CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)

Annual Report 2015

Contents

Notice of The Sixteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the Company will be held at Amadeus IV, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Tuesday, 26 April 2016 at 11.00 a.m. for the following business:

AGENDA	**Ordinary Resolution No.**
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon.	
2. To approve the payment of a single tier final dividend of 1.5% in respect of the financial year ended 31 December 2015.	1
3. To re-elect Tan Sri Mah King Thian @ Mah King Thiam retiring in accordance with Article 76 of the Company's Articles of Association.	2
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:	
"THAT Mr. Chan Kam Leong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."	3
5. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:	
"THAT Mr. Choong Pak Wan, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting."	4
6. To appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	5
7. As Special Business to consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:	
ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES	
"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being."	6

Notice of The Sixteenth Annual General Meeting (cont'd)

ORDINARY RESOLUTION
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Ordinary Resolution No.

"THAT subject to the Companies Act, 1965 ("Act"), provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares of RM1.00 each ("Shares") through Bursa Securities, subject to the following:

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and share premium accounts of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this resolution was passed, at which time the authority shall lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM; or

(ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner:-

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders; or
(v) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities.

Notice of The Sixteenth Annual General Meeting (cont'd)

	Ordinary Resolution No.
THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."	7
ORDINARY RESOLUTION **- APPROVAL TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT DIRECTOR**	
"THAT Mr. Chua Kim Yin who has served the Board as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 21 July 2005 be and is hereby retained as the Senior Independent Non-Executive Director of the Company."	8

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
Secretaries

Petaling Jaya

1 April 2016

Notice of The Sixteenth Annual General Meeting (cont'd)

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 20 April 2016 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
(b) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend, speak and vote at the same meeting. A proxy may but need not be a member of the Company.
(c) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
(d) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.
(e) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.
(g) Form of Proxy sent through facsimile transmission shall not be accepted.

Explanatory Note on Special Business

- **Resolution No. 6**

  The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

  As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Fifteenth Annual General Meeting held on 10 June 2015 and which will lapse at the conclusion of the Sixteenth Annual General Meeting.

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

- **Resolution No. 7**

  The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained earnings and share premium account of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 1 April 2016 which is despatched together with Company's Annual Report 2015.

- **Resolution No. 8**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Chua Kim Yin who has served as Senior Independent Director of the Company for a cumulative term of more than nine years and recommend him to continue to act as Independent Director of the Company based on the following justifications:

a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;
b. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;
c. He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders; and
d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Tan Sri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Seri Mah King Seng

Independent & Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

AUDIT COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

REGISTERED OFFICE
Lot 70, Block 6, Prima Square
Mile 4, North Road,
90000 Sandakan, Sabah
Tel: 089-272 773
Fax: 089-272 772, 220 881,
221 494
E-mail: pa@cepatgroup.com
Website: www.cepatgroup.com

SHARE REGISTRAR
Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

REMUNERATION COMMITTEE
Tan Sri Mah King Thian
@ Mah King Thiam *(Chairman)*
Chua Kim Yin *(Member)*
Chan Kam Leong *(Member)*

NOMINATION COMMITTEE
Chua Kim Yin *(Chairman)*
Chan Kam Leong *(Member)*
Choong Pak Wan *(Member)*

AUDITORS
Ernst & Young
16th Floor
Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah
Tel: 089-217 266
Fax: 089-272 002

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad

COMPANY SECRETARIES
Kang Shew Meng *(MAICSA 0778565)*
Seow Fei San *(MAICSA 7009732)*

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad

Profile Of Board Of Directors

TAN SRI MAH KING THIAN @ MAH KING THIAM
Malaysian aged 52
Executive Director/Chairman

Tan Sri Mah King Thian @ Mah King Thiam was appointed as a Director and Chairman of the Company on 27 October 2005 and 31 October 2005 respectively. He is also a member of the Executive Committee and the Chairman of the Remuneration Committee.

He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA). He is the Managing Director of MHC Plantations Bhd and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Executive Chairman of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Tan Sri Mah King Thian @ Mah King Thiam is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the younger brother of Dato' Seri Mah King Seng, the Managing Director of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

DATO' SERI MAH KING SENG
Malaysian aged 57
Managing Director

Dato' Seri Mah King Seng was appointed as a Director and Managing Director of the Company on 27 October 2005 and 27 February 2008 respectively. He is the Chairman of the Executive Committee.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Berhad and a Director of Anson Oil Industries Berhad, both public companies, and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Managing Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Dato' Seri Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the elder brother of Tan Sri Mah King Thian @ Mah King Thiam, the Executive Director/Chairman of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended three out of four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

CHUA KIM YIN (JP)
Malaysian aged 54
Senior Independent Non-Executive Director

Mr. Chua Kim Yin was appointed as an Independent Non-Executive Director of the Company on 21 July 2005 and appointed Senior Independent Non-Executive Director on 25 February 2013. He is the Chairman of both the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee. Mr. Chua was appointed a Justice of The Peace (JP) by Yang Di-Pertua Negeri Sabah in September 1996.

He obtained his Bachelor of Economics (Accounting) in 1984 and Bachelor of Laws in 1986 from Monash University, Victoria, Australia. He was then admitted to practise as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. A year later, he was admitted as an Advocate of the High Court in Borneo, in the State of Sabah. He is currently a partner in the legal firm, Messrs RCK & Co. in Kota Kinabalu, Sabah. He is also an Associate Member of Certified Practising Accountant Australia.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

CHAN KAM LEONG
Malaysian aged 75
Independent Non-Executive Director

Mr. Chan Kam Leong was appointed as an Independent Non-Executive Director of the Company on 2 May 2008. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management) and Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.

He had three years working experience each in Kuala Lumpur and Singapore and three and a half years working experience in London before founding K.L. Chan & Associates of which he is presently a partner. He has more than forty-five years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.

He is a Director of MHC Plantations Berhad, a company listed on the Bursa Malaysia Securities Berhad.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

Profile of Board of Directors (cont'd)

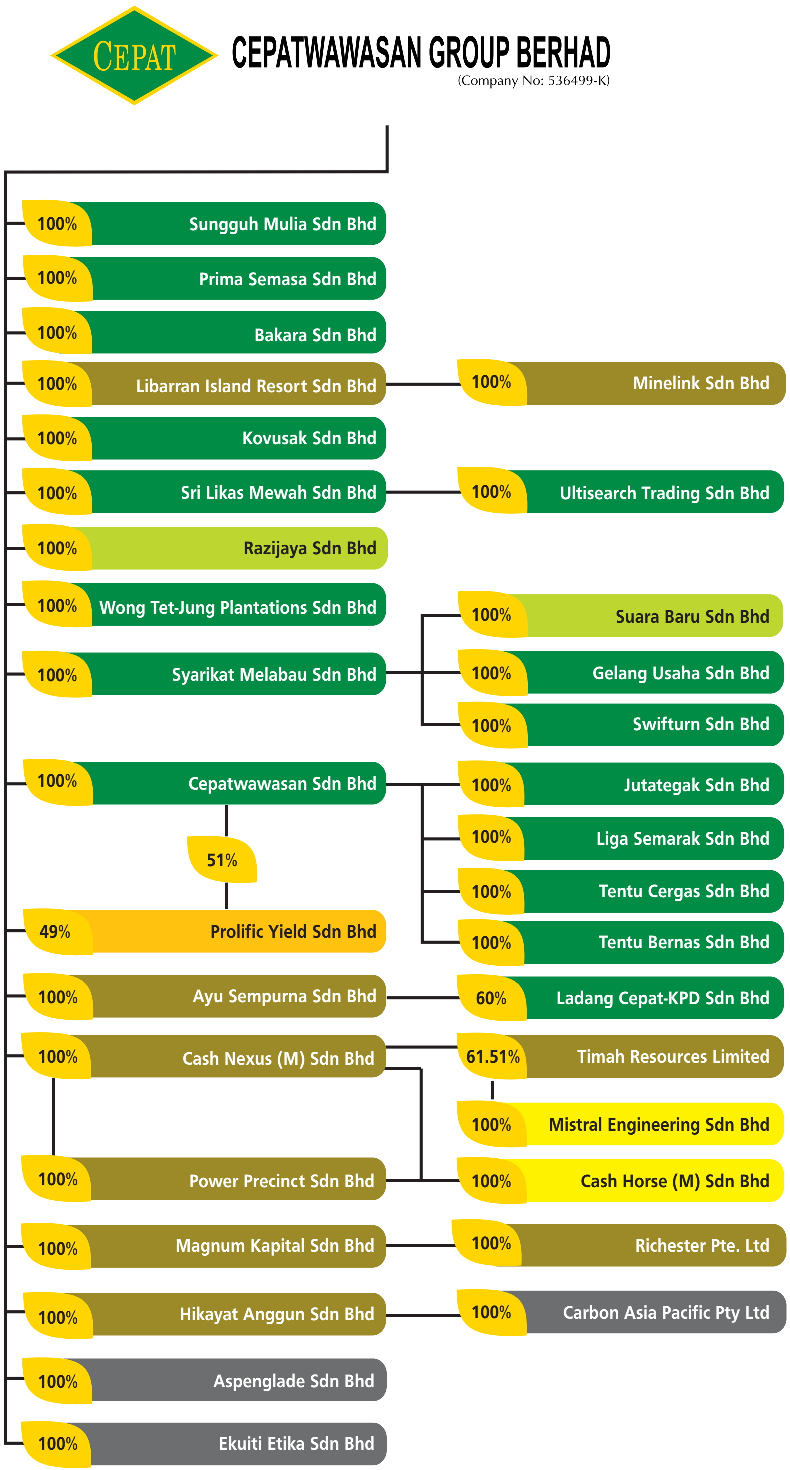
CHOONG PAK WAN
Malaysian aged 71
Independent Non-Executive Director

Mr. Choong Pak Wan was appointed as an Independent Non-Executive Director of the Company on 25 February 2009. He is a member of the Audit Committee and Nomination Committee.

He is a Project Director in an established architect firm in Ipoh. He has more than 40 years experience in the property development and construction industries, mainly in development planning, project feasibility study and implementation. . He also acts as adviser and is a director in various development companies namely AI Archi-Management Sdn Bhd, MC Square Sdn Bhd, CNT Builders Sdn Bhd and Simpulai Land Sdn Bhd.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past ten (10) years. He attended four Board Meetings held during the financial year.

Group Structure



Legend

- Plantation
- Plantation / Quarry
- Palm oil mill / plantation
- Investment Holding
- Power generation
- Dormant

Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2015.

Group's Performance

The Group recorded revenue of RM 228.22 million and profit before tax of RM 17.83 million in 2015 as compared to RM 243.91 million and 27.10 million respectively in 2014. Profit after tax declined from RM 21.47 million in 2014 to RM 11.75 million and hence, the Group's net earnings per share decreased from 6.65 sen to 3.18 sen. Net tangible assets per share attributable to ordinary equity holders of the Company is now 1.48 sen.

The decrease in revenue of RM 15.69 million was mainly due to lower Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices by 7% and 5% respectively, and lower CPO and PK sales volume by 16% and 8% respectively. The decline in profit after tax of RM9.72 million was mainly due to lower CPO and PK prices by 7% and 5% respectively, and a 8% decrease in FFB production despite the Oil Mill segment registering better milling margin and higher oil extraction rate.

In 2015, the Group produced 144,216 Metric Tonnes ("MT") of FFB at an average yield of 19.41 MT per hectare.

The Group's Palm Oil Mill produced 70,007 MT of CPO at an average Oil Extraction Rate of 20.72% and 16,852 MT of PK at an average Kernel Extraction Rate of 4.99%. In 2015, CPO was sold at an average price of RM 2,130 per MT whereas PK was sold at an average price of RM 1,553 per MT.

The Group's 12MW Biomass Power Plant exported 46,505,405 kW to the Grid at the value of RM15.75 million in 2015. Profit after tax from the Biogas Power Plant in 2015 is RM2.86 million.

Dividend

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015 of 1.5% on 308,967,110 ordinary shares amounting to a dividend payable of RM 4,634,507 will be proposed for your approval.

Reverse Take-over of Timah Resources Limited

On 10 September 2015, Cash Nexus (M) Sdn. Bhd. , our wholly-owned subsidiary, had completed the reverse take-over of Timah Resources Limited ("TRL"), a public limited company listed on the National Stock Exchange of Australia. Subsequently the transfer listing exercise of TRL to the Australian Securities Exchange (ASX) was completed on 16 September 2015.

Prospects

The year 2016 will be a challenging year due to uncertainties in the global economy. Nevertheless, palm oil prices are expected to remain firm in 2016 mainly due to the El Nino phenomenon which adversely affects the yield, resulting in a lower CPO stockpile.

The Group will continue to face challenges from the increase in production costs in the palm oil industry. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost.

On the whole, your Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily in 2016.

Corporate Social Responsibility ("CSR")

The Group is committed to the development and expansion of its CSR programme. The Group together with its controlling shareholder, MHC Plantations Berhad, have contributed RM4 million towards the establishment of Malaysia's first Parkinson and Movement Disorders Centre in University Malaya ("UM"). Located on prime land in Petaling Jaya near the UM Medical Centre, it will diagnose, treat and conduct research on Parkinson disease and related nervous system disorders. Total cost of building and setting up the Centre is estimated at around RM10 million excluding land, and our contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre.

I am proud to inform you that the Group has recently been awarded the Asia Responsible Entrepreneurship Award for 2015 in the social empowerment category in recognition of its corporate social responsibility project – the Cepatwawasan Humana Education Resource Centre (CHERC). CHERC is a resource centre built by the Group and operated in partnership with Humana Child Aid Society Sabah (a NGO) to provide primary education to children in the Segaliud area living in plantations which are far away from public schools.

Acknowledgement

I wish to express my gratitude to our Management and Staff for their dedicated services and contributions throughout the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your loyalty and commitment.

And finally, to all our shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Tan Sri Mah King Thian
Executive Chairman

Corporate Governance Statement

The Board of Directors ('Board') of Cepatwawasan Group Berhad ('Company') is committed to ensure that the highest standards of Corporate Governance are practised throughout the Group towards enhancing business prosperity and corporate accountability to realise long term shareholders' value for the Company's shares. The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance 2012 ("Code" or "MCCG 2012"). An indication of the Board's commitment is reflected in the incorporation of various policies and processes and the establishment of the relevant committees. The Board is pleased to report on how the Company and the Group have applied the principles set out in the Code ("Principles") to its particular circumstances, having regard to the recommendations stated under each Principle ("Recommendations").

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter ("Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. Salient terms of the Charter are made available at the Company's website at www.cepatgroup.com.

1. Directors

1.1 Board Composition and Independence

The Board currently consists of five Directors as at the date of this report:-

Executive Chairman
Tan Sri Mah King Thian @ Mah King Thiam

Managing Director
Dato' Seri Mah King Seng

Independent Non-Executive Directors
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

The Chairman and Managing Director have many years of experience in the operations of plantations and palm oil mill. The Non-Executive Directors are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account.

