 31ST MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000 (restated)	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	65,340	65,340	65,340	65,340
Reserves	19	346,176	366,192	53,663	47,440
Reserve of assets classified as held for sale	17	-	781	-	781
Non-controlling interests		145,179	155,528	-	-
TOTAL EQUITY		556,695	587,841	119,003	113,561
Non-current liabilities					
Amount due to Johor State Government	20	4,792	9,265	-	-
Borrowings	21	92,189	81,209	-	-
Deferred tax liabilities	22	143,066	147,975	19	22
Total non-current liabilities		240,047	238,449	19	22
Current liabilities					
Amount due to customers for contract works	23	15,401	11,141	-	-
Trade and other payables	24	25,116	37,714	1,923	2,577
Amount due to a subsidiary	25	-	-	3,298	8,090
Amount due to Johor State Government	20	4,472	4,472	-	-
Borrowings	21	10,227	9,431	-	-
		55,216	62,758	5,221	10,667
Liabilities directly associated with assets classified as held for sale	17	-	246	-	246
Total current liabilities		55,216	63,004	5,221	10,913
TOTAL LIABILITIES		295,263	301,453	5,240	10,935
TOTAL EQUITY AND LIABILITIES		851,958	889,294	124,243	124,496

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	26	34,414	59,973	2,296	-
Cost of sales	27	(48,004)	(52,624)	(173)	(397)
Gross (loss)/profit		(13,590)	7,349	2,123	(397)
Interest income		630	990	4,874	5,330
Other income		6,090	2,272	4,378	451
Administrative expenses		(5,720)	(5,644)	(1,878)	(1,944)
Finance costs	28	(3,836)	(2,553)	(27)	(29)
Other expenses		(4,188)	(4,063)	(4,038)	(3,414)
(Loss)/profit before taxation	29	(20,614)	(1,649)	5,432	(3)
Taxation	31	1,209	(2,330)	10	710
Net (loss)/profit for the financial year		(19,405)	(3,979)	5,442	707
Other comprehensive (expense)/ income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		8,037	987	-	-
Revaluation of plantation development expenditure		(19,778)	21,398	-	-
		(11,741)	22,385	-	-
Total comprehensive (expense)/ income for the financial year		(31,146)	18,406	5,442	707
Net (loss)/profit for the financial year attributable to:-					
Owners of the Company		(12,578)	(3,649)	5,442	707
Non-controlling interests		(6,827)	(330)	-	-
		(19,405)	(3,979)	5,442	707
Total comprehensive (expense)/ income for the financial year attributable to:-					
Owners of the Company		(20,797)	12,021	5,442	707
Non-controlling interests		(10,349)	6,385	-	-
		(31,146)	18,406	5,442	707
Losses per share (sen)	32				
- Basic		(3.85)	(1.12)	-	-
- Diluted		(3.85)	(1.12)	-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

	Attributable to Owners of the Company						
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Assets Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Reserve of disposal assets classified as held for sale RM'000	Non-Controlling Interests RM'000	Total RM'000
Group							
At 1st April 2014	65,340	4,621	290,206	60,125	-	134,503	554,795
Transactions with owners							
Issuance of ordinary shares and redeemable convertible preference shares	-	-	-	-	-	14,640	14,640
Reserve attributable to disposal assets classified as held for sale (Note 17)	-	-	(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 2016

	← Attributable to Owners of the Company →						
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Assets Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Reserve of disposal assets classified as held for sale RM'000	Non-Controlling Interests RM'000	Total RM'000
Group (Cont'd)							
At 1st April 2015	65,340	4,621	305,095	56,476	781	155,528	587,841
Transactions with owners							
Realisation of reserve attributable to disposal assets classified as held for sale (Note 17)	-	-	-	781	(781)	-	-
Revaluation of property, plant and equipment	-	-	7,403	-	-	3,173	10,576
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	-	(1,777)	-	-	(762)	(2,539)
	-	-	5,626	-	-	2,411	8,037
Revaluation of plantation development expenditure	-	-	(18,217)	-	-	(7,807)	(26,024)
Deferred taxation liabilities on revaluation surplus of plantation development expenditure	-	-	4,372	-	-	1,874	6,246
	-	-	(13,845)	-	-	(5,933)	(19,778)
Total other comprehensive expense for the financial year	-	-	(8,219)	-	-	(3,522)	(11,741)
Net loss for the financial year	-	-	-	(12,578)	-	(6,827)	(19,405)
Total comprehensive expense for the financial year	-	-	(8,219)	(12,578)	-	(10,349)	(31,146)
At 31st March 2016	65,340	4,621	296,876	44,679	-	145,179	556,695

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

	← Attributable to Owners of the Company →				Reserve of disposal assets classified as held for sale	
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Assets Revaluation Reserve RM'000	Distributable Retained Profits RM'000	RM'000	Total RM'000
Company						
At 1st April 2014	65,340	4,621	781	42,112	-	112,854
Reserve attributable to disposal assets classified as held for sale (Note 17)	-	-	(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
Realisation of reserve attributable to disposal assets classified as held for sale (Note 17)	-	-	-	781	(781)	-
Net profit for the financial year/Total comprehensive income for the financial year	-	-	-	5,442	-	5,442
At 31st March 2016	65,340	4,621	-	49,042	-	119,003

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-				
(Loss)/profit before tax	(20,614)	(1,649)	5,432	(3)
Adjustments for:-				
Amortisation of prepaid lease payments	593	592	-	-
Amortisation of forest plantation project	175	130	-	-
Amortisation of deferred interests	1,284	1,285	-	-
Amortisation of plantation development expenditure	15,296	11,816	-	-
Bad debt written off	3	11	3	-
Depreciation of property, plant and equipment	3,195	3,027	214	209
Depreciation of investment property	12	12	12	12
Gain on disposal of property, plant and equipment	(4,075)	(174)	(4,075)	(174)
Gain on disposal of assets held for sale	(294)	-	(294)	-
Impairment loss on plantation development expenditure	686	-	-	-
Impairment loss on trade receivables	135	-	-	-
Interest expense	2,525	1,239	-	-
Interest income	(630)	(990)	(4,873)	(5,330)
Interest expense from effect of discounting on retention sum	27	29	27	29
Property, plant & equipment written off	5	4	5	-
Write-back of impairment loss on trade receivables	(3)	(4)	-	-
Write-down of inventories to net realisable value	74	505	-	-
	(1,606)	15,833	(3,549)	(5,257)
Changes in Working Capital:-				
Inventories	2,633	925	-	-
Trade and other receivables	11,331	5,380	2,282	3,682
Trade and other payables	(12,331)	838	(412)	(583)
Amount due from contract customers	4,260	(2,880)	-	-
Cash generated from operations	4,287	20,096	(1,679)	(2,158)
Tax paid	(239)	(1,441)	(239)	(1,429)
Net Operating Cash Flows	4,048	18,655	(1,918)	(3,587)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Interest received	630	990	625	5,330
Proceeds from disposal of property, plant and equipment	4,500	176	4,500	176
Proceeds from disposal of assets held for sale	2,718	-	2,178	-
Acquisition of property, plant and equipment *	(357)	(2,785)	(8)	(1,236)
Additions to plantation development expenditure **	(16,158)	(19,757)	-	-
Net advances to subsidiaries	-	-	(9,796)	(27,108)
Net Investing Cash Flows	(9,207)	(21,376)	(2,501)	(22,838)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Increase in pledged deposits placed with licensed banks	(5)	(570)	(5)	(4)
Interest paid	(102)	(4,421)	-	-
Proceeds from drawdown of term loan	17,818	20,000	-	-
Repayments of finance lease liabilities	(541)	(527)	-	-
Repayment of term loan	(13,313)	(8,389)	-	-
Repayment to Johor State Government	(5,757)	(5,757)	-	-
Repayment to related party	-	(27,010)	-	-
Net Financing Cash Flows	(1,900)	(26,674)	(5)	(4)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,059)	(29,395)	(4,424)	(26,429)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	22,072	51,467	19,195	45,624
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15,013	22,072	14,771	19,195
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Fixed deposits placed with licensed banks	14,909	18,643	13,289	17,024
Cash and bank balances	1,862	5,182	1,621	2,305
	16,771	23,825	14,910	19,329
Less: Fixed deposits held as security value (Note 16)	(1,758)	(1,753)	(139)	(134)
	15,013	22,072	14,771	19,195

