



BLD PLANTATION BHD.
(562199-A)



annual report
2015

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.

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Based on the weighted average number of ordinary shares during the year, the Group recorded net assets per share of RM8.46 per share as compared to RM8.57 in 2014 due to decrease in earnings per share of 35.60 sen to losses per share of 6.82 sen during the financial year under review.

OPERATION REVIEW

The Group has total planted area of about 28,700 hectares of which about 91% is in maturity stage. The Group produced about 133,900 metric tonnes of crude palm oil, an increase of about 7.1% compared to previous year. 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 694,000 metric tonnes, 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 2 sen per ordinary share of RM1.00 each, 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.

CORPORATE DEVELOPMENT

BLD Plantation Bhd. ("BLDP") entered into a Share Sale Agreement ("SSA") on 15 March 2016 to acquire 100% of ordinary shares of Pekan Semangat Sdn. Bhd. ("Pekan") for a cash consideration of RM155,220,066, with 10% deposit paid up upon signing of the SSA. The principal activity of Pekan is solely as an investment holding company and is the registered and beneficial owner of 1,680,000 issued and paid up ordinary shares of RM1.00 each, representing 70% equity interest of Agrogreen Ventures Sdn. Bhd ("Agrogreen"). Agrogreen is in the business of oil palm plantation and is the registered proprietor of the following parcels of provisional lease of State lands, totaling 5,442 hectares situated at Lot 18, Block No. 2, Stungkor Land District, measuring approximately 1,442 hectares and Lot 16, Block No. 2, Stungkor Land District, measuring approximately 4,000 hectares, out of which about 5,000 hectares have been developed into oil palm plantation.

INDUSTRY TREND AND DEVELOPMENT

The year 2015 saw mixed performance of the Malaysian oil palm industry. Oil palm planted area, crude palm oil (CPO) production, import, export and closing stocks increased, while that of prices and export revenue declined. India maintained its position as the largest Malaysian palm oil export market in 2015, with an intake of 3.69 million tonnes or 21.2% of total palm oil exports, followed by the European Union (EU) 2.43 million tonnes (13.9%) and China, P.R 2.38 million tonnes (13.6%). Palm oil exports to India increased significantly by 13.6% to 3.69 million tonnes in 2015, from 3.25 million tonnes exported in 2014. The increase was attributed to the country's insufficient domestic production of vegetable oils as a result of lower output of oilseeds attributed to the deficit in rainfall in the last two years.

In 2015, CPO production recorded a marginal increase of 1.5% to 19.96 million tonnes as against 19.67 million tonnes produced in 2014. The increase was due to higher FFB processed, arising from the increase in new matured areas coming into production, especially in Sarawak. Oil palm planted area in 2015 reached 5.64 million hectares, an increase of 4.6% as against 5.39 million hectares recorded in the previous year. This was mainly due to the increase in new planted areas especially in Sarawak, which recorded an increase of 14.1%.

In 2015, all oil palm products were traded lower. CPO price was traded lower by 9.6% or RM230.00 to reach RM2,153.50/tonne compared to RM2,383.50/tonne in 2014. CPO price was traded lower during the first half of 2015, averaging at RM2,219.00, down by 14.8% compared to RM2,605.00/tonne during the same period in 2014. The lower price was mainly due to weaker world vegetable oil prices, namely soyabean and rapeseed oil. CPO price continued on a downward trend during the second half of 2015, averaging at RM2,090.50, down by 4.2% compared to RM2,183.00 during the same period in 2014. The lower prices was due to market concerns caused by the recent turmoil in the Chinese stock market which is likely to impact the demand for palm oil, coupled with the weaker Brent crude oil price averaging at US\$46/barrel. Total exports of oil palm products increased marginally by 1.0% to 25.33 million tonnes in 2015 from 25.07 million tonnes exported in 2014.

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

CORPORATE SOCIAL RESPONSIBILITY

Establishment of auxiliary police unit

On 25 May 2015, BLDP as one of the organisations throughout the nation was awarded with the approval certificate by the Crime Prevention and Community Security Department to set up auxiliary police unit. Auxiliary police personnel have the same power as regular policemen upon the completion of a period of two and a half months basic police training. The auxiliary police unit under BLDP would play an integral role in enhancing the security and preventing crime within the respective estates, mills, refinery, premises and vicinity. In the meanwhile, the auxiliary police unit would complement the regular police force and the government to combat crime locally.



PROSPECTS

During 2015, Malaysian palm oil prices falls on slow export demand mainly due to global economy slowdown. Nevertheless, the recent slump in Malaysian palm oil inventories has been lending support to the prices as it dropped from a record high of 2.9 million tonnes.

The impact of El-Nino on production may have been more severe than initially anticipated. The weather phenomenon has brought a prolonged dry season to Southeast Asia where productions in Malaysia and Indonesia are projected to decline. Dwindling output from the world's two largest palm oil producers implies that palm oil prices would escalate gradually but the prices would be constrained by global demand.

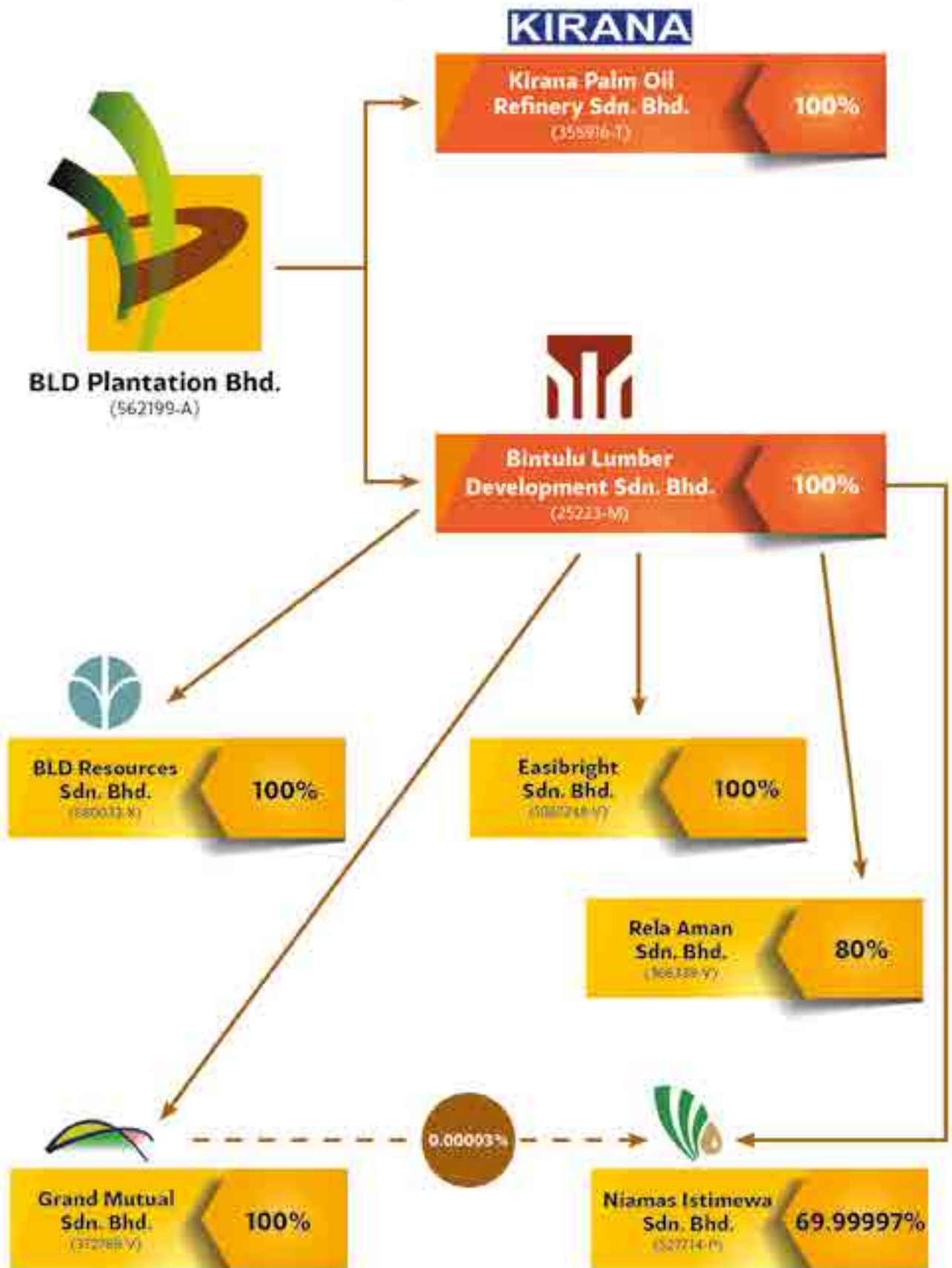
In addition, the implementation of minimum wages and spike in foreign worker levy are most likely to exacerbate the situation adding more challenges to the industry players. As a result, this further put a strain on the palm oil sector owing to its labour-intensive nature of industry where production cost is expected to increase tremendously in the near term.

The global economy in 2016 is expected to rise moderately with commodity prices remain stable. In the year ahead, our Group aims to be innovative and efficient in allocation of resources by developing and communicating our strategic plans to achieve long-term goals.

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.