The roles of the Chairman and Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities in the implementation of Board policies and decisions as well as some of the Group's day-to-day operations.

The Company has complied with the requirement of paragraph 15.02 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad whereby majority of the Board of Directors are Independent Non-Executive Directors.

The Chairman is an Executive Director and remains so after taken into consideration of his vast experience in managing the Group's main business in plantations and palm oil mill which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group.

The Board conducted yearly assessment on its Independent Directors and received confirmation of independence from the respective Independent Directors. All Independent Directors fulfil the criteria of independence as defined in the Listing Requirements and act independently of management and do not participate in any business dealings.

As for the tenure of independent directors, the Board recognises the Code's recommendation to redesignate independent directors whose tenure exceed a cumulative term of nine (9) years as non independent directors. Thus, upon completion of nine (9) years, an Independent Director may continue to serve on the Board as an Independent Director subject to assessment by the Board and shareholders' approval at the general meeting. One of the Independent Directors, Chua Kim Yin has served the Company for more than nine (9) years. The Board after an assessment on his independence, experience and expertise, is of the view that he should continue to be an Independent Director of the Company based on the following justifications:

a. He has fulfilled the criteria under the definition on Independent Directors as stated in the Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;

1. Directors (cont'd)

1.1 Board Composition and Independence (cont'd)

b. He has been with the Company for more than nine years and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings;
c. He has vast experience in diverse range of business matters and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders; and
d. He has exercised due care during his tenure as Senior Independent Director of the Company and carried out his professional duty in the interest of the Company and shareholders.

The Board will seek shareholders' approval to retain Chua Kim Yin as Independent Director at the forthcoming Annual General Meeting.

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practise ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

The Board held four (4) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:-

Name	Meetings attended
Tan Sri Mah King Thian @ Mah King Thiam	4/4
Dato' Seri Mah King Seng	3/4
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Group. In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

1. Directors (cont'd)

1.2 Principal responsibility of the Board (cont'd)

The Board has a schedule of matters reserved to itself , which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

Both Company Secretaries of the Company are qualified to act as company secretary under Section 139A of the Companies Act, 1965. The Company Secretaries play an advisory role to the Board with regard to the Company's compliance with company-related regulatory requirements, codes, guidance and legislation. The Company Secretaries ensure that deliberations at Board and Board Committees meetings are well documented. The Company Secretaries also keep abreast of the evolving regulatory changes and developments in corporate governance through continuous training and update the Board timely.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.

Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available at the Company's website at www.cepatgroup.com:

- Board Charter and Code of Conduct
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy and Procedure
- Sustainability Policy

The abovementioned policies and procedures are subject to periodic review and update in accordance with the needs of the Company and any new regulation implemented.

1.4 Appointment and Re-election of Directors

The Articles of Association of the Company requires that all Directors shall be subject to re-election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation at least once in every three (3) years at the Annual General Meeting.

1. Directors (cont'd)

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') to assist in the performance of certain duties of the Board under specific terms of reference. Three (3) of the Committees are composed of a majority of Non-Executive Directors. The Board considers that the mix of commercial experience from the Non-Executive Directors will complement the Executive Directors and create an effective Board.

The Committees established are as follows:

(i) Audit Committee

The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing the financial reports and the internal controls of the Company. The composition and terms of reference of this Committee together with its report are presented on pages 28 to 32 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee consists of three members, all of whom are Independent Non-Executive Directors and its Chairman is a Senior Independent Director appointed by the Board.

The functions of the Nomination Committee are as follows:

- Recommend to the Board the candidates for all directorships to be filled by the shareholders or the Board.
- Recommend to the Board the Directors to fill the seats on Committees of Directors.
- Review the required mix of skills and experience and other qualities including core competencies which Non-Executives should bring to the Board.
- Assess the effectiveness of the Board as a whole, the Committees of Directors and the contribution of each Director.

The Board has established a nomination process of board members to facilitate and provide a guide for the Nomination Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company.

The nomination and election process of board members can be found at the Company's website at www.cepatgroup.com.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(ii) Nomination Committee (cont'd)

The director who is subject to re-election and/or re-appointment at next Annual General Meeting is assessed by the Nomination Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee is based on the yearly assessment conducted.

As all members of the Nomination Committee are Independent Directors, the assessment of their independence has been conducted by the Board as a whole.

At a Nomination Committee meeting held on 28 October 2015, the Nomination Committee has conducted an annual assessment on the Board and the Board Committees.

The Nomination Committee was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of the composition of the Board is made. The assessment and evaluation is properly documented.

The summary of the activities of the Nomination Committee during the financial year are as follows:

- Review the mix of skill and experience and other qualities of the Board.
- Assess the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discuss the Company's Directors' retirement by rotation.

(iii) Remuneration Committee

The Remuneration Committee consists of three members, the majority of whom are Independent Non-Executive Directors.

The responsibilities and functions of the Remuneration Committee include the following:

- To recommend to the Board the remuneration packages of the Executive Directors of the Company.
- To set up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iii) Remuneration Committee (cont'd)

The Remuneration Committee recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Directors to run the Company. The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

The Board has established a remuneration policy and to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision the remuneration packages of the Executive Directors.

The remuneration policy and procedure can be found at the Company's website at www.cepatgroup.com.

At a Remuneration Committee meeting held on 24 February 2016, the Remuneration Committee agreed that in view of the weak market conditions, no recommendation is to be made to the Board on the change of Executive Directors' remuneration package.

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2015 is as follows:-

	Fees RM	**Emoluments RM**	**EPF RM**	**Total RM**
Executive Directors	20,000	1,520,760	182,496	1,723,256
Non-Executive Directors	163,000	-	-	163,000
Total	183,000	1,520,760	182,496	1,886,256

The numbers of Directors whose total remuneration falls within the following range are as follows:

Range of Remuneration	**Executive Directors**	**Non-Executive Directors**
RM 50,001 to RM100,000	-	3
RM850,001 to RM900,000	2	-

The Company has on 30 September 2004 obtained a shareholders' mandate on payment of Director fees of not exceeding RM240,000 per annum.

1. Directors (cont'd)

1.5 Committee of Directors (cont'd)

(iv) Executive Committee ("EXCO")

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board. The EXCO acts on behalf of the Board on matters concerning administrations, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review and decide on administrative and operational matters, budgets and investment strategies of the Group.

2. Diversity Policy

The Board endeavours to have at least one woman participate on the Board at all times. The Board endeavours to have diversity of the Board as well as its workforce in terms of experience, qualification, ethnicity and age.

As there is no vacancy at the moment, the Company does not have any female director on the Board. If any vacancy arises, the Company may invite a female candidate if she has the expertise and experience in the related industry to meet the Company's diversity policy.

During selection of new directors in the future, the list of proposed candidates to the Board shall consist of at least one woman candidate, wherever reasonably possible. The Nomination Committee is responsible in ensuring that diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

3. Directors' Training

The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment of the training needs of each director after taking into account the training programmes the Directors had attended in the past three years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

During the financial year ended 31 December 2015, the following training programmes and seminars were attended by the following Directors:

- Nominating Committee Programme 2: Effective Board Evaluations attended by Chan Kam Leong and Choong Pak Wan;
- The Companies Bill 2013: Key Changes to the Corporate Landscape in Malaysia attended by Chua Kim Yin;

3. Directors' Training (cont'd)

- Business Models of renewable energy businesses based on the Feed-in Tariff for oil palm biomass in Malaysia attended by Tan Sri Mah King Thian @ Mah King Thiam; and

- Study Tour organized by University of Tunku Abdul Rahman to 6 universities in Taiwan on vocational skills training including agriculture, food science, aquaculture and wood work, which these Taiwanese universities excel in, was attended by Dato' Seri Mah King Seng.

4. Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a corporate disclosure policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

5. Shareholders

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders.

Communication between the Company and its shareholders are done in the following manner:

a. Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Company's website at www.cepatgroup.com contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the websites of the Company and Bursa Malaysia Securities Berhad.

b. The Annual General Meeting

The Annual General Meeting is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by the Board for consideration.

The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

6. Sustainability Policy

The Group recognizes the importance and benefits of integrating Economic, Environmental and Social (EES) sustainability into its business. These include working within the law in order to be innovative and demonstrating initiative to meet the requirements of various stakeholders.

The Group strives to achieve a sustainable long term balance between meeting its business goals and preserving the environment. It recognizes that the sustainability of the ecosystems is an integral part of sustaining its business. Hence, conservation and preservation of the environment remains the priority of the Group. To mitigate the emission of Greenhouse Gas, the Group constructed and operates a Biogas as well as a Biomass Plant in Sandakan, Sabah to generate and export green power to the electricity grid. The Group also adopts a zero discharge of Palm Oil Mill Effluent (POME) into the waterways by polishing the POME in the Biogas Plant before discharging them via land irrigation.

The strategies to promote sustainability and its implementation can be found at the Company's website at www.cepatgroup.com.

The Group is committed to the continuous development and expansion of its Corporate Social Responsibility (CSR) programme as part of its EES sustainability initiatives. The Group together with its holding company, MHC Plantations Berhad, have contributed RM4 million to establish Malaysia's first Parkinson's and Movement Disorders Centre in University Malaya ("UM"). Located on prime land in UM's Petaling Jaya campus, near the UM Medical Centre, the Centre is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The Centre is being set up at an estimated total cost of RM10 million excluding land, and the Group's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre.

In addition, the Group has also contributed RM200,000 to Yayasan Orang Asli Semenanjung Malaysia for its programme to advance the education of the Orang Asli in Peninsular Malaysia.

7. Financial Reporting

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited financial statements on page 27.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board, prior to release for announcement to Bursa Malaysia Securities Berhad.

8. Internal Control

The Directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, the proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on Risk Management and Internal Control, which can be found on pages 33 and 36.

9. Relationship with Auditors

The Company has always maintained a formal and transparent relationship with its auditors.

At an Audit Committee meeting held on 24 February 2016, the Audit Committee assessed the suitability and independence of the external auditors based on the criteria set forth in the policy and procedure on evaluation of external auditors adopted in 2013. In its assessment, the Audit Committee considered several factors, which included adequacy of experience and knowledge of the relevant accounting standards, ability to meet deadlines, quality and quantity of human resources used to perform the assigned audit, clarity of presentations and quality of reports produced and independence of Messrs. Ernst & Young. The Audit Committee is satisfied with the performance, technical competency and independence of the external auditors. Thus, the Audit Committee recommended the appointment of the external auditors and the Board at its meeting held on the same day approved the Audit Committee's recommendation for the shareholders' approval to be sought at the forthcoming Sixteenth Annual General Meeting.

The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on pages 28 to 32.

10. Compliance Statement

The Company complied with the Principles of Corporate Governance as contained in the Code except for the following exceptions that, in the opinion of the Directors, adequately suits the circumstances:

i. Disclosure of remuneration is not made in detail for each Director. However, the remuneration paid is disclosed in aggregates of the categories of remuneration and, in compliance with the Listing Requirements, is analysed into bands of RM50,000.

ii. There is no female director on Board at the moment.

    At the moment, the Company does not have any female director on the Board. However, if any vacancy arises, the Company may invite a female candidate if she has the expertise and experience in the related industry to meet the Company's diversity policy.

11. Additional Compliance Information

In compliance with the Listing Requirements, the following additional information is provided:

11.1 Utilisation of Proceeds

This was not applicable during the financial year.

11.2 Share Buybacks

During the financial year, the Company purchased 200 Shares and all the purchases were made in May 2015 and October 2015. The relevant price details are as follow:

Highest price paid	:	RM 0.805
Lowest price paid	:	RM 0.80
Average price paid	:	RM 0.8025
Total consideration paid	:	RM 160.50 (excluding transaction cost)

As at 31 December 2015, all the purchased shares were retained as treasury shares and there was no resale or cancellation of these purchased shares.

11.3 Options, Warrants or Convertible Securities

There are no options, warrants or convertible securities exercised in respect of the financial year under review.

11.4 Depository Receipt Programme

During the financial year, the Company did not sponsor any depository receipt programme.

11.5 Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities.

11.6 Non-Audit Fees

No non-audit fees were paid to the external auditors in respect of the financial year.

11.7 Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimates, forecasts or projections for the financial year ended 31 December 2015.

11. Additional Compliance Information (cont'd)

11.8 Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

11.9 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2015 or entered into since the previous financial year except for those disclosed under related party transactions on page 131.

11.10 Recurrent Related Party Transactions

There are no recurrent related party transactions transacted by the Company and its subsidiaries.

Statement of Directors' Responsibility for Preparing the Financial Statements

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

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to the effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group, for the prevention and detection of fraud and other irregularities.

Audit Committee Report

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairman
Mr. Chua Kim Yin
(Senior Independent Non-Executive Director)

Committee Members
Mr. Chan Kam Leong
(Independent Non-Executive Director)
Mr. Choong Pak Wan
(Independent Non-Executive Director)

TERMS OF REFERENCE

1. Composition

1.1 The Committee shall comprise of at least three directors who must be Non-Executive Director and a majority of whom are independent directors. There shall be at least one member who is:

(a) a member of the Malaysian Institute of Accountants, or

(b) otherwise, he shall have at least 3 years' working experience and
  (i) he shall have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
  (ii) he shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) he fulfils such other requirements as prescribed or approved by the Exchange.

1.2 The members of the audit committee shall elect a Chairman from among their number who shall be an independent director.

1.3 No alternate director, Managing Director or Executive Director shall be appointed as a member of the Audit Committee.

1.4 Any vacancy in the Audit Committee resulting in the non-compliance of the above, shall be filled within three months.

Audit Committee Report (cont'd)

2. Authority

The audit committee shall:

(a) have the authority to investigate any activity of the Group within its terms of reference;

(b) have resources which are required to perform its duties;

(c) have full and unrestricted access to the Group's information;

(d) have direct communication channels with the external auditors, internal auditors and all employees of the Group;

(e) be able to obtain independent professional or other advice; and

(f) be able to convene meetings with the external auditors, the internal auditors or both (excluding the executive directors and employees), if necessary.

3. Functions

The audit committee is to:

3.1 Review the following and report the same to the board of directors:

a) with the external auditors:

i) the external audit plan,
ii) the evaluation of the system of internal controls; and
iii) the external audit report.

b) adequacy of the scope, functions, competency and resources of the internal audit functions;

c) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken;

d) the quarterly financial reports and year end financial statements, prior to the approval by the board of directors;

e) any related party transactions and conflict of interest situation that may arise within the Group;

f) letter of resignation from the external auditors, if any; and

g) whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for reappointment.

Audit Committee Report (cont'd)

3. Functions (cont'd)

3.2 Consider the nomination of external auditors.

3.3 Review the scope of audit and general extent of the external auditor.

3.4 Review the Company's general policies and procedures.

3.5 Discuss with the external auditors any relevant recommendations in their letter of comments.

3.6 Evaluate the cooperation received by the external auditors during their examination.

3.7 Review the scope and results of the internal audit procedures.

4. Quorum and Attendance of Meetings

4.1 The quorum of meetings of the Committee shall be majority of the members who are Independent Directors.

4.2 Members of the audit committee are to be present at all meetings. If necessary or desirable, the chairman may request that members of management, the head of internal audit and representatives of the external auditors be present at meetings of the Committee.