* *During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,428,000/- (2015: RM3,083,000/-) and RM8,000/- (2015: RM1,236,000/-) respectively, of which RM1,071,000/- (2015: RM297,000/-) and RM Nil (2015: 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 RM20,904,000/- (2015: RM23,788,000/-), of which RM428,000/- (2015: RM402,000/-) and RM4,317,000/- (2015: RM3,629,000/-) was depreciation of property, plant and equipment and interest capitalised.*

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is principally engaged in the undertaking of civil engineering and construction works. The principal activities of the subsidiaries are as stated in Note 11 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 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 July 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

<u>Amendments/improvements to FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosure of Interest in Other Entities	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 138	Intangible Assets	1 January 2016

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

FRS 9 Financial Instruments

Key requirements of FRS 9:-

- 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.

  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 statements 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 statements of financial position.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Cont'd)

FRS 9 Financial Instruments (Cont'd)

Key requirements of FRS 9:- (Cont'd)

- 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 5 Non-Current Assets Held for Sale and Discontinued Operations

Amendments to FRS 5 introduce specific guidance on 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.

Amendments to FRS 7 Financial Instruments: Disclosures

Amendments to FRS 7 provide 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 101 Presentation of Financial Statements

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

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to FRS 116 Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Cont'd)

Amendments to FRS 127 Separate Financial Statements

Amendments to FRS 127 allow 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 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:-

- when 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 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, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

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

- Exemption from presenting consolidated financial statements: the amendments clarify 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 clarify 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 allow 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.

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 2018. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Cont'd)

MASB Approved Accounting Standards, MFRSs (Cont'd)

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 ending 31st March 2019. 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.

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:-

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) 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.

MFRS 141 Agriculture

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

The Group is currently assessing the impact of the adoption of this standard.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.3 New FRS and amendments/improvements to FRSs that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture (Cont'd)

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 is currently assessing the impact of the adoption of this standard.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Use of estimates and judgement

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 reporting 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 that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

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

(i) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Basis of Consolidation (Cont'd)

(i) Subsidiaries and business combination (Cont'd)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7.

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

Transaction costs, 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.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously been recognised in other comprehensive income are reclassified to profit or loss or transferred to retained earnings where such treatment would be appropriate if that interest were disposed of directly.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or an available-for-sale financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Basis of Consolidation (Cont'd)

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

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(iii) 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.

3.2 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.

3.3 Property, plant and equipment and depreciation

(i) Recognition and measurement

Property, plant and equipment (other than leasehold lands) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.3 Property, plant and equipment and depreciation (Cont'd)

(i) Recognition and measurement (Cont'd)

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 3.14(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 90 to 92 years
Buildings	50 years
Plant and machinery	5 to 20 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.

3.4 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.4 Leased assets (Cont'd)

(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.

3.5 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. 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 3.14(ii) to the financial statements.

3.6 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 3.14(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

3.7 Intangible assets

Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses in accordance with Note 3.14(iii).

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.8 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 3.14(ii) to the financial statements.

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 an indefinite useful life.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains or losses arising from derecognition of the asset is recognised in the profit or loss.

(ii) Determination of fair value

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

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

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

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

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

3.9 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.

3.10 Financial instruments

(i) Financial assets

Initial recognition

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

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

Subsequent measurement

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

<u>Financial assets at fair value through profit or loss</u>

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.

<u>Loans and receivables</u>

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.

<u>Held-to-maturity financial assets</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.10 Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

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.

Subsequent measurement

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.10 Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

Subsequent measurement (Cont'd)

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

Financial liabilities at fair value through profit or loss (Cont'd)

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.

3.11 Construction contracts

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

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

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

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.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.13 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 to the financial statements.

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.

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, plantation development expenditure 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.13 Fair value measurement (Cont'd)

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.

3.14 Impairment

(i) Financial assets

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

Loans and receivables

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

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

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

(ii) Non-financial assets other than goodwill

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.14 Impairment (Cont'd)

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

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.

3.15 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.

<u>Contingent liabilities</u>

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.

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.17 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 over 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.

(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.

3.18 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.19 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.

3.20 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.

3.21 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.

3.22 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.

3.23 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.

NOTES TO THE FINANCIAL STATEMENTS

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

3.24 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:-

4.1 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.

4.2 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.

4.3 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

When value-in-use calculations are undertaken, the directors must estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Based on the impairment assessment at the reporting date, the directors are of the opinion that there is no indication of impairment to these assets other than those as disclosed in the financial statements.

4.4 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.

4.5 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.

4.6 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 2016 was RM35,600,002/- (2015: RM35,600,002/-).

4.7 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 RM145,222,000/- (2015: RM141,481,000/-) and RM59,797,000/- (2015: RM57,674,000/-). Any difference in the estimation of total contract revenue and cost will impact the results of the Group and the Company.

4.8 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.

NOTES TO THE FINANCIAL STATEMENTS

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

4.9 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 5 and Note 8 to the financial statements.

4.10 Leases

In applying the classification of leases in FRS 117, the 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.*

5. PROPERTY, PLANT AND EQUIPMENT

Group	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	Renovation RM'000	At Valuation Leasehold Land RM'000	Total RM'000
	At Cost									
2016										
Cost or valuation										
At 1st April 2015	98	6,857	29,543	1,561	5,265	1,788	5,301	786	95,329	146,528
Additions	-	96	957	37	268	67	-	3	-	1,428
Revaluation surplus	-	-	-	-	-	-	-	-	10,576	10,576
Disposals/Written off	(98)	(590)	-	(513)	(69)	(87)	-	-	-	(1,357)
Reclassification	-	-	-	(19)	-	43	-	(24)	-	-
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	(1,046)	(1,046)
At 31st March 2016	-	6,363	30,500	1,066	5,464	1,811	5,301	765	104,859	156,129
Accumulated Depreciation and Impairment Loss										
At 1st April 2015	-	684	21,282	1,191	3,398	1,466	1,699	26	-	29,746
Depreciation for the financial year	-	129	1,473	111	578	59	159	68	1,046	3,623
Disposals/Written off	-	(263)	-	(508)	(69)	(87)	-	-	-	(927)
Reclassification	-	-	-	(19)	-	19	-	-	-	-
Elimination of accumulated depreciation on revaluation	-	-	-	-	-	-	-	-	(1,046)	(1,046)
At 31st March 2016	-	550	22,755	775	3,907	1,457	1,858	94	-	31,396
Net Book Value as at 31st March 2016	-	5,813	7,745	291	1,557	354	3,443	671	104,859	124,733