**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

Company Secretary

Alvin Lau Lee Jen
(MIA 13153)

Auditors

Messrs. McMillan Woods Mea
Chartered Accountants

Principal Bankers

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

Stock Exchange Listing

Bursa Malaysia Securities Berhad
- Main Market

Stock Code

5069

Stock Name

BLDPLNT

Registered Office

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

Tel : +6082 – 335 311

Fax : +6082 – 348 311

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



DATO HENRY LAU LEE KONG
Executive Chairman

Dato Henry Lau Lee Kong, a Malaysian aged 64, 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

Haji Wan Abdillah bin Wan Hamid, a Malaysian aged 62, 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

Chong Chon Chee, a Malaysian aged 67, 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.

**DATUK HAJI HAMDEN BIN HAJI AHMAD**
Independent Non-Executive Director

Datuk Haji Hamden bin Haji Ahmad, a Malaysian aged 67, 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

Robert Lau Hui Yew, a Malaysian aged 51, 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 ten (10) years.

NOTICE IS HEREBY GIVEN THAT the 14th 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 Thursday, 16 June 2016 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 2015 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 2016. *Resolution 1*
3. To declare and approve the payment of a first and final single tier dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015. *Resolution 2*
4. 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 3*
 - (ii) Tuan Haji Wan Abdillah bin Wan Hamid *Resolution 4*
 - (iii) Mr. Chong Chon Chee *Resolution 5*
 - (iv) Datuk Haji Hamden bin Haji Ahmad *Resolution 6*
 - (v) Mr. Robert Lau Hui Yew *Resolution 7*
5. To re-appoint Messrs. McMillan Woods Mea as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Resolution 8*

Special Business

6. To consider and, if thought fit, pass the following resolution as ordinary resolution:
 - **Continuation in Office as Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012**

“**THAT**, subject to passing of Resolution No. 5, 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 9*

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

- **Continuation in Office as Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012**

“**THAT**, subject to passing of Resolution No. 6, 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 10*

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

- **Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965** *Resolution 11*

“**THAT**, pursuant to Section 132D of the Companies Act, 1965 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 issued and paid-up share capital 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.”

9. 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 16) of the Circular to Shareholders dated 28 April 2016 (“Circular”) under the following categories:

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

Resolution 12
Resolution 13
Resolution 14

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 143(1) of the Companies Act, 1965 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 143(2) 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."

10. To transact any other business which due notice have been given in accordance with the Companies Act, 1965 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 2 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 December 2015, if approved at the 14th Annual General Meeting, will be payable on 29 July 2016 to depositors whose names appear in the Record of Depositors on 1 July 2016.

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 1 July 2016 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

28 April 2016

Notes:

1. A proxy may but need not be a member of the Company, and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply to 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 proportion of his shareholding 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 10 June 2016 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.

Explanatory Notes on Special Business

1. Proposed Resolution No. 9 and 10

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 16 to 17 of the Annual Report 2015.

2. Proposed Resolution No. 11

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. 11, 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 issued and paid-up share capital 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 conclusion of the next annual general meeting of the Company.

This is the renewal of the mandate obtained at the last annual general meeting held on 17 June 2015 ("AGM 2015"). The Company did not utilise the mandate that was approved at the AGM 2015.

3. Proposed Resolution No. 12, 13 and 14

The Proposed Resolution No. 12, 13 and 14, 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 16) of the Circular to Shareholders dated 28 April 2016 ("Circular"), which are necessary for the BLDP Group's day-to-day operations, provided that 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.

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 28 April 2016 for further information.

The Board is committed to ensure that good corporate governance is observed by the Company with the ultimate objective of realising long term shareholder value whilst taking into account the interests of other stakeholders. The Board is working towards ensuring compliance with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (“the Code” or “MCCG 2012”), where appropriate.

ROLES AND RESPONSIBILITIES

The Board has existing sound framework which clearly defines functions reserved for the Board and those delegated to the Management. The Board reviews and approves management’s proposal on a strategic plan for the Company through appropriate and effective communication channel acceptable to both the Board and the Management. The Board also has embedded its own corporate culture with strong hold on ethical conducts.

Board Composition and Independence

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 trade which the Company is involved in which enable them to bring insightful depth, maturity and diversity to the leadership and management of the business.

The Board is convinced that both the Executive Chairman and Executive Director who have strong business acumen play a synergy effect in the implementation of corporate strategies and policies as well as in managing the day-to-day operations of the Group’s business. The Board, as a whole, is responsible for the oversight of the management, the communication and the conduct of the Group’s business with full responsibility for reviewing and adopting all strategic plans of the Group.

The Independent Non-Executive Directors play a pivotal role in providing independent evaluation and judgement, and objective participation in the deliberations and decision-making process of the Board. The Board, as a whole, undertakes annual assessment on the independence of its Independent Non-Executive Directors. The Non-Executive Director complements the skills and experiences of the Executive Directors in the formulation of strategies and policies through his knowledge and experience in relevant business sectors.

The Board has not identified an Independent Non-Executive Director to whom concerns regarding the Company can be conveyed. All concerns regarding the Company may be conveyed to any Director.

The existing Board composition is vital to successfully direct and supervise the Company’s business activities.



Board Committee

The Board is assisted by the Board Committees in the discharge of their duties and responsibilities :-

(i) **Audit Committee**

The Audit Committee Report is set out on pages 21 to 25 of this Annual Report.

(ii) **Remuneration Committee**

The Remuneration Committee Report is set out on pages 17 to 18 of this Annual Report.

(iii) **Nominating Committee**

The Nominating Committee Report is set out on pages 18 to 19 of this Annual Report.

Continuous Training and Development of Directors

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 :-

- 2015 Audit Committee Conference
- Enforcement of Latest Bursa Revamp Listing Requirement (RLR) 2015
- SSM Sarawak Seminar 2015
- The 3rd Asian SME Conference 2015
- Corporate Board Leadership Symposium

The Company provides orientation programme for new Directors to familiarise themselves with the various operations of the Group. The programme includes briefing by Executive Directors and Operations Managers, as well as site visit to the oil palm estates, palm oil mills, palm oil refinery and kernel crushing plant. For the financial year under review, there was no new Director being appointed to the Board.

The Directors are regularly being updated and advised by the Company Secretary on new statutory as well as applicable regulatory requirements relating to the duties and responsibilities of Directors.

Board Meetings

Board Meetings are convened at quarterly intervals with additional meetings taking place as and when necessary. During the financial year under review, the Board held six (6) meetings and the attendance of each Director is as follows:-



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

Supply of Information

The Board has access to all information pertaining to the Company including advices and services from the Company Secretary. The Company Secretary plays an important role in supporting the board by ensuring adherence to board policies and procedures. The Company Secretary, in consultation with the Executive Chairman and Executive Director, issues agenda for each Board meeting together with the papers relating to the agenda items. The Board recognises that the Executive Chairman is entitled to the strong and positive support of the Company Secretary who is responsible to ensure that Board procedures are followed and that applicable rules and regulations are complied with.

The Directors, in the course of their duties, may seek independent professional advice at the expense of the Company as and when necessary.

Tenure of Independent Directors

The Board has two Independent Directors, namely Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad who were appointed since 9 June 2003 and 3 September 2007, respectively. Based on the classification made under the Recommendation 3.2 of the MCCG 2012, Mr. Chong Chon Chee has served as the Independent Non-Executive Director for a cumulative term of more than 9 years whilst Datuk Haji Hamden bin Haji Ahmad will be approaching the tenure term of 9 years for the financial year under review.

Pursuant to the Recommendation 3.3 of the MCCG 2012 and notwithstanding the long tenure in office of Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad, the Board, upon making review and assessment of Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad's position as an Independent Non-Executive Director, is unanimously opined that Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad's independence have not been compromised or impaired in any way after having 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 consistent and expected of Mr. Chong Chon Chee to carry out his duty as Independent Non-Executive Director, Chairman of Audit Committee, Chairman of Nominating Committee and Member of Remuneration Committee, and Datuk Haji Hamden bin Haji Ahmad to carry out his duty also as Independent Non-Executive Director, Member of Audit Committee and Member of Nominating Committee.
- 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 within the acceptable market rates as disclosed under the Directors' Remuneration as set out on pages 74 to 75 in this Annual Report.

Having considering the above, the Board strongly recommends the retention of Mr. Chong Chon Chee and Datuk Haji Hamden bin Haji Ahmad as Independent Non-Executive Directors which are to be tabled as Ordinary Resolutions for shareholders' approval at the forthcoming Annual General Meeting for the said purpose.

DIRECTORS' REMUNERATION

Directors' Remuneration and Remuneration Committee

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 approved by shareholders at annual general meeting based on the Board's recommendations.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. During the financial year under review, the Remuneration Committee met once and the meeting was attended by all its members.

The details of the remuneration of the Directors of the Company for the financial year ended 31 December 2015 are set out in pages 74 to 75 of the Financial Statements.

NOMINATING COMMITTEE

Composition of the Nominating Committee

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

Attendance of Meeting

The Nominating Committee shall meet as and when need arises provided that it shall meet at least once (1) a year to transact its business as enshrined in its terms of reference. During the financial year under review, one (1) meeting was held and all members had attended the meeting.