4.3 The Company Secretary or his/her representative shall be the secretary of the Audit Committee.

5. Frequency of Meetings and Minutes

5.1 The Audit Committee is to meet at least four times per year.

5.2 At least twice a year, the Committee shall meet with the external auditors, the internal auditors or both without the presence of any executives of the Company.

5.3 Minutes of each Audit Committee meeting are to be made available to the Board of Directors.

Audit Committee Report (cont'd)

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2015.

The attendance of the members at the Audit Committee meetings is as follows:

Member	Meetings attended
Chua Kim Yin	4/4
Chan Kam Leong	4/4
Choong Pak Wan	4/4

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended the meetings by invitation.

ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

(i) Reviewed the scope of work and audit plan of the external auditors.

(ii) Reviewed with the external auditors, the results of their audit, the audit report and internal control recommendations in respect of improvements in the internal control procedures noted in the course of their audit.

(iii) Reviewed the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.

(iv) Reviewed the necessity and need for special audit.

(v) Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the compliance of the Company with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vii) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(viii) Reviewed the related party transactions entered into by the Group.

ACTIVITIES (cont'd)

(ix) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

(x) Reviewed the status of compliance of the Company with the Malaysian Code on Corporate Governance for the purpose of issuing the Corporate Governance Statement pursuant to the requirement of paragraph 15.25 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(xi) Reviewed the statement on Risk Management and Internal Control before recommending to the Board for approval for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function. The role of the internal audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group.

Three internal audits were performed during the financial year under review. The internal audit activities carried out for the financial year include, inter alia, the following:

(i) Mapped out the the estate payroll process including documenting the workflow of key payroll activities from input to output ;

(ii) Performed an evaluation of high risk areas within the estate payroll process including identifying business risks, benchmarking the existing control system, and identifying design inadequacy, implementation lapses and process improvement;

(iii) Reviewed the overall control environment where there is a significant amount of implementation lapses;

(iv) Reviewed Internal controls covering purchase of fuel, parts and machinery as well as issuance of parts for the operation of the biomass power plant; and

(v) Reviewed estate field upkeep and maintenance, crop recovery, replanting and Ganoderma's management.

The audit reports incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee for their attention.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of internal control of the Group during the financial year.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the adequacy and effectiveness of the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage the Group's risks within an acceptance risk profile, rather than eliminate the risk of failure to achieve corporate objectives of the Group. Accordingly, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that the risk management and the system of internal controls in place for the year under review and up to the date of the issuance of the financial statements are sound and sufficient to safeguard the shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL

The Management has reviewed the Group's internal control system and formalised the risk management practices to comply with the Malaysian Code on Corporate Governance 2012 (the "Code"). In consequence, a formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration of the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to each of its business segments. Although there is exposure to market risk as a result of price fluctuations in the palm oil commodity market, the Directors consider these as movement in market forces inherent in the palm oil industry in which the Group operates.

RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Board is supported by the Group Risk Management Committee that comprises the, Managing Director and senior management in overseeing the risk management efforts within the Group. The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually. The ongoing implementation is monitored by the Management and is reported quarterly to the Board. The outcome of such risk management efforts is a database of all major risks and their controls or action plans to mitigate such risks was compiled to produce a divisional risk profile for each business segment.

The Group has also implemented a system of internal controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary. Such system of internal controls and financial authority limits serve as a check and balance mechanism on the Group's daily operations.

INTERNAL AUDIT FUNCTION

The Board recognised that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and review reports on internal control from its internal audit function.

The internal audit function is outsourced to Crowe Horwath Consultants Sdn. Bhd. and Pantropical Agricultural Services (Pantropas) Sdn. Bhd. which report directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the internal audit function for the financial year ended 31 December 2015 were RM 34,490.

A number of minor internal control weaknesses were identified during the internal audit for the current year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

i. BOARD MEETINGS

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Executive Director, leads the presentations of board papers and provides comprehensive explanation of pertinent issues. The Board is also kept updated on the Company and the Group's activities and operations on a regular basis including any material issues. Proposals for major capital expenditure and investment by the Group are reviewed and approved in these Board meetings.

ii. AUDIT COMMITTEE

The Audit Committee of the Group reviews the annual internal audit plan and any internal control issues identified by the internal auditors, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also reviews the internal audit functions and quality of internal audits. The Audit Committee holds discussions on the actions taken on internal control issues identified in the reports prepared by the internal auditor and such discussions are minuted in the Audit Committee meetings. The minutes of the Audit Committee meetings are then tabled to the Board.

iii. ORGANISATIONAL STRUCTURE

The Group's organisational structure is formed with formally defined reporting lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operational performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. Regular visits to operating units by the Managing Director and senior management are also conducted whenever appropriate. The EXCO is aware of the significant issues identified in those meetings and visits, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.

iv. PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a monthly basis to facilitate the Board's review of the Group's financial and operating performance. The review covers areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Board has reviewed and approved the Group's budget for the next financial year. The budgeting process involves the preparation of budgets by individual operating units, which are then reviewed and approved at management level and ultimately by the Board. The Management will monitor the actual performance against the Group's budget on a monthly basis. Significant variances are identified, investigated and reported.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory and no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of Cepatwawasan Group Berhad.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 24 February 2016.

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 17 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit/(loss) net of tax	11,752	(8,419)
Profit/(loss) attributable to:		
Owners of the parent	9,815	(8,419)
Non-controlling interests	1,937	-
	11,752	(8,419)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

Dividend

The amount of dividend paid by the Company since 31 December 2014 was as follows:

	RM'000
In respect of the financial year ended 31 December 2014 as reported in the Directors' report of that year:	
Final single-tier dividend of 2% on 308,967,310 ordinary shares (excluding 9,479,000 treasury shares), declared on 30 April 2015 and paid on 29 June 2015	6,179

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015 of 1.5% on 308,967,110 ordinary shares, amounting to a dividend payable of RM4,634,507 (1.5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

Directors

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

Tan Sri Mah King Thian @ Mah King Thiam
Dato' Seri Mah King Seng
Chua Kim Yin
Chan Kam Leong
Choong Pak Wan

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
Name of director	**1.1.2015**	**Acquired**	**Sold**	**31.12.2015**
The Company				
Direct interest:				
Choong Pak Wan	15,000	-	-	15,000
Indirect interest:				
Tan Sri Mah King Thian @ Mah King Thiam	118,831,200	-	-	118,831,200
Dato' Seri Mah King Seng	118,831,200	-	-	118,831,200
Chan Kam Leong#	540,000	-	-	540,000
The holding company, MHC Plantations Bhd.				
Direct interest:				
Tan Sri Mah King Thian @ Mah King Thiam	93,248	-	-	93,248
Dato' Seri Mah King Seng	338,948	-	-	338,948
Indirect interest:				
Tan Sri Mah King Thian @ Mah King Thiam	92,688,024	-	-	92,688,024
Dato' Seri Mah King Seng	92,688,024	-	-	92,688,024
Chan Kam Leong#	484,086	-	-	484,086

Directors' Report (cont'd)

	Number of warrants (2012/2017)			
	1.1.2015	Bought	Exercised	31.12.2015
The holding company, MHC Plantations Bhd.				
Direct interest:				
Tan Sri Mah King Thian @ Mah King Thiam	26,642	-	-	26,642
Dato' Seri Mah King Seng	96,842	-	-	96,842
Indirect interest:				
Tan Sri Mah King Thian @ Mah King Thiam	26,482,473	-	-	26,482,473
Dato' Seri Mah King Seng	26,482,473	-	-	26,482,473
Chan Kam Leong#	133,653	-	-	133,653

Interest by virtue of shares held by spouse.

Tan Sri Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Treasury shares

During the financial year, the Company repurchased 200 of its issued ordinary shares from open market at an average price of RM0.8025 per share. The total consideration paid for the repurchase including transaction costs was RM245.

As at 31 December 2015, the Company held as treasury shares a total of 9,479,100 of its 318,446,210 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,097,276 and further relevant details are disclosed in Note 26 to the financial statements.

Holding company

The Directors regard MHC Plantations Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 37 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 March 2016.

Tan Sri Mah King Thian @ Mah King Thiam **Dato' Seri Mah King Seng**

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng, being two of the Directors of Cepatwawasan Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 143 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 March 2016.

Tan Sri Mah King Thian @ Mah King Thiam **Dato' Seri Mah King Seng**

Statutory Declaration

Pursuant to Section 169(15) of the Companies Act, 1965

I, Nok Chung Yuan, being the Officer primarily responsible for the financial management of Cepatwawasan Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 144 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Nok Chung Yuan
at Sandakan in the State of Sabah
on 18 March 2016.

Nok Chung Yuan

Before me,

RAMSAH BINTI HJ. MOHD TAHA
Commissioner for Oaths (No. S-029)

Independent Auditors' Report to the Members of
CEPATWAWASAN GROUP BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Cepatwawasan Group Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 143.

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 Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report to the Members of
CEPATWASAN GROUP BERHAD (Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 39 on page 144 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Yong Voon Kar
1769/04/16(J/PH)
Chartered Accountant

Sandakan, Malaysia
18 March 2016

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	3	228,221	243,912	4,156	32,523
Cost of sales		(194,159)	(201,007)	-	-
Gross profit		34,062	42,905	4,156	32,523
Other items of income					
Interest income	4	6,778	4,667	2,325	901
Other income	5	5,436	1,913	-	-
Other items of expense					
Marketing and distribution costs		(5,186)	(5,930)	-	-
Administrative expenses		(16,700)	(11,935)	(12,525)	(3,991)
Finance costs	6	(6,560)	(4,525)	(2,325)	(899)
Profit/(loss) before tax	7	17,830	27,095	(8,369)	28,534
Income tax expense	10	(6,078)	(5,624)	(50)	(191)
Profit/(loss) net of tax		11,752	21,471	(8,419)	28,343
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss: Foreign currency translation		204	4	-	-
Total comprehensive income/(loss) for the year		11,956	21,475	(8,419)	28,343

Statements of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit/(loss) attributable to:					
Owners of the parent		9,815	20,559	(8,419)	28,343
Non-controlling interests		1,937	912	-	-
		11,752	21,471	(8,419)	28,343
Total comprehensive income/ (loss) for the year attributable to:					
Owners of the parent		9,961	20,563	(8,419)	28,343
Non-controlling interests		1,995	912	-	-
		11,956	21,475	(8,419)	28,343
Earnings per share attributable to owners of the parent (sen per share):					
Basic	11	3.18	6.65		
Diluted	11	3.18	6.65		

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

Consolidated Statements of Financial Position

As at 31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	174,294	191,069
Biological assets	13	159,091	157,199
Investment properties	14	42,700	42,700
Intangible assets	15	92,088	92,088
Land use rights	16	1,994	2,022
Deferred tax assets	18	3,423	3,565
Trade and other receivables	19	136,077	108,184
		609,667	596,827
Current assets			
Inventories	20	29,422	20,623
Trade and other receivables	19	13,629	21,107
Tax recoverable		883	3,809
Short term investments	21	11,085	10,892
Cash and bank balances	22	24,796	23,433
		79,815	79,864
Total assets		689,482	676,691
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	23	68,624	65,433
Trade and other payables	24	23,200	27,755
Income tax payable		193	252
		92,017	93,440
Net current liabilities		(12,202)	(13,576)
Non-current liabilities			
Deferred tax liabilities	18	48,079	47,238
Loans and borrowings	23	74,045	60,228
Lease rental payable	25	267	267
		122,391	107,733
Total liabilities		214,408	201,173
Net assets		475,074	475,518

Consolidated Statements of Financial Position
As at 31 December 2015 (cont'd)

	Note	2015 RM'000	2014 RM'000
Equity attributable to owners of the parent			
Share capital	26	318,446	318,446
Treasury shares	26	(11,097)	(11,097)
Reserves	27	(1,796)	4
Retained earnings	28	151,698	148,062
		457,251	455,415
Non-controlling interests		17,823	20,103
Total equity		475,074	475,518
Total equity and liabilities		689,482	676,691

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

Company Statements of Financial Position

As at 31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,114	3,029
Investments in subsidiaries	17	342,505	337,505
Other receivables	19	39,574	10,066
		385,193	350,600
Current assets			
Trade and other receivables	19	33,862	34,852
Tax recoverable		22	25
Cash and bank balances	22	846	573
		34,730	35,450
Total assets		419,923	386,050
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	23	32,000	29,000
Trade and other payables	24	33,037	10,717
		65,037	39,717
Net current liabilities		(30,307)	(4,267)
Non-current liabilities			
Loans and borrowings	23	23,150	-
Deferred tax liabilities	18	57	56
		23,207	56
Total liabilities		88,244	39,773
Net assets		331,679	346,277

Company Statements of Financial Position
As at 31 December 2015 (cont'd)

	Note	2015 RM'000	2014 RM'000
Equity attributable to owners of the parent			
Share capital	26	318,446	318,446
Treasury shares	26	(11,097)	(11,097)
Retained earnings	28	24,330	38,928
Total equity		331,679	346,277
Total equity and liabilities		419,923	386,050

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

Statements of Changes in Equity

For the financial year ended 31 December 2015

			Attributable to owners of the parent						
				Non-distributable			Distributable		
Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
2015									
Opening balance at 1 January 2015		475,518	455,415	318,446	(11,097)	4	-	148,062	20,103
Profit for the year		11,752	9,815	-	-	-	-	9,815	1,937
Other comprehensive income for the year, net of tax									
Foreign currency translation		204	146	-	-	146	-	-	58
Total comprehensive income for the year		11,956	9,961	-	-	146	-	9,815	1,995
Contributions by and distributions to owners									
Purchase of treasury shares	26	-	-	-	*	-	-	-	-
Dividend on ordinary shares	29	(6,979)	(6,179)	-	-	-	-	(6,179)	(800)
		(6,979)	(6,179)	-	-	-	-	(6,179)	(800)
Changes in ownership interest in subsidiaries									
Acquisition of non-controlling interests		(1,889)	(646)	-	-	-	(646)	-	(1,243)
Arising from reverse take over exercise		(3,532)	(1,300)	-	-	-	(1,300)	-	(2,232)
Total transactions with owners in their capacity as owners		(12,400)	(8,125)	-	-	-	(1,946)	(6,179)	(4,275)
Closing balance at 31 December 2015		475,074	457,251	318,446	(11,097)	150	(1,946)	151,698	17,823

Statements of Changes in Equity
For the financial year ended 31 December 2015 (cont'd)