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

Group (Cont'd)	At Cost 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	At Valuation 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 17)	-	-	-	-	-	-	-	-	-	(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 17)	-	-	-	-	-	-	-	-	-	(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

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

Company	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	Total RM'000
	At Cost							
2016								
Cost or valuation								
At 1st April 2015	98	590	898	707	1,455	207	412	4,367
Additions	-	-	-	5	-	-	3	8
Disposals/ Written off	(98)	(590)	-	(513)	(36)	(87)	-	(1,324)
Reclassification	-	-	-	(19)	-	19	-	-
At 31st March 2016	-	-	898	180	1,419	139	415	3,051
Accumulated Depreciation								
At 1st April 2015	-	261	898	552	914	99	12	2,736
Depreciation for the financial year	-	3	-	15	124	11	61	214
Disposals/ Written off	-	(264)	-	(507)	(36)	(87)	-	(894)
Reclassification	-	-	-	(19)	-	19	-	-
At 31st March 2016	-	-	898	41	1,002	42	73	2,056
Net Book Value as at 31st March 2016	-	-	-	139	417	97	342	995

NOTES TO THE FINANCIAL STATEMENTS

5. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company (Cont'd)	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 17)	-	-	-	-	-	-	-	(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 17)	-	-	-	-	-	-	-	(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

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Assets under finance leases

The net carrying amount of property, plant and equipment held under finance lease arrangements are as follows:-

	Group 2016 RM'000	Group 2015 RM'000
Motor vehicles	515	492
Plant and machinery	1,377	878
	1,892	1,370

(b) Capitalisation of depreciation

Depreciation expense amounted to RM428,000/- (2015: RM402,000/-) were capitalised under plantation development expenditure during the financial year as stated in Note 8 to the financial statements.

(c) 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 comparison method that was carried out on 31st March 2016.

The fair value hierarchy disclosure for leasehold lands are disclosed in Note 38 to the financial statements.

During the financial year, a revaluation surplus of RM10,576,000/- was recognised, representing an increase in fair value of leasehold land (Note 19 to the financial statements).

Had the revalued leasehold lands been carried at historical cost less accumulated depreciation, the net carrying amount of the leasehold lands that would been included in the financial statements of the Group is as follows:-

	Group 2016 RM'000	Group 2015 RM'000
Leasehold lands as at 31st March		
- Cost	2,695	2,695
- Accumulated amortisation	(239)	(212)
- Net carrying amount		
	2,456	2,483

(d) Assets pledged as security

Leasehold lands with net carrying amount of RM104,859,000/- (2015: RM95,329,000/-) have been pledged as security to secure term loans of the Group as disclosed in Note 21(b) to the financial statements.

(e) Lease period for leasehold lands

Leasehold lands consisting of lands with net carrying amount of RM104,859,000/- which have a lease period of more than 50 years.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT PROPERTIES

	Leasehold buildings unexpired period more than 50 years Group and Company	
	2016 RM'000	2015 RM'000
Cost		
At 1st April/31st March	626	626
Accumulated depreciation		
At 1st April	183	171
Depreciation for the financial year	12	12
At 31st March	195	183
Net carrying amount as at 31st March	431	443
Fair value as at 31st March	660	660

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

	Group and Company	
	2016 RM'000	2015 RM'000
Rental income	7	14
Direct operating expenses:		
- income-generating investment properties	(1)	(2)

(b) The fair value of the investment properties are determined by using comparison method.

The fair value hierarchy disclosure for investment properties are disclosed in Note 38 to the financial statements.

7. FOREST PLANTATION PROJECT

	Group	
	2016 RM'000	2015 RM'000
Cost		
At 1st April/31st March	35,429	35,429
Accumulated amortisation		
At 1st April	5,544	5,414
Amortisation for the financial year	175	130
At 31st March	5,719	5,544
Net carrying amount at 31st March	29,710	29,885

NOTES TO THE FINANCIAL STATEMENTS

8. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2016 RM'000	2015 RM'000
Cost		
At 1st April	637,441	599,432
Additions	20,904	23,788
Revaluation (deficit)/surplus	(26,024)	28,155
Elimination of accumulated amortisation on revaluation	(15,184)	(13,934)
At 31st March	617,137	637,441
Accumulated amortisation and impairment loss		
At 1st April	96	2,214
Amortisation for the financial year	15,296	11,816
Elimination of accumulated amortisation on revaluation	(15,184)	(13,934)
Impairment loss recognised in profit or loss	686	-
At 31st March	894	96
Net carrying amount at 31st March	616,243	637,345

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

(b) The fair value hierarchy disclosure for plantation development expenditure are disclosed in Note 38 to the financial statements.

(c) Had the plantation development expenditure been stated at historical cost, the net carrying amount would have been RM191,140,000/- (2015: RM168,230,000/-).

(d) During the financial year, a revaluation deficit of RM26,024,000/- was recognised representing the decrease in fair value of plantation development expenditure (Note 19 to the financial statements). The decrease is mainly due to exclusion of river buffer zone after the land measurement exercise being completed during the financial year.

The recoverable amount of RM624,710,000/- as at 31st March 2016 was based on its value-in-use and was determined at the level of its cash generating unit. In determining the value-in-use for the cash generating unit, the cash flows were discounted at a rate of 8 - 9.5% on a pre-tax basis.

(e) During the financial year, an impairment loss of RM686,000/- was recognised in profit or loss under cost of sales, representing the impairment of Acacia replanting expenditure compared to its recoverable amount as a result of replanting expenditure capitalised is higher than the recoverable amount as at 31st March 2016. The recoverable amount of RM12,622,000/- as at 31st March 2016 was based on its value-in-use and was determined at the level of cash generating unit. In determining the value-in-use for the cash generating unit, the cash flows were discounted at a rate of 8%.

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

	Group	
	2016 RM'000	2015 RM'000
Depreciation (Note 5)	428	402
Interest expense	4,317	3,629
Staff costs	5,009	4,803
	9,754	8,834

NOTES TO THE FINANCIAL STATEMENTS

8. 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 20 to the financial statements).

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 a 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 RM107,817,000/- (2015: RM90,000,000/-) has been drawndown.

9. PREPAID LEASE PAYMENTS

	Unexpired period less than 50 years Group	
	2016 RM'000	**2015 RM'000**
Cost		
At 1st April	11,504	11,504
Accumulated amortisation		
At 1st April	6,912	6,320
Amortisation during the financial year	593	592
At 31st March	7,505	6,912
Net carrying amount as at 31st March	3,999	4,592

10. INTANGIBLE ASSETS – GOODWILL

	Group	
	2016 RM'000	**2015 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

NOTES TO THE FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS – GOODWILL (CONT'D)

Impairment testing for goodwill

The cash generating unit is derived from oil palm and acacia plantation.

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 42 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.
- A pre-tax discount rate of 8% (2015: 8%) used for acacia operation and 8 – 9.50% (2015: 8 – 9.50%) 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) of information.

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost		
At 1st April	35,600	1,440
Addition during the financial year	-	34,160
At 31st March	35,600	35,600

Details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	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.

12. PERFORMANCE DEPOSITS

Pursuant to the terms of the Privatisation Agreement dated 4th December 2002 (refer to Note 8 to the financial statements), 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

12. PERFORMANCE DEPOSITS (CONT'D)

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 RM5.0 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.

13. AMOUNT DUE FROM A SUBSIDIARY

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

	Company	
	2016 RM'000	2015 RM'000
Non-current	54,754	50,412
Current	14,878	9,968
	69,632	60,380

In the financial year ended 31st March 2010, the Company disbursed RM50 million to Aramijaya Sdn. Bhd. ("Aramijaya"). The said advances bear interest at rate of 4.5% per annum for the first three years and 7% per annum thereafter with fixed term of repayment.

14. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Pallets	23	9
Sawn timbers	120	94
Consumables	661	924
	804	1,027
At net realisable value		
Woodchips	555	3,019
Particle board	82	102
	637	3,121
	1,441	4,148

The amount of inventories recognised as an expense in the cost of sales of the Group in the financial year 31st March 2016 was RM5,096,000/- (2015: RM4,027,000/-).

During the financial year, the woodchips of the Group was written down to the net realisable value by RM74,000/- (2015: RM504,717/-).

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade receivables				
Trade receivables	4,389	6,863	1,303	3,548
Amount due from related parties	1,309	9,540	-	-
	5,698	16,403	1,303	3,548
Less: Allowance for impairment	(581)	(446)	-	-
Trade receivables, net	5,117	15,957	1,303	3,548
Other receivables				
Sundry receivables	686	1,001	15	3
Deposits	426	464	205	215
Prepayments	67	395	-	69
	1,179	1,860	220	287
Less: Allowance for impairment	(72)	(75)	-	-
Other receivables, net	1,107	1,785	220	287
Total trade and other receivables	6,224	17,742	1,523	3,835

(a) Trade receivables

The Group's and the Company's normal credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group are advances made to sub-contractors amounting to RM98,000/- (2015: RM400,333/-), which are unsecured and interest-free.

(b) Ageing analysis of trade receivables

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Neither past due nor impaired	2,918	6,452	-	-
Past due but not impaired				
1 to 30 days past due but not impaired	108	248	-	-
31 to 60 days past due but not impaired	447	305	-	-
61 to 90 days past due but not impaired	70	220	-	-
91 to 120 days past due but not impaired	9	280	-	-
More than 121 days past due but not impaired	1,565	8,452	1,303	3,548
	2,199	9,505	1,303	3,548
Impaired	581	446	-	-
	5,698	16,403	1,303	3,548

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Ageing analysis of trade receivables (Cont'd)

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's and the Company's trade receivables that are neither past due nor impaired have been negotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM2,199,000/- (2015: RM9,505,000/-) and RM1,303,000/- (2015: RM3,548,000/-) 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	
	2016 RM'000	2015 RM'000
At 1st April	446	450
Addition during the financial year	135	-
Write-back during the financial year	-	(4)
At 31st March	581	446

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 33 to the financial statements.

16. FIXED DEPOSITS PLACED WITH LICENSED BANKS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits pledged to licensed banks for credit facilities granted to the Group/Company	1,758	1,753	139	134

The fixed deposits of the Group and of the Company earn interest at rates ranging from 3.15% to 3.65% (2015: 3.15% to 3.60%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

17. ASSETS CLASSIFIED AS HELD FOR SALE

	Group and Company	
	2016 RM'000	2015 RM'000
At 1st April	2,126	-
Reclassified from property, plant and equipment (Note 5)	-	2,126
Disposal	(2,126)	-
At 31st March	-	2,126
Liabilities directly associated with assets classified as held for sale:-		
Deferred tax liabilities (Note 22)	-	246
Reserve:-		
Asset revaluation reserve (Note 19)	-	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/-.

The sale of leasehold lands and buildings were completed during the financial year.

18. SHARE CAPITAL

	Group and Company			
	2016 Number of Shares Unit'000	2015 Number of Shares Unit'000	2016 Amount RM'000	2015 Amount RM'000
Ordinary shares of RM0.20 each				
Authorised:-				
At 1st April/31st March	1,000,000	1,000,000	200,000	200,000
Issued and fully paid:-				
At 1st April/31st March	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

19. 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 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 17)	-	(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
Realisation of reserve attributable to disposal assets classified as held for sale (Note 17)	-	-	781	(781)	-
Net loss for the financial year	-	-	(12,578)	-	(12,578)
Other comprehensive expense:-					
Revaluation of property, plant and equipment	-	7,403	-	-	7,403
Deferred taxation liabilities on revaluation surplus of property, plant and equipment	-	(1,777)	-	-	(1,777)
Reversal of revaluation reserve of plantation development expenditure	-	(18,217)	-	-	(18,217)
Deferred taxation liabilities on reversal of revaluation reserve of plantation development expenditure	-	4,372	-	-	4,372
Total other comprehensive expense for the financial year	-	(8,219)	-	-	(8,219)
At 31st March 2016	4,621	296,876	44,679	-	346,176

NOTES TO THE FINANCIAL STATEMENTS

19. RESERVES (CONT'D)

The movement in reserves of the Group and of the Company at the reporting date is as follows:- (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 2014	4,621	781	42,112	-	47,514
Reserve attributable to disposal assets classified as held for sale (Note 17)	-	(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
Realisation of reserve attributable to disposal assets classified as held for sale (Note 17)	-	-	781	(781)	-
Net profit for the financial year/total comprehensive income for the financial year	-	-	5,442	-	5,442
At 31st March 2016	4,621	-	49,042	-	53,663

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.

A net revaluation deficit of RM15,448,000/- was recognised during the financial year ended 31 March 2016; a revaluation surplus of RM10,576,000/- was recognised, representing an increase in fair value of leasehold land in property, plant and equipment (Note 55 to the financial statements) and a revaluation deficit of RM26,024,000/- was recognised, representing the decrease in fair value of plantation development expenditure (Note 8 to the financial statements).

The market value and fair value changes recognised as at 31st March 2016 and 31st March 2015 are shown below:-

	Market value as at 31.03.2016 RM'000	Fair value changes recognised as at 31.03.2016, net of tax RM'000
Revaluation of leasehold lands	104,859	55,687
Revaluation of plantation development expenditure	624,710	241,189
	729,569	296,876

	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	50,061
Revaluation of plantation development expenditure	643,872	255,034
	739,200	305,095

NOTES TO THE FINANCIAL STATEMENTS

20. AMOUNT DUE TO JOHOR STATE GOVERNMENT

	Group	
	2016 RM'000	2015 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 five years	5,758	11,515
	11,515	17,272
Less: Deferred interests	(2,251)	(3,535)
	9,264	13,737
Represented by:-		
Current		
- not later than one year	4,472	4,472
Non-current		
- later than one year but not later than five years	4,792	9,265
	9,264	13,737

Deferred interests represent the difference between the privatisation consideration of RM62,270,000/- (2015: RM62,270,000/-) and the present value of forest plantation project of RM35,429,000/- (2015: RM35,429,000/-) and plantation development expenditure of RM7,450,000/- (2015: RM7,450,000/-) (Note 8 to the financial statements).

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	
	2016 RM'000	2015 RM'000
Deferred interests		
At 1st April	3,535	4,820
Amortisation during the financial year	(1,284)	(1,285)
At 31st March	2,251	3,535

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 8 to the financial statements). 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

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

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

	2016 RM'000	2015 RM'000
Total privatisation consideration payable	62,270	62,270
Less: Cumulative instalments paid	(50,755)	(44,998)
	11,515	17,272

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 eighth instalments amounting to RM5,757,000/- each have been paid.