Appointment, Re-appointment and Re-election of Board Members

All appointment of new member of the Board is subject to the Board's discretion after considering the recommendations by the Nominating Committee. In accordance with the Company's Articles of Association, any newly appointed Director shall retire from office at the annual general meeting following their appointment and are eligible for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are of or over the age seventy (70) years are required to submit themselves for re-appointment annually. For the financial year under review, none of the Directors aged of or above seventy (70) years.

The Company's Articles of Association provide that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. The re-election of Directors provides an opportunity for shareholders to reassess the composition of the Board.



Summary of Activities of the Nominating Committee

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 is opined 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.

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 and experience 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.

CORPORATE DISCLOSURES

To ensure comprehensive, accurate and timely disclosures, the Board has established and implemented Corporate Disclosure procedures which incorporate practical guidelines relevant to the disclosure requirements as set out in the Main Market Listing Requirements.

SHAREHOLDERS

Communication with Shareholders

The Board promotes effective communication and proactive engagements with its shareholders and institutional investors 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.

An important forum for communication and dialogue with shareholders is the general meeting where shareholders are encouraged to participate at the general meeting and accorded the opportunity to demand for poll voting and raise relevant questions on the agenda of the general meeting.



ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly financial results, the Board, through its Audit Committee, ensure that the financial statements comply with applicable financial reporting standards. These financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

Risk Management, Internal Control and Internal Audit Function

The Board has established a framework to articulate, implement and review the Group's internal controls system. To provide assurance to the Board, the internal audit function which reports directly to the Audit Committee, maintains a viable and robust internal controls system by conducting regular reviews on the effectiveness of the governance and risk management within the Group. The statement on Risk Management and Internal Control providing the overview of the state of risk management and internal controls together with the internal audit function within the Group is set out on pages 26 to 27 of this Annual Report.

Relationship with Auditors

The Audit Committee maintains a formal and transparent relationship with the Auditors.

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS IN THE CODE

The Board considers that the Company has principally complied or is in the process of complying with the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012.

This statement is made in accordance with the resolution of the Board of Directors dated 7 April 2016.

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, five (5) meetings were held and the attendance of each member is as follows :-

Directors	No. of Meetings Attended
Chong Chon Chee	5
Datuk Haji Hamden bin Haji Ahmad	5
Robert Lau Hui Yew	5

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.



- 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.



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 Board at least once every three (3) years 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.

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 2015 was about RM400,000.00.

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.



BOARD RESPONSIBILITY

The Board acknowledges effective governance, risk management and internal control processes form the principal foundation for the success and sustain 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.

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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)



- 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 7 April 2016.



The additional information as set out below is disclosed in compliance with the Main Market Listing Requirements for the financial year ended 31 December 2015:-

1. **Utilisation of Proceeds**
There were no proceeds raised from corporate proposal during the financial year.
2. **Share Buy-backs**
There were no share buy-backs by the Company during the financial year.
3. **Options or Convertible Securities**
There were no options or convertible securities issued by the Company during the financial year.
4. **Depository Receipt Programme**
The Company did not sponsor any depository receipt programme during the financial year.
5. **Sanctions and/or Penalties**
There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory bodies during the financial year.
6. **Non-audit fee**
The non-audit fee incurred for the services rendered to the Company by the Company's external auditors and a firm or corporation affiliated thereto during the financial year was RM12,000.
7. **Variation in Results**
There was no material variance between the audited financial results for the financial year and the unaudited financial results previously announced.
8. **Profit Guarantee**
There was no profit guarantee received by the Company during the financial year.
9. **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 94 to 96 of this Annual Report.
10. **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.
11. **Revaluation Policy**
There was no revaluation policy on landed properties adopted during the financial year.
12. **Employee Share Scheme**
The Company did not offer and/or adopt any Employee Share Scheme during the financial year.

IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 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, 1965, 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 7 April 2016.

Financial Statements

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

Principal activities

The Company is principally engaged in investment holding and provision of management 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
(Loss)/Profit net of tax	(6,126,840)	2,718,950
	<u> </u>	<u> </u>
(Loss)/Profit for the year attributable to:		
Owners of the Company	(6,379,956)	2,718,950
Non-controlling interests	253,116	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	(6,126,840)	2,718,950
	<u> </u>	<u> </u>

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

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.



Dividends

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

In respect of the financial year ended 31 December 2014:

	RM
Final tax exempt (single tier) dividend of 4% on 93,500,000 ordinary shares declared on 17 June 2015 and paid on 31 July 2015	3,740,000
	<u>=====</u>

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2015 of 2% 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 2016.

Directors

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

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

In accordance with Article 84 of the Company's Articles of Association, all the directors retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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 emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 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:

	Number of ordinary shares of RM1 each			
	At 1.1.2015	Acquired	Sold	At 31.12.2015
Direct Interest				
Tuan Haji Wan Abdillah Bin Wan Hamid	104,821	-	-	104,821
Robert Lau Hui Yew	100,000	-	-	100,000
Chong Chon Chee	40,000	-	-	40,000
Indirect Interest				
Dato Henry Lau Lee Kong	36,652,276	627,300	-	37,279,576
Tuan Haji Wan Abdillah Bin Wan Hamid	17,085,607	-	(627,300)	16,458,307
Robert Lau Hui Yew	34,108,634	-	-	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 6A of the Companies Act, 1965, 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.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.



Other statutory information (contd.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent events

Significant events subsequent to the end of the financial year are disclosed in Note 29 to the financial statements.



Auditors

The auditors, McMillan Woods Mea, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2016.

Dato Henry Lau Lee Kong

Tuan Haji Wan Abdillah Bin Wan Hamid

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Dato Henry Lau Lee Kong** and **Tuan Haji Wan Abdillah Bin Wan Hamid**, being two of the directors of **BLD Plantation Bhd.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 39 to 104 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 31 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2016.

Dato Henry Lau Lee Kong

Tuan Haji Wan Abdillah Bin Wan Hamid

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Dato Henry Lau Lee Kong**, 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 39 to 104 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**
at Kuching in the State of Sarawak
on 7 April 2016

Dato Henry Lau Lee Kong

Before me,

PHANG DAH NAN
Commissioner For Oaths (No. Q119)
First Floor, Sublot 18,
Lot 2227, M10 Commercial Centre,
10th Mile, Kuching-Serian Road,
93250 Kuching, Sarawak.



Report on the Financial Statements

We have audited the financial statements of BLD Plantation Bhd., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 104.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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



- (a) In our opinion, the accounting and other records and the registers required by the Act, to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 31 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

McMillan Woods Mea
Firm No. AF001995
Chartered Accountants

Mea Fatt Leong
No. 1346/8/17
Partner of the firm

Kuching, Sarawak
7 April 2016

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	4	1,440,443,441	1,558,192,027	6,380,782	6,151,082
Cost of sales		(1,392,974,403)	(1,449,761,402)	-	-
Gross profit		47,469,038	108,430,625	6,380,782	6,151,082
Other items of income					
Interest income		6,835,724	6,421,335	-	-
Other income		512,093	933,842	-	-
Other items of expense					
Selling expenses		(36,638,731)	(37,309,560)	-	-
Administrative expenses		(18,583,443)	(21,014,863)	(2,594,948)	(2,820,244)
Finance costs	5	(11,546,661)	(10,811,566)	(203,057)	(438,714)
(Loss)/Profit before tax	6	(11,951,980)	46,649,813	3,582,777	2,892,124
Income tax expense	9	5,825,140	(13,633,260)	(863,827)	(853,871)
(Loss)/Profit for the year, net of tax, representing total comprehensive income for the year		(6,126,840)	33,016,553	2,718,950	2,038,253
(Loss)/Profit attributable to:					
Owners of the Company		(6,379,956)	33,291,065	2,718,950	2,038,253
Non-controlling interests		253,116	(274,512)	-	-
		(6,126,840)	33,016,553	2,718,950	2,038,253
(Losses)/Earnings per share attributable to owners of the Company (sen per share):					
Basic	10	(6.82)	35.60		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015



	Note	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
ASSETS					
Non-current assets					
Biological assets	12	532,111,700	515,597,589	-	-
Property, plant and equipment	13	368,518,925	383,627,240	44,620	33,375
Investments in subsidiaries	14	-	-	82,542,959	82,542,959
Deferred tax assets	15	11,780,425	-	-	-
		<u>912,411,050</u>	<u>899,224,829</u>	<u>82,587,579</u>	<u>82,576,334</u>
Current assets					
Inventories	16	130,474,734	126,533,449	-	-
Trade and other receivables	17	107,514,790	46,739,258	105,441,913	106,512,145
Prepaid operating expenses		851,322	483,707	3,754	3,650
Tax recoverable		3,221,312	4,115,735	-	59,055
Cash and bank balances	18	363,994,697	353,069,698	187,222	25,269,057
		<u>606,056,855</u>	<u>530,941,847</u>	<u>105,632,889</u>	<u>131,843,907</u>
TOTAL ASSETS		<u><u>1,518,467,905</u></u>	<u><u>1,430,166,676</u></u>	<u><u>188,220,468</u></u>	<u><u>214,420,241</u></u>
EQUITY AND LIABILITIES					
Current liabilities					
Derivatives	19	1,011,167	1,230,957	-	-
Loans and borrowings	20	310,549,011	234,317,782	-	25,000,000
Trade and other payables	21	132,509,641	102,467,194	322,799	632,326
Taxation		141,318	-	130,804	-
		<u>444,211,137</u>	<u>338,015,933</u>	<u>453,603</u>	<u>25,632,326</u>
Net current assets		<u>161,845,718</u>	<u>192,925,914</u>	<u>105,179,286</u>	<u>106,211,581</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015 (CONTD.)