			← Attributable to owners of the parent →					
				← Non-distributable →			Distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
Group								
2014								
Opening balance at 1 January 2014		461,098	441,759	318,446	(11,096)	*	134,409	19,339
Profit for the year		21,471	20,559	-	-	-	20,559	912
Other comprehensive income for the year, net of tax								
Foreign currency translation		4	4	-	-	4	-	-
Total comprehensive income for the year		21,475	20,563	-	-	4	20,559	912
Contributions by and distributions to owners								
Purchase of treasury shares	26	(1)	(1)	-	(1)	-	-	-
Dividend on ordinary shares	29	(6,979)	(6,179)	-	-	-	(6,179)	(800)
		(6,980)	(6,180)	-	(1)	-	(6,179)	(800)
Changes in ownership interest in subsidiaries								
Acquisition of non-controlling interests		(75)	(727)	-	-	-	(727)	652
Total transactions with owners in their capacity as owners		(7,055)	(6,907)	-	(1)	-	(6,906)	(148)
Closing balance at 31 December 2014		475,518	455,415	318,446	(11,097)	4	148,062	20,103

*Below RM1,000

Statements of Changes in Equity
For the financial year ended 31 December 2015 (cont'd)

	Note	Equity, total RM'000	← Non-distributable → Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000
Company					
2015					
Opening balance at 1 January 2015		346,277	318,446	(11,097)	38,928
Loss for the year, representing total comprehensive loss for the year		(8,419)	-	-	(8,419)
Contributions by and distributions to owners					
Purchase of treasury shares	26	-	-	*	-
Dividend on ordinary shares	29	(6,179)	-	-	(6,179)
Total contributions by and distributions to owners		(6,179)	-	-	(6,179)
Total transactions with owners in their capacity as owners		(14,598)	-	-	(14,598)
Closing balance at 31 December 2015		331,679	318,446	(11,097)	24,330

* Below RM1,000

Statements of Changes in Equity
For the financial year ended 31 December 2015 (cont'd)

	Note	Equity, total RM'000	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Distributable Retained earnings RM'000
Company					
2014					
Opening balance at 1 January 2014		324,114	318,446	(11,096)	16,764
Profit for the year, representing total comprehensive income for the year		28,343	-	-	28,343
Contributions by and distributions to owners					
Purchase of treasury shares	26	(1)	-	(1)	-
Dividend on ordinary shares	29	(6,179)	-	-	(6,179)
Total contributions by and distributions to owners		(6,180)	-	(1)	(6,179)
Total transactions with owners in their capacity as owners		22,163	-	(1)	22,164
Closing balance at 31 December 2014		346,277	318,446	(11,097)	38,928

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

Statements of Cash Flows

For the financial year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit/(loss) before tax	17,830	27,095	(8,369)	28,534
Adjustments for:				
Debts forgiven	(1,350)	-	-	-
Dividend income	-	-	(1,200)	(29,400)
Net gain from fair value adjustment of investment properties	-	(1,100)	-	-
Net gain on disposal of plant and equipment	(543)	-	-	-
Interest income	(6,778)	(4,667)	(2,325)	(901)
Net unrealised gain on foreign exchange	(490)	(74)	-	-
Finance costs	6,560	4,525	2,325	899
Depreciation of property, plant and equipment	7,513	8,289	288	258
Amortisation of land use rights	28	28	-	-
Amortisation of quarry development expenditure	76	110	-	-
Bad debts written off	4	6	-	-
Doubtful debts expenses	6,022	2,304	8,922	-
Plant and equipment scrapped	9	20	-	-
Total adjustments	11,051	9,441	8,010	(29,144)
Operating cash flows before changes in working capital	28,881	36,536	(359)	(610)
Changes in working capital				
Increase in inventories	(8,799)	(3,807)	-	-
Decrease/(increase) in receivables	11,293	(14,589)	279	899
(Decrease)/increase in payables	(4,955)	(1,834)	161	162
Total changes in working capital	(2,461)	(20,230)	440	1,061
Cash flows from operations	26,420	16,306	81	451
Interest received	549	552	2,325	901
Interest paid	(6,560)	(4,525)	(2,325)	(899)
Income taxes refunded	4,838	134	85	-
Income taxes paid	(7,066)	(9,178)	(131)	(252)
Net cash flows from operating activities	18,181	3,289	35	201

Statements of Cash Flows
For the financial year ended 31 December 2015 (cont'd)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Investing activities				
Net cash outflow on acquisition of a subsidiary	(1,841)	-	-	-
Purchase of property, plant and equipment	(20,111)	(17,162)	(373)	(142)
Acquisition of non-controlling interests	(1,950)	(75)	-	(250)
Subscription of additional shares in a subsidiary	-	-	(5,000)	-
Proceeds from disposal of plant and equipment	618	-	-	-
Additions of biological assets	(1,892)	(3,028)	-	-
Dividend received	-	-	1,200	1,200
Net investment in of short term money market funds	(193)	(449)	-	-
Increase in amounts due from subsidiary companies	-	-	(37,719)	(21,263)
Net cash flows used in investing activities	(25,369)	(20,714)	(41,892)	(20,455)
Financing activities				
Dividend paid to equity holders of the parent	(6,179)	(6,179)	(6,179)	(6,179)
Dividend paid to non-controlling interests	(800)	(800)	-	-
Placements of fixed deposits	(18)	-	-	-
Purchase of treasury shares	-	(1)	-	-
Proceeds from borrowings	49,150	30,500	49,150	29,000
Repayment of borrowings	(32,750)	(5,750)	(23,000)	-
Repayment of obligations under finance leases	(1,042)	(1,247)	-	-
Net change in amounts due to subsidiary companies	-	-	22,159	(2,357)
Net cash flows from financing activities	8,361	16,523	42,130	20,464
Net increase/(decrease) in cash and cash equivalents	1,173	(902)	273	210
Net foreign exchange difference	172	4	-	-
Cash and cash equivalents at 1 January	23,282	24,180	573	363
Cash and cash equivalents at 31 December (Note 22)	24,627	23,282	846	573

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

Notes to the Financial Statements
For the financial year ended 31 December 2015

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah.

The holding company of the Company is MHC Plantations Bhd., a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The holding company produces financial statements available for public use.

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are stated in Note 17 to the financial statements.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

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

On 1 January 2015, the Group and the Company adopted the following new and amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2015.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014

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

2.2 Changes in accounting policies (cont'd)

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments have been applied retrospectively. The application of these amendments has had no impact to the Group's financial statements.

Annual Improvements to FRSs 2010–2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below.

FRS 2 Share-based Payment

This improvement clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group did not grant any awards and thus this amendment did not impact the Group.

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

2.2 Changes in accounting policies (cont'd)

Annual Improvements to FRSs 2010–2012 Cycle (cont'd)

FRS 3 Business Combinations

The amendments to FRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group.

FRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.

FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. This amendment did not have any impact on the Group.

FRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

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

2.2 Changes in accounting policies (cont'd)

Annual Improvements to FRSs 2011–2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The Group has applied the amendments for the first time in the current year.

FRS 3 Business Combinations

The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively. The Group is not a joint arrangement and thus this arrangement is not relevant to the Group.

FRS 13 Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable). The Group does not apply the portfolio exception.

FRS 140 Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and
- the transaction meets the definition of a business combination under FRS 3, to determine if the transaction is a purchase of an asset or is a business combination.

In previous financial years, the Group has applied FRS 3 and not FRS 140 in determining whether an acquisition is of an asset or is a business combination. Accordingly, this amendment did not have any impact to the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

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

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

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

The amendments clarify that:

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

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

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have any impact on the Group's consolidated financial statements.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

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

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

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

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. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 14 Regulatory Deferral Accounts

FRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of FRS. Entities that adopt FRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing FRS preparer, this standard would not apply.

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

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

Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

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

The amendment to FRS 5 clarifies that changing from one disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

FRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

FRS 119 Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

FRS 134 Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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

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

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

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

Transitioning Entities are allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

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

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2015 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

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

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

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

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

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018

Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. The Group and the Company are currently assessing the impact of these amendments and plans to adopt the new standard on the required effective date.

MFRS 15: Revenue from Contracts with Customers

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

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

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

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

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

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

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

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

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 Basis of consolidation

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

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meetings.

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

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

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

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The accounting policy for goodwill is set out in Note 2.12.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2.6 Foreign currency

(a) Functional and presentation currency

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

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

2.6 Foreign currency (cont'd)

(b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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

(c) Foreign operations

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

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

2.7 Property, plant and equipment

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

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

2.7 Property, plant and equipment (cont'd)

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

-	Leasehold property	2%
-	Plantation infrastructure development expenditure	Over remaining lease term of land
-	Long term leasehold land	Over remaining lease term of land
-	Oil mill and other buildings	5% - 7%
-	Heavy equipment, plant and machinery	6% - 10%
-	Motor vehicles	15%
-	Furniture, fittings and equipment	10%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

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

2.8 Service concession arrangements

The Group recognises revenue from the construction of the Facilities in accordance with its accounting policy for construction contracts set out in Note 2.9. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.16.

2.9 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 expenses 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 on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.10 Biological assets

Biological assets comprise oil palm planting expenditure. New planting expenditure incurred on land clearing and upkeep of palms to maturity is stated at cost and capitalised under biological assets. A portion of the direct overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity.

No amortisation is considered necessary on oil palm planting expenditure as its value is maintained through replanting programme. Replanting expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

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

2.11 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognised, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or loss arising from changes in the fair values of the investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.12 Intangible assets

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

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

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

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

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

2.13 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.14 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

2.15 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

2.15 Current versus non-current classification (cont'd)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.16 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 19.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2015 and 2014.

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of 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. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(b) Impairment of financial assets (cont'd)

Available-for-sale (AFS) financial investments (cont'd)

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 23.

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

2.16 Financial instruments – initial recognition and subsequent measurement (cont'd)

(c) Financial liabilities (cont'd)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements

For the financial year ended 31 December 2015 (cont'd)

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

2.18 Inventories

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

- Processed crude palm oil, milled oil palm produce and quarry inventories: costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.

- Consumable stores: purchase costs and expenses in bringing them into store on a weighted average cost method.

- Oil palm nurseries: purchase costs and upkeep expenses on a weighted average cost method.

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

2.19 Provisions

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

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

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

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

2.21 Employee benefits

Defined contribution plans

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

2.22 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

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

2.23 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 33.

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:

> In the principal market for the asset or liability, or
> 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 a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial 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:

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

For 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.

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

2.24 Revenue

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

(a) Sales of plantation produce

Sales of plantation produce is recognised on an accrual basis upon delivery of products to customers, less returns.

(b) Sales of earth and stones

Sales of earth and stones is recognised upon delivery of products and customers' acceptance.

(c) Supply of electricity

Supply of electricity is recognized when electricity is generated and exported.

(d) Dividend income

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

(e) Management fees

Revenue from management service is recognised upon rendering of services to subsidiary companies.

(f) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.9.

2.25 Taxes

(a) Current income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

2.25 Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of GST except:

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

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

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

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

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

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

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

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

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

2.30 Significant accounting judgement and estimates

Key sources of estimation uncertainty

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

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 2.42% (2014: 1.26%) variance in the Group's profit for the year.

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

2.30 Significant accounting judgement and estimates (cont'd)

(b) Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. This requires an estimation of the recoverable amounts of the cash-generating units to which goodwill are allocated.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 19.

(d) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at 31 December 2015. Fair value of the investment properties was determined based on sales comparison approach.

The key assumptions used to determine the fair value of the investment properties, are further explained in Note 14.

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

2.30 Significant accounting judgement and estimates (cont'd)

(e) Deferred tax assets (cont'd)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying values of deferred tax assets of the Group at 31 December 2015 was RM30,412,092 (2014: RM25,941,463). The recognised tax losses and unabsorbed capital, agriculture and reinvestment allowances of the Group was RM126,717,050 (2014: RM108,089,417).

(f) Service concession assets

The service concession assets are determined based on the fair values of the services delivered. In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Malaysia with an AAA rating. The bonds have been selected based on the expected duration of the lease rental period and taking into consideration the yield curve respectively.

3. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of:				
- crude palm oil	142,798	181,572	-	-
- palm kernel	26,371	29,973	-	-
- fresh fruit bunches	9,872	13,339	-	-
- earth and stones	1,116	2,877	-	-
- empty fruit bunches oil	6,260	2,059	-	-
Construction of service concession facilities	31,790	13,153	-	-
Supply of electricity	10,014	939	-	-
Management fees from subsidiaries	-	-	2,956	3,123
Dividend income from subsidiaries	-	-	1,200	29,400
	228,221	243,912	4,156	32,523

4. Interest income

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Interest on:				
- Advances given	-	-	2,325	895
- Short term investments and fixed deposits	549	552	*	6
- Amount due from customer on service concession	6,229	4,115	-	-
	6,778	4,667	2,325	901

* Below RM1,000

5. Other income

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Compensation on termination of emissions reduction purchase agreements	1,899	-	-	-
Debts forgiven	1,350	-	-	-
Net gain from fair value adjustment of investment properties	-	1,100	-	-
Equipment hiring income	218	218	-	-
Insurance claim	23	105	-	-
Insurance commission	120	101	-	-
Net gain on disposal of plant and equipment	543	-	-	-
Rental income	4	3	-	-
Sale of:				
- palm kernel shell	-	4	-	-
- scrapped iron	96	117	-	-
- sludge oil	437	-	-	-
- fibre	-	26	-	-
Transportation income	1	13	-	-
Gain on foreign exchange				
- realised	67	-	-	-
- unrealised	644	206	-	-
Miscellaneous	34	20	-	-
	5,436	1,913	-	-

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

6. Finance costs

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Interest expense on:				
Advances obtained	-	-	-	443
Bank loans	3,523	2,666	795	-
Revolving credits	2,914	1,748	1,530	456
Obligation under finance leases	123	111	-	-
	6,560	4,525	2,325	899

7. Profit/(loss) before tax

The following items have been included in arriving at profit before tax:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Auditors' remuneration:				
- statutory audit				
- current year	158	142	40	38
- underprovision in prior years	13	24	2	1
- other services	41	45	3	3
Employee benefits expense (Note 8)	25,613	24,138	2,315	2,122
Non-executive Directors' remuneration (Note 9)	219	192	163	159
Depreciation of property, plant and equipment (Note 12)	7,513	8,289	288	258
Plant and equipment scrapped	9	20	-	-
Amortisation of land use rights (Note 16)	28	28	-	-
Amortisation of quarry development expenditure (Note 12)	76	110	-	-
Bad debts written off	4	6	-	-
Unrealised loss on foreign exchange	154	132	-	-
Rental of land and buildings	213	187	-	-
Doubtful debts expenses	6,022	2,304	8,922	-
Director remuneration (Note 9)	2,494	2,494	852	852
Rental of computer software	3	*	-	-

* Below RM1,000

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

8. Employee benefits expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	24,947	23,508	2,082	1,911
Contributions to defined contribution plan	1,199	1,058	225	203
Social security contributions	105	97	8	8
	26,251	24,663	2,315	2,122
Capitalised in:				
- Immature plantations	570	441	-	-
- Inventories	68	84	-	-
Recognised in income statement	25,613	24,138	2,315	2,122

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,493,636 (2014: RM2,493,636) and RM851,628 (2014: RM851,628) respectively.