21. BORROWINGS

	Group	
	2016 RM'000	2015 RM'000
Non-current		
Finance lease liabilities	1,217	843
Term loan	90,972	80,366
	92,189	81,209
Current		
Finance lease liabilities	601	445
Term loan	9,626	8,986
	10,227	9,431
Total borrowings	102,416	90,640

(a) Finance lease liabilities

	Group	
	2016 RM'000	2015 RM'000
Minimum finance lease payment:-		
- not later than one year	698	512
- later than one year but not later than five years	1,325	905
	2,023	1,417
Less: Future finance charges	(205)	(129)
	1,818	1,288
Represented by:-		
Current		
- not later than one year	601	445
Non-current		
- later than one year but not later than five years	1,217	843
	1,818	1,288

NOTES TO THE FINANCIAL STATEMENTS

21. BORROWINGS (CONT'D)

(a) Finance lease liabilities (Cont'd)

Finance lease liabilities of the Group are subject to a fixed interest rates ranging from 2.43% to 3.82% (2015: 2.43% to 3.84%) per annum.

(b) Term loan

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

	Group 2016 RM'000	Group 2015 RM'000
Non-current		
- later than one year but not later than five years	53,010	56,972
- later than five years	37,962	23,394
	90,972	80,366
Current		
- not later than one year	9,626	8,986
	9,626	8,986
	100,598	89,352

The term loan is subject to a fixed interest rates ranging from 3.00% to 7.15% (2015: 3.00% to 7.15%) 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 5 and Note 8 to the financial statements.

22. DEFERRED TAX LIABILITIES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
At 1st April	(147,975)	(138,102)	(22)	(257)
Recognised in profit or loss	1,202	(3,051)	3	(11)
Recognised in equity	3,707	(7,068)	-	-
Reclassified as held for sale	-	246	-	246
At 31st March	(143,066)	(147,975)	(19)	(22)
Presented after appropriate offsetting:-				
- Deferred tax assets	26,502	21,876	-	-
- Deferred tax liabilities	(169,568)	(169,851)	(19)	(22)
	(143,066)	(147,975)	(19)	(22)

NOTES TO THE FINANCIAL STATEMENTS

22. DEFERRED TAX LIABILITIES (CON'D)

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

	At 1st April 2014 RM'000	Recognised in profit or loss RM'000	Recognised in equity RM'000	Reclassified as held for sale RM'000	At 31st March 2015 RM'000	Recognised in profit or loss RM'000	Recognised in equity RM'000	At 31st March 2016 RM'000
Group								
Deferred tax liabilities								
Property, plant and equipment	(256)	(12)	-	246	(22)	3	-	(19)
Plantation development expenditure	(25,493)	(5,312)	-	-	(30,805)	(4,037)	-	(34,842)
Forest plantation project	(3,111)	(1,043)	-	-	(4,154)	(2,413)	-	(6,567)
Revaluation reserve	(130,085)	2,283	(7,068)	-	(134,870)	3,023	3,707	(128,140)
	(158,945)	(4,084)	(7,068)	246	(169,851)	(3,424)	3,707	(169,568)
Deferred tax assets								
Tax losses carry-forwards	16,070	1,361	-	-	17,431	4,786	-	22,217
Unabsorbed capital allowances	4,666	(1,145)	-	-	3,521	396	-	3,917
Other deductible temporary differences	106	818	-	-	924	(556)	-	368
	20,842	1,034	-	-	21,876	4,626	-	26,502
	(138,103)	(3,050)	(7,068)	246	(147,975)	1,202	3,707	(143,066)
Company								
Deferred tax liabilities								
Property, plant and equipment	(256)	(12)	-	246	(22)	3	-	(19)

NOTES TO THE FINANCIAL STATEMENTS

23. AMOUNT DUE TO CUSTOMERS FOR CONTRACT WORKS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Aggregate construction costs incurred to date	305,022	305,164	128,788	130,326
Add: Attributable profits	145,222	141,481	59,797	57,674
	450,244	446,645	188,585	188,000
Less: Progress billings	(465,645)	(457,786)	(188,585)	(188,000)
Net amount due to contract customers	(15,401)	(11,141)	-	-
Presented as follows:-				
Amount due to customers for contract works	(15,401)	(11,141)	-	-
Construction costs recognised as contract expenses during the financial year	550	13,497	173	397
Construction revenue recognised as contract revenue during the financial year	3,600	37,126	2,296	-

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Trade payables	12,620	22,025	1,270	1,531
Retention sums payable	5,339	5,546	313	336
Amount due to related parties	649	1,062	-	-
	18,608	28,633	1,583	1,867
Other payables				
Other payables	780	852	-	-
Deposits	2,638	3,252	1	244
Accruals	3,090	4,977	339	466
	6,508	9,081	340	710
Total trade and other payables	25,116	37,714	1,923	2,577

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2015: 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 RM2,093,000/- (2015: RM2,692,000/-) which represents deposits in relation to logging contracts during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES (CONT'D)

(d) Accruals

Included in accruals is an amount of RM2,971,000/- (2015: RM3,581,614/-) which represents accrual made for sub-contractors cost at the reporting date.

25. AMOUNT DUE TO A SUBSIDIARY

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

26. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Construction income	3,600	37,126	2,296	-
Sales of timber products	7,931	6,943	-	-
Sales of fresh fruit brunches	22,883	15,904	-	-
	34,414	59,973	2,296	-

27. COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Contract costs recognised as expense				
- current year	603	13,497	173	397
- over accrual in prior year	(1,711)	-	-	-
Cost of goods sold	49,112	39,127	-	-
	48,004	52,624	173	397

28. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amortisation of deferred interests	1,284	1,285	-	-
Hire purchase interests	50	40	-	-
Term loan interests	2,475	1,199	-	-
Interest expense from effect of discounting on retention sums	27	29	27	29
	3,836	2,553	27	29

NOTES TO THE FINANCIAL STATEMENTS

29. (LOSS)/PROFIT BEFORE TAXATION

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging:-				
Amortisation of deferred interests	1,284	1,285	-	-
Amortisation of forest plantation project	175	130	-	-
Amortisation of plantation development expenditure	15,296	11,816	-	-
Amortisation of prepaid lease payments	593	592	-	-
Auditor remuneration				
- Audit services				
- current year	77	77	44	44
- prior year	(1)	-	-	-
Bad debts written off	3	11	3	-
Depreciation of property, plant and equipment	3,195	3,027	214	209
Depreciation of investment property	12	12	12	12
Finance costs (exclude amortisation of deferred interest) (Note 28)	2,552	1,268	27	29
Impairment loss on plantation development expenditure	686	-	-	-
Impairment loss on trade receivable	135	-	-	-
Property, plant and equipment written off	5	4	5	-
Personnel expenses (including key management personnel)				
- Contributions to EPF	687	627	250	234
- Wages, salaries and others	9,627	8,766	2,538	2,542
Rental of plant and machinery	165	222	-	-
Rental of premises	401	395	360	272
Rental of motor vehicles	5	15	-	-
Write-down of inventories to net realisable value	74	505	-	-
After crediting:-				
Gain on disposal of property, plant and equipment	4,075	174	4,075	174
Gain on disposal of assets classified as held for sale	294	-	294	-
Realised gain on foreign exchange	2	-	-	-
Rental income from hire of				
- Motor vehicles	12	22	-	-
- Plant and machinery	103	624	-	-
- Others	84	111	2	-
Rental income from investment properties	7	14	7	14
Interest income arising from:				
- Amount due from a subsidiary	-	-	4,248	4,342
- Deposits with licensed banks	630	990	625	988
Write-back of impairment loss on trade and other receivables	3	4	-	-

30. KEY MANAGEMENT PERSONNEL COMPENSATION

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

30. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors:-				
- Fees				
- current year	96	85	96	85
- prior year	8	-	8	-
- Remuneration	1,349	1,372	848	848
- Other short term employee benefits (including estimated monetary value of benefits- in-kind)	7	7	-	-
Total short term employee benefits	1,460	1,464	952	933

31. TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax				
- current year	(239)	-	(239)	-
- prior years	-	721	-	721
	(239)	721	(239)	721
Deferred taxation				
- current year	3,831	(1,677)	249	(11)
- prior years	(2,383)	(1,374)	-	-
	1,448	(3,051)	249	(11)
	1,209	(2,330)	10	710

The income tax rate is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the fiscal year. The computation of deferred tax as at 31st March 2016 has been reflected with these changes.

