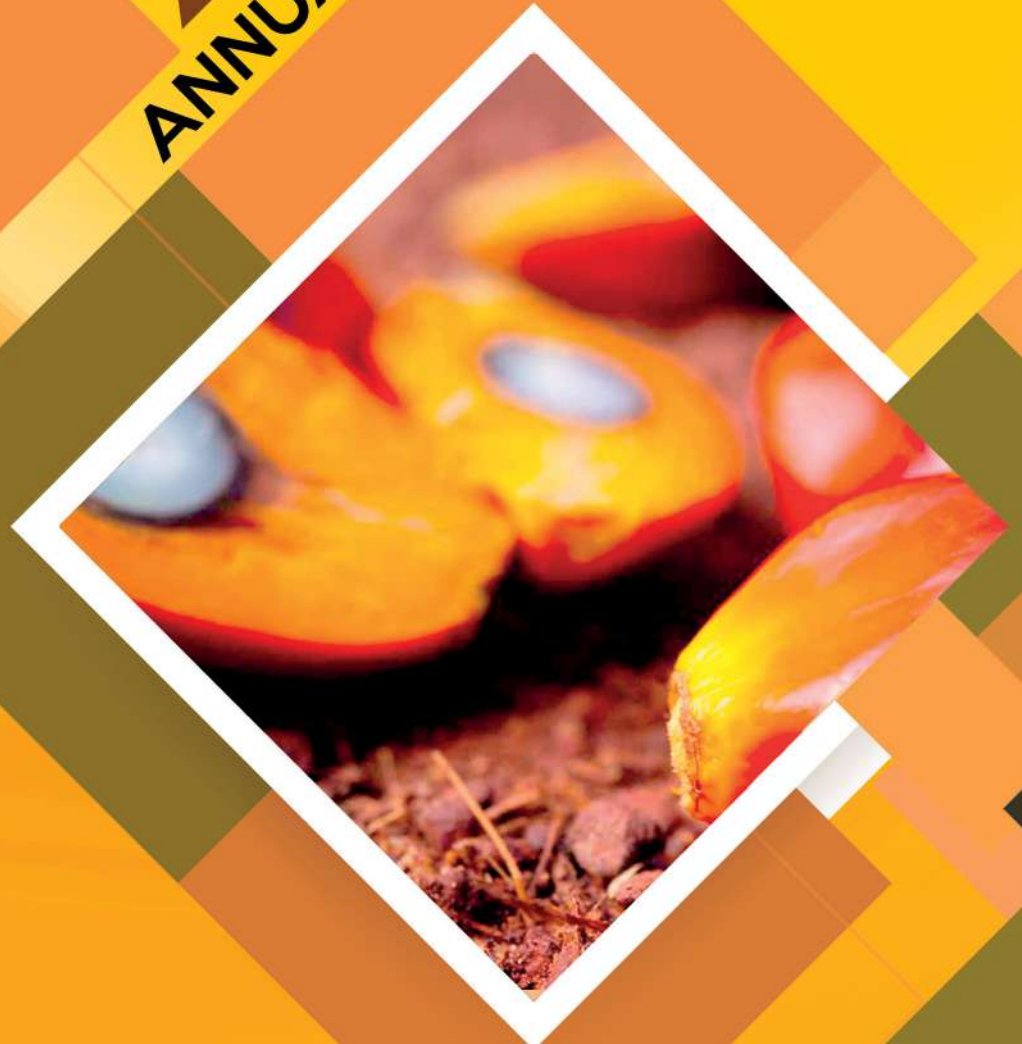




BLD PLANTATION BHD.

(562199-A)

2017
ANNUAL REPORT



Our Vision

TO BE A SUCCESSFUL,
INNOVATIVE AND
RESPONSIBLE CORPORATION,
HAVING A LEADING ROLE
IN THE AGRICULTURAL
INDUSTRY PRODUCING
QUALITY PRODUCTS
AND SERVICES.

Our Mission

TO SUSTAIN GROWTH
THROUGH EFFECTIVE
SERVICES AND PRUDENT
COST COMPETITIVE
APPLICATION OF RESOURCES
EXCEEDING THE EXPECTATION
OF OUR CUSTOMERS AND
SHAREHOLDERS.

Contents

Management Discussion and Analysis	2
Corporate Information	5
Directors' Profile	7
Key Senior Management's Profile	9
Notice of Annual General Meeting	10
Corporate Governance Overview Statement	15
Audit Committee Report	21
Statement on Risk Management and Internal Control	26
Additional Compliance Information	28
Statement on Directors' Responsibility	29
Financial Statements	30
Analysis of Shareholdings	110
List of Lands	112
Form of Proxy	



MANAGEMENT DISCUSSION AND ANALYSIS

The Group's vision is to be a successful, innovative and responsible corporation, having a leading role in the agricultural industry producing quality products and services. The Group consistently strives to sustain growth through effective services and prudent cost competitive application of resources exceeding the expectation of our customers and shareholders.

Adopting good agricultural practices and enhancing operational excellence are fundamental strategies of the Group to achieve high profitability and create values for our shareholders and also stakeholders. The Group is constantly mindful of the importance in optimising resources, competencies and skills to accelerate stable growth and gain competitive edge in the global market.

FINANCIAL PERFORMANCE

The Group recorded a revenue and profit before tax of about RM2.13 billion and RM56.6 million respectively for the financial year under review. This was mainly due to higher average selling price of products and higher sales volume in 2017.

Based on the weighted average number of ordinary shares during the year, the Group recorded net assets per share of RM9.08 per share as compared to RM8.69 in 2016 while earnings per share of 43.23 sen against 24.06 sen from the previous year.

OPERATION REVIEW

The Group has total planted area of about 31,200 hectares of which about 84% is in maturity stage. The Group has implemented mechanisation in some of the estates to enhance productivity and efficiency by reducing reliance on labour.

The Group produced about 115,500 metric tonnes of crude palm oil (CPO) as compared to about 120,100 metric tonnes for previous year. The palm oil mills located at Miri and Sibul both have a processing capacity of 60 metric tonnes of fresh fruit bunch (FFB) per hour. The two palm oil mills of the Group were operating at their installed capacity during the financial year under review.

The volume of palm oil products sold was about 760,000 metric tonnes, an increase of 5.4% from 2016, which were mainly for export in the financial year under review.

DIVIDEND

The Board of Directors has recommended a first and final single tier dividend of 3 sen per ordinary share, in respect of the financial year under review which is subject to the shareholders' approval at the Company's forthcoming annual general meeting.

Be assured that your Board remains committed to consistently increase the overall value of our Company for the benefit of its stakeholders by achieving a balance between providing reasonable returns to shareholders whilst conserving funds for new investment opportunities critical to long term growth.



INDUSTRY TREND AND DEVELOPMENT

According to the Department of Statistics, Malaysia, higher palm oil prices and improved export demand helped push export earnings to RM77.85 billion, up from RM67.92 billion in 2016.

Oil palm planted area in 2017 reached 5.81 million hectares, an increase of 1.3% as against 5.74 million hectares the previous year. In 2017, CPO production increased by 15.0%, reaching 19.92 million tonnes as against 17.32 million tonnes in 2016. The increase was due to higher FFB processed, up by 17.7% arising from higher FFB production that increased by 12.4%.

India, yet again maintained its position as the largest Malaysian palm oil export market, i.e. fourth in a row since 2014. Its intake in 2017 stood at 2.03 million tonnes or 12.2% of total palm oil exports, followed by the European Union (EU) at 1.99 million tonnes (12.0%) and China at 1.92 million tonnes (11.6%). Despite maintaining the top position, Malaysian palm oil exports to India declined by 28.2% to 2.03 million tonnes in 2017 from 2.83 million tonnes in 2016 due to higher uptake of palm oil from Indonesia by 32.8% to 7.05 million tonnes and higher import of sunflower oil by 42.7% to 2.26 million tonnes in 2017.

In 2017, prices of oil palm products were traded mixed although in a declining trend. CPO price traded higher by 4.9% or on average RM130.00/tonne to RM2,783.00/tonne compared to RM2,653.00/tonne in 2016. Total exports of oil palm products rose 2.9% to 23.97 million tonnes in 2017 from 23.29 million tonnes exported in 2016.

(Source: Malaysian Palm Oil Board's website at <http://www.mpob.gov.my>)

CORPORATE SOCIAL RESPONSIBILITY

The Company was awarded with approval certificate by Crime Prevention and Community Security Department of the Royal Malaysia Police in 2015. A total of 74 Auxiliary Police had been recruited and completed their basic police training at Pusat Latihan Police. They were assigned to designated estates, mills and refinery in Miri, Sibu and Bintulu regions. The function of Auxiliary Police is to safeguard company's properties and protect the safety of local communities. To ensure a safe and secure environment, our Auxiliary Police performs static guard duty at checkpoints and conducts daily security patrol at the premises, quarters, mills, estates, refinery and vicinity.

PROSPECTS

Oil palm production is anticipated to recover after the lag effects of El-Nino which would likely lead to lower price pressures in 2018. Among the factors that are setting the price trend for palm oil are India's import tariff hike on palm oil and other edible oils, competition from soybean with expected increase in production, European Union ban resulting from revamp of its renewable energy policies, Indonesia's biodiesel mandate and flat demand from China.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

The temporary suspension on the export tax of crude palm oil (CPO) from Malaysia is seen as a short-term measure by the Malaysian government in supporting CPO export and prices. Rising palm oil inventory in Malaysia in 2018 and greater production in Indonesia, CPO prices are expected to be lower than in 2017.

The Group is committed to enhance cost efficiencies as well as improve yield and productivity in achieving the Group's strategic objectives.

In view of the current prevailing prices of palm oil and market volatility, we hold a cautious view on prospect of the sector in the year ahead. Gradual recovery of production continues to build up palm oil inventory coupled with lacklustre global demand would limit the upside on CPO prices. Notwithstanding the challenging market conditions, the Group remains confident in maintaining momentum and driving the Group forward to sustain development at the same time deliver positive results to its shareholders and other stakeholders.

SUSTAINABILITY STATEMENT

The Group acknowledges the importance of addressing sustainability issues by identifying and managing the material economic, environmental and social risks at the same time leveraging opportunities. As part of the Group's sustainability development, the Group is making concerted effort in obtaining Malaysian Sustainable Palm Oil (MSPO) certification for its plantations, mills, refinery and kernel crushing plant.

ACKNOWLEDGEMENT

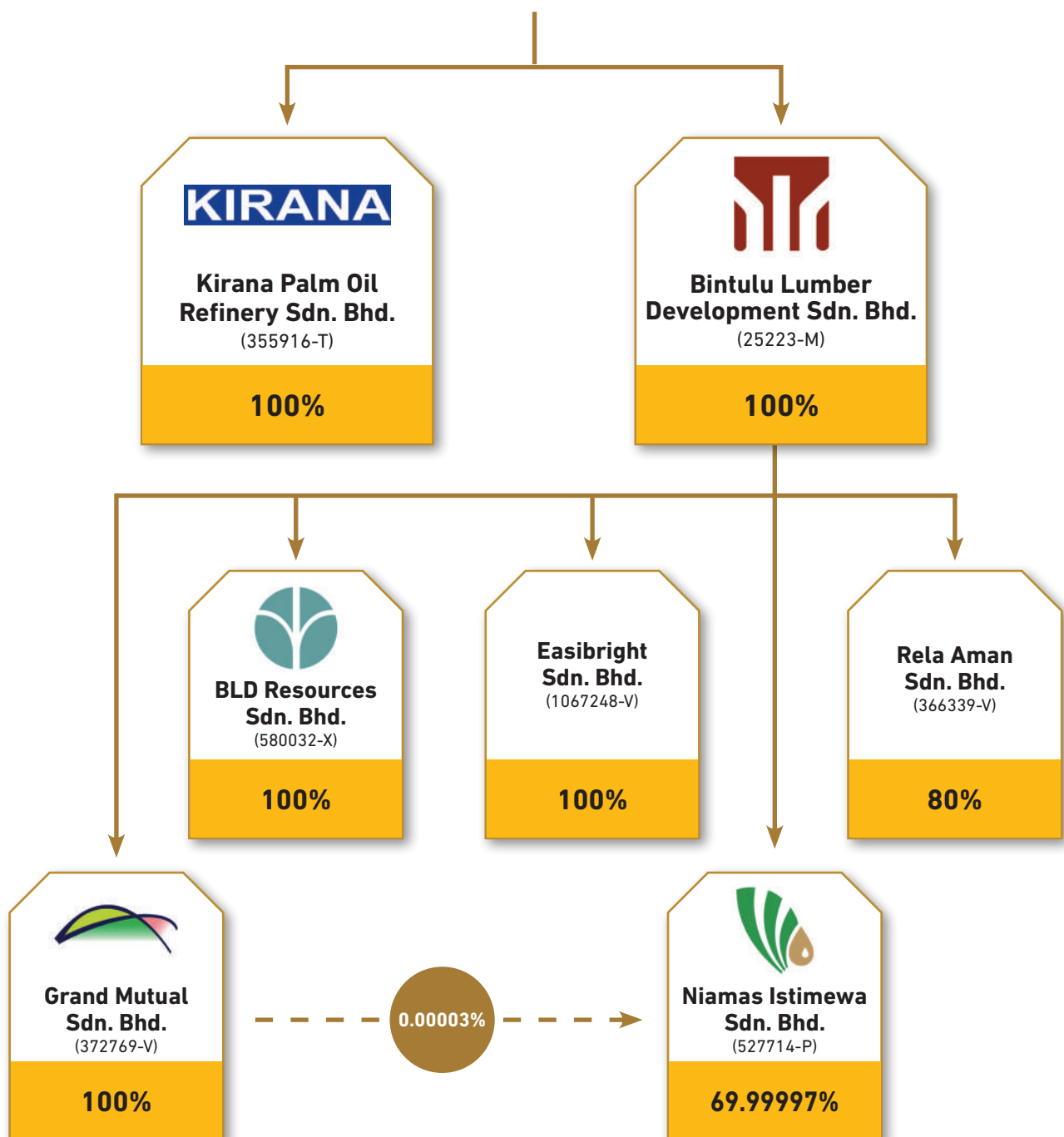
The Board of Directors records our appreciations to the Management team and each individual at all levels in the Group for their commitment and teamwork. We all look forward to the continued success of the Group.