9. Directors' remuneration

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive:				
Salaries and other emoluments	1,888	1,888	630	630
Fees	30	30	-	-
Bonus				
- current year's provision	393	393	131	131
Defined contribution plan	183	183	91	91
Total executive directors' remuneration (Note 8)	2,494	2,494	852	852
Non-executive:				
Fees (Note 7)	219	192	163	159
Total directors' remuneration	2,713	2,686	1,015	1,011

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

9. Directors' remuneration (cont'd)

The details of remuneration receivable by Directors of the Company during the financial year are as follows:

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Executive:				
Salaries and other emoluments	1,258	1,258	630	630
Fees	20	20	-	-
Bonus				
- current year's provision	262	262	131	131
Defined contribution plan	183	183	91	91
	1,723	1,723	852	852
Non-executive:				
Fees	163	159	163	159
	1,886	1,882	1,015	1,011

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors 2015	Number of Directors 2014
Executive Directors:		
RM850,001 to RM900,000	2	2
Non-executive Directors:		
RM50,001 to RM100,000	3	3

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	4,922	6,739	68	198
- Under/(over)provision in respect of previous years	173	(273)	(19)	1
	5,095	6,466	49	199
Deferred income tax:				
- Origination and reversal of temporary differences	777	812	(1)	(8)
- Under/(over)provision in respect of previous years	269	(1,610)	2	-
- Effect of reduction in tax rate	(63)	(44)	-	-
	983	(842)	1	(8)
Income tax expense recognised in profit or loss	6,078	5,624	50	191

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

10. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(loss) before tax	17,830	27,095	(8,369)	28,534
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	4,458	6,774	(2,092)	7,133
Adjustments:				
Effect of reduction in tax rate	(63)	(44)	-	-
Income not subject to taxation	(631)	(522)	1,930	(7,350)
Non-deductible expenses	1,936	1,572	229	407
Effect of utilisation previously unrecognised unabsorbed capital allowances	(36)	(53)	-	-
Deferred tax recognised at different tax rate	(28)	(220)	-	-
Under/(over)provision of current income tax in respect of previous years	173	(273)	(19)	1
Under/(over)provision of deferred income tax in respect of previous years	269	(1,610)	2	-
Income tax expense recognised in profit or loss	6,078	5,624	50	191

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced from the current year's rate of 25% to 24% with effect from the year of assessment 2016.

The computation of deferred tax as at 31 December 2015 has reflected the changes in tax rate.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group has no potential ordinary shares in issue as at reporting date and therefore diluted earnings per share is same as basic earnings per share.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2015 and 2014:

	Group	
	2015 RM'000	**2014 RM'000**
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	9,815	20,559
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation *	308,967	308,967
Basic earnings per share (sen)	3.18	6.65

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

12. Property, plant and equipment

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Cost							
At 1 January 2014:							
At 1 January 2014	63,141	72,916	85,550	5,647	4,102	16,049	247,405
Additions	-	5,727	1,360	323	740	9,383	17,533
Scrapped	-	-	(105)	(10)	(2)	-	(117)
Reclassifications	-	11,944	1,382	-	34	(13,360)	-
At 31 December 2014	63,141	90,587	88,187	5,960	4,874	12,072	264,821
Accumulated depreciation and impairment losses							
At 1 January 2014	5,032	14,807	39,414	3,505	2,692	-	65,450
Depreciation charge for the year (Note 7)	777	2,455	4,384	488	295	-	8,399
Scrapped	-	-	(85)	(10)	(2)	-	(97)
At 31 December 2014	5,809	17,262	43,713	3,983	2,985	-	73,752
Net carrying amount							
At 31 December 2014	57,332	73,325	44,474	1,977	1,889	12,072	191,069

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

Group	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
Cost							
At 1 January 2015:							
At 1 January 2015	63,141	90,587	88,187	5,960	4,874	12,072	264,821
Additions	-	191	5,284	266	336	15,684	21,761
Scrapped	-	-	(11)	(140)	(20)	-	(171)
Transfer to trade receivables	-	(1,630)	(21,533)	-	(84)	(10,015)	(33,262)
Disposal	(77)	-	-	(139)	-	-	(216)
Acquisition of subsidiary	-	-	-	-	34	-	34
At 31 December 2015	63,064	89,148	71,927	5,947	5,140	17,741	252,967
Accumulated depreciation and impairment losses							
At 1 January 2015	5,809	17,262	43,713	3,983	2,985	-	73,752
Depreciation charge for the year (Note 7)	775	2,496	3,504	497	317	-	7,589
Scrapped	-	-	(7)	(138)	(17)	-	(162)
Disposal	(8)	-	-	(133)	-	-	(141)
Transfer to trade receivables	-	(275)	(2,093)	-	(29)	-	(2,397)
Acquisition of subsidiary	-	-	-	-	32	-	32
At 31 December 2015	6,576	19,483	45,117	4,209	3,288	-	78,673
Net carrying amount							
At 31 December 2015	56,488	69,665	26,810	1,738	1,852	17,741	174,294

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

Buildings, plantation infrastructure and quarry comprise:

	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
Group					
Cost					
At 1 January 2015:					
At 1 January 2015	780	35,912	44,447	9,448	90,587
Additions	-	161	30	-	191
Transfer to trade receivables	-	(1,372)	(258)	-	(1,630)
At 31 December 2015	780	34,701	44,219	9,448	89,148
Accumulated depreciation and impairment losses					
At 1 January 2015:					
At 1 January 2015	188	13,108	3,077	889	17,262
Depreciation charge for the year	-	1,884	536	76	2,496
Transfer to trade receivables	-	(228)	(47)	-	(275)
At 31 December 2015	188	14,764	3,566	965	19,483
Net carrying amount					
At 31 December 2015	592	19,937	40,653	8,483	69,665

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

Buildings, plantation infrastructure and quarry comprise:

	Leasehold property RM'000	Oil mill and other buildings RM'000	Plantation infrastructure development expenditure RM'000	Quarry RM'000	Total RM'000
Group					
Cost					
At 1 January 2014:					
At 1 January 2014	780	27,548	35,140	9,448	72,916
Additions	-	388	5,339	-	5,727
Reclassifications	-	7,976	3,968	-	11,944
At 31 December 2014	780	35,912	44,447	9,448	90,587
Accumulated depreciation and impairment losses					
At 1 January 2014:					
At 1 January 2014	188	11,234	2,606	779	14,807
Depreciation charge for the year	-	1,874	471	110	2,455
At 31 December 2014	188	13,108	3,077	889	17,262
Net carrying amount					
At 31 December 2014	592	22,804	41,370	8,559	73,325

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

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

Company

	Buildings RM'000	Furniture, fittings and equipment RM'000	Assets under construction RM'000	Total RM'000
At 31 December 2015				
Cost				
At 1 January 2015	3,438	523	126	4,087
Additions	-	28	345	373
Reclassification	352	119	(471)	-
At 31 December 2015	3,790	670	-	4,460
Accumulated depreciation				
At 1 January 2015	845	213	-	1,058
Depreciation charge for the year (Note 7)	227	61	-	288
At 31 December 2015	1,072	274	-	1,346
Net carrying amount				
At 31 December 2015	2,718	396	-	3,114
At 31 December 2014				
Cost				
At 1 January 2014	2,777	507	661	3,945
Additions	-	16	126	142
Reclassification	661	-	(661)	-
At 31 December 2014	3,438	523	126	4,087
Accumulated depreciation				
At 1 January 2014	638	162	-	800
Depreciation charge for the year (Note 7)	207	51	-	258
At 31 December 2014	845	213	-	1,058
Net carrying amount				
At 31 December 2014	2,593	310	126	3,029

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

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM21,760,623 and RM373,012 (2014: RM17,533,420 and RM141,862) respectively as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment acquired under finance lease	1,650	371	-	-
Cash payments made for acquisition of property, plant and equipment	20,111	17,162	373	142
	21,761	17,533	373	142

(ii) Capitalisation of borrowing costs

The Group's assets under construction include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of plants. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to Nil (2014: RM486,046).

(iii) Assets held under finance leases

The net carrying amount of plant and equipment held under finance leases at the reporting date are as follows:

	Group	
	2015 RM'000	2014 RM'000
Heavy equipment	2,925	2,367
Motor vehicles	602	760
	3,527	3,127

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 23.

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

(iv) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of Group's property, plant and equipment pledged as securities for the Group's bank loans (Note 23) are as follows:

	Group	
	2015 RM'000	2014 RM'000
Long term leasehold land	15,750	15,115
Buildings	14,773	10,939
Plant and machinery	24,423	42,048
Plantation infrastructure development expenditure	27,197	24,795
Furniture, fittings and equipment	1,264	757
Assets under construction	17,741	8,596
	101,148	102,250

13. Biological assets

Plantation development expenditure

Cost

	2015 RM'000	2014 RM'000
At 1 January	157,199	154,171
Additions during the financial year	1,892	3,028
At 31 December	159,091	157,199

Additions during the financial year included the following:

	2015 RM'000	2014 RM'000
Employee benefits expense (Note 8)	570	441

The Group's biological assets with a net carrying amount of RM48,240,190 (2014: RM44,246,934) are mortgaged to secure the Group's bank loans as disclosed in Note 23.

14. Investment properties

	Group	
	2015 RM'000	2014 RM'000
Freehold land at fair value		
At 1 January	42,700	41,600
Net gain from fair value adjustment	-	1,100
At 31 December	42,700	42,700

Fair value information

Fair value of investment properties are categories as follows:

	Group	
	2015 Level 3 RM'000	2014 Level 2 RM'000
Freehold land	42,700	42,700

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair values of freehold land has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is price per square foot of comparable properties.

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

14. Investment properties (cont'd)

Transfer between level 1 and 2 fair values

There is no transfer between level 1 and level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Transfer into or out of level 3

There is transfer from level 2 into level 3 during the financial year.

15. Intangible assets

	Group	
	2015	2014
	RM'000	RM'000
Goodwill		
At 1 January and 31 December	92,088	92,088

Allocation of goodwill

The carrying amount of goodwill has been allocated to the Group's CGU identified according to business segments as follows:

	Group	
	2015	2014
	RM'000	RM'000
Plantation segment	55,266	55,266
Mill segment	32,106	32,106
Quarry segment	4,716	4,716
	92,088	92,088

Based on indicative market value information, the fair value less cost to sell which represents the recoverable amounts exceed the carrying amounts of the plantation, mill and quarry segments respectively. The Directors are therefore of the opinion that there is no indication of impairment in relation to the goodwill on consolidation.

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

16. Land use rights

	Group 2015 RM'000	Group 2014 RM'000
Cost		
At 1 January and 31 December	2,236	2,236
Accumulated amortisation		
At 1 January	214	186
Amortisation for the year (Note 7)	28	28
At 31 December	242	214
Net carrying amount		
At 31 December	1,994	2,022
Amount to be amortised:		
- Not later than one year	28	28
- Later than one year but not later than five years	112	112
- Later than five years	1,854	1,882
	1,994	2,022

17. Investments in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost:		
At 1 January	337,505	229,458
Subscriptions of additional shares	5,000	108,047
Acquisitions of subsidiaries	-	*
At 31 December	342,505	337,505

* Below RM1,000

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2015	2014
Incorporated in Malaysia:			
Held by the Company:			
Cepatwawasan Sdn. Bhd.	Cultivation of oil palm	100	100
Syarikat Melabau Sdn. Bhd.	Cultivation of oil palm	100	100
Wong Tet-Jung Plantations Sdn. Bhd.	Cultivation of oil palm	100	100
Razijaya Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Sri Likas Mewah Sdn. Bhd.	Cultivation of oil palm	100	100
Kovusak Sdn. Bhd.	Cultivation of oil palm	100	100
Libarran Island Resort Sdn. Bhd.	Investment holding	100	100
Bakara Sdn. Bhd.	Cultivation of oil palm	100	100
Sungguh Mulia Sdn. Bhd.	Cultivation of oil palm	100	100
Prima Semasa Sdn. Bhd.	Cultivation of oil palm	100	100
Ayu Sempurna Sdn. Bhd.	Investment holding	100	100
Cash Nexus (M) Sdn. Bhd.	Investment holding	100	100
Magnum Kapital Sdn. Bhd.	Investment holding	100	100
Hikayat Anggun Sdn. Bhd.	Investment holding	100	100
Aspenglade Sdn. Bhd.	Dormant	100	100
Ekuiti Etika Sdn. Bhd.	Dormant	100	100

Notes to the Financial Statements
For the financial year ended 31 December 2015 (cont'd)

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2015	2014
Incorporated in Malaysia:			
Held through Cepatwawasan Sdn. Bhd.			
Prolific Yield Sdn. Bhd.	Milling and sales of oil palm products	100	100
Jutategak Sdn. Bhd.	Cultivation of oil palm	100	100
Liga Semarak Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Cergas Sdn. Bhd.	Cultivation of oil palm	100	100
Tentu Bernas Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Syarikat Melabau Sdn. Bhd.			
Suara Baru Sdn. Bhd.	Cultivation of oil palm and operation of a quarry	100	100
Gelang Usaha Sdn. Bhd.	Cultivation of oil palm	100	100
Swifturn Sdn. Bhd.	Letting of oil palm fresh fruit bunches collection center	100	100
Held through Sri Likas Mewah Sdn. Bhd.			
Ultisearch Trading Sdn. Bhd.	Cultivation of oil palm	100	100
Held through Libarran Island Resort Sdn. Bhd.			
Minelink Sdn. Bhd.	Investment property holding	100	100

17. Investments in subsidiaries (cont'd)

Name of Subsidiaries	Principal Activities	Proportion (%) of Ownership Interest 2015	2014
Incorporated in Malaysia:			
Held through Ayu Sempurna Sdn. Bhd.			
Ladang Cepat - KPD Sdn. Bhd.	Cultivation of oil palm	60	60
Held through Cash Nexus (M) Sdn. Bhd.			
Mistral Engineering Sdn. Bhd.	Power generation	-	100
Power Precinct Sdn. Bhd.	Investment holding	100	-
Cash Horse (M) Sdn. Bhd.	Power generation and sale of biomass by-products	100	70
Incorporated in Australia:			
Timah Resources Limited#	Investment holding	61.51	-
Held through Magnum Kapital Sdn. Bhd.			
Incorporated in Singapore:			
Richester Pte Ltd.#	Investment holding	100	100
Held through Hikayat Anggun Sdn. Bhd.			
Incorporated in Australia:			
Carbon Asia Pacific Pty Ltd #.	Dormant	100	100
Held through Timah Resources Limited			
Mistral Engineering Sdn. Bhd.	Power generation	61.51	-

Audited by firm other than Ernst & Young

17. Investments in subsidiaries (cont'd)

2015:

Acquisition of subsidiaries

(a) On 11 May 2015, Cash Nexus (M) Sdn. Bhd., a wholly owned subsidiary acquired 150,000 ordinary shares of RM1 each in Power Precinct Sdn. Bhd., representing its entire equity interest for a total consideration of RM1.95 million. Power Precinct Sdn. Bhd. holds the remaining 30% equity interest in Cash Horse (M) Sdn. Bhd.. As a result of this acquisition, Cash Horse (M) Sdn. Bhd. becomes a wholly-owned subsidiary of the Group; and

(b) On 10 September 2015, the Group acquired 61.51% equity interest in Timah Resources Limited (TRL), a company incorporated in Australia. The transfer listing exercise of TRL to the Australian Securities Exchange was completed on 16 September 2015. As a result of the acquisition, the effective equity interest of the Group in Mistral Engineering Sdn. Bhd., previously a wholly-owned subsidiary was reduced to 61.51%.