	Note	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
EQUITY AND LIABILITIES (contd.)					
Non-current liabilities					
Deferred tax liabilities	15	152,334,471	150,044,894	-	-
Loans and borrowings	20	130,414,093	140,730,805	-	-
		<u>282,748,564</u>	<u>290,775,699</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>726,959,701</u>	<u>628,791,632</u>	453,603	25,632,326
Net assets		<u>791,508,204</u>	<u>801,375,044</u>	<u>187,766,865</u>	<u>188,787,915</u>
Equity attributable to owners of the Company					
Share capital	22	93,500,000	93,500,000	93,500,000	93,500,000
Share premium		79,680,555	79,680,555	79,680,555	79,680,555
Retained earnings		617,045,989	627,165,945	14,586,310	15,607,360
		<u>790,226,544</u>	<u>800,346,500</u>	<u>187,766,865</u>	<u>188,787,915</u>
Non-controlling interests		1,281,660	1,028,544	-	-
TOTAL EQUITY		<u>791,508,204</u>	<u>801,375,044</u>	<u>187,766,865</u>	<u>188,787,915</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,518,467,905</u></u>	<u><u>1,430,166,676</u></u>	<u><u>188,220,468</u></u>	<u><u>214,420,241</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 2015



	← — Attributable to owners of the Company — →	Non-distributable				Distributable		Non-controlling interests
		Equity attributable to owners of the Company	Share capital (Note 22)	Share premium	Retained earnings	Share premium	Retained earnings	
Note	RM	RM	RM	RM	RM	RM	RM	
Group								
At 1 January 2014	773,033,491	771,730,435	93,500,000	79,680,555	598,549,880	1,303,056		
Total comprehensive income/(loss)	33,016,553	33,291,065	-	-	33,291,065	(274,512)		
Transactions with owners								
Dividends on ordinary shares	11	(4,675,000)	-	-	(4,675,000)	-		
At 31 December 2014	801,375,044	800,346,500	93,500,000	79,680,555	627,165,945	1,028,544		



STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)

	← Attributable to owners of the Company →	Non-distributable			Distributable		Non-controlling interests
		Equity attributable to owners of the Company	Share capital (Note 22)	Share premium	Retained earnings		
Note	RM	RM	RM	RM	RM	RM	RM
Group (contd.)							
At 1 January 2015	801,375,044	800,346,500	93,500,000	79,680,555	627,165,945	1,028,544	
Total comprehensive (loss)/income	(6,126,840)	(6,379,956)	-	-	(6,379,956)	253,116	
Transactions with owners							
Dividends on ordinary shares	(3,740,000)	(3,740,000)	-	-	(3,740,000)	-	
At 31 December 2015	<u>791,508,204</u>	<u>790,226,544</u>	<u>93,500,000</u>	<u>79,680,555</u>	<u>617,045,989</u>	<u>1,281,660</u>	



STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)



Company	Note	Equity, total RM	Non-distributable		Distributable Retained earnings RM
			Share capital (Note 22) RM	Share premium RM	
At 1 January 2014					
Total comprehensive income		191,424,662 2,038,253	93,500,000 -	79,680,555 -	18,244,107 2,038,253
Transaction with owners					
Dividends on ordinary shares	11	(4,675,000)	-	-	(4,675,000)
At 31 December 2014		<u>188,787,915</u>	<u>93,500,000</u>	<u>79,680,555</u>	<u>15,607,360</u>
At 1 January 2015					
Total comprehensive income		188,787,915 2,718,950	93,500,000 -	79,680,555 -	15,607,360 2,718,950
Transaction with owners					
Dividends on ordinary shares	11	(3,740,000)	-	-	(3,740,000)
At 31 December 2015		<u>187,766,865</u>	<u>93,500,000</u>	<u>79,680,555</u>	<u>14,586,310</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 2015



	Note	2015 RM	2014 RM
Group			
Operating activities			
(Loss)/Profit before tax		(11,951,980)	46,649,813
<u>Adjustments for:</u>			
Interest expense	5	11,546,661	10,811,566
Depreciation of property, plant and equipment	13	28,202,236	28,182,232
Gain on disposal of property, plant and equipment		(199,835)	(210,826)
Interest income		(7,796,991)	(6,605,671)
Net fair value gain on derivatives		(219,790)	(627,969)
Net unrealised foreign exchange gain		(20,229,318)	(2,957,307)
Total adjustments		<u>11,302,963</u>	<u>28,592,025</u>
Operating cash flows before changes in working capital		75,241,838	75,241,838
<u>Changes in working capital</u>			
(Increase)/Decrease in inventories		(3,941,285)	30,318,964
(Increase)/Decrease in receivables		(60,459,390)	76,217,384
(Increase)/Decrease in prepaid operating expenses		(367,615)	1,150,693
Increase/(Decrease) in payables		30,042,447	(12,007,890)
Total changes in working capital		<u>(34,725,843)</u>	<u>95,679,151</u>
Cash flows (used in)/from operations		(35,374,860)	170,920,989
Interest received		7,796,991	6,605,671
Income tax paid, net of refund		(2,629,967)	(6,263,070)
Net cash flows (used in)/from operating activities		<u>(30,207,836)</u>	<u>171,263,590</u>

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)

	Note	2015 RM	2014 RM
Group			
Investing activities			
Acquisition of biological assets (net of interest capitalised)	12	(12,704,668)	(8,430,857)
Acquisition of property, plant and equipment	13	(14,066,756)	(23,137,758)
Proceeds from disposal of property, plant and equipment		1,172,670	362,500
Net cash flows used in investing activities		<u>(25,598,754)</u>	<u>(31,206,115)</u>
Financing activities			
Dividends paid to owners of the Company	11	(3,740,000)	(4,675,000)
Proceeds from term loans		45,000,000	43,441,817
Repayment of term loans		(46,136,792)	(35,338,974)
Proceeds from revolving credit		243,000,000	186,000,000
Repayment of revolving credit		(291,000,000)	(202,000,000)
Proceeds from Tawarruq flexi-term financing-i		10,000,000	-
Repayment of Tawarruq flexi-term financing-i		(10,000,000)	(10,000,000)
Proceeds from bankers' acceptances		876,870,944	1,134,776,960
Repayment of bankers' acceptances		(761,790,944)	(1,150,219,960)
Interest paid	5	(15,356,104)	(15,540,388)
Net cash flows from/(used in) financing activities		<u>46,847,104</u>	<u>(53,555,545)</u>
Net (decrease)/increase in cash and cash equivalents		(8,959,486)	86,501,930
Effect of exchange rate changes		19,913,176	3,028,777
Cash and cash equivalents at 1 January		<u>350,877,855</u>	<u>261,347,148</u>
Cash and cash equivalents at 31 December	18	<u>361,831,545</u>	<u>350,877,855</u>

	Note	2015 RM	2014 RM
Company			
Operating activities			
Profit before tax		3,582,777	2,892,124
<u>Adjustments for:</u>			
Interest expense	5	203,057	438,714
Depreciation of property, plant and equipment	13	10,970	9,341
Interest income		(5,876,182)	(5,478,882)
Total adjustments		<u>(5,662,155)</u>	<u>(5,030,827)</u>
Operating cash flows before changes in working capital		(2,079,378)	(2,138,703)
<u>Changes in working capital</u>			
Decrease/(increase) in receivables		1,070,232	(18,024,381)
Increase in prepaid operating expenses		(104)	(247)
(Decrease)/increase in payables		(309,527)	222,355
Total changes in working capital		<u>760,601</u>	<u>(17,802,273)</u>
Cash flows used in operations		(1,318,777)	(19,940,976)
Interest received		5,876,182	5,478,882
Income taxes paid, net of refund		(673,968)	(830,000)
Net cash flows from/(used in) operating activities		<u>3,883,437</u>	<u>(15,292,094)</u>
Investing activities			
Acquisition of property, plant and equipment	13	(22,215)	(3,520)
Net cash flows used in investing activities		<u>(22,215)</u>	<u>(3,520)</u>

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)

Company	Note	2015 RM	2014 RM
Financing activities			
Dividends paid on ordinary shares	11	(3,740,000)	(4,675,000)
Proceeds from revolving credit		50,000,000	45,000,000
Repayment of revolving credit		(75,000,000)	(20,000,000)
Interest paid	5	(203,057)	(438,714)
Net cash flows (used in)/from financing activities		<u>(28,943,057)</u>	<u>19,886,286</u>
Net (decrease)/increase in cash and cash equivalents		(25,081,835)	4,590,672
Cash and cash equivalents at 1 January		<u>25,269,057</u>	<u>20,678,385</u>
Cash and cash equivalents at 31 December	18	<u>187,222</u>	<u>25,269,057</u>

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



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 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 Companies Act, 1965 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”).

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. The adoption of the FRS and IC Interpretations effective for annual financial periods beginning on or after 1 January 2015 did not have any effect on the financial position of the Group or of the Company.