Our heartfelt thanks to all our valued customers, shareholders, business partners, financiers, consultants, government authorities and other stakeholders for their partnership, strong support and continued confidence in the Group.

CORPORATE INFORMATION



BLD Plantation Bhd.
(562199-A)



BLD PLANTATION BHD. (562199-A)

2017
ANNUAL REPORT



BOARD OF DIRECTORS

Dato Henry Lau Lee Kong
Executive Chairman

Haji Wan Abdillah bin Wan Hamid
Executive Director

Chong Chon Chee
Independent Non-Executive Director

Datuk Haji Hamden bin Haji Ahmad
Independent Non-Executive Director

Robert Lau Hui Yew
Non-Executive Director

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Market

STOCK CODE

5069

STOCK NAME

BLDPLNT

COMPANY SECRETARY

Alvin Lau Lee Jen
(MIA 13153)

REGISTERED OFFICE

Level 6, Crown Towers
88, Jalan Pending
93450 Kuching, Sarawak
Malaysia

Tel : +6082 – 335 311

Fax : +6082 – 348 311

AUDITORS

Messrs. McMillan Woods Mea
Chartered Accountants

PRINCIPAL BANKERS

Affin Bank Berhad
AmBank (M) Berhad
Bank of China (Malaysia) Berhad
Hong Leong Bank Berhad
Industrial and Commercial
Bank of China (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia)
Berhad

SHARE REGISTRAR

Symphony Share Registrars
Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel: +603 – 7841 8000
Fax: +603 – 7841 8008

DIRECTORS' PROFILE

DATO HENRY LAU LEE KONG

*Executive Chairman
(66, Male, Malaysian)*

Dato Henry Lau Lee Kong was first appointed to the Board on 2 May 2003 as Executive Director. He assumed the position of Executive Chairman since 15 March 2006.

A graduate with Bachelor of Engineering from the University of Adelaide, Australia, he is also a member of the Association of Professional Engineers, Scientists and Managers Australia.

Dato Henry Lau is primarily responsible for overseeing the overall Management of the Group and the formulation and implementation of the Group's business strategies, policies, directions and development of future expansion plans.

He is an entrepreneur with vast experience in the plantation, timber and property development industries. Currently, he is the Managing Director of KTS Group of Companies apart from sitting on the boards of several other companies. He was conferred the Panglima Setia Bintang Sarawak (PSBS) on 11 September 2004 by Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak Tun Datuk Patinggi Abang Haji Muhammad Salahuddin.

He is a major shareholder of BLD Plantation Bhd. ("the Company"). He is the brother to Temenggong Dato Lau Lee Ming and Lau Lee Kiong, both are major shareholders of the Company.

He is the Chairman of the Risk Management Committee and the Remuneration Committee of the Company.

HAJI WAN ABDILLAH BIN WAN HAMID

*Executive Director
(64, Male, Malaysian)*

Haji Wan Abdillah bin Wan Hamid is an Executive Director of the Company since 2 May 2003. He attended a Diploma in Accountancy at Mara Institute of Technology (UiTM) in Year 1973. He is a member of the Institute of Approved Company Secretaries (IACS).

Prior to joining the Company, he was a Government Officer for about 19 years. He is actively involved in formulating corporate policies and responsible to oversee the daily operations of the Group. He holds directorship in several public limited companies.

He is a major shareholder of the Company. He has no family relationship with any Director of the Company. He is the brother to Haji Wan Mohd. Shebli bin Wan Hamid, a major shareholder of the Company.

He is a member of the Risk Management Committee of the Company.

CHONG CHON CHEE

*Independent Non-Executive Director
(69, Male, Malaysian)*

Chong Chon Chee has served as an Independent Non-Executive Director of the Company since 9 June 2003. He holds a Bachelor of Science, majoring in Biology and Chemistry from Universiti Sains Malaysia, and a Master degree in Business Administration from Herriot-Watt University, United Kingdom.

He had a distinguished career with Standard Chartered Bank Malaysia Berhad from Year 1974 to Year 2002 with his last position as a Senior Manager, Corporate & Institutional (East Malaysia). He is also a Certified Financial Planner. He has no family relationship with any Director and major shareholder of the Company.

He is the Chairman of the Audit Committee and the Nominating Committee of the Company. He is also a member of the Remuneration Committee of the Company.



DIRECTORS' PROFILE (CONTD.)

DATUK HAJI HAMDEN BIN HAJI AHMAD

*Independent Non-Executive Director
(70, Male Malaysian)*

Datuk Haji Hamden bin Haji Ahmad was appointed as an Independent Non-Executive Director of the Company on 4 February 2004. He resigned on 3 July 2007 from the Company and was re-appointed as an Independent Non-Executive Director on 3 September 2007. He is a Chartered Accountant by profession and is a member of Malaysian Institute of Accountants (MIA), and a Fellow of the Association of Chartered Certified Accountants (FCCA).

Starting his career with Sarawak Land Development Board as Chief Accountant from Year 1978 to Year 1982, he set up his own accounting firm in Year 1983. Datuk Haji Hamden served as an Assistant Minister in the Sarawak Cabinet from Year 2004 to Year 2009. He was conferred the Panglima Gemilang Bintang Kenyalang (PGBK) on 24 October 2009 by Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak Tun Datuk Patinggi Abang Haji Muhammad Salahuddin.

He has no family relationship with any Director and major shareholder of the Company.

He is a member of the Audit Committee and the Nominating Committee of the Company.

ROBERT LAU HUI YEW

*Non-Executive Director
(53, Male, Malaysian)*

Robert Lau Hui Yew was appointed as Non-Executive Director of the Company on 9 June 2003.

A lawyer by profession, he is a Barrister-at-Law and holds a Bachelor of Law (LLB) from the University of Hull, United Kingdom.

From Year 1991 to Year 1992, he was an advocate with a local law firm in Sibul. He subsequently became a partner of Messrs Stephen, Robert & Wong Advocates in Year 1993 and is currently holding the position as a senior partner of the firm. Robert Lau is an active social worker. He holds directorship in several public limited companies.

He is a major shareholder of the Company. He has no family relationship with any Director of the Company. He is the son of Lau Swee Nguong @ Lau Sui Guang, a major shareholder of the Company.

He is a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company.

Note: None of the Directors have any conflict of interest with the Company nor committed any conviction for any offence (other than traffic offence, if any) within the past five (5) years.

KEY SENIOR MANAGEMENT'S PROFILE

HAJI WAN ABDILLAH BIN WAN HAMID

*Executive Director
(64, Male, Malaysian)*

Please refer to the Directors' Profile.

SENG CHEAK CHAI

*Financial Controller
(60, Male, Malaysian)*

Mr. Seng Cheak Chai was appointed as the Financial Controller of the Group on 1 July 2004. He is a Chartered Accountant registered with Malaysia Institute of Accountants. He was the accountant of the Group for 12 years before assuming his current position.

HENRY DELANG LAWRENCE MELIT

*General Manager (Field Audit & Projects)
(55, Male, Malaysian)*

Mr. Henry Delang joined the Group on 3 November 2014 as the General Manager (Field Audit & Projects). He has vast experience of over 30 years in the plantation industry. His last posting was as the Regional Manager of a reputable plantation company prior to joining the Group.

Note: Save as disclosed, none of the above Key Senior Management have any directorship in public companies and listed issuers, any family relationship with any director and/ or major shareholder of the Company, any conflict of interests with the Company nor have been convicted of any offence (other than traffic offence, if any) within the past five (5) years.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting of BLD Plantation Bhd. (“BLDP” or “the Company”) will be held at Function Hall, KTS Garden, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Wednesday, 30 May 2018 at 11.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees for the financial year ending 31 December 2018. *Resolution 1*
3. To approve the payment of Directors’ remuneration (excluding Directors’ fees) for the financial year ending 31 December 2018. *Resolution 2*
4. To declare and approve the payment of a first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2017. *Resolution 3*
5. To re-elect the following Directors who retire pursuant to Article 84 of the Company’s Articles of Association:
 - (i) Dato Henry Lau Lee Kong *Resolution 4*
 - (ii) Tuan Haji Wan Abdillah bin Wan Hamid *Resolution 5*
 - (iii) Mr. Chong Chon Chee *Resolution 6*
 - (iv) Datuk Haji Hamden bin Haji Ahmad *Resolution 7*
 - (v) Mr. Robert Lau Hui Yew *Resolution 8*
6. To re-appoint Messrs. McMillan Woods Mea as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. *Resolution 9*

Special Business

7. To consider and, if thought fit, pass the following resolution as ordinary resolution:
 - **Continuation in Office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance**

“**THAT**, subject to passing of Resolution No. 6, approval be and is hereby given to Mr. Chong Chon Chee, who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company.” *Resolution 10*

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)



8. To consider and, if thought fit, pass the following resolutions as ordinary resolution:

- **Continuation in Office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance**

“**THAT**, subject to passing of Resolution No. 7, approval be and is hereby given to Datuk Haji Hamden bin Haji Ahmad, who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company.”

Resolution 11

9. To consider and, if thought fit, pass the following resolution as ordinary resolution:

- **Authority for Directors to issue shares pursuant to Section 76 of the Companies Act 2016**

Resolution 12

“**THAT**, pursuant to Section 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby authorised to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.”

10. To consider and, if thought fit, pass the following resolution as ordinary resolution:

- **Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature (“Shareholder Mandate”)**

“**THAT**, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries (“BLDP Group”) to obtain Shareholder Mandate and to give effect to the specified recurrent related party transactions of a revenue or trading nature (“RRPTs”) with the specific classes of the related parties as set out in Section 3(b) (pages 3 to 18) of the Circular to Shareholders dated 27 April 2018 (“Circular”) under the following categories:

- (i) Category A Mandate
- (ii) Category B Mandate
- (iii) Category C Mandate

Resolution 13
Resolution 14
Resolution 15



NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

Provided always that the RRPTs are necessary for the BLDP Group's day-to-day operations and subject further to the following:

- (a) the RRPTs are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and
- (b) disclosure is made in the annual report a breakdown of the aggregate value of the RRPTs conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09 (1) of the Main Market Listing Requirements, and amongst others, based on the following information:
 - the type of the RRPT made; and
 - the names of the related parties involved in each type of the RRPT made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

- (a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate."

11. To transact any other business which due notice have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final single tier dividend of 3 sen per ordinary share, in respect of the financial year ended 31 December 2017, if approved at the 16th Annual General Meeting, will be payable on 20 July 2018 to depositors whose names appear in the Record of Depositors on 21 June 2018.

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

A depositor shall qualify for entitlement only in respect of:

- (a) securities transferred into the depositor's securities account before 4.00 p.m. on 21 June 2018 in respect of transfers; and
- (b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD OF DIRECTORS

Alvin Lau Lee Jen (MIA 13153)

Company Secretary

Kuching, Sarawak

27 April 2018

Notes:

1. A proxy may but need not be a member of the Company.
2. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. A member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of 100 shares. Where the member appoints more than one (1) proxy to attend, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.
5. To be valid, the Form of Proxy duly completed must be deposited at the registered office of the Company at Level 6, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. A depositor whose name appears in the Record of Depositors as at 23 May 2018 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.



NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

Explanatory Notes:

1. Proposed Resolution No. 10 and 11

The Nominating Committee and the Board of Directors have assessed the independence of Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad who have served as Independent Non-Executive Directors of the Company for a consecutive term of more than nine (9) years, and recommend them to continue to act as Independent Non-Executive Directors of the Company based on the justifications and recommendation as set out on pages 17 to 18 of the Annual Report 2017.

2. Proposed Resolution No. 12

The Board continues to consider strategic opportunities to broaden the earnings potential of the Company and this may involve equity deals which may require the Company to issue new shares.

The Proposed Resolution No. 12, if passed, will provide flexibility to the Directors to undertake any possible fund raising activities, including but not limited to further placing of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by issuance of shares at any time up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

This is the renewal of the mandate obtained at the last annual general meeting held on 19 May 2017 ("AGM 2017"). The Company did not utilise the mandate that was approved at the AGM 2017.

3. Proposed Resolution No. 13, 14 and 15

The Proposed Resolution No. 13, 14 and 15, if passed, will authorise the Company and each of its subsidiaries to enter RRPTs with the mandated related parties as identified in Section 3(b) (pages 3 to 18) of the Circular to Shareholders dated 27 April 2018 ("Circular"), which are necessary for the BLDP Group's day-to-day operations, provided that such RRPTs are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPTs occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the BLDP Group or adversely affecting the business opportunities available to the BLDP Group.

Please refer to the Circular to Shareholders dated 27 April 2018 for further information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Corporate Governance Overview Statement serves to provide a summary of the Group's corporate governance practices with reference to the three (3) Principles as outlined in the Malaysian Code on Corporate Governance ("the Code" or "MCCG"). The Board ensures that good corporate governance is observed, aligning with its ultimate objective of long-term value creation for its stakeholders. The Board would put forth its best effort in ensuring adoption of the said principles and corporate governance practices are implemented in substance to achieve the intended outcome and building strong corporate governance culture within the Group in accordance with the Guidance of MCCG.

A. Board Leadership and Effectiveness

Board Responsibilities

The Board has a sound framework in place which clearly defines functions reserved for the Board and those delegated to the Management. The Board reviews and approves management's proposal on strategic plan developments. The management is responsible to govern the day-to-day activities of the Group and reports to the Board in a timely manner.