The assets and liabilities arising from the acquisition of TRL as at the date of acquisition were as follows:

	Carrying amount RM'000
Property, plant and equipment	2
Investment in subsidiary	26,161
Other current assets	27
Cash and bank balances	6,569
	32,759
Trade and other payables	(1,719)
Net assets acquired	31,040

Total cost of business combination

The total cost of business combination is as follows:

	RM'000
Cash paid	8,410
42,750,000 ordinary shares issued at RM0.5848 each	25,000
	33,410

17. Investments in subsidiaries (cont'd)

As part of the cost of business combination, TRL issued 42,750,000 ordinary shares with a fair value of RM0.5848 each, being the published price of the shares at the date of exchange to the vendor.

The effect of the acquisition on cash flows is as follows:

	RM'000
Total cost of the business combination	33,410
Less: Non-cash consideration	(25,000)
Consideration settled in cash	8,410
Less: Cash and cash equivalents of subsidiary acquired	(6,569)
Net cash outflow on acquisition	1,841

2014:

Acquisition of subsidiaries

(a) On 10 February 2014, the Company acquired 2 ordinary shares of RM1 each in Aspenglade Sdn. Bhd., representing its entire equity interest for a total consideration of RM2.

(b) On 10 February 2014, the Company acquired 2 ordinary shares of RM1 each in Ekuiti Etika Sdn. Bhd., representing its entire equity interest for a total consideration of RM2.

(c) On 15 August 2014, Cash Nexus (M) Sdn. Bhd., acquired 75,000 ordinary shares of RM1 each in Mistral Engineering Sdn. Bhd., representing its remaining 30% of the equity interest for a total consideration of RM75,000, resulting in the latter becoming a wholly-owned subsidiary of the Group.

Details and summarised financial information of subsidiaries which have non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Details of subsidiaries

	Proportion of ownership Interest held by non-controlling interests	
	2015	2014
Name of company	%	%
Ladang Cepat – KPD Sdn. Bhd.	40	40
Cash Horse (M) Sdn. Bhd.	-	30
Mistral Engineering Sdn. Bhd.	38.49	-
Timah Resources Limited	38.49	-

17. Investments in subsidiaries (cont'd)

(ii) Summarised statements of financial position

	Ladang Cepat-KPD Sdn. Bhd.		Cash Horse (M) Sdn. Bhd.		Mistral Engineering Sdn. Bhd.		Timah Resources Limited		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current assets	22,465	22,765	116,445	112,658	34,117	23,877	26,162	-	199,189	159,300
Current assets	14,841	14,385	7,407	9,591	2,722	1,262	6,351	-	31,321	25,238
Total assets	37,306	37,150	123,852	122,249	36,839	25,139	32,513	-	230,510	184,538
Current liabilities	1,151	1,119	85,723	73,805	16,903	6,273	95	-	103,872	81,197
Non-current liabilities	4,023	4,029	36,789	43,752	10,229	12,113	-	-	51,041	59,894
Total liabilities	5,174	5,148	122,512	117,557	27,132	18,386	95	-	154,913	141,091
Net assets	32,132	32,002	1,340	4,692	9,707	6,753	32,418	-	75,597	43,447
Equity attributable to owners of the Company	13,460	13,277	1,340	3,314	6,239	6,753	36,735	-	57,774	23,344
Non-controlling interests	18,672	18,725	-	1,378	3,468	-	(4,317)	-	17,823	20,103

17. Investments in subsidiaries (cont'd)

(iii) Summarised statements of comprehensive income

	Ladang Cepat-KPD Sdn. Bhd. 2015 RM'000	Ladang Cepat-KPD Sdn. Bhd. 2014 RM'000	Cash Horse (M) Sdn. Bhd. 2015 RM'000	Cash Horse (M) Sdn. Bhd. 2014 RM'000	Mistral Engineering Sdn. Bhd. 2015 RM'000	Mistral Engineering Sdn. Bhd. 2014 RM'000	Timah Resources Limited 2015 RM'000	Timah Resources Limited 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Revenue	9,986	10,524	16,273	19,381	34,013	424	-	-	60,272	30,329
Profit/(loss) for the year	2,131	2,434	(3,352)	1,376	2,861	(1,425)	1,228	-	2,868	2,385
Profit/(loss) attributable to:										
Owners of the Company	1,331	2,313	(3,165)	585	2,010	(1,425)	755	-	931	1,473
Non-controlling interests	800	121	(187)	791	851	-	473	-	1,937	912
	2,131	2,434	(3,352)	1,376	2,861	(1,425)	1,228	-	2,868	2,385
Other comprehensive income attributable to:										
Owners of the Company	-	-	-	-	-	-	92	-	92	-
Non-controlling interests	-	-	-	-	-	-	58	-	58	-
	-	-	-	-	-	-	150	-	150	-
Total comprehensive income/(loss)	2,131	2,434	(3,352)	1,376	2,861	(1,425)	1,378	-	3,018	2,385
Total comprehensive income/(loss) attributable to:										
Owners of the Company	1,331	2,313	(3,165)	585	2,010	(1,425)	847	-	1,023	1,473
Non-controlling interests	800	121	(187)	791	851	-	531	-	1,995	912
	2,131	2,434	(3,352)	1,376	2,861	(1,425)	1,378	-	3,018	2,385

17. Investments in subsidiaries (cont'd)

(iv) Summarised cash flows

	Ladang Cepat-KPD Sdn. Bhd. 2015 RM'000	Ladang Cepat-KPD Sdn. Bhd. 2014 RM'000	Cash Horse (M) Sdn. Bhd. 2015 RM'000	Cash Horse (M) Sdn. Bhd. 2014 RM'000	Mistral Engineering Sdn. Bhd. 2015 RM'000	Mistral Engineering Sdn. Bhd. 2014 RM'000	Timah Resources Limited 2015 RM'000	Timah Resources Limited 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Net cash generated from/(used in) operating activities	2,052	2,623	8,224	4,185	9,901	3,605	(427)	-	19,750	10,413
Net cash generated from/(used in) investing activities	158	(144)	(1,504)	(945)	(7,764)	(1,498)	-	-	(9,110)	(2,587)
Net cash used in financing activities	(2,000)	(2,449)	(6,282)	(724)	(1,654)	(1,671)	-	-	(9,936)	(4,844)
Net increase/(decrease) in cash and cash equivalents	210	30	438	2,516	483	436	(427)	-	704	2,982
Net foreign exchange difference	-	-	-	-	-	-	166	-	166	-
Changes on cash and cash equivalent										
Cash and cash equivalents at beginning of the year	2,541	2,511	3,987	1,471	517	81	6,569	-	13,614	4,063
Cash and cash equivalents at end of the year	2,751	2,541	4,425	3,987	1,000	517	6,308	-	14,484	7,045

18. Deferred tax

Deferred income tax as at reporting date relates to the following:

	As at 1 January 2014 RM'000	Recognised in profit or loss RM'000	As at 31 December 2014 RM'000	Recognised in profit or loss RM'000	As at 31 December 2015 RM'000
Group					
Deferred tax liabilities:					
Investment properties	1,066	55	1,121	-	1,121
Property, plant and equipment	24,041	1,359	25,400	1,164	26,564
Biological assets	33,419	637	34,056	633	34,689
Amount due from customer on service concession	1,280	7,758	9,038	3,656	12,694
	59,806	9,809	69,615	5,453	75,068
Deferred tax assets:					
Unutilised tax losses	(6,143)	(402)	(6,545)	(479)	(7,024)
Unabsorbed agriculture and capital allowances	(9,148)	(8,867)	(18,015)	(4,769)	(22,784)
Unabsorbed reinvestment allowances	-	(1,382)	(1,382)	778	(604)
	(15,291)	(10,651)	(25,942)	(4,470)	(30,412)
	44,515	(842)	43,673	983	44,656
Company					
Deferred tax liabilities:					
Property, plant and equipment	64	(8)	56	1	57

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,423)	(3,565)	-	-
Deferred tax liabilities	48,079	47,238	57	56
	44,656	43,673	57	56

18. Deferred tax (cont'd)

Unrecognised deferred tax assets

At the reporting date, the Group has unabsorbed capital allowances of approximately RM897,577 (2014: RM1,110,000) that are available for offset against future taxable profits of the companies in which the unabsorbed capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. Trade and other receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Trade receivables				
Third parties	5,112	12,375	-	-
Amount due from customer on service concession	4,807	3,537	-	-
Less: Allowance for impairment	(347)	(533)	-	-
Trade receivables, net	9,572	15,379	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	33,838	34,549
Deposits	1,493	4,106	21	289
GST receivables	287	-	1	-
Prepayments	1,151	768	2	14
Termination compensation receivable	1,299	-	-	-
Sundry receivables	800	1,322	272	272
	5,030	6,196	296	575
Less: Allowance for impairment	(973)	(468)	(272)	(272)
Other receivables, net	4,057	5,728	24	303
	13,629	21,107	33,862	34,852

19. Trade and other receivables (cont'd)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-Current				
Trade receivables				
Amount due from customer on service concession	133,938	102,923	-	-
Other receivables				
Amounts due from subsidiaries				
- Interest bearing advances	-	-	28,327	-
- Non-interest bearing advances	-	-	20,169	10,066
Termination compensation receivable	600	-	-	-
	600	-	48,496	10,066
Less: Allowance for impairment	-	-	(8,922)	-
Other receivables, net	600	-	39,574	10,066
Other assets				
Prepayment of equity shares in a foreign company	8,947	3,595	-	-
Other receivables	-	3,666	-	-
Less: Allowance for impairment	(7,408)	(2,000)	-	-
	1,539	5,261	-	-
	136,077	108,184	39,574	10,066
Total trade and other receivables (current and non-current)	149,706	129,291	73,436	44,918
Add: Cash and cash equivalents (Note 22)	24,796	23,433	846	573
Less: Prepayments and non refundable deposits	(1,911)	(2,455)	(2)	(253)
Total loans and receivables	172,591	150,269	74,280	45,238

19. Trade and other receivables (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 30 days (2014: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2015 RM'000	**2014 RM'000**
Neither past due nor impaired	9,025	14,134
1 to 30 days past due not impaired	-	36
31 to 60 days past due not impaired	97	76
61 to 90 days past due not impaired	4	35
More than 91 days past due not impaired	99	565
	200	712
Impaired	347	533
	9,572	15,379

Trade receivables that are neither past due nor impaired

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

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM200,327 (2014: RM712,793) that are past due at the reporting date but not impaired.

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Trade receivables that are impaired

	Group 2015 RM'000	Group 2014 RM'000
At 1 January	533	229
Charge for the year	109	304
Written off	(295)	-
At 31 December	347	533

(b) Other receivables

These amounts are unsecured and are repayable upon demand.

The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company.

Other receivables that are impaired

	Group 2015 RM'000	Group 2014 RM'000
At 1 January	2,468	468
Charge for the year	5,913	2,000
At 31 December	8,381	2,468

(c) Prepayment of equity shares in a foreign company

On 7 September 2011, a wholly owned subsidiary, Magnum Kapital Sdn. Bhd., a wholly owned subsidiary, Magnum Kapital Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement ("CSPA") with three Indonesian citizens in relation to the Proposed Acquisition of 500 fully paid up shares of IDR25,000,000 each in PT Mukti Sejahtera Abadi, at a maximum purchase consideration of IDR125,000,000 (approximately RM46,125).

The acquisition is yet to be completed pending the satisfaction of certain conditions as stated in the CSPA. As at 31 December 2015, costs and prepayments totalling RM8,947,000 (2014: RM7,261,000) had been incurred or paid for the purpose of acquiring plantation land in Indonesia. However, the management has decided to discontinue this acquisition and is in the midst of negotiating the disposal of its rights to a potential buyer. An impairment of RM5,408,000 (2014: RM2,000,000) has been recognised in the financial statements on the shortfall between the estimated disposal price and the investment cost.

19. Trade and other receivables (cont'd)

(d) Termination compensation receivable

The fair value of the termination compensation receivable is measured initially at the fair value at a discounted rate of 5.43%.

(e) Service concession arrangements

A subsidiary of the Company, Cash Horse (M) Sdn Bhd ("CHSB"), and Sabah Electricity Sdn Bhd ("SESB") have entered into the Renewable Energy Power Purchase Agreement on 2 November 2010 ("REPPA") to design, construct, own, operate and maintain a Renewable Energy Power Plant ("the Facilities"), to sell and deliver electrical energy to SESB under the Small Renewable Energy Power Programme.

In accordance to the terms of the REPPA, SESB agrees to purchase the Annual Baseline Energy generate from the Facilities at a fixed tariff for 21 years from the commercial operation date.

On 1 January 2015, CHSB entered into REPPA with SESB to design, construct own and maintain the facility and to sell and deliver electrical energy to SESB under Small Renewable Energy Power Programme in which the REPPA entered previously has been terminated by a Settlement Agreement. The Construction of the facility commenced in 2012 and was completed and available for use in 2014. Under the terms of new agreement, CHSB will operate for a period of 16 years starting from 1 January 2015. CHSB will be responsible for any maintenance service required during the concession period. On 1 April 2015, Mistral Engineering Sdn Bhd ("MESB") had also entered into REPPA with SESB to design, construct own and maintain the facility and to sell and deliver electrical energy to SESB under Small Renewable Energy Power Programme. The Construction of the facility commenced in 2014 and has yet to be completed as at year end. It was expected to be complete and available for use on 1 June 2016. Under the terms of agreement, CHSB and MESB will operate for a period of 16 years starting from 1 January 2015 and 1 June 2016 respectively. CHSB and MESB will be responsible for any maintenance service required during the concession period.

For the year ended 31 December 2015, CHSB has recognized revenue of RM10 million (2014: RM14 million) consisting Nil (2014: RM13 million) on construction of the facility and RM10 million (2014: RM1 million) on the operation of the facility. The revenue recognized in relation to construction in 2014 represents the fair value of the construction services provide in constructing the facility. CHSB has recognized a service concession receivable, measured initially at the fair value of the construction services discounted at a rate of 4.8%.