2.3 Standards/amendments to standards issued but not yet effective

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



2. Summary of significant accounting policies (contd.)

2.3 Standards/amendments to standards issued but not yet effective (contd.)

FRS effective for annual periods beginning on or after 1 January 2016

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

FRS effective for annual periods beginning on or after 1 January 2018

- FRS 9, Financial Instruments

The directors expect that the adoption of the above amendments / standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of applicable amendments / standards are described below:

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

The amendments to FRS 116 prohibit the use of the revenue-based depreciation method for property, plant and equipment.

FRS 138 is amended to include a rebuttable presumption that the use of revenue-based methods to calculate the amortisation of intangible assets is not appropriate. This presumption, however, can be rebutted if an intangible asset is expressed as a measure of revenue or the consumption of economic benefits of an intangible asset and revenue are highly correlated.



2. Summary of significant accounting policies (contd.)

2.3 Standards/amendments to standards issued but not yet effective (contd.)

● **FRS 9 Financial Instruments**

FRS 9 replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

The Company is currently assessing the financial impact that may arise from the adoption of FRS 9.

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.

In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amount reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2. Summary of significant accounting policies (contd.)

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.

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.



2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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.

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.



2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations (contd.)

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.



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.



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.



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.

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) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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



2. Summary of significant accounting policies (contd.)

2.11 Income taxes (contd.)

(d) 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.

2.12 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.



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.

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 sales taxes and 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.



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.



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 2015 was RM35,848,833 (2014: RM22,382,884) and the recognised unabsorbed reinvestment, investment tax, capital and agriculture allowances of the Group was RM139,509,760 (2014: RM77,492,976).

**4. Revenue**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sale of goods	1,439,306,740	1,557,816,317	-	-
Rental income	175,434	191,374	-	-
Management fee income	-	-	504,600	672,200
Interest income	961,267	184,336	5,876,182	5,478,882
	<u>1,440,443,441</u>	<u>1,558,192,027</u>	<u>6,380,782</u>	<u>6,151,082</u>

5. Finance costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
- Bank overdraft	386,915	356,991	920	-
- Revolving credit	1,534,661	3,330,576	202,137	438,714
- Tawarruq flexi-term financing-i profit	48,230	242,447	-	-
- Term loan	10,301,755	8,875,415	-	-
- Bankers' acceptance	3,084,543	2,734,959	-	-
	<u>15,356,104</u>	<u>15,540,388</u>	<u>203,057</u>	<u>438,714</u>
Less: Amount capitalised in biological assets (Note 12)	<u>(3,809,443)</u>	<u>(4,728,822)</u>	<u>-</u>	<u>-</u>
	<u>11,546,661</u>	<u>10,811,566</u>	<u>203,057</u>	<u>438,714</u>

6. (Loss)/Profit before tax

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration:				
Statutory audit				
- current year	198,290	187,300	70,000	64,000
- under provision in previous years	6,100	6,000	6,000	-
Other services	12,000	-	12,000	-
Depreciation of property, plant and equipment (Note 13)	28,202,236	28,182,232	10,970	9,341
Employee benefits expense (Note 7)	87,111,682	80,550,565	1,421,906	1,433,417
Non-executive directors' remuneration (Note 8)	768,364	1,633,694	193,940	174,800
Operating lease payment on land and buildings	1,017,837	1,964,275	264,081	261,301
Gain on disposal of property, plant and equipment	(199,835)	(210,826)	-	-
Interest income	(7,796,991)	(6,605,671)	(5,876,182)	(5,478,882)
Net fair value gain on derivatives	(219,790)	(627,969)	-	-
Net foreign exchange loss/(gain)				
- realised	25,138,300	6,689,532	-	-
- unrealised	(20,229,318)	(2,957,307)	-	-
Rental income	(235,734)	(286,421)	-	-
	=====	=====	=====	=====



7. **Employee benefits expense**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries, wages and other emoluments	83,594,912	77,077,010	1,288,526	1,304,928
Contribution to defined contribution plans	4,914,264	4,673,599	133,380	128,489
	<u>88,509,176</u>	<u>81,750,609</u>	<u>1,421,906</u>	<u>1,433,417</u>
Less: Amount capitalised in biological assets (Note 12)	(1,397,494)	(1,200,044)	-	-
	<u><u>87,111,682</u></u>	<u><u>80,550,565</u></u>	<u><u>1,421,906</u></u>	<u><u>1,433,417</u></u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,492,353 (2014: 4,100,841) and RM227,560 (2014: RM214,800), respectively, as further disclosed in Note 8.

8. **Directors' remuneration**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,535,935	3,930,041	119,560	106,800
Fees	174,800	170,800	108,000	108,000
	<u>1,710,735</u>	<u>4,100,841</u>	<u>227,560</u>	<u>214,800</u>
Non-executive:				
Other emoluments	83,940	64,800	83,940	64,800
Fees	110,000	110,000	110,000	110,000
	<u>193,940</u>	<u>174,800</u>	<u>193,940</u>	<u>174,800</u>
	<u><u>1,904,675</u></u>	<u><u>4,275,641</u></u>	<u><u>421,500</u></u>	<u><u>389,600</u></u>



8. Directors' remuneration (contd.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	762,418	-	-	-
Fees	19,200	-	-	-
	<u>781,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-executive:				
Other emoluments	445,824	1,334,781	-	-
Fees	128,600	124,113	-	-
	<u>574,424</u>	<u>1,458,894</u>	<u>-</u>	<u>-</u>
	<u>1,356,042</u>	<u>1,458,894</u>	<u>-</u>	<u>-</u>
Total	<u><u>3,260,717</u></u>	<u><u>5,734,535</u></u>	<u><u>421,500</u></u>	<u><u>389,600</u></u>
Analysed as:				
Total executive directors' remuneration (Note 7)	2,492,353	4,100,841	227,560	214,800
Total non-executive directors' remuneration (Note 6)	768,364	1,633,694	193,940	174,800
	<u><u>3,260,717</u></u>	<u><u>5,734,535</u></u>	<u><u>421,500</u></u>	<u><u>389,600</u></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	
	2015	2014	2015	2014
RM50,001 to RM150,000	-	-	3	3
RM300,001 to RM500,000	1	-	-	-
RM500,001 to RM800,000	-	1	-	-
RM1,000,001 to RM2,000,000	1	-	-	-
RM3,000,001 to RM4,000,000	-	1	-	-
	<u><u>-</u></u>	<u><u>1</u></u>	<u><u>3</u></u>	<u><u>3</u></u>

**9. Income tax expense****Major components of income tax expense**

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
Based on results for the year	3,721,471	7,189,086	918,000	880,000
(Over)/under provision in respect of previous years	(55,763)	216,942	(54,173)	(26,129)
	<u>3,665,708</u>	<u>7,406,028</u>	<u>863,827</u>	<u>853,871</u>
Deferred income tax (Note 15):				
Origination and reversal of temporary differences	(9,459,398)	6,146,735	-	-
(Over)/under provision in respect of previous years	(31,450)	80,497	-	-
	<u>(9,490,848)</u>	<u>6,227,232</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>(5,825,140)</u>	<u>13,633,260</u>	<u>863,827</u>	<u>853,871</u>



9. **Income tax expense (contd.)**

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

	2015 RM	2014 RM
Group		
Accounting (loss)/profit before tax	(11,951,980)	46,649,813
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(2,987,995)	11,662,453
Adjustments:		
Non-deductible expenses	2,442,699	1,738,296
Non-taxable income	(5,191,054)	-
Recognition of reinvestment and investment tax allowances	(1,577)	(64,928)
(Over)/under provision of income tax in respect of previous years	(55,763)	216,942
(Over)/under provision of deferred tax in respect of previous years	(31,450)	80,497
Income tax expense recognised in profit or loss	<u>(5,825,140)</u>	<u>13,633,260</u>
Company		
Accounting profit before tax	<u>3,582,777</u>	<u>2,892,124</u>
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	895,694	723,031
Adjustments:		
Non-deductible expenses	22,306	156,969
Over provision of income tax in respect of previous years	(54,173)	(26,129)
Income tax expense recognised in profit or loss	<u>863,827</u>	<u>853,871</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year.

10. Basic earnings per share

	2015	2014
	RM	RM
Net (loss)/profit attributable to owners of the Company	(6,379,956)	33,291,065
Weighted average number of ordinary shares	93,500,000	93,500,000
Basic (losses)/earnings per share (sen)	(6.82)	35.60

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	
	2015	2014
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final dividend for 2013:		
5 sen tax exempt (single tier), per share	-	4,675,000
- Final dividend for 2014:		
4 sen tax exempt (single tier), per share	3,740,000	-
	<u>3,740,000</u>	<u>4,675,000</u>

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2015 of 2% 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 2016.



12. Biological assets

	Group	
	2015	2014
	RM	RM
Cost		
At 1 January	515,597,589	502,437,910
Additions	16,514,111	13,159,679
	<u>532,111,700</u>	<u>515,597,589</u>
At 31 December	<u><u>532,111,700</u></u>	<u><u>515,597,589</u></u>

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

	Group	
	2015	2014
	RM	RM
Interest expense (Note 5)	3,809,443	4,728,822
Employee benefits expense (Note 7)	1,397,494	1,200,044
	<u>5,206,937</u>	<u>5,928,866</u>
	<u><u>5,206,937</u></u>	<u><u>5,928,866</u></u>

Included in employee benefits expense are provident fund contributions paid amounting to RM71,585 (2014: RM77,801).