The function of the Board is to exercise oversight of the management as well as to review, adopt and monitor the overall strategic plans of the Group, while protecting the interests of the Group and creating values for its stakeholders.

The Board has delegated specific responsibilities to the following Board Committees:

- 1) Audit Committee
- 2) Nominating Committee
- 3) Remuneration Committee

The Board Charter and terms of reference of the Board Committees are made available on the Group's corporate website, www.bldpb.com.my.

The Directors demonstrated strong commitment with allocation of sufficient time and reasonable effort in performing their duties effectively. During the financial year under review, the Board held seven (7) meetings and the attendance of each Director is as follows:-

Directors	No. of Meetings Attended
Dato Henry Lau Lee Kong	7
Haji Wan Abdillah bin Wan Hamid	7
Chong Chon Chee	7
Datuk Haji Hamden bin Haji Ahmad	7
Robert Lau Hui Yew	6



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

The Nominating Committee was formed on 10 May 2013 and currently comprises the following members:-

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
Chong Chon Chee	Chairman	Independent Non-Executive Director
Datuk Haji Hamden bin Haji Ahmad	Member	Independent Non-Executive Director
Robert Lau Hui Yew	Member	Non-Executive Director

The assessment undertaken by the Nominating Committee before making recommendations to the Board is based on general consensus of the committee members upon considering various criteria having regard to the required mix of skills, knowledge, expertise, experience, professionalism, integrity and other qualities including core competencies expected from the Directors.

The Board emphasises that the suitability of board candidates is dependent on each individual's competency and such other criteria used for assessment of individual board candidate, irrespective of gender.

Summary of Activities of the Nominating Committee

During the financial year under review, the Nominating Committee carried out the following activities:-

- (a) performed assessment of directors, upon the directors' re-admission to the Board and review the individual director's time commitment and ability to fulfil their responsibilities;
- (b) reviewed the required mix of skills, knowledge, expertise, experience, professionalism, integrity and other qualities including core competencies which Non-Executive Directors should bring to the Board; and
- (c) assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director, including Independent Non-Executive Directors.

Board Composition

The Board is structured by a well-balanced composition made up from a total of five (5) Directors: two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The profiles of the respective Directors are presented on pages 7 to 8 of this Annual Report.

The Directors of the Company are persons of high calibre and professionals in their own right with diverse backgrounds, skills, expertise and experience in various fields such as law, public service, accounting and financial as well as those with long extensive experience in the industry which the Company is involved in which enable them to bring insightful depth, maturity and diversity to the leadership and management of the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)



The Board strongly believes that continuous training is important to aid in the discharge of their fiduciary duties. As such, the Directors are encouraged to attend training programmes and seminars to broaden their perspectives and to keep them abreast with regulatory and corporate governance developments. For the financial year under review, all the Directors have, collectively or individually, attended the following training programmes / conferences / workshops:-

- SSM Compass on Companies Act 2016 & Interest Schemes Act 2016
- Audit Committee Conference 2017 – Making An Impact
- International ICT Infrastructure & Digital Economic Conference Sarawak 2017
- The New Companies Act 2016 – Highlight on Key Changes

In ensuring a balanced board composition, the Board has undertaken annual assessment on board effectiveness by reviewing the performance of individual Directors taking into account the commitment in performing their duties. The Nominating Committee reviewed the diversity of the Board to ensure it can provide desired mix of skills, knowledge, expertise, experience, professionalism, integrity and other qualities including core competencies expected from the Directors.

The Board reviews and assesses the independence of the Board periodically. The Board recommends the retention of Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad as Independent Non-Executive Director which is to be tabled for shareholders' approval at the forthcoming Annual General Meeting. Notwithstanding the long tenure in office, the Board assures that the Independent Directors have exercised independence and objective judgement in decision making, as such their independence are not impaired in any way.

Pursuant to Practice 4.2 of the MCCG, the Board has noted the following considerations during the review and assessment of their independence:-

- Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements;
- During their tenure of office, Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad have not developed, established or maintained any significant relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group other than the normal engagements and interactions in his professional capacity.
- During their tenure in office, Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad have not engaged in any transactions with nor provided any goods and services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of the Practice Note 13 of the Main Market Listing Requirements;
- During their tenure in office as Independent Non-Executive Director of the Company, Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad receive only Directors' remuneration paid within the industry norm and the acceptable market rates.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

In view of the above, the Board strongly recommends the retention of both Independent Directors to continue in office which is to be tabled as an Ordinary Resolution for shareholders' approval at the Annual General Meeting.

Remuneration

The Remuneration Committee was established on 11 December 2003 and currently comprises the following members:-

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
Dato Henry Lau Lee Kong	Chairman	Executive Chairman
Chong Chon Chee	Member	Independent Non-Executive Director
Robert Lau Hui Yew	Member	Non-Executive Director

The duties of the Remuneration Committee are as follows:-

- To review and recommend to the Board the remuneration of the Executive and Non-Executive Directors;
- To assist the Board in ensuring that the remuneration of the Board reflects the Board's responsibilities, expertise and complexity of the Company's activities.

The Board as a whole determines the remuneration of all the Directors, and each Director concerned abstains from the Board's decisions in respect of his own remuneration. The Directors' fees are to be approved by shareholders at Annual General Meeting based on the Board's recommendations.

Well-structured directors' remuneration package that links clearly to strategic objectives of the Group can contribute to long-term growth of the business. Remuneration decisions are made through a transparent and independent process that aims to attract and retain the right talent in the Board and senior management. Stakeholders are able to make assessment on their remuneration, which is commensurate with individual performance and responsibilities in addition to appropriately reflecting the Company's strategies and performance.

The remuneration of Directors for the financial year ended 31 December 2017 are as follows :-

Group/ Company

Remuneration Range	Number of directors
Below RM50,000	4
RM50,001 to RM100,000	7
RM100,001 to RM150,000	1
RM250,001 to RM300,000	1
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1
RM650,001 to RM700,000	1
RM1,200,001 to RM1,250,000	1
Total	17

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

The remuneration of the top five (5) senior management for the financial year ended 31 December 2017 are as follows :-

Group/ Company

Remuneration Range	Number of persons
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1
RM350,001 to RM400,000	3
Total	5

B. Effective Audit and Risk Management

Audit Committee

The Chairman of Audit Committee is an Independent Director whose roles and duties are distinct from the Board Chairman. The Audit Committee is responsible in overseeing internal audit function, integrity in reporting and regulatory compliance. The members of Audit Committee are financially literate and equipped with appropriate level of knowledge, skills and experience in related fields. The Audit Committee provides reasonable assurance and accountability to the Board and shareholders by ensuring the financial information is accurate and reliable.

Further information on the Audit Committee is available in the Audit Committee Report as set out on pages 21 to 25 of this Annual Report.

Risk Management and Internal Control Framework

Effective risk oversight and management of risk is fundamental to effective corporate governance. It is the responsibility of the Board in ensuring the Group's risk management and internal control systems are operating effectively. The Board has periodic discussions on identifying, assessing, monitoring and mitigating risks which can impact management's processes and functions. The Board recognises the importance of aligning risks with strategic objectives of the business as sound internal control function helps counter threats and takes advantage of the opportunities to create values. Informed decisions are made based on an acceptable risk level in the implementation of necessary controls to integrate effective governance structures and processes across all operations.

To further strengthen the effectiveness of governance, risk management and internal control framework, the Audit Committee places strong emphasis in ensuring that the personnel responsible for internal audit have the necessary competency, experience and resources with sufficient authority to discharge their functions effectively. The internal audit function reports directly to the Audit Committee, hence the Audit Committee is expected to provide reasonable assurance on the objectivity and independence of internal auditors when performing their duties.

The Statement on Risk Management and Internal Control providing the overview of the internal audit function within the Group is set out on page 26 to 27 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)



C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Communication with Stakeholders

Effective, transparent and regular engagement with stakeholders is essential in balancing between meeting stakeholders' expectations and pursuing of Group's strategic objectives given the increased scrutiny of stakeholders regarding governance. Information which is made available to stakeholders in a timely manner can foster greater transparency, integrity and accountability in promoting proper governance.

The Board promotes effective communication and proactive engagements with its stakeholders through timely release of the Company's annual report, quarterly financial results, corporate proposals and other required announcements. Announcements made through Bursa LINK are available at the Company's website at www.bldpb.com.my and Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

Conduct of General Meetings

Notice to shareholders is served at least 28 days prior to the general meetings. This allows shareholders to have sufficient time to make informed decisions in exercising their voting rights. Shareholders are encouraged to participate and raise relevant questions on the agenda of the general meetings. All directors shall be present at the general meetings and take the opportunity to engage with shareholders by providing meaningful response to questions addressed by the shareholders.

The information on the Group's corporate governance and how the Group implements the practices pursuant to the MCCG is available in the Corporate Governance Report which is published on the Group's corporate website, www.bldpb.com.my.

AUDIT COMMITTEE REPORT

The Audit Committee was constituted on 13 June 2003 and currently comprises the following members :-

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
Chong Chon Chee	Chairman	Independent Non-Executive Director
Datuk Haji Hamden bin Haji Ahmad*	Member	Independent Non-Executive Director
Robert Lau Hui Yew	Member	Non-Executive Director

* Datuk Haji Hamden bin Haji Ahmad is a member of the Malaysian Institute of Accountants.

ATTENDANCE OF MEETING

For the financial year under review, six (6) meetings were held and the attendance of each member is as follows :-

<u>Directors</u>	<u>No. of Meetings Attended</u>
Chong Chon Chee	6
Datuk Haji Hamden bin Haji Ahmad	6
Robert Lau Hui Yew	6

TERMS OF REFERENCE

1. Objective

The Audit Committee (“Committee”) will give assurance to the Company’s shareholders that compliance with specified financial standards and disclosure policies developed and administered by Bursa Malaysia Securities Berhad (“Bursa Securities”) are being adhered to. In addition, the Committee will assure that certain standard of corporate responsibility, integrity, and accountability to the Company’s shareholders are being inculcated in the duties and responsibilities of the Board of Directors of the Company.

2. Composition

2.1 The Committee shall be appointed by the Board of Directors (“Board”) from amongst its members and shall consist of not less than three (3) members, all of whom must be non-executive directors, with a majority of them being independent directors.

2.2 At least one (1) member of the Committee :-

- (i) must be a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years’ working experience and :
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.



AUDIT COMMITTEE REPORT (CONTD.)

- 2.3 No alternate director shall be appointed as a member of the Committee.
- 2.4 The Chairman of the Committee shall be an independent director elected by the members of the Committee.
- 2.5 The Board, shall within three (3) months of vacancy in the Committee resulting in reduction of the number of members to below three, appoint such number of new member(s) as may be required to make up the minimum number of three members.

3. Meetings

- 3.1 The Committee shall meet as and when need arises provided that it shall meet at least four (4) times a year.
- 3.2 The Chairman of the Committee shall also convene a meeting of the Committee if requested to do so by any members of the Committee, the Management, the person(s) carrying out the internal audit function or activity or external auditors to consider any matter within the scope and duties of the Committee.
- 3.3 A quorum shall be two (2) members and a majority of members present must be independent directors.
- 3.4 Other Directors and employees attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
- 3.5 The Committee shall meet with the external auditors, the person(s) carrying out the internal audit function or activity or both, without the presence of other Directors and employees of the Company, whenever deemed necessary.
- 3.6 The Company Secretary shall be the secretary of the Committee.
- 3.7 Minutes of each meeting shall be kept and distributed to each member of the Committee.

4. Authority

The Committee is authorised by the Board and at the cost of the Company to :-

- (a) investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) obtain independent professional or other advice, and to secure the attendance of external advisers with relevant experience and expertise; if deemed necessary;
- (f) convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.



5. Functions and Duties

The functions and duties of the Committee shall be as follows and the same are to be reported to the Board :-

- (a) To review with the external auditors the audit plan, the audit report, major findings and management's response thereof;
- (b) To review with the person(s) carrying out the internal audit function or activity, the audit plan, the audit report, major findings and management's response thereof;
- (c) To review the assistance given by the Group's employees to the external auditors and person(s) carrying out the internal audit function or activity;
- (d) To review the effectiveness of internal control systems;
- (e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
- (f) To evaluate the performance of the external auditors and person(s) carrying out the internal audit function or activity;
- (g) To recommend the appointment/re-appointment, resignation and dismissal of the external auditors and person(s) carrying out the internal audit function or activity;
- (h) To review the quarterly and annual financial statements of the Company and the Group for recommendation to the Board for approval, focusing particularly on :-
 - (i) changes in or implementation of major accounting policies changes
 - (ii) significant and unusual events
 - (iii) compliance with accounting standards and other legal requirements
 - (iv) the going concern assumption
- (i) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (j) To review the Statement on Risk Management and Internal Control prior to approval by the Board;
- (k) To consider other topics as defined by the Board.



AUDIT COMMITTEE REPORT (CONTD.)

6. Reporting

- 6.1 The Committee shall report to the Board from time to time its recommendations for consideration and implementation by the Board, and the actual decision shall be the responsibility of the Board thereafter.
- 6.2 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

7. Review of the Committee

The term of office and performance of the Committee and each of its members shall be reviewed by the Nominating Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year under review, the Audit Committee carried out the following activities :-

- (a) reviewed the audited financial statements prior to submission to the Board for approval.
- (b) reviewed the quarterly unaudited financial results before recommending the same for approval by the Board.
- (c) reviewed the audit plans, audit report, major findings and management's response thereof.
- (d) independent meeting with the person(s) carrying out the internal audit function or activity and external auditors without the presence of other Directors and employees except the Company Secretary.
- (e) evaluated the effectiveness of the external auditors and recommend to the Board on their appointment and remuneration.
- (f) reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work.
- (g) reviewed the related party transactions entered into by the Company and its subsidiaries.
- (h) reviewed the effectiveness of internal control systems.
- (i) reviewed the assistance given by the Group's employees to the person(s) carrying out the internal audit function or activity and external auditors.
- (j) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for annual report disclosure prior to approval by the Board.
- (k) familiarisation tour by the committee members to the estates and palm oil mills of the Group.