For the year ended 31 December 2015, MESB has recognized revenue of RM31 million on construction of the facility. The revenue recognized in relation to construction in 2015 represents the fair value of the construction services provide in constructing the facility. CHSB has recognized a service concession receivable, measured initially at the fair value of the construction services discounted at a rate of 4.8%.

20. Inventories

Cost	Group 2015 RM'000	Group 2014 RM'000
Shell	26	-
Fibre	112	-
Empty fruit bunches	23	-
Empty fruit bunches oil	12	66
Crude palm oil	7,846	2,771
Palm kernels	819	947
Quarry stocks	16,901	14,667
Fertilisers and chemicals	1,297	220
Store, spares and consumable supplies	1,996	1,321
Nurseries	390	631
	29,422	20,623

There were no inventories stated at net realisable value as at 31 December 2015 and 2014.

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM13,123,278 (2014: RM14,846,544).

21. Short term investments

	Group 2015 RM'000	Group 2014 RM'000
AmIncome	10,329	10,442
AmCash Management	756	450
	11,085	10,892

(a) AmIncome

AmIncome is a short to medium-term money market fund that aims to provide investors with a stream of income. The withdrawal proceeds will be received in the following manner:

(i) the first RM2 million and below withdrawn, not later than the 7th day of receipt of repurchase notice; and

(ii) any amount above RM2 million withdrawn, not later than the 30th day of receipt of repurchase notice.

21. Short term investments (cont'd)

(b) AmCash Management

AmCash Management is a short-term money market fund designed to provide investors with a stream of income. It is managed with the aim of maintaining the Fund's unit price at RM1. The redemption proceeds for investments in AmCash Management will normally be collected by the next business day.

Short term investments earn interest at respective short term deposit rates. The weighted average effective interest rates at 31 December 2015 were 3.01% to 3.27% (2014: 2.41% to 2.84%) per annum.

22. Cash and bank balances

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash at bank and on hand	15,075	13,102	846	573
Short term deposits with licensed banks	9,721	10,331	-	-
Cash and bank balances	24,796	23,433	846	573

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2015 for the Group was 3.02% (2014: 2.92%).

Short term deposits with licensed banks of the Group amounting to RM168,781 (2014: RM150,808) are pledged as securities for banking facilities.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash at bank and on hand	15,075	13,102	846	573
Short term deposits with licensed banks	9,552	10,180	-	-
Cash and cash equivalents	24,627	23,282	846	573

23. Loans and borrowings

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Secured:				
Obligation under finance leases (Note 31(c))	874	683	-	-
Revolving credits:				
- at ICOF + 1.20% p.a.	28,000	29,000	28,000	29,000
- at COF + 1.125% p.a.	16,000	16,000	-	-
- at COF + 1.5% p.a.	10,000	10,000	-	-
Bank loans:				
- RM loan at COF + 1.125% p.a.	2,100	2,100	-	-
- RM loan at COF + 1.5% p.a.	7,650	7,650	-	-
- RM loan at COF + 1.1% p.a.	4,000	-	4,000	-
	68,624	65,433	32,000	29,000
Non-current				
Secured:				
Obligation under finance leases (Note 31(c))	936	519	-	-
Bank loans:				
- RM loan at COF + 1.125% p.a.	4,046	6,146	-	-
- RM loan at COF + 1.5% p.a.	45,913	53,563	-	-
- RM loan at COF + 1.1% p.a.	23,150	-	23,150	-
	74,045	60,228	23,150	-
Total loans and borrowings	142,669	125,661	55,150	29,000

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
On demand or within one year	68,624	65,433	32,000	29,000
More than 1 year and less than 2 years	14,773	10,098	4,000	-
More than 2 years and less than 5 years	46,372	32,943	12,000	-
5 years or more	12,900	17,187	7,150	-
	142,669	125,661	55,150	29,000

23. Loans and borrowings (cont'd)

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 6.50% p.a. (2014: 6.75% p.a.). These obligations are denominated in Ringgit Malaysia (RM).

Revolving credits

These are denominated in RM and secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, sub-divided land together with the power plant erected thereon of a subsidiary company, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the Company and subsidiary companies.

RM loan at COF + 1.125% p.a.

This loan is secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the Company and subsidiary companies.

RM loan at COF + 1.5% p.a.

This loan is secured by legal charges over sub-divided land together with the power plant erected thereon of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of the subsidiary companies and corporate guarantees given by the Company.

RM loan at COF + 1.1% p.a.

This loan is secured by legal charges over certain leasehold plantations, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired and corporate guarantees given by the subsidiary companies.

24. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables				
Third parties	8,736	10,387	-	-
Other payables				
Amounts due to subsidiaries	-	-	31,953	9,794
Accruals	8,425	9,750	1,048	890
Retention sum payable to contractor	2,644	4,852	-	-
Sundry payables	3,019	2,766	36	33
GST payable	376	-	-	-
	14,464	17,368	33,037	10,717
Total trade and other payables	23,200	27,755	33,037	10,717
Add: Loans and borrowings (Note 23)	142,669	125,661	55,150	29,000
Total financial liabilities carried at amortised cost	165,869	153,416	88,187	39,717

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2014: 30 to 90 days) terms.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of three months (2014: average term of three months).

25. Lease rental payable

This represents sublease rental for 107 parcels of leasehold land of certain subsidiary companies which is payable over the remaining lease term of 49 years commencing in the year 2049.

26. Share capital and treasury shares

	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015 RM'000	2014 RM'000
Authorised share capital:				
At 1 January and 31 December	500,000,000	500,000,000	500,000	500,000

	Number of ordinary shares of RM1 each		Amount	
Issued and fully paid	Share capital	Treasury share	Share capital RM'000	Treasury share RM'000
At 1 January 2014	318,446,210	(9,478,700)	318,446	(11,096)
Purchase of treasury shares	-	(200)	-	(1)
At 31 December 2014	318,446,210	(9,478,900)	318,446	(11,097)
Purchase of treasury shares	-	(200)	-	*
At 31 December 2015	318,446,210	(9,479,100)	318,446	(11,097)

* Below RM1,000

(a) Share capital

The holders of ordinary shares (except treasury shares) 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 with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 200 of its issued ordinary shares from open market at an average price of RM0.8025 per share. The total consideration paid for the repurchase includes transaction costs of RM245.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

27. Reserves

	Group 2015 RM'000	Group 2014 RM'000
Foreign currency translation reserve	150	4
Other reserve	(1,946)	-
	(1,796)	4

Foreign currency translation reserve

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

Other reserve

Other reserve represents the difference between the adjusted carrying amount of the non-controlling interests and the fair value of the consideration paid.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2014 under the single tier system.

29. Dividend

	Group and Company 2015 RM'000	Group and Company 2014 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final single-tier dividend for 2014 of 2 sen (2013: 2 sen) per share	6,179	6,179

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015, of 1.5% on 308,967,110 ordinary shares, amounting to a dividend payable of RM4,634,507 (1.5 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

30. Related party transactions

(a) Sale and purchase of goods and services

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

	Group 2015 RM'000	Group 2014 RM'000
Transaction with a Director:		
Professional fee	-	50

	Company 2015 RM'000	Company 2014 RM'000
Transactions with subsidiary companies:		
Management fees received	2,956	3,123
Interest on advances given	2,325	895
Interest on advances obtained	-	443
Gross dividend income	1,200	29,400

(b) Compensation of key management personnel

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Short-term employee benefits	5,046	4,504	1,539	1,436
Defined contribution plan	497	415	164	148
	5,543	4,919	1,703	1,584

31. Commitments

The Group's commitments as at the reporting date are as follows:

(a) Capital commitments

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Property, plant and equipment:				
Approved and contracted for	15,964	5,302	-	-
Approved but not contracted for	18,673	6,705	-	-
	34,637	12,007	-	-

31. Commitments (cont'd)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
(b) Service concession facilities commitments				
Property, plant and equipment:				
Approved and contracted for	13,489	-	-	-

(c) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, heavy equipment, plant and machinery (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Minimum lease payments:		
Not later than 1 year	963	737
Later than 1 year and not later than 2 years	724	356
Later than 2 years and not later than 5 years	255	192
Total minimum lease payments	1,942	1,285
Less: Amounts representing finance charges	(132)	(83)
Present value of minimum lease payments	1,810	1,202
Present value of payments:		
Not later than 1 year	874	683
Later than 1 year and not later than 2 years	686	344
Later than 2 years and not later than 5 years	250	175
Present value of minimum lease payments	1,810	1,202
Less: Amount due within 12 months (Note 23)	(874)	(683)
Amount due after 12 months (Note 23)	936	519

32. Contingent Liabilities

The Company's wholly owned subsidiary, Suara Baru Sdn. Bhd. ("SBSB") had commenced legal proceedings against Borhill Estates Sdn. Bhd. ("BESB") in the Sessions Court at Sandakan vide Suit No. SDK-A 52-63/7-2013 ("Suit") on 19 July 2013 to claim for the sum of RM115,169, being the amount due and owing by BESB to SBSB in respect of block stones and crusher run A stones ("Stones") supplied by SBSB to BESB. In defending the Suit, BESB contends, among others, that the Stones supplied by SBSB did not fit the description of stones ordered by BESB, were not of merchantable quality, and were not fit for the purpose they were ordered for. BESB has also filed a counterclaim against SBSB, among others, a sum of RM5,612,850 in respect of BESB's purported loss of profit allegedly caused by SBSB's alleged breach. The Suit was subsequently transferred to the High Court of Sabah and Sarawak at Sandakan on 13 October 2014 and registered as Suit No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The Suit is now fixed for trial from 11 April 2016 to 15 April 2016.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and the Group as the Company expects that pursuant to the facts of the case, the documents presently available and advice of its solicitors, the Company will be able to advance a cogent defence to BESB's counterclaim.

33. Fair value of financial instruments

Set out below, is a comparison by classes of the carrying amounts and fair values of the financial instruments, other than those with carrying amounts are reasonable approximate of fair value:

	2015		2014	
	Carrying Amount RM'000	**Fair Value (Level 2) RM'000**	**Carrying Amount RM'000**	**Fair Value (Level 2) RM'000**
Group				
Financial Liabilities:				
Loans and borrowings (non current)				
- Obligations under finance lease	936	1,177	519	502

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, short-term loan and borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

33. Fair value of financial instruments (cont'd)

The following methods and assumptions were used to estimate the fair value:

Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called is remote as those subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due.

34. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

(a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

- A nominal amount of RM118,300,000 (2014: RM118,300,000) relating to corporate guarantees provided by the Company to banks for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

At the reporting date, approximately 43% (2014: 87%) of the Group's trade receivables were due from 2 major customers.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions, and short-term investment that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

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

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with financial liabilities that are settled by delivery of cash or another financial assets. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, approximately 48% (2014: 52%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2015				
Group				
Financial liabilities:				
Trade and other payables	23,200	-	-	23,200
Loans and borrowings	74,718	73,772	12,668	161,158
Total undiscounted financial liabilities	97,918	73,772	12,668	184,358
Company				
Financial liabilities:				
Trade and other payables	33,037	-	-	33,037
Loans and borrowings	33,483	19,324	7,538	60,345
Total undiscounted financial liabilities	66,520	19,324	7,538	93,382

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

(i) The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted amounts. (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2014				
Group				
Financial liabilities:				
Trade and other payables	27,755	-	-	27,755
Loans and borrowings	71,485	55,966	17,342	144,793
Total undiscounted financial liabilities	99,240	55,966	17,342	172,548

(ii) At the reporting date, all the Company's financial liabilities which based on contractual undiscounted amounts are due either on demand or settle within one year.

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM160,481 (2014: RM181,903) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

(d) Foreign currency risk

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

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in AUD and Euro) amounted to RM7.4 million (2014: RM2.8 million).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the AUD and Euro exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease) in Profit Net of Tax	
	Group	
	2015 RM	**2014 RM**
AUD/RM		
- strengthened 5% (2014: Nil)	(315,431)	-
- weakened 5% (2014: Nil)	315,431	-
Euro/RM		
- strengthened 5% (2014: 5%)	(41,735)	(126,918)
- weakened 5% (2014: 5%)	41,735	126,918

(e) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops.

Sensitivity analysis for commodity price risk

At the reporting date, if the Crude Palm Oil price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM2,360,633 (2014: RM3,229,501) higher/lower.

35. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptance level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

		Group		Company	
		2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Loans and borrowings	23	142,669	125,661	55,150	29,000
Trade and other payables	24	23,200	27,755	33,037	10,717
Less: Cash and cash equivalents	22	(24,627)	(23,282)	(846)	(573)
Net debt		141,242	130,134	87,341	39,144
Capital:					
Equity attributable to owners of the parent		457,251	455,415	331,679	346,277
Capital and net debt		598,493	585,549	419,020	385,421
Gearing ratio		24%	22%	21%	10%

36. Segment information

For management purposes, the Group is organised into business units based on their product and services, and has three reportable operating segments as follows:

(i) Plantation - Cultivation oil palm
(ii) Mill - Milling and sale of oil palm products
(iii) Power plant - Power generation and sale biomass by-products
(iv) All other segments - Extraction and sale of earth stones and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. Segment information (cont'd)

	Plantation 2015 RM'000	Plantation 2014 RM'000	Mill 2015 RM'000	Mill 2014 RM'000	Power plant 2015 RM'000	Power plant 2014 RM'000	All other segments 2015 RM'000	All other segments 2014 RM'000	Adjustment and elimination 2015 RM'000	Adjustment and elimination 2014 RM'000	Note	Per consolidated financial statements 2015 RM'000	Per consolidated financial statements 2014 RM'000
Revenue:													
External customers	9,872	13,339	169,169	211,545	48,064	16,151	1,116	2,877	-	-		228,221	243,912
Inter-segment	48,021	58,233	-	-	2,222	1,801	3,840	3,915	(54,083)	(63,949)	A	-	-
Total revenue	57,893	71,572	169,169	211,545	50,286	17,952	4,956	6,792	(54,083)	(63,949)		228,221	243,912
Results:													
Fair value gain on investment properties	-	-	-	-	-	-	-	1,100	-	-		-	1,100
Interest income	401	362	2,331	2,111	6,311	4,168	2,329	457	(4,594)	(2,431)		6,778	4,667
Depreciation and amortisation	2,671	2,549	2,856	2,806	1,001	1,979	553	526	536	567		7,617	8,427
Segment profit	20,218	27,696	7,013	3,306	5,824	1,440	14,773	(12)	(29,998)	(5,335)	B	17,830	27,095
Assets:													
Additions to non-current assets	9,460	11,508	4,686	6,663	9,351	2,494	376	146	(220)	(250)	C	23,653	20,561
Segment assets	353,773	349,787	86,180	92,358	160,691	146,580	86,593	85,599	2,245	2,367	D	689,482	676,691
Liabilities:													
Segment liabilities	5,954	6,311	30,270	34,974	70,542	80,145	59,563	32,505	48,079	47,238	E	214,408	201,173

36. Segment information (cont'd)

Note	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements
A	Inter-segment revenues are eliminated on consolidation.
B	The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.
C	Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	21,761	17,533
Biological assets	1,892	3,028
	23,653	20,561

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Deferred tax assets	3,423	3,565
Inter-segment assets	(1,178)	(1,198)
	2,245	2,367

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Deferred tax liabilities	48,079	47,238

Geographical information

No geographical information has been provided as the Group activities are predominantly in Malaysia.