13. Property, plant and equipment	Group	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
Cost:									
	At 1 January 2014	168,572,584	95,533,702	7,892,881	12,427,007	269,685,027	14,023,578	66,841	568,201,620
	Additions	6,750,220	4,490,452	7,784,242	654,545	2,867,429	589,670	1,200	23,137,758
	Reclassification	-	2,130,869	(3,291,295)	72,361	1,081,315	-	6,750	-
	Disposals	-	-	-	(350)	(268,343)	(516,800)	-	(785,493)
	At 31 December 2014 and 1 January 2015	175,322,804	102,155,023	12,385,828	13,153,563	273,365,428	14,096,448	74,791	590,553,885
	Additions	86,506	-	8,905,292	982,107	2,849,474	1,242,077	1,300	14,066,756
	Reclassification	-	140,404	(3,016,258)	21,704	2,854,150	-	-	-
	Disposals	-	-	-	(570)	(1,330,000)	(302,690)	-	(1,633,260)
	At 31 December 2015	175,409,310	102,295,427	18,274,862	14,156,804	277,739,052	15,035,835	76,091	602,987,381



NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (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
Group (contd.)								
Accumulated depreciation								
At 1 January 2014	32,603,874	28,550,315	-	8,281,334	99,513,212	10,387,190	42,307	179,378,232
Depreciation charge for the year (Note 6)	3,267,444	3,525,987	-	1,022,357	19,025,416	1,335,035	5,993	28,182,232
Disposals	-	-	-	(349)	(264,672)	(368,798)	-	(633,819)
At 31 December 2014 and 1 January 2015	35,871,318	32,076,302	-	9,303,342	118,273,956	11,353,427	48,300	206,926,645
Depreciation charge for the year (Note 6)	3,270,518	3,182,840	-	1,121,039	19,322,247	1,299,599	5,993	28,202,236
Disposals	-	-	-	(513)	(406,833)	(253,079)	-	(660,425)
At 31 December 2015	39,141,836	35,259,142	-	10,423,868	137,189,370	12,399,947	54,293	234,468,456
Net carrying amount:								
At 31 December 2014	139,451,486	70,078,721	12,385,828	3,850,221	155,091,472	2,743,021	26,491	383,627,240
At 31 December 2015	136,267,474	67,036,285	18,274,862	3,732,936	140,549,682	2,635,888	21,798	368,518,925

Certain leasehold land, buildings, plant and machinery with a net carrying amount of RM54,008,937, RM52,050,895 and RM114,248,814 (2014:RM74,085,250, RM53,140,357 and RM124,745,981), respectively, are pledged for banking facilities granted to certain subsidiaries.



13. Property, plant and equipment (contd.)

Company	Motor vehicles RM	Furniture and fittings RM	Renovation RM	Total RM
Cost:				
At 1 January 2014	491,440	256,460	240,106	988,006
Additions	-	3,520	-	3,520
At 31 December 2014 and 1 January 2015	491,440	259,980	240,106	991,526
Additions	-	22,215	-	22,215
At 31 December 2015	<u>491,440</u>	<u>282,195</u>	<u>240,106</u>	<u>1,013,741</u>
Accumulated depreciation:				
At 1 January 2014	491,436	218,386	238,988	948,810
Depreciation charge for the year (Note 6)	-	9,153	188	9,341
At 31 December 2014 and 1 January 2015	491,436	227,539	239,176	958,151
Depreciation charge for the year (Note 6)	-	10,785	185	10,970
At 31 December 2015	<u>491,436</u>	<u>238,324</u>	<u>239,361</u>	<u>969,121</u>
Net carrying amount:				
At 31 December 2014	<u>4</u>	<u>32,441</u>	<u>930</u>	<u>33,375</u>
At 31 December 2015	<u>4</u>	<u>43,871</u>	<u>745</u>	<u>44,620</u>

14. Investments in subsidiaries

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	82,542,959	82,542,959
	<u>82,542,959</u>	<u>82,542,959</u>

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	
		2015 %	2014 %
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.



15. Deferred tax

	Group	
	2015	2014
	RM	RM
At 1 January	(150,044,894)	(143,817,662)
Recognised in statements of comprehensive income (Note 9)	9,490,848	(6,227,232)
At 31 December	<u>(140,554,046)</u>	<u>(150,044,894)</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:

	Group	
	2015	2014
	RM	RM
Deferred tax assets, net	11,780,425	-
Deferred tax liabilities, net	(152,334,471)	(150,044,894)
	<u>(140,554,046)</u>	<u>(150,044,894)</u>

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

	Group	
	2015	2014
	RM	RM
Deferred tax assets	35,848,833	22,382,884
Deferred tax liabilities	(176,402,879)	(172,427,778)
	<u>(140,554,046)</u>	<u>(150,044,894)</u>

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 2014	2,099,958	21,963,101	24,063,059
Recognised in statement of comprehensive income	909,682	(2,589,857)	(1,680,175)
At 31 December 2014	3,009,640	19,373,244	22,382,884
Recognised in statement of comprehensive income	(2,038,247)	15,504,196	13,465,949
At 31 December 2015	<u>971,393</u>	<u>34,877,440</u>	<u>35,848,833</u>

Deferred tax liabilities

	Land, buildings and biological assets RM	Accelerated capital allowances RM	Total RM
At 1 January 2014	(50,909,386)	(116,971,335)	(167,880,721)
Recognised in statement of comprehensive income	377,812	(4,924,869)	(4,547,057)
At 31 December 2014	(50,531,574)	(121,896,204)	(172,427,778)
Recognised in statement of comprehensive income	377,812	(4,352,913)	(3,975,101)
At 31 December 2015	<u>(50,153,762)</u>	<u>(126,249,117)</u>	<u>(176,402,879)</u>

**16. Inventories**

	Group	
	2015	2014
	RM	RM
At cost		
Canteen goods	170,709	139,360
Livestock	838,427	746,046
Finished goods	17,766,967	40,577
Raw materials	90,562,309	19,582,858
	<u>109,338,412</u>	<u>20,508,841</u>
At net realisable value		
Finished goods	20,635,579	105,450,182
Raw materials	500,743	574,426
	<u>21,136,322</u>	<u>106,024,608</u>
	<u><u>130,474,734</u></u>	<u><u>126,533,449</u></u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,167,832,244 (2014: RM1,228,916,072).

17. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables				
Third parties	72,324,481	45,763,563	-	-
Other receivables				
Other receivables	34,726,440	509,880	11,981	4,516
Deposits	463,869	465,815	45,810	45,610
Amounts due from subsidiaries	-	-	105,384,122	106,462,019
	<u>35,190,309</u>	<u>975,695</u>	<u>105,441,913</u>	<u>106,512,145</u>
Total trade and other receivables	107,514,790	46,739,258	105,441,913	106,512,145
Add: Cash and bank balances (Note 18)	363,994,697	353,069,698	187,222	25,269,057
Total loans and receivables	471,509,487	399,808,956	105,629,135	131,781,202

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 2 to 90 day (2014: 2 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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:

	Group	
	2015	2014
	RM	RM
Neither past due nor impaired	72,263,196	45,750,949
1 to 30 days past due not impaired	43,584	2,180
More than 120 days past due not impaired	17,701	10,434
	61,285	12,614
	72,324,481	45,763,563

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 RM61,285 (2014: RM12,614) 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 5.07% to 5.75% (2014: 4.60% to 5.75%) per annum.

18. Cash and bank balances

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash in hand and at bank	288,948,624	277,214,668	187,222	25,269,057
Short term deposits with licensed banks	75,046,073	75,855,030	-	-
Cash and bank balances	<u>363,994,697</u>	<u>353,069,698</u>	<u>187,222</u>	<u>25,269,057</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 (2014: 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 2015 for the Group and the Company were 3.54% (2014: 3.53%) and 3.53% (2014: 3.51%), respectively.

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	363,994,697	353,069,698	187,222	25,269,057
Bank overdrafts (Note 20)	(2,163,152)	(2,191,843)	-	-
Cash and cash equivalents	<u>361,831,545</u>	<u>350,877,855</u>	<u>187,222</u>	<u>25,269,057</u>

19. Derivatives

	Group			
	2015			2014
	Contract/ notional amount RM	Liabilities RM	Contract/ notional amount RM	Liabilities RM
Non-hedging derivatives:				
Forward currency contracts	310,336,433	1,011,167	129,274,142	1,230,957

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 loss of RM1,011,167 (2014: RM1,230,957) arising from fair value changes of derivative 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.