AUDIT COMMITTEE REPORT (CONTD.)



INTERNAL AUDIT FUNCTION

During the financial year under review, the Group's internal audit function was undertaken by an external party, the in-house internal audit unit and risk management unit. The audit function covered risk based audits and reviews. The cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2017 was about RM631,401.30.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

During the financial year under review, the internal audit activities covered the following areas :-

- (a) Develop a risk based internal audit plan.
- (b) Evaluate the adequacy and effectiveness of the internal control systems for the high and moderate risk areas associated with the major processes.
- (c) Identify areas for improvement in process efficiency and to recommend measures for improvement thereon.
- (d) Evaluate the status of implementation of the agreed action plans for previously highlighted audit findings associated with the major processes.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board acknowledges effective governance, risk management and internal control processes form the principal foundation for the success and sustainability of a company. The Board is responsible for the Group's system of risk management and internal controls which includes the establishment of an appropriate control environment and review of its adequacy and effectiveness.

The system of risk management and internal control of the Group is designed and structured through a combination of preventive, detective and corrective measures which provide reasonable assurance but not absolute against material misstatements or loss.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Risk Management Committee comprising representatives from the Board and the Management was established to assist the Board in overseeing the principal areas of risk of the Group.

The Board has carried out an ongoing process of identifying, evaluating and monitoring the significant risks faced by the Group in its achievement of objectives and strategies.

The principal risks are identified as follows:

Financial Risks

The Group is exposed to various financial risks, namely interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group has its financial management objectives and policies in place to monitor and manage these financial risks as set out in Note 26 to the Financial Statements on pages 104 to 108.

Operational Risks

Due to high reliance on foreign workers within the plantation industry, labour shortage is one of the major factors affecting the efficiency of the operations. To reduce heavy dependency on foreign workers, the Group has implemented mechanization as an alternative in improving efficiency and productivity whilst maintaining cost of production. In addition, the Group has been introducing schemes to encourage new employees to join the workforce and retain skilled workers in long term.

The prolonged dry weather and haze have resulted in poor crop yields and disruption to the plantation operations. As an effort to mitigate such risk arising from adverse weather conditions, the Group ensure good water management systems are in place and good agriculture practices are implemented in order to enhance production yields.

Commodity Price Risks

Fluctuation in commodity prices that is associated with the production and consumption of edible oils has a substantial impact on the Group's profitability. The Group has taken measures to minimise the risk arising from the price volatility of palm oil products especially prices of fresh fruit bunches (FFB), Crude Palm Oil (CPO) and Palm Kernel (PK) through regular monitoring of the edible oils market.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)



INTERNAL AUDIT FUNCTION

During the financial year under review, the Group's internal audit function was undertaken by the in-house internal audit unit, risk management unit and an external party. The audit function covered risk based audit and reviews.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's system of internal controls include:-

- An organisational structure that clearly defines lines of accountability and reporting.
- Regular visits by the Executive Directors to the Group's estates, palm oil mills, refinery and kernel crushing plants to monitor the state of affairs. During the visits, managers of the respective operations report on the progress and performance.
- Budgeting process involves the preparation of budgets by the Group's business units which are then submitted for review and approval by the Board. The actual performance is regularly compared and assessed against the approved budgets and any material variances are investigated.
- Reporting mechanism whereby Executive Directors receive monthly performance and plantation statistics.
- Structured process to which the Board applies in dealing with material internal control aspects of any significant problems disclosed in the annual report and financial statements.
- Clearly documented internal policies and procedures set out in a series of manuals have been implemented. These manuals are regularly reviewed and upgraded from time to time.

Based on the review undertaken on the adequacy and effectiveness of the risk management and internal control of the Group for the financial year under review, the Board is of the view that the existing risk management and internal control system in place is adequate and effective in achieving the Group's business objectives.

The Board will continuously review the adequacy and integrity of the Group's system of internal controls from time to time. The Board has received assurance from the Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 3 April 2018.



ADDITIONAL COMPLIANCE INFORMATION

The additional information as set out below is disclosed in compliance with the Main Market Listing Requirements for the financial year ended 31 December 2017:-

1. **Utilisation of Proceeds**
There were no proceeds raised from corporate proposal during the financial year.
2. **Audit and Non-audit fee**
The amount of audit and non-audit fees paid to the Company's external auditors and a firm or corporation affiliated thereto during the financial year are as follows:

	Company RM	Group RM
Audit Fees	75,000	208,500
Non-Audit Fees	12,000	12,000

3. **Recurrent Related Party Transactions of Revenue Nature**
The recurrent related party transactions conducted pursuant to the shareholder mandate during the financial year are disclosed on pages 98 to 100 of this Annual Report.
4. **Material Contracts**
There was no material contract entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests during the financial year.
5. **Revaluation Policy**
There was no revaluation policy on landed properties adopted during the financial year.
6. **Employee Share Scheme**
The Company did not offer and/or adopt any Employee Share Scheme during the financial year.

STATEMENT ON DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to ensure that the financial statements are prepared to 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.

In preparing the financial statements, the Directors have :

- (a) applied appropriate accounting policies on a consistent basis;
- (b) made judgements and estimates that are reasonable and prudent; and
- (c) prepared the financial statements on a going concern basis.

The Directors have a general responsibility for ensuring the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements are drawn up in accordance with the provisions of the Companies Act 2016, applicable Financial Reporting Standards in Malaysia and other regulatory provisions.

The Directors are also responsible for taking steps that are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated 3 April 2018.

Financial Statements

Directors' Report	31 - 35
Statement by Directors and Statutory Declaration	36
Independent Auditors' Report	37 - 40
Statements of Comprehensive Income	41
Statements of Financial Position	42 - 43
Statements of Changes in Equity	44 - 46
Statements of Cash Flows	47 - 50
Notes to the Financial Statements	51 - 109

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The Company is principally engaged in investment holding, provision of management and security services while the principal activities of the Group are the operations of a palm oil refinery and kernel crushing plant, cultivation of oil palm, processing of fresh fruit bunches, sales of related products and letting of property.

The principal activities of the subsidiaries are as set out in Note 14 to the financial statements.

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

Results

	Group RM	Company RM
Profit after tax for the financial year	41,449,030	4,974,536
Profit for the year attributable to:		
Owners of the Company	40,423,156	4,974,536
Non-controlling interests	1,025,874	-
	<u>41,449,030</u>	<u>4,974,536</u>

Dividends

The amount of dividend paid by the Company since 31 December 2016 was as follows:

In respect of the financial year ended 31 December 2016:

	RM
Final tax exempt (single tier) dividend of 4% on 93,500,000 ordinary shares declared on 19 May 2017 and paid on 20 July 2017	3,740,000

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2017 of 3% on 93,500,000 ordinary shares 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 the Statement of Changes in Equity as an appropriation of retained earnings in the financial year ending 31 December 2018.



DIRECTORS' REPORT (CONTD.)

Reserves and provisions

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

Shares and debentures

The Company did not issue any new shares or debentures during the financial year.

Share Options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato Henry Lau Lee Kong
Tuan Haji Wan Abdillah Bin Wan Hamid
Robert Lau Hui Yew
Chong Chon Chee
Datuk Haji Hamden Bin Haji Ahmad

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 those benefits included in the aggregate amount of remuneration received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 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, except as disclosed in Note 23 to the financial statements.

Directors' interests

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

DIRECTORS' REPORT (CONTD.)



Number of ordinary shares of RM1 each At 1 January 2017 and 31 December 2017

Direct Interest

Tuan Haji Wan Abdillah Bin Wan Hamid	104,821
Robert Lau Hui Yew	100,000
Chong Chon Chee	40,000

Indirect Interest

Dato Henry Lau Lee Kong	37,279,576
Tuan Haji Wan Abdillah Bin Wan Hamid	16,398,807
Robert Lau Hui Yew	34,108,634

There were no other movements in shares of the Company during the financial year.

By virtue of their interests in the shares of BLD Plantation Bhd. and Section 59 of the Companies Act 2016, Dato Henry Lau Lee Kong, Tuan Haji Wan Abdillah Bin Wan Hamid and Robert Lau Hui Yew are also deemed interested in the shares of the subsidiaries of BLD Plantation Bhd. to the extent that BLD Plantation Bhd. has an interest.

The other director in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

Directors' remuneration

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the financial year are as follows:

	RM
Fee	228,900
Remunerations	187,198
Contribution to defined contribution plan	3,609
	<u>419,707</u>

Indemnifying directors, officers or auditors

Total amount of indemnity given to or insurance effected for the directors or officers of the Company is as follows:

	RM
Directors and officer:	<u>10,000,000</u>

The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

No payment has been made to indemnify the Company's auditors, McMillan Woods Mea during or since the financial year.



DIRECTORS' REPORT (CONTD.)

Other statutory information

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

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

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

As of the date of this report, there does not exist:

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

In the opinion of the directors:

- (a) 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
- (b) the results of the operations of the Group or of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) 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.

DIRECTORS' REPORT (CONTD.)



Subsidiaries

Details of subsidiaries are set out in Note 14 to the financial statements.

Auditors' remuneration

Total amount paid to or receivable by the auditors as remuneration for their services as auditors is as follows:

Statutory audit	RM 75,000 <u> </u>
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Auditors

The retiring auditors, McMillan Woods Mea, have expressed their willingness to be re-appointed.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 April 2018.

Dato Henry Lau Lee Kong

Tuan Haji Wan Abdillah Bin Wan Hamid

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016



The directors of **BLD Plantation Bhd.** stated that, in their opinion, the financial statements of the Group and of the Company set out on pages 12 to 82 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 April 2018.

Dato Henry Lau Lee Kong

Tuan Haji Wan Abdillah Bin Wan Hamid

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Dato Henry Lau Lee Kong** (I/C No. 520125-13-5275), being the director primarily responsible for the financial management of **BLD Plantation Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 82 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 **Dato Henry Lau Lee Kong**
I/C No. 520125-13-5275
at Kuching in the State of Sarawak
on 3 April 2018

Dato Henry Lau Lee Kong

Before me,

PHANG DAH NAN
Commissioner For Oaths (No. Q119)
No. 55, 1st Floor.
Jalan Chan Bee Kiew
Off Jalan Padungan,
93100 Kuching, Sarawak.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLD PLANTATION BHD. (INCORPORATED IN MALAYSIA)



Report on the Financial Statements

Opinion

We have audited the financial statements of BLD Plantation Bhd., which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 82.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLD PLANTATION BHD. (INCORPORATED IN MALAYSIA) (CONTD.)



Information Other than the Financial Statements and Auditors' Report Thereon (contd.)

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLD PLANTATION BHD. (INCORPORATED IN MALAYSIA) (CONTD.)



Auditors' Responsibilities for the Audit of the Financial Statements (contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLD PLANTATION BHD. (INCORPORATED IN MALAYSIA) (CONTD.)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

McMillan Woods Mea
Firm No. AF 001995
Chartered Accountants

Mea Fatt Leong
No. 1346/8/19
Partner of the firm

Kuching, Sarawak
3 April 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017



	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	2,134,642,405	1,847,519,338	11,722,572	10,407,087
Cost of sales		(2,005,519,104)	(1,730,752,658)	-	-
Gross profit		129,123,301	116,766,680	11,722,572	10,407,087
Other items of income					
Interest income		5,871,362	6,954,623	-	-
Other income		10,631,983	91,880	-	-
Other items of expense					
Selling expenses		(57,010,198)	(49,539,736)	-	-
Administrative expenses		(21,635,962)	(22,447,712)	(5,285,784)	(2,931,998)
Finance costs	5	(10,372,753)	(10,510,912)	(482,910)	(138,255)
Profit before tax	6	56,607,733	41,314,823	5,953,878	7,336,834
Income tax expense	9	(15,158,703)	(18,019,926)	(979,342)	(1,007,899)
Profit for the year, net of tax, representing total comprehensive income for the year		41,449,030	23,294,897	4,974,536	6,328,935
Profit attributable to:					
Owners of the Company		40,423,156	22,498,502	4,974,536	6,328,935
Non-controlling interests		1,025,874	796,395	-	-
		41,449,030	23,294,897	4,974,536	6,328,935
Earnings per share attributable to owners of the Company (sen per share):					
Basic	10	43.23	24.06		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017



	Note	2017 RM	Group 2016 RM	Company 2017 RM	2016 RM
ASSETS					
Non-current assets					
Biological assets	12	601,823,291	562,066,563	-	-
Property, plant and equipment	13	334,569,579	354,944,832	122,626	40,581
Investments in subsidiaries	14	-	-	82,542,959	82,542,959
Deferred tax assets	15	28,137	4,389,890	-	-
		<u>936,421,007</u>	<u>921,401,285</u>	<u>82,665,585</u>	<u>82,583,540</u>
Current assets					
Inventories	16	125,315,558	83,910,813	-	-
Trade and other receivables	17	169,158,737	168,004,752	111,147,181	128,806,376
Prepaid operating expenses		4,144,837	6,070,351	4,843	3,449
Tax recoverable		7,194,517	1,278,206	-	8,896
Derivatives	19	5,837,747	-	-	-
Cash and bank balances	18	284,713,090	319,282,649	574,192	355,443
		<u>596,364,486</u>	<u>578,546,771</u>	<u>111,726,216</u>	<u>129,174,164</u>
TOTAL ASSETS		<u><u>1,532,785,493</u></u>	<u><u>1,499,948,056</u></u>	<u><u>194,391,801</u></u>	<u><u>211,757,704</u></u>
EQUITY AND LIABILITIES					
Current liabilities					
Derivatives	19	-	4,523,530	-	-
Loans and borrowings	20	329,316,028	269,660,370	-	19,000,000
Trade and other payables	21	128,374,269	168,755,708	917,465	531,904
Taxation		14,000	2,474,245	14,000	-
		<u>457,704,297</u>	<u>445,413,853</u>	<u>931,465</u>	<u>19,531,904</u>
Net current assets		<u>138,660,189</u>	<u>133,132,918</u>	<u>110,794,751</u>	<u>109,642,260</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (CONTD.)