Information about major customers

Revenue from two (2014: two) major customers amount to RM92,529,550 (41% of revenue) and RM64,531,677 (28% of revenue) respectively (2014: RM91,472,852 (38% of revenue), RM95,456,311 (39% of revenue)) arising from mill segment.

37. Significant events

(i) On 10 October 2014, the Group announced that Cash Nexus (M) Sdn. Bhd. ("CNSB"), proposed to undertake a reverse take-over ("RTO") of Timah Resources Limited ("TRL"), a public limited company listed on the National Stock Exchange of Australia, by way of the following:

(a) The disposal by CNSB of 100% of the equity interest in Mistral Engineering Sdn. Bhd. to TRL for a total consideration of AUD8,550,000 (equivalent to RM23,791,230) to be fully satisfied by the issuance of 85,500,000 TRL shares at an issue price of AUD0.10 per TRL Share ("Proposed Disposal"); and

(b) The subscription by CNSB and/or its nominee(s) of 10,000,000 TRL shares for a total cash consideration of AUD2,000,000 (equivalent to RM5,565,200) or AUD0.20 per TRL share in conjunction with the transfer listing exercise to be undertaken by TRL ("Proposed Subscription").

The Proposed Disposal and the Proposed Subscription are intended to result in a RTO of TRL by CNSB, whereby CNSB will emerge as the new controlling shareholder of TRL holding more than 50% of the voting shares in TRL upon completion of the Proposed Disposal and the Proposed Subscription. As a result, TRL will become a subsidiary company of CNSB whilst CNSB will retain control over MESB by virtue of its controlling interest in TRL upon completion of the Proposed RTO.

Simultaneous with the execution of the conditional share sale agreement dated 10 October 2014 in relation to the Proposed Disposal, CNSB had also entered into a call option agreement with Timah Pasir Sdn. Bhd. ("TPSB"). In accordance with the Call Option Agreement, CNSB is granted the option to acquire 9,500,000 TRL shares from TPSB on a pre-consolidation basis at any time within one (1) year from the date of the Call Option Agreement or up to the completion date of the proposed share consolidation exercise to be undertaken by TRL, whichever occurs earlier, for a total cash consideration of up to AUD950,000 (equivalent to RM2,643,470).

On 13 November 2014, CNSB had entered into a supplemental deed with TRL to vary certain terms and conditions of the conditional share sale agreement dated 10 October 2014 in relation to the Proposed Disposal.

The Proposed Disposal and the Proposed Subscription had been approved by shareholders at an Extraordinary General Meeting held on 18 March 2015 and were completed on 10 September 2015 resulting in the Group's ownership of 61.51% equity interest in TRL and the Group's effective equity interest in MESB reduced to 61.51%. The transfer listing exercise of TRL to the Australian Securities Exchange was completed on 10 September 2015.

(ii) On 18 February 2015, a wholly owned subsidiary, Mistral Engineering Sdn. Bhd. ("MESB") has obtained Feed-In Approval from Sustainable Energy Development Authority Malaysia for the provision of renewable energy generated by MESB's biogas power plant at a Feed-In tariff rate of RM0.4169/kWh for 16 years commencing from 4 November 2015 to 3 November 2031.

On 1 April 2015, MESB has entered into a Renewable Energy Power Purchase Agreement with Sabah Electricity Sdn. Bhd. based on the above Feed-In Approval.

37. Significant events (cont'd)

(iii) On 11 May 2015, Cash Nexus (M) Sdn. Bhd., a wholly owned subsidiary acquired 150,000 ordinary shares of RM1 each in Power Precinct Sdn. Bhd., representing its entire equity interest for a total consideration of RM1.95 million. Power Precinct Sdn. Bhd. holds the remaining 30% equity interest in Cash Horse (M) Sdn. Bhd.. As a result of this acquisition, Cash Horse (M) Sdn. Bhd. becomes a wholly-owned subsidiary of the Group.

(iv) On 20 October 2015, TRL had entered into a Deed of Debt Forgiveness with a major shareholder of TRL, namely Timah Pasir Sdn. Bhd. ("TPSB") who agreed to release TRL from a debt owed by TRL to TPSB amounting to AUD437,000, which is equivalent to RM1,349,238 (at an exchange rate of AUD1.00: RM3.0875). The aforesaid debt was incurred by TRL for expenses associated with initial public of offering and listing onto the Australian Securities Exchange.

(v) On 8 December 2015, Mistral Engineering Sdn. Bhd. ("MESB") and Cash Horse Sdn. Bhd. ("CHSB"), have entered into two Termination of Emission Reductions Purchase Agreements ("Agreements") with NE Climate A/S ("NE") for the purpose of terminating and cancelling the respective Emission Reductions Purchase Agreement entered with NE on 11 October 2010, including the respective Supplemental Agreement entered on 31 May 2011 due to a number of factors including high equipment maintenance costs associated with monitoring, the low level of Certified Emission Reductions ("CERs") currently being generated by the biogas plant and a lack of interest in purchasing CERs particularly from the Eurozone.

The Group will receive termination compensation totaling RM2,000,011 from NE in three payments within two years.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 March 2016.

39. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	193,520	193,103	24,387	38,984
- Unrealised	7,200	7,894	(57)	(56)
	200,720	200,997	24,330	38,928
Less: Consolidation adjustments	(49,022)	(52,935)	-	-
Retained earnings as per financial statements	151,698	148,062	24,330	38,928

List of Properties of the Group as at 31 December 2015

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2015 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation	17,700	2001
	Off KM 63.7,		2070	30.607	hectares	& Oil Mill		
	Sandakan-Lahad Datu Highway		2074	8.010	hectares			
			2075	207.991	hectares			
			2076	9.967	hectares			
			2077	24.460	hectares			2005
			2082	6.463	hectares			
			2082	72.790	hectares			
	Kolapis-Beluran Area	Perpetuity						
	District of Labuk Sugut	(Sublease 99 years)	2097	6.435	hectares			
		Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
				408.725	**hectares**			
	Prolific Yield	Under Sub Division	2081	**167.220**	**Sq.M**	Double Storey	135	2002
	Lot 38, Block C	Leasehold 99 years				Terrace Shoplot		
	Taman Indah Jaya Phase 4A,	(Parent title TL077552035)						
	Mile 4, Jalan Utara, Sandakan							
2	Melabau, Suara Baru, Gelang Usaha	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	602	2002
	0.2 KM East of KM 96,		2078	17.110	hectares	Oil Palm Plantation	35,587	2001
	Sandakan-Lahad Datu Highway		2079	260.780	hectares	& Quarry		
			2080	202.303	hectares			
			2081	136.615	hectares			
			2082	88.690	hectares			
			2085	252.660	hectares			
			2086	14.930	hectares			
			2095	4.993	hectares			
			2093	154.700	hectares			
			2097	12.300	hectares			
		Perpetuity						
		(Sublease 99 years)	2075	316.549	hectares			
			2080	136.763	hectares			
			2093	5.751	hectares			
			2097	10.930	hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	1.842	hectares	Plantable Reserve		
				1,644.396	**hectares**			
3	Sri Likas Mewah, Ultisearch Trading							
	2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085	10.120	hectares	Oil Palm Plantation	13,820	2001
			2094	386.100	hectares			
			2096	168.700	hectares			
			2098	47.750	hectares			
				612.670	**hectares**			
4	Bakara	Leasehold 99 years	2085	150.300	hectares	Oil Palm Plantation	12,865	2001
	Bukit Garam/Sg. Lokan		2087	400.000	hectares			
	Off KM 76.5, Sandakan-Lahad Highway			**550.300**	**hectares**			
5	Cepatwawasan & Kovusak	Leasehold 99 years	2061	992.700	hectares	Oil Palm Plantation	40,302	2001
	KM 4.5, Jalan Beluran		2071	133.550	hectares			
			2078	485.300	hectares			
				1,611.550	**hectares**			
6	Razijaya & Sugguh Mulia	Leasehold 99 years	2098	**362.200**	**hectares**	Oil Palm Plantation,	14,983	2001
	Sungai-Sungai Locality,					Quarry &		
	99 KM North-West of Sandakan					Plantable Reserve		

List of Properties of the Group as at 31 December 2015 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2015 RM'000	Year Acquired
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000 hectares**	Oil Palm Plantation & Plantable Reserve	39,029	2003
8	Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg.Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 hectares 145.710 hectares 48.550 hectares 48.520 hectares **485.580 hectares**	Oil Palm Plantation & Plantable Reserve	7,352	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil Palm Plantation	48,450	2007
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386 Sq.M**	Three Storey Shop/Office	1,397	2009
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	189	2011
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	204	2011
	Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**122.140 Sq.M**	Eight Storey Condominium	505	2014
	Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**105.140 Sq.M**	Eight Storey Condominium	423	2014
11	Mistral Engineering Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	2,803	2012
12	Cash Horse Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	7,140	2012

List of Properties of the Group as at 31 December 2015 (cont'd)

	Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2015 RM'000	Date of Last Revaluation
13	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.976 Sq.M**	High-end residential property	7,230	2015
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**877.693 Sq.M**	High-end residential property	7,075	2015
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.829 Sq.M**	High-end residential property	7,229	2015
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**878.490 Sq.M**	High-end residential property	7,081	2015
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**884.183 Sq.M**	High-end residential property	7,127	2015
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**863.043 Sq.M**	High-end residential property	6,958	2015

Statistical Report as at 29 February 2016

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,479,100)
Authorised Share Capital	:	500,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	7,118
Voting Rights	:	One Vote for Every Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	69	0.969	3,004	0.000
100 to 1,000	518	7.277	363,015	0.117
1,001 to 10,000	4,044	56.813	20,457,588	6.621
10,001 to 100,000	2,193	30.809	65,318,864	21.141
100,001 to 15,448,354 (*)	292	4.102	117,938,189	38.171
15,448,355 AND ABOVE (**)	2	0.028	104,886,450	33.947
TOTAL :	**7,118**	**100.000**	**308,967,110**	**100.000**

* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

LIST OF SUBSTANTIAL SHAREHOLDERS

as per the Register of Substantial Shareholders as at 29 February 2016

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%	
MHC Plantations Bhd	88,831,200	28.75	30,000,000	9.71	(1)
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	118,831,200	38.46	(2)
Tan Sri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(2)
Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(2)
Datin Seri Ooi Ah Thin	-	-	118,831,200	38.46	(2)
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51	(3)

Notes:

(1) *Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Yew Lee Holdings Sdn. Berhad and Hutan Melintang Plantations Sdn. Berhad.*

(2) *Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his/her shareholdings in MHC Plantations Bhd.*

(3) *Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of its shareholdings in Hutan Melintang Plantations Sdn. Berhad.*

LIST OF DIRECTORS' SHAREHOLDINGS
as per the Register of Directors' Shareholdings as at 29 February 2016

	Directors	No. of Shares Direct	%	No. of Shares Indirect	%	
1	Tan Sri Mah King Thian @ Mah King Thiam	-	-	118,831,200	38.46	(1)
2	Dato' Seri Mah King Seng	-	-	118,831,200	38.46	(1)
3	Chua Kim Yin	-	-	-	-	
4	Chan Kam Leong	-	-	540,000	0.17	(2)
5	Choong Pak Wan	15,000	-	-	-	

Notes:

(1) Deemed interested pursuant to Section 6A of the Companies Act 1965 by virtue of his shareholdings in MHC Plantations Bhd.

(2) Deemed interested pursuant to Section 134 of the Companies Act 1965 by virtue of his spouse's interest.

LIST OF TOP 30 HOLDERS as at 29 February 2016

No.	Names	Holdings	%
1	MHC PLANTATIONS BHD	88,831,200	28.751
2	YEW LEE HOLDINGS SDN BERHAD	16,055,250	5.196
3	HUTAN MELINTANG PLANTATIONS SDN BERHAD	13,944,750	4.513
4	JUWITAWAN SDN BHD	4,873,050	1.577
5	TLK CAPITAL SDN BHD	4,400,000	1.424
6	LI NAI KWONG	3,804,913	1.231
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD *JINCAN SDN BHD*	2,850,000	0.922
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG WENG KUNG*	2,617,900	0.847
9	VUN SHUI MOI @ VUN SIEW MOI	2,191,050	0.709
10	GAN HONG LIANG	2,057,250	0.665
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JEREMY CHIA PEI CHAI (E-TCS)*	2,001,000	0.647
12	MERCSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA*	1,758,800	0.569
13	TEEN INN HOON	1,500,000	0.485
14	LEE GUAN HUAT	1,379,850	0.446

Statistical Report as at 29 February 2016 (cont'd)

LIST OF TOP 30 HOLDERS as at 29 February 2016 (cont'd)

No.	Names	Holdings	%
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PBCL-0G0161)*	1,350,000	0.436
16	MKW JAYA SDN BHD	1,328,250	0.429
17	SEE LENG TAT	1,255,800	0.406
18	AFFIN HWANG NOMINEES (ASING) SDN BHD *DBS VICKERS SECS (S) PTE LTD FOR GREAT FOREST LIMITED*	1,186,950	0.384
19	TAN LEE GIEOK	1,130,000	0.365
20	KONG SIAU LING @ NATALIE	1,100,000	0.356
21	KONG YEE LING	1,100,000	0.356
22	TEE LIP SIN	994,300	0.321
23	CHENG GEK HONG	975,000	0.315
24	ROVENT SDN BHD	968,100	0.313
25	EDMOND HOYT YUNG	961,700	0.311
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN*	900,000	0.291
27	LEE MENG GEN	860,000	0.278
28	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD*	800,000	0.258
29	LAW PEY NGET	795,750	0.257
30	CHYE AH LAM @ CHAI MING SENG	788,000	0.255
	TOTAL	**164,758,863**	**53.325**

Form of Proxy

No of Shares Held

I/We ____ (BLOCK LETTERS)

NRIC No./Company No. ____ of

____

being (a) Member(s) of CEPATWAWASAN GROUP BERHAD (536499-K) hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares to be represented by proxy
1. ______________________	______________
2. ______________________	______________

or failing him/her,

1. ______________________	______________
2. ______________________	______________

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Amadeus IV, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, Sandakan, Sabah on Tuesday, 26 April 2016 at 11.00 a.m. and at any adjournment thereof and to vote as indicated below:-

	FOR	AGAINST
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this __________ day of ________________________ , 2016

____

Signature / Seal of Member

Notes:

(a) Only members whose names appear on the Record of Depositors as at 20 April 2016 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend, speak and vote at the same meeting. A proxy may but need not be a member of the Company.

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

(d) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(e) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting.

(g) Form of Proxy sent through facsimile transmission shall not be accepted.

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Stamp

CEPATWAWASAN GROUP BERHAD (536499-K)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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