A reconciliation of income tax expense applicable to (loss)/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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/profit before taxation	(20,614)	(1,649)	5,432	(3)
Tax at applicable tax rate of 24% (2015: 25%)	4,947	412	(1,358)	1
Tax effects arising from:-				
- Non-deductible expenses	(3,086)	(1,566)	(452)	(1,118)
- Non-taxable income	2,313	463	2,400	1,106
- Deferred tax assets not recognised	(343)	(1,055)	(327)	-
- Deferred tax recognised at differential tax rates	-	69	(14)	-
- Real property gain tax	(239)	-	(239)	-
- (Under)/over accrual in prior years	(2,383)	(653)	-	721
Tax expense for the financial year	1,209	(2,330)	10	710

NOTES TO THE FINANCIAL STATEMENTS

32. LOSSES PER SHARE

Basic

Basic losses per ordinary share is calculated by dividing the net loss 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	
	2016	**2015**
Net loss for the financial year (RM'000)	(12,578)	(3,649)
Weighted average number of ordinary shares ('000)	326,700	326,700
Basic earnings per share for the financial year (sen)	(3.85)	(1.12)

Diluted

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

33. 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.

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., Knusford Marketing Sdn. Bhd., Segi Gemilang Sdn. Bhd., Radiant Seas Sdn. Bhd., Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn Bhd),* and D-Hill Sdn. Bhd., and WCM Machinery 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 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 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 Norliza Binti Suleiman.

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions

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

Type of transactions	Related party	2016 RM'000	2015 RM'000
Group			
Sales	Danga Bay Sdn. Bhd.	-	(4)
	Knusford Equipment Sdn. Bhd.	-	(1)
	Rampai Fokus Sdn. Bhd.	(16)	(41)
	Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn. Bhd.)*	-	(4)
Secondment fee payable	Knusford Equipment Sdn. Bhd.	-	36
	Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn. Bhd.)*	-	13
	Radiant Seas Sdn. Bhd.	5	8
	Ekovest Construction Sdn. Bhd.	-	3
Sub-contractor fee receivable	Danga Bay Sdn. Bhd.	(11)	(6)
	D-Hill Sdn. Bhd.	(68)	(79)
	Ekovest Construction Sdn. Bhd.	(722)	(419)
	Rampai Fokus Sdn. Bhd.	(2)	(7)
	Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn. Bhd.)*	(7)	(16)
	Knusford Equipment Sdn. Bhd.	(91)	(65)
Purchases	Knusford Marketing Sdn. Bhd.	1,591	2,042
	Danga Bay Sdn. Bhd.	6	36
	Knusford Equipment Sdn. Bhd.	1	8
	Ekovest Berhad	-	60
Construction income	KPRJ Builders Sdn. Bhd.	(133)	(794)
	Pembinaan KS Tebrau Sdn. Bhd.	(2,881)	(36,332)
Sand discharge income	Radiant Seas Sdn. Bhd.	(397)	(1,100)
Other income - Admin Charges	Radiant Seas Sdn. Bhd.	-	(1)
Rental of plant and machinery payable	Knusford Equipment Sdn. Bhd.	84	104
	Radiant Seas Sdn. Bhd.	102	-
	Ekovest Berhad	139	95
	WCM Machinery Sdn. Bhd.	22	-
Rental of plant and machinery receivables	Knusford Equipment Sdn. Bhd.	(201)	(58)
	Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn. Bhd.)*	-	(21)
	Radiant Seas Sdn. Bhd.	-	(540)
Rental of motor vehicle payable	D-Hill Sdn. Bhd.	-	8
	Ekovest Berhad	-	-
	Ekovest Construction Sdn. Bhd.	-	1
	Danga Bay Sdn. Bhd.	2	2
Rental of motor vehicle receivable	Radiant Seas Sdn. Bhd.	-	(10)
	Knusford Equipment Sdn. Bhd.	(2)	-
Rental of premises payable	Iskandar Waterfront Sdn. Bhd.	4	-
	Limboangan Setia Corporation Sdn. Bhd.	108	108

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (Cont'd)

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

Type of transactions	Related party	2016 RM'000	2015 RM'000
Group			
Rental of premises receivable	Iskandar Waterfront Sdn. Bhd.	-	(22)
	Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn. Bhd.)*	-	(42)
	Radiant Seas Sdn. Bhd.	-	(10)
Rental of Premise Payable, Car Parking & Maintenance Charge	Uni-Magna Sdn. Bhd.	307	180
Repair and service of plant and machinery payable	Knusford Equipment Sdn. Bhd.	1	-
Company			
Interest income receivable	Aramijaya Sdn. Bhd.	(4,248)	(4,342)
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.	(1,711)	-
Rental of Premise Payable, Car Parking, & Maintenance Charge	Uni-Magna Sdn. Bhd.	307	180
Rental of premises receivables	Knusford Construction Sdn. Bhd. *(formerly known as Segi Tiara Sdn. Bhd.)*	-	(7)

Balances with related parties are disclosed in Note 15, and Note 24 to the financial statements.

34. SEGMENTAL INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment.

(a) General information

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

(b) Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D)

(b) Measurement of reportable segments (Cont'd)

Segment profit or loss is profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Inter-segment pricing is determined on a negotiated basis.

(i) 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.

(ii) 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	
REVENUE	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**Note**	**2016 RM'000**	**2015 RM'000**
Segment revenue	3,600	37,126	30,814	22,847	-	-		34,414	59,973
Segment result	2,023	(5,443)	(19,662)	5,357	231	-		(17,408)	(86)
Results from operating activities	2,023	(5,443)	(19,662)	5,357	231	-		(17,408)	(86)
Interest income	4,874	5,330	4	1	(4,248)	(4,341)		630	990
Finance costs	(27)	(29)	(5,998)	(4,440)	2,189	1,916		(3,836)	(2,553)
Loss before taxation	6,870	(142)	(25,656)	918	(1,828)	(2,425)	A	(20,614)	(1,649)
Taxation	(390)	710	1,630	(2,018)	(31)	(1,022)		1,209	(2,330)
Net loss for the financial year	6,480	568	(24,026)	(1,100)	(1,859)	(3,447)		(19,405)	(3,979)
Segment assets	128,686	133,639	845,785	871,879	(122,513)	(116,224)	B	851,958	889,294
Total assets	128,686	133,639	845,785	871,879	(122,513)	(116,224)		851,958	889,294
Segment liabilities	23,708	18,415	346,397	353,451	(74,842)	(70,413)	C	295,263	301,453
Total liabilities	23,708	18,415	346,397	353,451	(74,842)	(70,413)		295,263	301,453

NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D)

(b) Measurement of reportable segments (Cont'd)

(ii) Geographical segments (Cont'd)

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

Business segments (Cont'd)