	Note	2017 RM	Group 2016 RM	Company 2017 RM	2016 RM
EQUITY AND LIABILITIES (contd.)					
Non-current liabilities					
Deferred tax liabilities	15	152,571,298	149,288,437	-	-
Loans and borrowings	20	73,219,915	92,312,665	-	-
		<u>225,791,213</u>	<u>241,601,102</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>683,495,510</u>	<u>687,014,955</u>	<u>931,465</u>	<u>19,531,904</u>
Net assets		<u>849,289,983</u>	<u>812,933,101</u>	<u>193,460,336</u>	<u>192,225,800</u>
Equity attributable to owners of the Company					
Share capital	22	173,180,555	93,500,000	173,180,555	93,500,000
Share premium	22	-	79,680,555	-	79,680,555
Retained earnings		674,357,647	637,674,491	20,279,781	19,045,245
		<u>847,538,202</u>	<u>810,855,046</u>	<u>193,460,336</u>	<u>192,225,800</u>
Non-controlling interests		<u>1,751,781</u>	<u>2,078,055</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>849,289,983</u>	<u>812,933,101</u>	<u>193,460,336</u>	<u>192,225,800</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,532,785,493</u></u>	<u><u>1,499,948,056</u></u>	<u><u>194,391,801</u></u>	<u><u>211,757,704</u></u>

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 2017



	←	Attributable to owners of the Company		→		
		Non-distributable	Distributable			
	Equity, total	Equity attributable to owners of the Company	Share capital (Note 22)	Share premium (Note 22)	Retained earnings	Non-controlling interests
Note	RM	RM	RM	RM	RM	RM
Group						
At 1 January 2016	791,508,204	790,226,544	93,500,000	79,680,555	617,045,989	1,281,660
Total comprehensive income	23,294,897	22,498,502	-	-	22,498,502	796,395
Transactions with owners						
Dividends on ordinary shares	11	(1,870,000)	-	-	(1,870,000)	-
At 31 December 2016	812,933,101	810,855,046	93,500,000	79,680,555	637,674,491	2,078,055

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

	←——	Attributable to owners of the Company		——→
	Equity, total	Equity attributable to owners of the Company	Non-distributable Distributable	
Note	RM	RM	Share capital (Note 22) RM	Share premium (Note 22) RM
			Retained earnings RM	Non- controlling interests RM
Group (contd.)				
At 1 January 2017	812,933,101	810,855,046	93,500,000	79,680,555
Total comprehensive income	41,449,030	40,423,156	-	40,423,156
Transactions with owners				
Dividends to owners of				
- the Company	(3,740,000)	(3,740,000)	-	(3,740,000)
- a subsidiary company	(1,352,148)	-	-	(1,352,148)
Transition to no-par value regime on 31 January 2017	-	-	79,680,555	(79,680,555)
At 31 December 2017	849,289,983	847,538,202	173,180,555	1,751,781





STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

	Note	Equity, total RM	Non-distributable		Distributable Retained earnings RM
			Share capital (Note 22) RM	Share premium (Note 22) RM	
Company					
At 1 January 2016					
Total comprehensive income		187,766,865 6,328,935	93,500,000 -	79,680,555 -	14,586,310 6,328,935
Transaction with owners					
Dividends on ordinary shares	11	(1,870,000)	-	-	(1,870,000)
At 31 December 2016		<u>192,225,800</u>	<u>93,500,000</u>	<u>79,680,555</u>	<u>19,045,245</u>
At 1 January 2017					
Total comprehensive income		192,225,800 4,974,536	93,500,000 -	79,680,555 -	19,045,245 4,974,536
Transaction with owners					
Dividends on ordinary shares	11	(3,740,000)	-	-	(3,740,000)
Transition to no-par value regime on 31 January 2017		-	79,680,555	(79,680,555)	-
At 31 December 2017		<u>193,460,336</u>	<u>173,180,555</u>	<u>-</u>	<u>20,279,781</u>

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 2017



	Note	2017 RM	2016 RM
Group			
Operating activities			
Profit before tax		56,607,733	41,314,823
<u>Adjustments for:</u>			
Interest expense	5	10,372,753	10,510,912
Depreciation of property, plant and equipment	13	29,392,173	28,940,918
(Gain)/Loss on disposal of property, plant and equipment		(208,623)	25,471
Interest income		(6,204,580)	(7,023,231)
Net fair value (gain)/loss on derivatives		(10,361,277)	3,512,363
Net unrealised foreign exchange loss/(gain)		2,601,115	(898,032)
Total adjustments		25,591,561	35,068,401
Operating cash flows before changes in working capital		82,199,294	76,383,224
<u>Changes in working capital</u>			
(Increase)/Decrease in inventories		(41,404,745)	46,563,921
Increase in receivables		(1,360,943)	(60,257,594)
Decrease/(Increase) in prepaid operating expenses		1,925,514	(5,219,029)
(Decrease)/Increase in payables		(40,220,288)	36,252,000
Total changes in working capital		(81,060,462)	17,339,298
Cash flows from operations		1,138,832	93,722,522
Interest received		6,204,580	7,023,231
Income tax paid, net of refund		(15,890,645)	(9,399,392)
Net cash flows (used in)/from operating activities		(8,547,233)	91,346,361



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

Group	Note	2017 RM	2016 RM
Investing activities			
Acquisition of biological assets (net of interest and depreciation capitalised)	12	(36,983,141)	(26,539,572)
Acquisition of property, plant and equipment	13	(9,434,694)	(15,852,275)
Proceeds from disposal of property, plant and equipment		537,044	402,484
Net cash flows used in investing activities		<u>(45,880,791)</u>	<u>(41,989,363)</u>
Financing activities			
Dividends paid to owners of the Company	11	(3,740,000)	(1,870,000)
Dividends paid to owners of a subsidiary company		(1,352,148)	-
Proceeds from term loans		31,833,530	-
Repayment of term loans		(37,882,347)	(52,637,042)
Proceeds from revolving credit		231,000,000	256,522,000
Repayment of revolving credit		(252,000,000)	(255,522,000)
Proceeds from Tawarruq flexi-term financing-i		6,000,000	28,000,000
Repayment of Tawarruq flexi-term financing-i		(14,000,000)	(20,000,000)
Proceeds from bankers' acceptances		1,514,276,000	1,032,460,000
Repayment of bankers' acceptances		(1,449,795,000)	(1,067,640,000)
Proceeds from onshore foreign currency loan		27,031,554	-
Repayment of onshore foreign currency loan		(16,109,024)	-
Interest paid	5	(13,056,987)	(13,868,708)
Net cash flows from/(used in) financing activities		<u>22,205,578</u>	<u>(94,555,750)</u>
Net decrease in cash and cash equivalents		(32,222,446)	(45,198,752)
Effect of exchange rate changes		(2,555,308)	659,731
Cash and cash equivalents at 1 January		<u>317,292,524</u>	<u>361,831,545</u>
Cash and cash equivalents at 31 December	18	<u><u>282,514,770</u></u>	<u><u>317,292,524</u></u>

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



	Note	2017 RM	2016 RM
Company			
Operating activities			
Profit before tax		5,953,878	7,336,834
<u>Adjustments for:</u>			
Interest expense	5	482,910	138,255
Depreciation of property, plant and equipment	13	48,146	10,277
Dividend income		(3,981,250)	(4,900,000)
Interest income		(5,725,672)	(4,969,287)
Loss on disposal of property, plant and equipment		147	-
Total adjustments		(9,175,719)	(9,720,755)
Operating cash flows before changes in working capital		(3,221,841)	(2,383,921)
<u>Changes in working capital</u>			
Decrease/(Increase) in receivables		17,659,195	(23,364,463)
Increase/(Decrease) in prepaid operating expenses		(1,394)	305
Increase in payables		385,561	209,105
Total changes in working capital		18,043,362	(23,155,053)
Cash flows from/(used in) operations		14,821,521	(25,538,974)
Interest received		5,725,672	4,969,287
Income taxes paid, net of refund		(956,446)	(1,147,599)
Net cash flows from/(used in) operating activities		19,590,747	(21,717,286)
Investing activities			
Acquisition of property, plant and equipment	13	(130,338)	(6,238)
Dividend received		3,981,250	4,900,000
Net cash flows from investing activities		3,850,912	4,893,762



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

	Note	2017 RM	2016 RM
Company			
Financing activities			
Dividends paid on ordinary shares	11	(3,740,000)	(1,870,000)
Proceeds from revolving credit		45,000,000	49,522,000
Repayment of revolving credit		(64,000,000)	(30,522,000)
Interest paid	5	(482,910)	(138,255)
Net cash flows (used in)/from financing activities		<u>(23,222,910)</u>	<u>16,991,745</u>
Net increase in cash and cash equivalents		218,749	168,221
Cash and cash equivalents at 1 January		<u>355,443</u>	<u>187,222</u>
Cash and cash equivalents at 31 December	18	<u><u>574,192</u></u>	<u><u>355,443</u></u>

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 2017



1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at Level 6, Crown Towers, 88 Jalan Pending, 93450 Kuching, Sarawak.

The Company is principally engaged in investment holding and provision of management and security services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia (“RM”), which is also the Group’s and Company’s functional currency.

The Companies Act 2016 (the “CA 2016” or “Act”)

The Minister of Domestic Trade, Co-operatives and Consumerism had appointed 31 January 2017 as the date on which the CA 2016 came into operation except for Section 241 and Division 8 of Part III of the Act. As such, the financial statements of the Company for the current financial year have been prepared in accordance with the requirements of the CA 2016.

Amongst the key changes introduced in the CA 2016 which affect the financial statements of the Company upon the commencement of the CA 2016 on 31 January 2017 are:

- (a) removal of the authorised share capital;
- (b) shares of the Company will cease to have par or nominal value; and
- (c) the Company’s share premium account will become part of the Company’s share capital.

The adoption of the CA 2016 has no financial impact on the Company for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with prevailing established guidelines described in FRS and IC Interpretations wherever applicable and relevant except in the current financial year, the Group and the Company adopted for the first time the following amended FRSs:

- Amendments to FRS 12, Annual Improvements to FRS Standards 2014 - 2016 Cycle
- Amendments to FRS 107, Disclosure Initiative
- Amendments to FRS 112, Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above FRS and IC Interpretations did not have any significant effect on the financial performance and position of the Group or of the Company except as follow:

Amendments to FRS 107, Disclosure Initiative

The amendments to FRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Apart from the additional disclosures in Note 20 to the financial statements, the application of these amendments has no impact on the Company.

2.3 Malaysian Financial Reporting Standards

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 its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. According to an announcement made by the MASB on 8 September 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 Company falls within the scope definition of transitioning Entities and will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.



2. Summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (contd.)

The subsequent adoption of the MFRS Framework would result in the Company preparing an opening MFRS statement of financial position as at 1 January 2017, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual financial performance for the financial year ended 31 December 2017 in accordance with MFRS, which would form the MFRS comparatives for the annual financial performance for the financial year ending 31 December 2018 respectively.

The Company has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

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:

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

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

- (a) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) Potential voting rights held by the Company, other vote holders or other parties;
- (c) Rights arising from other contractual arrangements; and
- d) 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 decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses 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.

Losses within a subsidiary are attributed to the non-controlling interests 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 loses 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 the 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 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 (contd.)

2.4 Basis of consolidation (contd.)

Business combinations (contd.)

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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.6.

2.5 Subsidiaries

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

- (a) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) 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 and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.6 Goodwill

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

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

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

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

2.7 Biological assets

Plantation expenditure incurred on land clearing, upkeep of immature oil palms, administrative expenses and interest incurred during the pre-cropping period are capitalised under biological assets and are not amortised. Upon maturity, all subsequent maintenance expenditure is charged to the statement of comprehensive income. Replanting expenditure incurred on similar crops on formerly developed areas is chargeable to the statement of comprehensive income in the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

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

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

Leasehold land are amortised over their lease terms. Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Buildings	10 to 50 years
Furniture, fittings and equipment	1 to 10 years
Plant and machinery	2 to 15 years
Motor vehicles	5 years
Ranch	10 years
Renovation	10 years

Capital work-in-progress included in 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.9 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 amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.10 Inventories

Inventories are stated at lower of cost and net realisable value, other than for certain contracted finished goods, which are stated at net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: costs of purchase on a weighted average cost formula or specific identification basis.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.
- Livestock: purchase price and estimated natural increase plus incidentals.

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.

2.11 Income taxes

(a) Current tax

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

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



2. Summary of significant accounting policies (contd.)

2.11 Income tax (contd.)

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.11 Income taxes (contd.)

(b) Deferred tax (contd.)

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

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

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

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

(c) Goods and Services Tax (“GST”)

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in the trade and other payables or trade and other receivables in the statements of financial position.



2. Summary of significant accounting policies (contd.)

2.12 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. Impairment loss on goodwill is not reversed in a subsequent period.



2. Summary of significant accounting policies (contd.)

2.13 Financial assets

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

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

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

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

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

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

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



2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

(b) Loans and receivables

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

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

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

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

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



2. Summary of significant accounting policies (contd.)

2.14 Impairment of financial assets

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

Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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



2. Summary of significant accounting policies (contd.)

2.15 Financial liabilities

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

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

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

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

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

(b) Other financial liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.15 Financial liabilities (contd.)

(b) Other financial liabilities (contd.)

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

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

2.16 Financial guarantee contracts

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

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



2. Summary of significant accounting policies (contd.)

2.17 Leases

(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 periods in which they are incurred.