20. Loans and borrowings

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current				
Non-secured:				
Revolving credit	-	25,000,000	-	25,000,000



20. Loans and borrowings (contd.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Secured:				
Bank overdraft (Note 18)	2,163,152	2,191,843	-	-
Revolving credit	66,000,000	89,000,000	-	-
Term loans	48,748,859	39,568,939	-	-
Bankers' acceptances	193,637,000	78,557,000	-	-
	<u>310,549,011</u>	<u>209,317,782</u>	<u>-</u>	<u>-</u>
	<u>310,549,011</u>	<u>234,317,782</u>	<u>-</u>	<u>25,000,000</u>
Non-current				
Secured:				
Term loans	130,414,093	140,730,805	-	-
Total	<u>440,963,104</u>	<u>375,048,587</u>	<u>-</u>	<u>25,000,000</u>

(a) The remaining maturities of the loans and borrowings as at 31 December 2015 and 2014 were as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Repayable within one year	310,549,011	234,317,782	-	25,000,000
One year to five years	119,164,120	140,730,805	-	-
Over five years	11,249,973	-	-	-
	<u>440,963,104</u>	<u>375,048,587</u>	<u>-</u>	<u>25,000,000</u>

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bank overdraft	7.35 - 7.85	7.10 - 7.85	7.35	-
Revolving credit	4.64 - 5.15	4.20 - 5.25	4.64 - 4.69	4.64 - 4.74
Tawarruq flexi-term financing-i	4.89	4.65 - 4.78	-	-
Term loans	4.70 - 5.85	4.35 - 5.85	-	-
Bankers' acceptances	3.50 - 4.25	2.64 - 3.82	-	-

20. Loans and borrowings (contd.)

- (c) The bank overdrafts, revolving credit, term loans and bankers' acceptances are secured by certain landed properties of subsidiaries, debentures over the fixed and floating assets of a subsidiary, specific debenture on plant, machinery and equipment of a subsidiary, corporate guarantees from the Company and a subsidiary and an irrecoverable letter of undertaking to charge the project land of a subsidiary.

21. Trade and other payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables				
Third parties	123,103,368	88,199,953	-	-
Other payables				
Other payables	2,151,576	4,013,851	51,914	66,251
Accrued operating expenses	6,972,125	9,735,086	270,885	566,075
Other deposits	282,572	518,304	-	-
	9,406,273	14,267,241	322,799	632,326
Total trade and other payables	132,509,641	102,467,194	322,799	632,326
Add: Loans and borrowings (Note 20)	440,963,104	375,048,587	-	25,000,000
Total financial liabilities carried at amortised cost	<u>573,472,745</u>	<u>477,515,781</u>	<u>322,799</u>	<u>25,632,326</u>

(a) Trade payables

Trade payables are non-interest bearing and are generally on 90 day (2014: 90 day) terms.

(b) Other payables

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



22. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015	2014
			RM	RM
Issued and fully paid				
At 1 January and 31 December	<u>93,500,000</u>	<u>93,500,000</u>	<u>93,500,000</u>	<u>93,500,000</u>
Authorised				
At 1 January and 31 December	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</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.

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	
	2015	2014
	RM	RM
(a) Transactions with subsidiaries:		
Income		
Interest income	4,914,915	5,294,546
Management fee	504,600	672,200
	<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	
	2015	2014
	RM	RM
Income		
(i) Sale of goods	1,206,069	1,008,171
(ii) Rental income	175,434	220,374
	<u> </u>	<u> </u>

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.)

	2015	Group	2014
	RM		RM
Expenditure			
(i) Insurance brokerage paid	3,317,562		3,148,518
(ii) Printing charges paid	145,672		151,014
(iii) Professional fees paid	1,680,055		1,353,589
(iv) IT infrastructure and software expenses paid	962,765		636,222
(v) Purchase of property, plant and machinery and consumables	69,703,471		61,480,148
(vi) Transportation charges paid	11,317,526		10,328,877
(vii) Rental of premises paid	880,284		1,837,374
(viii) Administrative expenses paid	155,286		149,142
(ix) Purchase of crude palm oil and palm kernel	308,956,641		270,316,477
(x) Security expenses paid	1,650,693		1,475,743
(xi) Maintenance services paid	75,508		68,768
(xii) Purchase of fresh fruit bunches	17,958,543		17,536,059
(xiii) Contract services for development and maintenance	4,142,213		-
	<u>=====</u>		<u>=====</u>

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	
	2015	2014
	RM	RM
Expenditure		
(i) Insurance brokerage paid	21,729	23,087
(ii) Printing charges paid	1,350	185
(iii) Professional fees paid	4,843	46,852
(iv) IT Infrastructure and software expenses paid	1,908	7,632
(v) Rental of premises paid	290,563	288,779
(vi) Administrative expenses paid	2,436	2,544
(vii) Maintenance services paid	50,201	44,774
	<u>=====</u>	<u>=====</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	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short term employee benefits	3,140,416	5,659,059	417,900	386,000
Post employment benefits				
- Defined contribution plans	120,301	75,476	3,600	3,600
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total directors' remuneration (Note 8)	3,260,717	5,734,535	421,500	389,600
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

24. Commitments

	Group	
	2015	2014
	RM	RM
(a) Capital commitments		
Capital expenditure as at the reporting date were as follows:		
Approved and contracted for:		
- Property, plant and equipment	2,472,441	5,256,104

(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	
	2015	2014	2015	2014
	RM	RM	RM	RM
Not later than 1 year	630,652	655,447	277,980	217,751
Later than 1 year and not later 5 years	1,119,645	904,087	509,630	-
	1,750,297	1,559,534	787,610	217,751

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

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:

	Carrying amount		Fair value	
	2015	2014	2015	2014
	RM	RM	RM	RM
Group				
Financial liabilities:				
Derivatives				
- forward currency contract	(706,174)	(1,225,728)	(1,011,167)	(1,230,957)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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	Level 2	Level 3	Total
	RM	RM	RM	RM
Group				
2015				
Financial liabilities				
Derivatives				
- forward currency contracts	-	(1,011,167)	-	(1,011,167)
	=====	=====	=====	=====
2014				
Financial liabilities				
Derivatives				
- forward currency contracts	-	(1,230,957)	-	(1,230,957)
	=====	=====	=====	=====

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 profit net of tax would have been RM827,000 (2014: RM703,000) 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. 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.

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.



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.

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2015				
Financial liabilities				
Trade and other payables	132,509,641	-	-	132,509,641
Loans and borrowings	321,433,032	129,545,467	11,891,092	462,869,591
Derivatives	706,174	-	-	706,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	454,648,847	129,545,467	11,891,092	596,085,406
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2014				
Financial liabilities				
Trade and other payables	102,467,194	-	-	102,467,194
Loans and borrowings	244,063,753	152,250,310	-	396,314,063
Derivatives	1,225,728	-	-	1,225,728
	<hr/>	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	347,756,675	152,250,310	-	500,006,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

(c) **Liquidity risk (contd.)**

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

Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2015				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	322,799	-	-	322,799
Total undiscounted financial liabilities	<u>322,799</u>	<u>-</u>	<u>-</u>	<u>322,799</u>
At 31 December 2014				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	632,326	-	-	632,326
Loan and borrowings	25,003,178	-	-	25,003,178
Total undiscounted financial liabilities	<u>25,635,504</u>	<u>-</u>	<u>-</u>	<u>25,635,504</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.

(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.



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

(d) Foreign currency risk (contd.)

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	
	2015	2014
	RM	RM
USD/RM - Strengthened 1%	745,000	420,000
- Weakened 1%	<u>(745,000)</u>	<u>(420,000)</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 2015 and 31 December 2014.

28. Operating Segments

Information about operating segment is not reported separately as the Group is primarily engaged in the oil palm industry in Malaysia.

29. Significant events subsequent to the financial year end

The Company entered into a Share Sale Agreement ("SSA") on 15 March 2016 to acquire 100% of the ordinary shares of Pekan Semangat Sdn. Bhd. for a cash consideration of RM155,220,066, with 10% deposit paid up upon signing of the SSA. The acquisition is conditional upon fulfilment of all the conditions as stated in the SSA.

30. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 7 April 2016.



31. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Recognised during the financial year:				
Total retained profits of the Company and its subsidiaries:				
- Realised	738,381,884	775,484,489	14,586,310	15,607,360
- Unrealised	(121,335,895)	(148,318,544)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Retained profits as per financial statements	617,045,989	627,165,945	14,586,310	15,607,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2016



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

Class of Shares : Ordinary Shares of RM 1.00 each
Voting Rights : One vote per ordinary share

DISTRIBUTION OF HOLDINGS

Size of Holdings	No. of Holders	No. of Holdings	% of Holdings
1 – 99	23	501	0.00
100 – 1,000	628	245,835	0.27
1,001 – 10,000	343	1,515,656	1.62
10,001 – 100,000	117	3,891,111	4.16
100,001 – 4,674,999*	35	39,297,097	42.03
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.	-	-	15,137,470	16.19
Dato Henry Lau Lee Kong	-	-	37,279,576	39.87
Haji Wan Abdillah bin Wan Hamid	104,821	0.11	16,458,307	17.60
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	40,000	0.04	16,458,307	17.60
Temenggong Dato Lau Lee Ming	10,000	0.01	35,923,529	38.42
Lau Lee Kiong	-	-	35,933,529	38.43

DIRECTORS' INTEREST

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato Henry Lau Lee Kong	-	-	37,279,576	39.87
Haji Wan Abdillah bin Wan Hamid	104,821	0.11	16,458,307	17.60
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