	Construction		Plantation		Elimination			Consolidated	
REVENUE	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**Note**	**2016 RM'000**	**2015 RM'000**
Capital expenditure	8	2,010	24,382	27,286	(2,059)	(2,425)		22,331	26,871
Depreciation of property, plant and equipment	369	286	2,826	2,741	-	-		3,195	3,027
Depreciation of investment properties	12	12	-	-	-	-		12	12
Amortisation of deferred interests	-	-	1,284	1,285	-	-		1,284	1,285
Amortisation of forest plantation project	-	-	175	130	-	-		175	130
Amortisation of prepaid lease payments	-	-	593	592	-	-		593	592
Amortisation of plantation development expenditure	-	-	15,296	11,816	-	-		15,296	11,816
Non-cash expenses other than depreciation and amortisation	(4,361)	346	760	-	-	-	D	(3,601)	346

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

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

	2016 RM'000	**2015 RM'000**
Inter-segment transactions	(1,828)	(2,452)

NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D)

(b) Measurement of reportable segments (Cont'd)

(ii) Geographical segments (Cont'd)

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

	2016 RM'000	2015 RM'000
Goodwill	1,223	1,223
Investment in subsidiaries	(35,600)	(35,600)
Inter-segment assets	(88,136)	(81,847)
	(122,513)	(116,224)

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

	2016 RM'000	2015 RM'000
Deferred tax liabilities	(1,912)	(1,942)
Inter-segment transactions	(72,930)	(68,471)
	(74,842)	(70,413)

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

	Note	2016 RM'000	2015 RM'000
Bad debts written off		3	11
Gain on disposal of property, plant and equipment	5	(4,075)	(174)
Gain on disposal of assets held for sale	17	(294)	-
Impairment loss on plantation development expenditure	8	686	-
Property, plant and equipment written off	5	5	4
Written-down of inventories to net realisable value	14	74	505
		(3,601)	346

35. CORPORATE AND FINANCIAL GUARANTEES

	Company 2016 RM'000	Company 2015 RM'000
Contingent liabilities		
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	208	347
Financial guarantees		
Financial guarantee to Johor State Government in respect of payment by a subsidiary	11,515	17,272
Financial guarantee to third party in respect of a term loan facility held by a subsidiary	98,517	101,654
	119,640	128,673

NOTES TO THE FINANCIAL STATEMENTS

36. 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 the latest practicable date, the arbitration hearing was directed to file the submission and replies in April and May 2016 respectively. The plaintiff was directed to update the Court once the Tribunal has given a decision date. In the meantime, there are no further case management dates fixed.

(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. The Court of Appeal had fixed the hearing date of the said matter on 1st October 2015. As at latest practicable date, after hearing submissions from both Counsels on the hearing date, the Court of Appeal dismissed UFC's Appeal with costs and upheld the UFC's preliminary objection against the filing of the Cross Appeal. Hence, the Court dismissed the Cross Appeal.

37. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework. The Group's 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's 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's and the Company's exposure to market risk are kept at a minimum level, the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(i) Credit risk (Cont'd)

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

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

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

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

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade and other receivables (excluding prepayments)	6,157	17,347	1,523	3,766
Amount due from a subsidiary	-	-	69,632	60,380
Fixed deposits placed with licensed banks	14,909	18,643	13,289	17,024
Cash and bank balances	1,862	5,182	1,621	2,305
	22,928	41,172	86,065	83,475
Financial guarantee	-	-	110,032	118,926
	22,928	41,172	196,097	202,401

Financial assets that are neither past due nor impaired

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

(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's 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.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(ii) Interest rate risk (Cont'd)

Profile

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

Group	2016 Average Effective Interest Rate %	2016 Carrying amount RM'000	2015 Average Effective Interest Rate %	2015 Carrying amount RM'000
Fixed rate instruments				
Fixed deposits placed with licensed banks	3.40	14,909	3.38	18,643
Finance lease liabilities	5.48	1,818	6.49	1,288
Term loan	5.08	100,598	5.08	89,352
Company				
Fixed rate instruments				
Fixed deposits placed with licensed banks	3.42	13,289	3.38	17,024
Amount due from a subsidiary	7.00	69,632	7.00	60,380

Interest rate sensitivity analysis for fixed rate instruments

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

(iii) Liquidity 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:-

2016	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Group						
Amount due to Johor State Government	9,264	11,515	5,757	5,758	-	11,515
Finance lease liabilities	1,818	2,023	698	1,325	-	2,023
Term loan	100,598	142,157	16,394	67,406	58,357	142,157
Trade and other payables	25,116	25,116	25,116	-	-	25,116
	136,796	180,811	47,965	74,489	58,357	180,811

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management and objectives (Cont'd)

(iii) Liquidity risk (Cont'd)

The analysis of financial instruments by remaining contractual maturities is as follows:- (Cont'd)

2016	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Company						
Trade and other payables	1,923	1,923	1,923	-	-	1,923
Amount due to a subsidiary	3,298	3,298	3,298	-	-	3,298
Financial guarantees	-	110,032	110,032	-	-	110,032
	5,221	115,253	115,253	-	-	115,253

2015	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one year 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	11,515	-	17,272
Finance lease liabilities	1,288	1,417	512	905	-	1,417
Term loan	89,352	153,437	12,637	69,024	71,776	153,437
Trade and other payables	37,714	37,714	37,714	-	-	37,714
	142,091	209,840	56,620	81,444	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
Financial guarantees	-	118,926	118,926	-	-	118,926
	10,667	129,593	129,593	-	-	129,593

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

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

(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:-

2016	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)	15	5,731	-	5,731
Fixed deposits placed with licensed banks	16	14,909	-	14,909
Cash and bank balances		1,862	-	1,862
		22,502	-	22,502
Financial liabilities				
Trade and other payables	24	-	25,116	25,116
Amount due to Johor State Government	20	-	9,264	9,264
Finance lease liabilities	21(a)	-	1,818	1,818
Term loan	21(b)	-	100,598	100,598
		-	136,796	136,796

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 deposits and prepayments)	15	16,883	-	16,883
Fixed deposits placed with licensed banks	16	18,643	-	18,643
Cash and bank balances		5,182	-	5,182
		40,708	-	40,708
Financial liabilities				
Trade and other payables	24	-	37,714	37,714
Amount due to Johor State Government	20	-	13,737	13,737
Finance lease liabilities	21(a)	-	1,288	1,288
Term loan	21(b)	-	89,352	89,352
		-	142,091	142,091

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments classifications (Cont'd)

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

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:- (Cont'd)

2016	Note	Loans and receivables RM'000	Other financial liabilities RM'000	Total carrying amount RM'000
Company				
Financial assets				
Trade and other receivables (excluding deposits and prepayments)	15	1,318	-	1,318
Amount due from a subsidiary	13	69,632	-	69,632
Fixed deposits placed with licensed banks	16	13,289	-	13,289
Cash and bank balances		1,621	-	1,621
		85,860	-	85,860
Financial liabilities				
Trade and other payables	24	-	1,923	1,923
Amount due to a subsidiary	25	-	3,298	3,298
		-	5,221	5,221

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 deposits and prepayments)	15	3,551	-	3,551
Amount due from a subsidiary	13	60,380	-	60,380
Fixed deposits placed with licensed banks	16	17,024	-	17,024
Cash and bank balances		2,305	-	2,305
		83,260	-	83,260
Financial liabilities				
Trade and other payables	24	-	2,577	2,577
Amount due to a subsidiary	25	-	8,090	8,090
		-	10,667	10,667

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONT'D)

(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'000	Fair value RM'000
At 31st March 2016		
Finance lease liabilities	1,818	2,023
At 31st March 2015		
Finance lease liabilities	1,288	1,417

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.