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

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

(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. The accounting policy for rental income is set out in Note 2.20(d).

2.18 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 expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



2. Summary of significant accounting policies (contd.)

2.18 Borrowing costs (contd.)

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.

2.19 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.

(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.



2. Summary of significant accounting policies (contd.)

2.20 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) Sale of goods

Revenue is recognised net of discounts upon the transfer of significant risks and rewards of ownership of the goods to the customer.

(b) Dividend income

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

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) Management fees

Management fees are recognised when services are rendered.

(e) Security services

Security services are recognised when services are rendered.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

2. Summary of significant accounting policies (contd.)

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 companies in the Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed or capitalised in biological assets, as appropriate.

2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.23 Share capital and share issuance expenses

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

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

2.24 Contingencies

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

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



2. Summary of significant accounting policies (contd.)

2.25 Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date in which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

3. Significant accounting estimates

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

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) Impairment of loans and receivables

The Group and the Company assess 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 and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 and the Company's loans and receivables at the reporting date is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



3. Significant accounting estimates (contd.)

Key sources of estimation uncertainty (contd.)

(b) Deferred tax assets

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

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 statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying value of deferred tax assets of the Group at 31 December 2017 was RM28,812,097 (2016: RM29,597,802) and the recognised unabsorbed reinvestment, investment tax, capital and agriculture allowances of the Group was RM117,600,033 (2016: RM111,617,450).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



4. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of goods	2,134,133,753	1,847,275,296	-	-
Rental income	175,434	175,434	-	-
Dividend income	-	-	3,981,250	4,900,000
Interest income	333,218	68,608	5,725,672	4,969,287
Management fee income	-	-	781,800	537,800
Security service income	-	-	1,233,850	-
	<u>2,134,642,405</u>	<u>1,847,519,338</u>	<u>11,722,572</u>	<u>10,407,087</u>

5. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
- Bank overdraft	252,106	219,917	-	-
- Bankers' acceptance	5,530,636	4,244,566	-	-
- Onshore foreign currency loan interest	99,155	-	-	-
- Revolving credit	1,348,565	1,287,119	482,910	138,255
- Tawarruq flexi-term financing-i profit	17,305	129,217	-	-
- Term loan	5,809,220	7,987,889	-	-
	<u>13,056,987</u>	<u>13,868,708</u>	<u>482,910</u>	<u>138,255</u>
Less: Amount capitalised in biological assets (Note 12)	(2,684,234)	(3,357,796)	-	-
	<u>10,372,753</u>	<u>10,510,912</u>	<u>482,910</u>	<u>138,255</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

6. Profit before tax

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration:				
Statutory audit				
- current year	208,500	207,300	75,000	75,000
- under provision in previous years	1,200	9,010	-	5,000
Other services	12,000	12,000	12,000	12,000
Depreciation of property, plant and equipment (Note 13)	29,392,173	28,940,918	48,146	10,277
Employee benefits expense (Note 7)	95,981,272	86,005,818	3,052,279	1,135,949
Non-executive directors' remuneration (Note 8)	951,446	744,911	191,700	152,000
Operating lease payment on land and buildings	1,634,915	1,247,206	321,408	277,980
(Gain)/Loss on disposal of property, plant and equipment	(208,623)	25,471	147	-
Dividend income	-	-	(3,981,250)	(4,900,000)
Interest income	(6,204,580)	(7,023,231)	(5,725,672)	(4,969,287)
Net fair value (gain)/loss on derivatives	(10,361,277)	3,512,363	-	-
Net foreign exchange (gain)/loss				
- realised	(9,778,213)	896,474	-	-
- unrealised	2,601,115	(898,032)	-	-
Rental income	(243,454)	(236,634)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



7. Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages and other emoluments	93,412,642	82,880,802	2,741,623	1,030,571
Contribution to defined contribution plans	6,190,750	5,126,403	310,656	105,378
	<u>99,603,392</u>	<u>88,007,205</u>	<u>3,052,279</u>	<u>1,135,949</u>
Less: Amount capitalised in biological assets (Note 12)	(3,622,120)	(2,001,387)	-	-
	<u>95,981,272</u>	<u>86,005,818</u>	<u>3,052,279</u>	<u>1,135,949</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,795,919 (2016: RM1,569,293) and RM228,007 (2016: RM199,600) respectively, as further disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,503,975	832,476	114,607	91,600
Fees	180,200	174,800	113,400	108,000
	<u>1,684,175</u>	<u>1,007,276</u>	<u>228,007</u>	<u>199,600</u>
Non-executive:				
Other emoluments	76,200	42,000	76,200	42,000
Fees	115,500	110,000	115,500	110,000
	<u>191,700</u>	<u>152,000</u>	<u>191,700</u>	<u>152,000</u>
	<u>1,875,875</u>	<u>1,159,276</u>	<u>419,707</u>	<u>351,600</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

8. Directors' remuneration (contd.)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,088,944	539,217	-	-
Fees	22,800	22,800	-	-
	<u>1,111,744</u>	<u>562,017</u>	<u>-</u>	<u>-</u>
Non-executive:				
Other emoluments	631,746	463,816	-	-
Fees	128,000	129,095	-	-
	<u>759,746</u>	<u>592,911</u>	<u>-</u>	<u>-</u>
	<u>1,871,490</u>	<u>1,154,928</u>	<u>-</u>	<u>-</u>
Total	<u><u>3,747,365</u></u>	<u><u>2,314,204</u></u>	<u><u>419,707</u></u>	<u><u>351,600</u></u>
Analysed as:				
Total executive directors' remuneration (Note 7)	2,795,919	1,569,293	228,007	199,600
Total non-executive directors' remuneration (Note 6)	951,446	744,911	191,700	152,000
	<u>3,747,365</u>	<u>2,314,204</u>	<u>419,707</u>	<u>351,600</u>

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

Range of remuneration	Number of Directors			
	Executive		Non-executive	
	2017	2016	2017	2016
RM50,000 and below	-	-	-	1
RM50,001 to RM100,000	-	-	3	2
RM350,001 to RM400,000	-	1	-	-
RM450,001 to RM500,000	1	-	-	-
RM600,001 to RM650,000	-	1	-	-
RM1,200,001 to RM1,250,000	1	-	-	-
	<u>1</u>	<u>1</u>	<u>3</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Statements of comprehensive income:				
Current income tax:				
Based on results for the year	7,552,902	6,330,250	994,000	1,007,700
(Over)/Under provision in respect of previous years	(38,813)	7,345,175	(14,658)	199
	<u>7,514,089</u>	<u>13,675,425</u>	<u>979,342</u>	<u>1,007,899</u>
Deferred income tax (Note 15):				
Origination and reversal of temporary differences	7,678,250	9,992,566	-	-
Over provision in respect of previous years	(33,636)	(26,967)	-	-
Effect of change in statutory tax rate	-	(5,621,098)	-	-
	<u>7,644,614</u>	<u>4,344,501</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u><u>15,158,703</u></u>	<u><u>18,019,926</u></u>	<u><u>979,342</u></u>	<u><u>1,007,899</u></u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

9. Income tax expense (contd.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows:

	2017 RM	2016 RM
Group		
Accounting profit before tax	56,607,733	41,314,823
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	13,585,856	9,915,558
Adjustments:		
Non-deductible expenses	2,412,664	6,460,302
Non-taxable income	-	(53,044)
Chargeable income exempted from tax	(161,716)	-
Recognition of reinvestment allowance	(605,652)	-
(Over)/Under provision of income tax in respect of previous years	(38,813)	7,345,175
Over provision of deferred tax in respect of previous years	(33,636)	(26,967)
Effect of change in statutory tax rate	-	(5,621,098)
Income tax expense recognised in profit or loss	15,158,703	18,019,926
Company		
Accounting profit before tax	5,953,878	7,336,834
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	1,428,931	1,760,840
Adjustments:		
Non-deductible expenses	520,569	422,860
Non-taxable income	(955,500)	(1,176,000)
(Over)/Under provision of income tax in respect of previous years	(14,658)	199
Income tax expense recognised in profit or loss	979,342	1,007,899

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



10. Basic earnings per share

	2017 RM	2016 RM
Net profit attributable to owners of the Company	40,423,156	22,498,502
Weighted average number of ordinary shares	93,500,000	93,500,000
Basic earnings per share (sen)	43.23	24.06

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

11. Dividends

	Group and Company	
	2017 RM	2016 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final dividend for 2015:		
2 sen tax exempt (single tier), per share	-	1,870,000
- Final dividend for 2016:		
4 sen tax exempt (single tier), per share	3,740,000	-
	<u>3,740,000</u>	<u>1,870,000</u>

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2017 of 3% on 93,500,000 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the Statement of Changes in Equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



12. Biological assets

	Group	
	2017	2016
	RM	RM
Cost		
At 1 January	562,066,563	532,111,700
Additions	39,756,728	29,954,863
	<u>601,823,291</u>	<u>562,066,563</u>

Included in the biological assets are the following expenses incurred and capitalised during the financial year:

	Group	
	2017	2016
	RM	RM
Depreciation (Note 13)	89,353	57,495
Interest expense (Note 5)	2,684,234	3,357,796
Employee benefits expense (Note 7)	3,622,120	2,001,387
	<u>6,395,707</u>	<u>5,416,678</u>

Included in employee benefits expense are provident fund contributions paid amounting to RM212,329 (2016: RM101,969).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



13. Property, plant and equipment

Group	Leasehold	Buildings	Capital	Furniture,	Plant and	Motor	Ranch	Total
	land	RM	work-in-	equipment	machinery	vehicles	RM	RM
Cost:	RM	RM	progress	and	RM	RM	RM	RM
			RM	renovation				
At 1 January 2016	175,409,310	102,295,427	18,274,862	14,156,804	277,739,052	15,035,835	76,091	602,987,381
Additions	-	124,180	6,441,286	599,532	7,155,288	1,513,389	18,600	15,852,275
Reclassification	-	1,886,277	(5,767,038)	230,254	3,650,507	-	-	-
Disposals	-	-	-	(8,847)	(1,410,079)	(261,400)	-	(1,680,326)
At 31 December 2016 and								
1 January 2017	175,409,310	104,305,884	18,949,110	14,977,743	287,134,768	16,287,824	94,691	617,159,330
Additions	-	12,789	4,675,648	714,614	3,587,060	644,583	-	9,634,694
Adjustments *	-	-	-	-	(200,000)	-	-	(200,000)
Reclassification	-	5,392,325	(12,337,973)	22,543	6,923,105	-	-	-
Disposals	-	(219,508)	-	(2,073)	(516,800)	(119,800)	-	(858,181)
At 31 December 2017	175,409,310	109,491,490	11,286,785	15,712,827	296,928,133	16,812,607	94,691	625,735,843

* Adjustments consist of variation order for plants constructed in prior year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



13. Property, plant and equipment (contd.)

Group (contd.)	Leasehold	Buildings	Capital	Furniture,	Plant and	Motor	Total
	land	RM	work-in-	equipment	machinery	vehicles	
	RM	RM	progress	and	RM	RM	RM
			RM	renovation	RM	RM	RM
				RM			
At 1 January 2016	39,141,836	35,259,142	-	10,423,868	137,189,370	12,399,947	234,468,456
Recognised in income statement (Note 6)	3,271,963	3,178,465	-	1,123,559	19,887,510	1,471,877	28,940,918
Recognised in biological assets (Note 12)	-	4,991	-	1,036	3,339	48,129	57,495
Depreciation charge for the year	3,271,963	3,183,456	-	1,124,595	19,890,849	1,520,006	28,998,413
Disposals	-	-	-	(6,614)	(984,362)	(261,395)	(1,252,371)
At 31 December 2016 and 1 January 2017	42,413,799	38,442,598	-	11,541,849	156,095,857	13,658,558	262,214,498
Recognised in income statement (Note 6)	3,273,413	3,365,849	-	1,081,590	20,425,211	1,239,230	29,392,173
Recognised in biological assets (Note 12)	-	7,090	-	6,530	27,423	48,310	89,353
Depreciation charge for the year	3,273,413	3,372,939	-	1,088,120	20,452,634	1,287,540	29,481,526
Disposals	-	(219,506)	-	(1,329)	(199,098)	(109,827)	(529,760)
At 31 December 2017	45,687,212	41,596,031	-	12,628,640	176,349,393	14,836,271	291,166,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



13. Property, plant and equipment (contd.)	Leasehold land RM	Buildings RM	Capital work-in-progress RM	Furniture, fittings, equipment and renovation RM	Plant and machinery RM	Motor vehicles RM	Ranch RM	Total RM
Net carrying amount:								
At 31 December 2016	132,995,511	65,863,286	18,949,110	3,435,894	131,038,911	2,629,266	32,854	354,944,832
At 31 December 2017	129,722,098	67,895,459	11,286,785	3,084,187	120,578,740	1,976,336	25,974	334,569,579

Certain leasehold land, buildings, plant and machinery with a net carrying amount of RM23,171,793, RM44,495,905 and RM92,826,232 (2016: RM23,741,920, RM44,716,641 and RM99,979,780) respectively, are pledged for banking facilities granted to certain subsidiaries.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

13. Property, plant and equipment (contd.)

Company	Motor vehicles RM	Furniture and fittings RM	Renovation RM	Total RM
Cost:				
At 1 January 2016	491,440	282,195	240,106	1,013,741
Additions	-	6,238	-	6,238
At 31 December 2016 and 1 January 2017	491,440	288,433	240,106	1,019,979
Additions	104,305	26,033	-	130,338
Disposals	-	(183)	-	(183)
At 31 December 2017	<u>595,745</u>	<u>314,283</u>	<u>240,106</u>	<u>1,150,134</u>
Accumulated depreciation:				
At 1 January 2016	491,436	238,324	239,361	969,121
Depreciation charge for the year (Note 6)	-	10,092	185	10,277
At 31 December 2016 and 1 January 2017	491,436	248,416	239,546	979,398
Depreciation charge for the year (Note 6)	20,862	27,099	185	48,146
Disposals	-	(36)	-	(36)
At 31 December 2017	<u>512,298</u>	<u>275,479</u>	<u>239,731</u>	<u>1,027,508</u>
Net carrying amount:				
At 31 December 2016	<u>4</u>	<u>40,017</u>	<u>560</u>	<u>40,581</u>
At 31 December 2017	<u>83,447</u>	<u>38,804</u>	<u>375</u>	<u>122,626</u>