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.	KENANGA CAPITAL SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR 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	4,603,700	4.92
6.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG	3,117,800	3.33
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AEROCAN SDN. BHD.	2,834,000	3.03
8.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MAX MAJESTIC SDN. BHD.	2,832,000	3.03
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CRYSTAL FLOW SDN. BHD.	2,824,000	3.02
10.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIONG HOLDINGS SDN. BHD.	2,815,100	3.01
11.	COMMERCIAL AGENCIES SDN. BHD.	2,202,182	2.36
12.	PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK	2,000,000	2.14
13.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MANYEW RESOURCES SDN. BHD.	1,798,600	1.92
14.	TERAS INTERGRASI SDN. BHD.	1,346,047	1.44
15.	HAMIMAS ENTERPRISE SDN. BHD.	1,320,837	1.41
16.	FORWARD CONCEPT SDN. BHD.	789,500	0.84
17.	VASTY DEVELOPMENT SDN. BHD.	585,808	0.63
18.	GANNETS SDN. BHD.	570,898	0.61
19.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW CHENG KING ENTERPRISE SDN. BHD. (E-JCL)	547,904	0.59
20.	LAU HIENG ING ENTERPRISE SDN. BHD.	412,235	0.44
21.	LEE CHIN HONG	400,000	0.43
22.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. DOLLARSPLUS SENDIRIAN BERHAD	364,908	0.39
23.	LAU SIE HUI	344,086	0.37
24.	COMMERCIAL AGENCIES SDN. BHD.	298,521	0.32
25.	FAIRCOM ENTERPRISE SDN. BHD.	292,904	0.31
26.	KIU CHUAN GUNG	291,415	0.31
27.	MAKONG INVESTMENT LIMITED	287,000	0.31
28.	MICHAEL WEE KHENG KIONG	245,269	0.26
29.	LAU LEE HUONG	217,635	0.23
30.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	200,000	0.21



Description and Location

Location	Approximate Land Value (Hectare)	Current Use	Tenure	Approximate Age of Buildings	Net Book value (RM'000)	Date of Acquisition
Lot 5, Block 20, Teraja Land District Lot 7, Block 20, Teraja Land District <i>(formerly known as Lot 193, Teraja Land District)</i>	3,521	Oil Palm Estate	Leasehold Expiring on 02.01.2060	1 to 15	17,252	2004
Lot 4, Block 18, Teraja Land District Lot 5, Block 18, Teraja Land District Lot 6, Block 18, Teraja Land District Lot 7, Block 18, Teraja Land District Lot 9, Block 18, Teraja Land District <i>(formerly known as Lot 192, Teraja Land District)</i>	3,212	Oil Palm Estate	Leasehold Expiring on 07.03.2060	1 to 15	16,402	2004
Lot 3, Block 8, Lambir Land District Lot 4, Block 8, Lambir Land District <i>(formerly known as Lot 3930, Lambir Land District)</i>	2,318	Oil Palm Estate	Leasehold Expiring on 07.03.2060	1 to 15	13,294	2004
Lot 1, Block 9, Lassa Land District; Lot 22, Block 27, Lassa Land District; Lot 557, Kabang Land District	20,446	Oil Palm Estate	Leasehold Expiring on 13.12.2060	1 to 11	9,858	2000
Lot 4088, Block 26, Kemena Land District	3,984	Refinery / Kernel Crushing Plant	Leasehold Expiring on 13.02.2056	9	9,043	2005 & 2007
Lot 1, Block 8, Lambir Land District <i>(formerly known as Lot 3931, Lambir Land District)</i>	1,135	Oil Palm Estate	Leasehold Expiring on 02.01.2060	1 to 15	5,160	2004
Lot 1, Block 18, Sawai Land District Lot 4, Block 6, Sawai Land District <i>(formerly known as Ulu Sg. Niah Land District)</i>	2,484	Oil Palm Estate	Leasehold expiring on 13.05.2072	1 to 15	2,860	2012
Lot 1301, Block 9, Miri Concession Land District	717.9 sq. meters	Investment Property	Leasehold Expiring on 30.06.2052	15	2,551	2009
Lot 5, Block 3, Jelalong Land District	3,913	Oil Palm Estate	Leasehold Expiring on 29.07.2057	1 to 15	2,213	1997
Lot 4, Block 44, Sawai Land District <i>(formerly known as Lot 87, Sawai Land District)</i>	3,558	Oil Palm Estate	Leasehold Expiring on 17.09.2060	1 to 14	1,913	2000

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)

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 on my/our behalf at the 14th Annual General Meeting of the Company to be held at Function Hall, KTS Garden, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Thursday, 16 June 2016 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.	Resolution	For	Against
1.	To approve the payment of Directors' fees for the financial year ending 31 December 2016		
2.	To declare and approve the payment of a first and final single tier dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015		
3.	To re-elect Dato Henry Lau Lee Kong as Director		
4.	To re-elect Tuan Haji Wan Abdillah bin Wan Hamid as Director		
5.	To re-elect Mr. Chong Chon Chee as Director		
6.	To re-elect Datuk Haji Hamden bin Haji Ahmad as Director		
7.	To re-elect Mr. Robert Lau Hui Yew as Director		
8.	To re-appoint Messrs. McMillan Woods Mea as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
9.	To retain Mr. Chong Chon Chee as an Independent Non-Executive Director		
10.	To retain Datuk Haji Hamden bin Haji Ahmad as an Independent Non-Executive Director		
11.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
12.	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 A Mandate		
13.	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		
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 C Mandate		

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 proportion of my/our holdings to be presented by my proxy/our proxies are as follows:-

First proxy _____ %
Second proxy _____ %
_____ %

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

Dated this _____ day of _____ 2016

Signature / Common Seal of Shareholder(s)

Notes :-

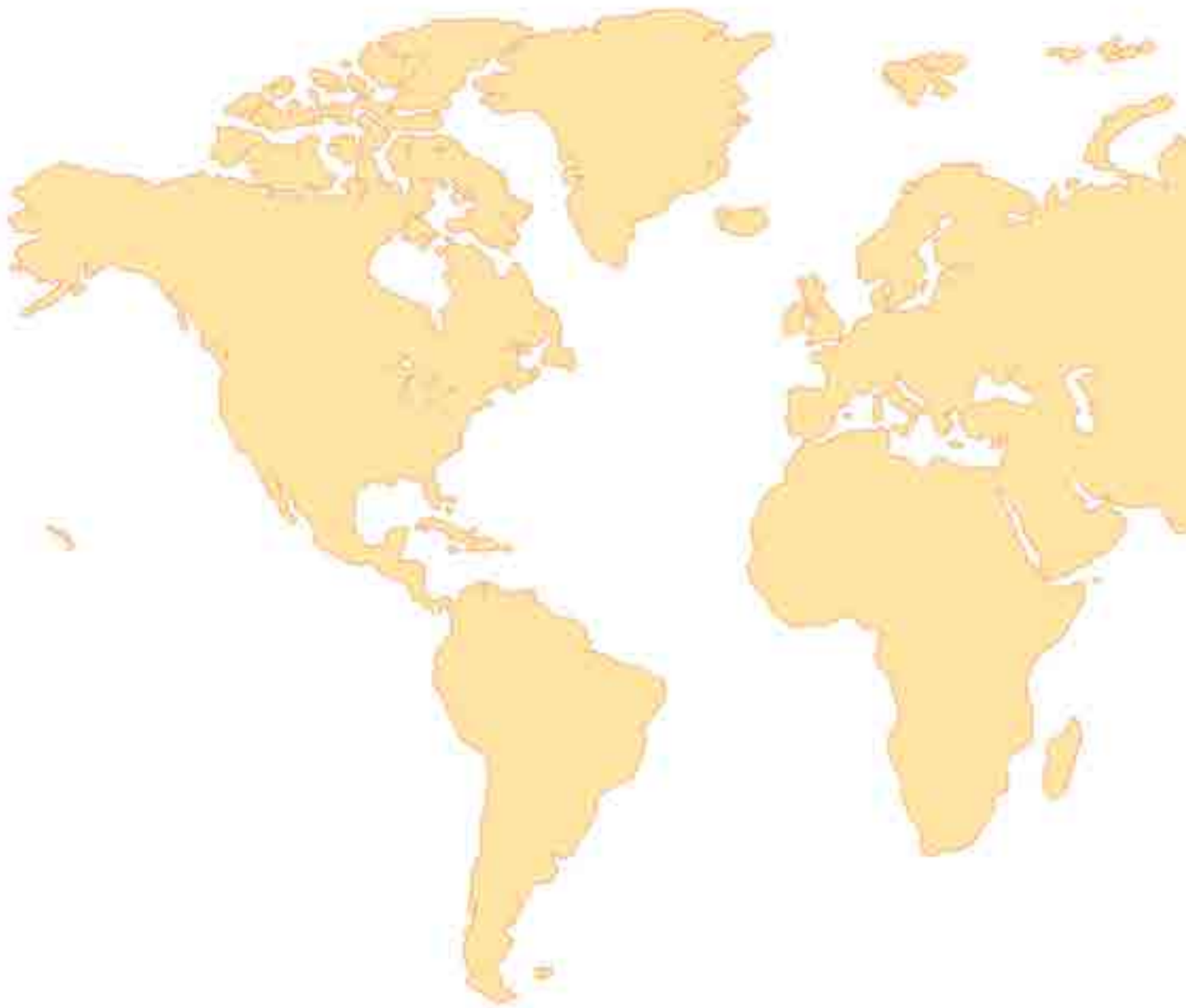
- A proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, 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 proportion of his shareholding 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 10 June 2016 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.

Then fold here

AFFIX
STAMP
HERE

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

1st fold here



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