38. FAIR VALUE MEASUREMENT ON NON-CURRENT ASSETS

The Group and the Company measure 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.

NOTES TO THE FINANCIAL STATEMENTS

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

The Group and the Company measure fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:- (Cont'd)

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 2016				
Property, plant and equipment				
- Leasehold lands	-	-	104,859	104,859
Plantation development expenditure	-	-	624,710	624,710
Investment properties	-	660	-	660
	-	660	729,569	730,229

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 & comparison method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM28,319 - RM34,558 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	RM15,996 - RM17,710 8% 11 - 13 years
Karas	Investment method	Estimated cash flow by an appropriate rate of interest yield Discount rate Economic life	RM14,217 9% 6 - 8 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 2015				
Property, plant and equipment				
- Leasehold lands	-	-	95,329	95,329
Plantation development expenditure	-	-	643,872	643,872
Investment properties	-	660	-	660
	-	660	739,201	739,861

NOTES TO THE FINANCIAL STATEMENTS

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

The Group and the Company measure fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:- (Cont'd)

Level 3 (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	RM28,319 - RM34,558 8% - 9.5% 19 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	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

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); and

(iv) Capitalising the net profit by an appropriate rate of interest (yield) reflecting the security of future income receivable from plantation.

39. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

39. CAPITAL MANAGEMENT (CONT'D)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total liabilities	295,263	301,453	5,240	10,935
Equity attributable to owners of the Company	411,516	432,313	119,003	113,561
Debt-to-equity ratio	71.8%	69.7%	4.4%	9.6%

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.

40. COMPARATIVE FIGURE

The following comparative figures have been restated to conform with current year presentation. The restatement relates to the reclassification of the forest plantation project from plantation development expenditure.

	Group		
	As previously stated RM'000	Reclassification adjustments RM'000	As restated RM'000
Statements of Financial Position			
Plantation development expenditure	667,230	(29,885)	637,345
Forest plantation project	-	29,885	29,885

A third statement of financial statements is not presented as the effect of the restatement is not judged to be material to the Group and Company.

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 2016 are as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	59,585	69,581	49,042	42,843
- Unrealised	(14,906)	(13,105)	-	(24)
Total retained profits	44,679	56,476	49,042	42,819

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 33 to 101 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 2016 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 102 have been prepared 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

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

....
LEE HUN KHENG
Director

Kuala Lumpur

Date: 15 July 2016

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 33 to 101 and the supplementary information set out on page 102 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

....
HEI KUM HONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 July 2016.

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 2016 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 33 to 101.

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 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Reporting Responsibilities

The supplementary information set out on page 102 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

Heng Fu Joe
No. 2966/11/16 (J)
Chartered Accountant

Kuala Lumpur

Date: 15 July 2016

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2016

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	41	5.28	721	0.00
100 – 1,000	235	30.28	59,279	0.02
1001 – 10,000	262	33.76	1,406,100	0.43
10,001 – 100,000	163	21.01	4,672,600	1.43
100,001 – Less than 5% of issued shares	71	9.15	125,593,300	38.44
5% and above of issued shares	4	0.52	194,968,000	59.68
TOTAL	**776**	**100.00**	**326,700,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholdings	%
1. Serumpun Abadi 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 30 JUNE 2016

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	Shareholdings	%
1.	Serumpun Abadi 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 Seri 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.	Yap Shing @ Yap Sue Kim	3,857,300	1.18
11.	Khoo Nang Seng @ Khoo Nam Seng	3,851,000	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	3,415,000	1.04
17.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yap Kok Woon	3,367,500	1.03
18.	Wong Chooi Lin	3,273,500	1.00
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	2,195,500	0.67
24.	Gary Lee Seaton	2,139,000	0.65
25.	Kencang Kuasa Sdn. Bhd.	1,758,500	0.54
26.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Wong Khai Shiang	1,687,100	0.52
27.	Lim Hoe	1,673,000	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		**293,446,200**	**89.82**

LIST OF PROPERTIES
AS AT 31ST MARCH 2016

No	Location	Description /Existing Use	Area	Land Tenure	Age of Building	Date of Acquisition / Revaluation	Net Book Value RM'000
1*	HS (D) 4382 PTD 15688, Mukim Mersing, Mersing Johor	Oil Palm Estate	849.84 Hectare (2,100 acre)	Leasehold 99 years expiring on 11 July 2105	-	31.03.2016	93,000
2*	HS (D) 4670 PTD 2140, Mukim Tenglu, Mersing Johor	Oil Palm Estate	1,990.557 Hectare (4,918.77 acre)	Leasehold 99 years expiring on 21 October 2106	-	31.03.2016	179,000
3	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	15 Years	15.09.2000	109
4	No. 22, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru.	Apartments/ Rented	1,043 sq. ft.	Leasehold 99 years expiring on 22 Mar 2085	15 Years	15.09.2000	109
5	No. 21, 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	15 Years	15.09.2000	107
6	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	15 Years	15.09.2000	107
7	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	11 Years	30.04.2004	7,442
8	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	9 Years	05.10.2006	800
9	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	9 Years	05.10.2006	800

The group has not revalued all of its properties listed above except for those mark as asterick (*). It is not the Group's policy to carry out regular valuations of its property, plant and equipment

* The revaluation and net book value of the properties stated are classified in property, plant and equipment and plantation development expenditure

PLS PLANTATIONS BERHAD
Company No. 160032-K

PROXY FORM

I/We *(full name in capital letter)*______________________________ NRIC/Company No.____________________

of *(full address)*____

being a member/members of **PLS Plantations Berhad** hereby appoint *(full name in capital letter)* ____________________

NRIC/Company No.____________________ of *(full address)*______________________________

____

or failing whom, *(full name in capital letter)*____________________ NRIC/Company No.____________________

of *(full address)*____

or failing whom, the Chairman of the meeting as my/our proxy to attend and vote on my/our behalf at the **Twenty-Ninth Annual General Meeting** of the Company to be held on **Wednesday, 21st day of September 2016 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 on a poll as indicated below with an "**X**".

ORDINARY BUSINESS		**FOR**	**AGAINST**
1. Approval of Directors' Fee	(Resolution 1)		
2. Re-election of Directors :- a. Tan Sri Dato' Lim Kang Hoo (Article 82)	(Resolution 2)		
b. Encik Hisham Bin Mahmood (Article 82)	(Resolution 3)		
3. Re-election of Tan Sri Dato' Lim Kang Yew (Article 117)	(Resolution 4)		
4. Re-appointment of Auditors	(Resolution 5)		
SPECIAL BUSINESS			
5. Re-appointment of Dato Haji Ibrahim Bin Haji Keling (Section 129 (6))	(Resolution 6)		
6. Approval for Dato Haji Ibrahim Bin Haji Keling to continue to act as an Independent Non-Executive Director	(Resolution 7)		
7. Approval for Encik Hisham Bin Mahmood to continue to act as an Independent Non-Executive Director	(Resolution 8)		
8. Approval for Miss Kang Hui Ling to continue to act as an Independent Non-Executive Director	(Resolution 9)		
9. Authority to Issue Shares pursuant to Section 132D Of the Companies Act, 1965	(Resolution 10)		
10. 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 __________ 2016

Number of shares held __________

CDS Account No. __________

Signature of Shareholder (s)

Notes:
1. Only depositors whose names appear in the General Meeting Record of Depositors on 14 September 2016 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