14. Investments in subsidiaries

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	<u>82,542,959</u>	<u>82,542,959</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



14. Investments in subsidiaries (contd.)

Details of subsidiaries, all of which are incorporated in Malaysia, are shown below:

Name of subsidiaries	Principal activities	Proportion of ownership interest	
		2017 %	2016 %
Direct subsidiaries of the Company			
Bintulu Lumber Development Sdn. Bhd.	Cultivation of oil palm, processing of fresh fruit bunches and sales of related products	100	100
Kirana Palm Oil Refinery Sdn. Bhd.	Operation of palm oil refinery and kernel crushing plant	100	100
Subsidiaries of Bintulu Lumber Development Sdn. Bhd.			
Grand Mutual Sdn. Bhd.	Cultivation of oil palm and stone quarry operation	100	100
Niamas Istimewa Sdn. Bhd.*	Cultivation of oil palm	69.9	69.9
Rela Aman Sdn. Bhd.	Letting of property	80	80
BLD Resources Sdn. Bhd.	Dormant (intended for oil palm plantation)	100	100
Easibright Sdn. Bhd.*	Contract services	100	100

* not audited by McMillan Woods Mea.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

15. Deferred tax

	2017 RM	Group 2016 RM
At 1 January	(144,898,547)	(140,554,046)
Recognised in statements of comprehensive income (Note 9)	(7,644,614)	(4,344,501)
At 31 December	<u>(152,543,161)</u>	<u>(144,898,547)</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	2017 RM	Group 2016 RM
Deferred tax assets, net	28,137	4,389,890
Deferred tax liabilities, net	(152,571,298)	(149,288,437)
	<u>(152,543,161)</u>	<u>(144,898,547)</u>

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	2017 RM	Group 2016 RM
Deferred tax assets	28,812,097	29,597,802
Deferred tax liabilities	(181,355,258)	(174,496,349)
	<u>(152,543,161)</u>	<u>(144,898,547)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



15. Deferred tax (contd.)

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

Group

Deferred tax assets

	Other payables RM	Unabsorbed, reinvestment, investment tax, capital and agriculture allowances RM	Total RM
At 1 January 2016	971,393	34,877,440	35,848,833
Recognised in statement of comprehensive income	1,838,221	(8,089,252)	(6,251,031)
At 31 December 2016	2,809,614	26,788,188	29,597,802
Recognised in statement of comprehensive income	(2,221,525)	1,435,820	(785,705)
At 31 December 2017	588,089	28,224,008	28,812,097

Deferred tax liabilities

	Land, buildings and biological assets RM	Accelerated capital allowances RM	Total RM
At 1 January 2016	(50,153,762)	(126,249,117)	(176,402,879)
Recognised in statement of comprehensive income	2,368,850	(462,320)	1,906,530
At 31 December 2016	(47,784,912)	(126,711,437)	(174,496,349)
Recognised in statement of comprehensive income	362,699	(7,221,608)	(6,858,909)
At 31 December 2017	(47,422,213)	(133,933,045)	(181,355,258)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



16. Inventories

	Group	
	2017	2016
	RM	RM
At cost		
Canteen goods	192,648	184,168
Livestock	1,052,310	935,878
Finished goods	8,305,099	32,691,269
Raw materials	60,224,187	30,834,549
	69,774,244	64,645,864
At net realisable value		
Finished goods	55,011,327	18,822,371
Raw materials	529,987	442,578
	55,541,314	19,264,949
	125,315,558	83,910,813

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,758,256,747 (2016: RM1,505,537,721).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



17. Trade and other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Third parties	99,616,123	132,223,971	-	-
Related parties	929,442	430,618	-	-
	<u>100,545,565</u>	<u>132,654,589</u>	<u>-</u>	<u>-</u>
Other receivables				
Other receivables	58,312,174	33,846,722	-	16,939
Related parties	269,924	-	-	-
Deposits	10,031,074	1,503,441	56,670	48,590
Amounts due from subsidiaries	-	-	111,090,511	128,740,847
	<u>68,613,172</u>	<u>35,350,163</u>	<u>111,147,181</u>	<u>128,806,376</u>
Total trade and other receivables	169,158,737	168,004,752	111,147,181	128,806,376
Add: Cash and bank balances (Note 18)	284,713,090	319,282,649	574,192	355,443
Total loans and receivables	<u><u>453,871,827</u></u>	<u><u>487,287,401</u></u>	<u><u>111,721,373</u></u>	<u><u>129,161,819</u></u>

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 2 to 90 day (2016: 2 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



17. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	2017	Group 2016
	RM	RM
Neither past due nor impaired	100,534,169	132,605,999
1 to 30 days past due not impaired	11,396	48,590
	<u>100,545,565</u>	<u>132,654,589</u>

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM11,396 (2016: RM48,590) that are past due at the reporting date but not impaired.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. These amounts earn interest at 5.00% to 5.75% (2016: 4.95% to 5.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



18. Cash and bank balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash in hand and at bank	233,380,090	239,977,086	574,192	355,443
Short term deposits with licensed banks	51,333,000	79,305,563	-	-
Cash and bank balances	<u>284,713,090</u>	<u>319,282,649</u>	<u>574,192</u>	<u>355,443</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for a period of one month to three months (2016: one month) depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates for short term deposits as at 31 December 2017 for the Group and the Company were 3.48% (2016: 3.53%) and 3.47% (2016: 2.88%) respectively.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	284,713,090	319,282,649	574,192	355,443
Bank overdrafts (Note 20)	(2,198,320)	(1,990,125)	-	-
Cash and cash equivalents	<u>282,514,770</u>	<u>317,292,524</u>	<u>574,192</u>	<u>355,443</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

19. Derivatives

	Contract/ notional amount RM	2017		Group		2016	
		Assets RM	Liabilities RM	Contract/ notional amount RM	Assets RM	Liabilities RM	
Non-hedging derivatives:							
Forward currency contracts	197,624,899	5,837,747	-	396,704,095	-	4,523,530	

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in United States Dollars (USD) for which firm commitments existed at the reporting date.

During the financial year, the Group recognised a gain of RM5,837,747 (2016: loss of RM4,523,530) arising from fair value changes of derivative assets (2016: liabilities). The fair value changes are attributable to changes in foreign exchange spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



20. Loans and borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Non-secured:				
Revolving credit	-	19,000,000	-	19,000,000
Secured:				
Bank overdraft (Note 18)	2,198,320	1,990,125	-	-
Bankers' acceptances	222,938,000	158,457,000	-	-
Onshore foreign currency loan	10,922,530	-	-	-
Revolving credit	46,000,000	48,000,000	-	-
Tawarruq flexi term financing-I	-	8,000,000	-	-
Term loans	47,257,178	34,213,245	-	-
	329,316,028	250,660,370	-	-
	329,316,028	269,660,370	-	19,000,000
Non-current				
Secured:				
Term loans	73,219,915	92,312,665	-	-
Total	402,535,943	361,973,035	-	19,000,000

(a) The remaining maturities of the loans and borrowings as at 31 December 2017 and 2016 were as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Repayable within one year	329,316,028	269,660,370	-	19,000,000
One year to five years	62,374,816	81,062,692	-	-
Over five years	10,845,099	11,249,973	-	-
	402,535,943	361,973,035	-	19,000,000



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

20. Loans and borrowings (contd.)

- (b) The effective interest rates at the balance sheet date for borrowings were as follows:

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Bank overdraft	7.21 - 7.79	7.31 - 7.85	-	-
Bankers' acceptances	3.45 - 4.25	3.55 - 4.10	-	-
Onshore foreign currency loan	2.30 - 2.55	-	-	-
Revolving credit	4.46 - 4.96	4.43 - 5.15	4.51 - 4.84	4.43 - 4.64
Tawarruq flexi term financing-I	4.65	4.65 - 4.75	-	-
Term loans	4.85 - 5.79	4.71 - 5.95	-	-

- (c) The bank overdrafts, bankers' acceptances, revolving credit and term loans are secured by certain landed properties of subsidiaries, specific debenture on plant, machinery and equipment of a subsidiary, corporate guarantees from the Company and a subsidiary and letter of negative pledge from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



20. Loans and borrowings (contd.)	(d) Changes in liabilities arising from financing activities				
		At 1 January 2017 RM	Proceeds RM	Repayment RM	Reclassification RM
Group					At 31 December 2017 RM
Current					
Bankers' acceptances	158,457,000	1,514,276,000	(1,449,795,000)	-	222,938,000
Onshore foreign currency loan	-	27,031,554	(16,109,024)	-	10,922,530
Revolving credit	67,000,000	231,000,000	(252,000,000)	-	46,000,000
Tawarruq flexi term financing-I	8,000,000	6,000,000	(14,000,000)	-	-
Term loans	34,213,245	-	(37,882,347)	50,926,280	47,257,178
	<u>267,670,245</u>	<u>1,778,307,554</u>	<u>(1,769,786,371)</u>	<u>50,926,280</u>	<u>327,117,708</u>
Non-current					
Term loans	92,312,665	31,833,530	-	(50,926,280)	73,219,915
	<u>359,982,910</u>	<u>1,810,141,084</u>	<u>(1,769,786,371)</u>	<u>-</u>	<u>400,337,623</u>
Company					
Current					
Revolving credit	19,000,000	45,000,000	(64,000,000)	-	-
	<u>19,000,000</u>	<u>45,000,000</u>	<u>(64,000,000)</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

21. Trade and other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	63,051,531	91,733,075	-	-
Related parties	47,035,760	63,400,721	-	-
	<u>110,087,291</u>	<u>155,133,796</u>	<u>-</u>	<u>-</u>
Other payables				
Other payables	4,038,433	2,400,683	270,708	42,744
Related parties	903,310	790,764	67,194	30,490
Accrued operating expenses	13,111,380	10,207,149	579,563	458,670
Other deposits	233,855	223,316	-	-
	<u>18,286,978</u>	<u>13,621,912</u>	<u>917,465</u>	<u>531,904</u>
Total trade and other payables	<u>128,374,269</u>	<u>168,755,708</u>	<u>917,465</u>	<u>531,904</u>
Add: Loans and borrowings (Note 20)	<u>402,535,943</u>	<u>361,973,035</u>	<u>-</u>	<u>19,000,000</u>
Total financial liabilities carried at amortised cost	<u><u>530,910,212</u></u>	<u><u>530,728,743</u></u>	<u><u>917,465</u></u>	<u><u>19,531,904</u></u>

(a) Trade payables

Trade payables are non-interest bearing and are generally on 90 day (2016: 90 day) terms.

(b) Other payables

These amounts are unsecured, non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



22. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2017	2016	2017 RM	2016 RM
Issued and fully paid				
At 1 January	93,500,000	93,500,000	93,500,000	93,500,000
Transition to no-par value regime on 31 January 2017	-	-	79,680,555	-
At 31 December	<u>93,500,000</u>	<u>93,500,000</u>	<u>173,180,555</u>	<u>93,500,000</u>

The holders of ordinary 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.

Share premium

	Group and Company	
	2017 RM	2016 RM
At 1 January	79,680,555	79,680,555
Transition to no-par value regime on 31 January 2017	(79,680,555)	-
At 31 December	<u>-</u>	<u>79,680,555</u>

The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM79,680,555 for purposes as set out in Section 618(3) for bonus issue pursuant to Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

23. Related party transactions

- (i) In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at term agreed between the parties during the financial year:

	Company	
	2017	2016
	RM	RM
(a) Transactions with subsidiaries:		
Income		
Dividend income	3,981,250	4,900,000
Interest income	5,392,454	4,900,679
Management fee income	781,800	537,800
Security service income	1,233,850	-
	<u> </u>	<u> </u>

- (b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors:

	Group	
	2017	2016
	RM	RM
Income		
(i) Rental income	175,434	175,434
(ii) Sale of goods	1,510,679	1,565,948
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



23. Related party transactions (contd.)

- (b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors: (contd.)

	Group	
	2017 RM	2016 RM
Expenditure		
(i) Administrative expenses paid	183,800	236,400
(ii) Contract services for development and maintenance	25,422,256	14,897,925
(iii) Insurance brokerage paid	4,452,149	3,579,592
(iv) IT infrastructure and software expenses paid	1,123,736	1,113,636
(v) Printing charges paid	177,030	107,876
(vi) Maintenance services paid	89,748	86,181
(vii) Professional fees paid	1,835,981	1,332,874
(viii) Purchase of crude palm oil and palm kernel	371,118,513	328,997,644
(ix) Purchase of fresh fruit bunches	20,340,796	22,959,182
(x) Purchase of property, plant and machinery and consumables	78,023,358	81,080,808
(xi) Rental of premises paid	1,449,802	903,298
(xii) Security expenses paid	1,530,359	1,650,046
(xiii) Transportation charges paid	10,040,330	10,022,653
	<u> </u>	<u> </u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

23. Related party transactions (contd.)

(b) Transactions with companies in which certain directors of the Company and/or persons connected to them have a substantial financial interest and/or are directors: (contd.)

	Company	
	2017	2016
	RM	RM
Expenditure		
(i) Administrative expenses paid	2,400	2,400
(ii) Insurance brokerage paid	28,434	21,410
(iii) Maintenance services paid	67,730	64,581
(iv) Printing charges paid	8,240	371
(v) Professional fees paid	27,771	49,800
(vi) Rental of premises paid	<u>325,897</u>	<u>302,603</u>

(ii) Compensation of key management personnel

The remuneration of directors who are also members of key management during the financial year were as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short term employee benefits	3,587,575	2,228,054	416,098	348,000
Post employment benefits				
- Defined contribution plans	<u>159,790</u>	<u>86,150</u>	<u>3,609</u>	<u>3,600</u>
Total directors' remuneration (Note 8)	<u>3,747,365</u>	<u>2,314,204</u>	<u>419,707</u>	<u>351,600</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



24. Commitments

	Group	
	2017	2016
	RM	RM
(a) Capital commitments		
Capital expenditure as at the reporting date were as follows:		
Approved and contracted for:		
- Property, plant and equipment	619,712	1,698,907
	<u>=====</u>	<u>=====</u>

(b) Operating lease commitments - as lessee

The Group has entered into operating lease agreements for the use of land and buildings. These leases have a life of between 1 to 5 years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The future minimum lease payments under operating leases contracted at reporting date are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Not later than 1 year	955,154	754,476	337,797	277,980
Later than 1 year and not later than 5 years	815,914	1,089,873	448,938	231,650
	<u>1,771,068</u>	<u>1,844,349</u>	<u>786,735</u>	<u>509,630</u>

The lease payments recognised in profit or loss during the financial year is disclosed in Note 6.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

25. Fair value of financial instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's and the Company's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

Group	Carrying amount		Fair value	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial assets/(liabilities):				
Derivatives				
- forward currency contract	6,126,746	(4,229,508)	5,837,747	(4,523,530)

The methods and assumptions used to estimate the fair values of the financial instruments, not carried at fair value are as follows:

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

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

	Note
Trade receivables (current)	17
Other receivables (current)	17
Loans and borrowings (current)	20
Loans and borrowings (non-current)	20
Trade payables (current)	21
Other payables (current)	21

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



25. Fair value of financial instruments (contd.)

(a) Determination of fair value (contd.)

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

The fair values of these financial instruments are estimated by discounting expected future cash flows at prevailing market rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Fair value hierarchy

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2017				
Financial assets				
Derivatives				
- forward currency contracts	-	5,837,747	-	5,837,747
	=====	=====	=====	=====
2016				
Financial liabilities				
Derivatives				
- forward currency contracts	-	(4,523,530)	-	(4,523,530)
	=====	=====	=====	=====

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



26. 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 interest rate risk, credit risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. 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 exposures to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

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

The Group's exposure to changes in interest rates relates primarily to the Group's loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and Company's profit net of tax would have been RM765,000 (2016: RM688,000) and nil (2016: RM37,000) respectively, lower/higher arising mainly as a result of lower/higher floating rate loans and borrowings.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with reputable banks.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.



26. Financial risk management objectives and policies (contd.)

(b) Credit risk (contd.)

Exposure to credit risk

At the reporting date, the Group'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, including derivatives with negative values.

Credit risk concentration profile

The Group has exposure to certain individual customers especially two major customers of the palm oil refinery unit. However this does not pose significant credit risk to the Group as they are highly reputable customers and secured by bank guarantees of customers' bankers.

At the reporting date, approximately 92% (2016: 95%) of the Group's trade receivables were due from two major customers of the palm oil refinery unit.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage their operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group and the Company maintain sufficient level of cash and short term deposits which are expected to be sufficient to meet their working capital requirements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)

26. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
At 31 December 2017				
Financial liabilities				
Trade and other payables	128,374,269	-	-	128,374,269
Loans and borrowings	334,051,468	80,400,192	838,978	415,290,638
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total undiscounted financial liabilities	462,425,737	80,400,192	838,978	543,664,907
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
At 31 December 2016				
Financial liabilities				
Trade and other payables	168,755,708	-	-	168,755,708
Loans and borrowings	275,717,480	87,515,111	10,992,402	374,224,993
Derivatives	4,229,508	-	-	4,229,508
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total undiscounted financial liabilities	448,702,696	87,515,111	10,992,402	547,210,209
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



26. Financial risk management objectives and policies (contd.)

(c) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
At 31 December 2017				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	917,465	-	-	917,465
Total undiscounted financial liabilities	<u>917,465</u>	<u>-</u>	<u>-</u>	<u>917,465</u>
At 31 December 2016				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	531,904	-	-	531,904
Loan and borrowings	19,000,000	-	-	19,000,000
Total undiscounted financial liabilities	<u>19,531,904</u>	<u>-</u>	<u>-</u>	<u>19,531,904</u>

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



26. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales that are denominated in a currency other than the functional currency of the Group.

The Group uses forward currency contracts to minimise the currency exposures arising from sales after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

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 USD exchange rates against the functional currency of the Group, with all other variables held constant.

	Group	
	2017	2016
	RM	RM
USD/RM - Strengthened 1%	661,000	939,000
- Weakened 1%	<u>(661,000)</u>	<u>(939,000)</u>

27. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTD.)



28. Segment information

(a) Segment by geography

The revenue segment analysis by geographical locations of customers is summarised as follows:

	2017	2016
	%	%
Bangladesh	6	10
China	23	21
Countries in Africa	18	8
Europe	3	3
India	20	31
Korea	9	5
Malaysia	20	19
Other countries	1	3
	<u>100</u>	<u>100</u>
	==	==

(b) Major customers

There are two customers who account for about 93% (2016: 95%) of the Group's turnover.

29. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 3 April 2018.



ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2018

Authorised Share Capital : RM500,000,000.00
 Paid-up Share Capital : RM93,500,000.00

Class of Shares : Ordinary Shares
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF HOLDINGS

Size of Holdings	No. of Holders	No. of Holdings	% of Holdings
1 – 99	24	506	0.00
100 – 1,000	595	212,435	0.23
1,001 – 10,000	288	1,278,256	1.37
10,001 – 100,000	100	3,484,695	3.73
100,001 – 4,674,999*	34	39,974,308	42.75
4,675,000 and above**	3	48,549,800	51.92

Remark : * less than 5% of issued holdings
 ** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
BLD Holdings Sdn. Bhd.	33,412,330	35.74	-	-
Syarikat Payang Sdn. Bhd.	15,137,470	16.19	-	-
K.T.S. Holdings Sdn. Bhd.	10,496	0.01	33,412,330	35.74
Syarikat Maslahat Sdn. Bhd.	-	-	16,398,807	17.54
Dato Henry Lau Lee Kong	-	-	37,269,576	39.86
Haji Wan Abdillah bin Wan Hamid	104,821	0.11	16,398,807	17.54
Robert Lau Hui Yew	100,000	0.11	34,108,634	36.48
Lau Swee Nguong @ Lau Sui Guang	100,000	0.11	34,108,634	36.48
Haji Wan Mohd. Shebli bin Wan Hamid	-	-	16,398,807	17.54
Temenggong Dato Lau Lee Ming	10,000	0.01	35,923,529	38.42
Lau Lee Kiong	-	-	35,933,529	38.43
Law Kiu Kiong	3,182,800	3.40	2,817,200	3.01

DIRECTORS' INTEREST

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato Henry Lau Lee Kong	-	-	37,269,576	39.86
Haji Wan Abdillah bin Wan Hamid	104,821	0.11	16,398,807	17.54
Chong Chon Chee	40,000	0.04	-	-
Datuk Haji Hamden bin Haji Ahmad	-	-	-	-
Robert Lau Hui Yew	100,000	0.11	34,108,634	36.48

ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2018 (CONTD.)



TOP 30 SECURITIES ACCOUNT HOLDERS

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BLD HOLDINGS SDN. BHD.	22,000,000	23.53
2.	SYARIKAT PAYANG SDN BHD	15,137,470	16.19
3.	BLD HOLDINGS SDN. BHD.	11,412,330	12.21
4.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AZIM DAYA SDN. BHD.	4,633,300	4.96
5.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR BANK OF SINGAPORE LIMITED	4,501,500	4.81
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AEROCAN SDN. BHD.	2,879,000	3.08
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MAX MAJESTIC SDN. BHD.	2,847,900	3.05
8.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CRYSTAL FLOW SDN. BHD.	2,824,000	3.02
9.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIONG HOLDINGS SDN. BHD.	2,817,200	3.01
10.	COMMERCIAL AGENCIES SDN. BHD.	2,202,182	2.36
11.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG	2,117,800	2.27
12.	PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK	2,000,000	2.14
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MANYEW RESOURCES SDN. BHD.	1,623,500	1.74
14.	TERAS INTERGRASI SDN BHD	1,346,047	1.44
15.	HAMIMAS ENTERPRISE SDN. BHD.	1,261,337	1.35
16.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MANYEW RESOURCES SDN. BHD.	1,234,900	1.32
17.	FORWARD CONCEPT SDN BHD	1,071,400	1.15
18.	LAW KIU KIONG	700,000	0.75
19.	VASTY DEVELOPMENT SDN. BHD.	585,808	0.63
20.	GANNETS SDN. BHD.	570,898	0.61
21.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW CHENG KING ENTERPRISE SDN. BHD. (E-JCL)	547,904	0.59
22.	LAU HIENG ING ENTERPRISE SDN. BHD.	412,235	0.44
23.	TAN SOO HIAN	400,000	0.43
24.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. DOLLARSPLUS SENDIRIAN BERHAD	364,908	0.39
25.	LAU SIE HUI	344,086	0.37
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG (6000710)	300,000	0.32
27.	COMMERCIAL AGENCIES SDN. BHD.	298,521	0.32
28.	FAIRCOM ENTERPRISE SDN. BHD.	292,904	0.31
29.	KIU CHUAN GUNG	291,415	0.31
30.	MAKONG INVESTMENT LIMITED	287,000	0.31



LIST OF LANDS AS AT 31 DECEMBER 2017

Description and Location

Location	Approximate Land Value (Hectare)	Current Use	Tenure	Approximate Age of Buildings	Net Book value (RM'000)	Date of Acquisition
Teraja Land District, Miri	6,733	Oil Palm Estate	Leasehold Expiring in 2060	1 to 17	32,125	2004
Lambir Land District, Miri	3,453	Oil Palm Estate	Leasehold Expiring in 2060	1 to 17	17,617	2004
Kabang and Lassa Land District, Sibul	20,446	Oil Palm Estate	Leasehold Expiring in 2060	1 to 13	9,498	2000
Kemena Land District, Bintulu	3,984	Refinery / Kernel Crushing Plant	Leasehold Expiring in 2056	11	8,591	2005 & 2007
Sawai Land District, Miri	16,818	Oil Palm Estate / Palm Oil Mill	Leasehold Expiring in 2047-2072	1 to 29	7,348	1987-2012
Miri Concession Land District, Miri	717.9 sq. meters	Investment Property	Leasehold Expiring in 2052	17	2,414	2009
Jelalong Land District, Bintulu	3,913	Oil Palm Estate	Leasehold Expiring in 2057	1 to 17	2,105	1997

Form of Proxy

*I/We, _____ *NRIC/Passport/Co. No. _____
(FULL NAME IN BLOCK LETTERS)

of _____ being a member/members
(ADDRESS)

of BLD Plantation Bhd. hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

*NRIC/Passport No. _____ of _____
(ADDRESS)

*and/ or failing him/her _____ *NRIC/Passport No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

or the Chairman of the Meeting as *my/our proxy to vote for me/us and on *my/our behalf at the 16th Annual General Meeting of the Company to be held at Function Hall, KTS Garden, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Wednesday, 30 May 2018 at 11.00 a.m. and at any adjournment thereof for/against the resolutions to be proposed thereat.

*My/our proxy shall vote as follows :

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees for the financial year ending 31 December 2018		
2.	To approve the payment of Directors' remuneration (excluding Directors' fees) for the financial year ending 31 December 2018		
3.	To declare and approve the payment of a first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2017		
4.	To re-elect Dato Henry Lau Lee Kong as Director		
5.	To re-elect Tuan Haji Wan Abdillah bin Wan Hamid as Director		
6.	To re-elect Mr. Chong Chon Chee as Director		
7.	To re-elect Datuk Haji Hamden bin Haji Ahmad as Director		
8.	To re-elect Mr. Robert Lau Hui Yew as Director		
9.	To re-appoint Messrs. McMillan Woods Mea as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration		
10.	To retain Mr. Chong Chon Chee as an Independent Non-Executive Director		
11.	To retain Datuk Haji Hamden bin Haji Ahmad as an Independent Non-Executive Director		
12.	To authorise the Directors to issue shares pursuant to Section 76 of the Companies Act 2016		
13.	To approve the proposed renewal of shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category A Mandate		
14.	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category B Mandate		
15.	To approve the proposed renewal of shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category C Mandate		

*Strike out whichever is not applicable.

Please indicate with "X" in the appropriate box against each resolution how you wish your vote to be cast. If no specific direction as to voting is indicated, the proxy will vote or abstain at his/her discretion.

The proportions of *my/our holdings to be presented by *my/ our proxies are as follows:

Proxy 1	%
Proxy 2	%
Total	%

No. of shares held	
---------------------------	--

Dated this _____ day of _____ 2018

Signature / Common Seal of Shareholder(s)

Notes :-

- A proxy may but need not be a member of the Company.
- The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- A member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of 100 shares. Where the member appoints more than one (1) proxy to attend, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.
- To be valid, the Form of Proxy duly completed must be deposited at the registered office of the Company at Level 6, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- A depositor whose name appears in the Record of Depositors as at 23 May 2018 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

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AFFIX
STAMP
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The Company Secretary
BLD Plantation Bhd. (562199-A)
Level 6, Crown Towers
88, Jalan Pending
93450 Kuching, Sarawak
Malaysia

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BLD PLANTATION BHD. (562199-A)
Level 6, Crown Towers, 88, Jalan Pending,
93450 Kuching, Sarawak, Malaysia.
Tel: +6 082-335 311 Fax: +6 082-348 311
Website: www.bldpb.com.my