KLUANG RUBBER COMPANY (MALAYA) BERHAD

(Company No: 3441 K)
Incorporated in Malaysia

2017 ANNUAL REPORT

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

C O N T E N T S

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Eighth Annual General Meeting of **KLUANG RUBBER COMPANY (MALAYA) BERHAD** will be held at DoubleTree by Hilton Johor Bahru, Ballroom 3, Menara Landmark, 12, Jalan Ngee Heng, Bandar Johor Bahru, 80000 Johor Bahru, Johor, Malaysia on Tuesday, 28 November 2017 at 11.30 a.m. to transact the following businesses:

Agenda

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Directors' and Auditors' Reports thereon. ***REFER TO EXPLANATORY NOTE A***

2. To approve the payment of a First and final tax exempt (single tier) dividend of 1.0% for the financial year ended 30 June 2017. **RESOLUTION 1**

3. To approve the payments of Directors' fees and benefit for the financial year ending 30 June 2018. **RESOLUTION 2**

4. To re-elect the following Directors who retire during the year in accordance with the Company's Articles of Association and being eligible, offer themselves for re-election:

   a) Lee Chung Shih - Article 84 **RESOLUTION 3**
   b) Tay Beng Chai - Article 84 **RESOLUTION 4**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorize the Directors to fix their remuneration. **RESOLUTION 5**

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Ordinary Resolutions:

   ORDINARY RESOLUTION 1
   RE-APPOINTMENT OF DIRECTOR **RESOLUTION 6**
   "**THAT** Lee Soo Hoon be and is hereby re-appointed as Director of the Company."

   ORDINARY RESOLUTION 2
   CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR **RESOLUTION 7** ***REFER TO EXPLANATORY NOTE B***
   "**THAT** authority be and is hereby given to Lee Soo Hoon to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

   ORDINARY RESOLUTION 3
   AUTHORITY TO ALLOT SHARES - SECTION 76 **RESOLUTION 8**
   "**THAT** pursuant to Section 76 of the Companies Act, 2016 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of the number of issued shares pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and also empowered to obtain 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."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION 4
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH KLUANG ESTATE (1977) SDN. BHD., PURSUANT TO PARAGRAPH 10.09 OF THE BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS **RESOLUTION 9**

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia's Main Market Listing Requirements, the Company be and is hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Kluang Estate (1977) Sdn. Bhd., as set out in section 2.2 of the Circular to Shareholders dated 27 October 2017 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

ORDINARY RESOLUTION 5
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH THE NYALAS RUBBER ESTATES LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS **RESOLUTION 10**

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia's Main Market Listing Requirements, the Company be and is hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with The Nyalas Rubber Estates Limited, as set out in section 2.2 of the Circular to Shareholders dated 27 October 2017 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION 6
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH ESTATE AND TRUST AGENCIES (1927) LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS **RESOLUTION 11**

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia's Main Market Listing Requirements, the Company be and is hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Estate and Trust Agencies (1927) Limited, as set out in section 2.2 of the Circular to Shareholders dated 27 October 2017 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

7. To consider and if thought fit, to pass the following as Special Resolution:

SPECIAL RESOLUTION
PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY **RESOLUTION 12**

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 27 October 2017 be and is hereby adopted as the Constitution of the Company **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. To transact any other business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT
NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifty-Eighth Annual General Meeting, a First and final tax exempt (single-tier) dividend of 1.0% in respect of the financial year ended 30 June 2017 will be payable on 19 December 2017 to Depositors registered in the Record of Depositors at the close of business on 4 December 2017.

A Depositor shall qualify for entitlement only in respect of:-

a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 30 November 2017 in respect of shares which are exempted from mandatory deposits;

b) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 4 December 2017 in respect of transfers; and

c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LEONG SIEW FOONG (MAICSA NO. 7007572)
ZARINA BINTI AHMAD (LS 0009964)
Company Secretaries
Johor Bahru
27 October 2017

Notes :

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.

b. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting and shall have the same right as the member to speak at the Meeting.

c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.

d. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.

f. The instrument appointing the proxy must be deposited at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS:

Note A
This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

Note B
Mr Lee Soo Hoon is an Independent Director of the Company who has served the Company for more than nine years.

In line with the Malaysian Code on Corporate Governance 2017, the Nomination Committee has assessed his independence as defined in Bursa Securities Listing Requirement. To that, the Board recommends Mr Lee Soo Hoon to continue his office as an Independent Director according to the resolution put forth in the forthcoming Annual General Meeting.

(i) Ordinary Resolution 3
The Ordinary Resolution 3, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilize the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

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

(ii) Ordinary Resolutions 4, 5 and 6
Please refer to the Circular to Shareholders dated 27 October 2017.

(iii) Special Resolution
The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and to enhance administrative efficiency. The proposed new Constitution is set out in Part B of the Circular to Shareholders dated 27 October 2017.

CORPORATE INFORMATION

DIRECTORS

LEE SOO HOON
Independent Non-Executive Chairman

LEE CHUNG-SHIH
Non-Independent Non-Executive Director

TAY BENG CHAI
Independent Non-Executive Director

CHEW KHAT KHIAM ALBERT
Independent Non-Executive Director

CHEONG MUN HONG
Executive Director

BALARAMAN A/L ANNAMALY
Executive Director

SECRETARIES

LEONG SIEW FOONG

ZARINA BINTI AHMAD

AUDIT COMMITTEE MEMBERS

LEE SOO HOON
Chairman

TAY BENG CHAI

CHEW KHAT KHIAM ALBERT

NOMINATION COMMITTEE MEMBERS

CHEW KHAT KHIAM ALBERT
Chairman

LEE SOO HOON

TAY BENG CHAI

REMUNERATION COMMITTEE MEMBERS

TAY BENG CHAI
Chairman

LEE SOO HOON

CHEW KHAT KHIAM ALBERT

CORPORATE INFORMATION (cont'd)

AUDITORS
ERNST & YOUNG
Chartered Accountants

REGISTERED OFFICE
SUITE 6.1A, LEVEL 6, MENARA PELANGI,
JALAN KUNING, TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR
TEL: 07-3323536 FAX: 07-3324536

SHARE REGISTRAR
SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)
LEVEL 6, SYMPHONY HOUSE,
PUSAT DAGANGAN DANA 1,
JALAN PJU 1A/46,
47301 PETALING JAYA, SELANGOR.
TEL: 603-78418000 FAX: 603-78418151

BANKER
OCBC BANK (MALAYSIA) BERHAD

STOCK EXCHANGE
MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD *("Bursa Malaysia")*

WEBSITE
www.kluangrubber.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the year ended 30 June 2017, the Group generated Revenue of RM25.29 million. This was made up of Sales of fresh oil palm fruit bunches ("FFB"), Dividend income, Rental income and Interest income. Revenue from Plantation operations increased 32% to RM12.90 million primarily due to the increase in average sales price per tonne of FFB.

For the year under review, the Group reported an operating profit (excluding share of loss from associates) of RM9.31 million. The Gain on sale of available-for-sale investment of RM6.13 million was attributed towards Kuchai Development Berhad's acceptance of a Mandatory Cash Offer for Singapore Exchange listed British and Malayan Trustees Limited in November 2016.

The Group reported a Profit, net of tax of RM4.55 million. In the current financial year, the share of loss from Associates was RM3.56 million, while for the previous financial year ended 30 June 2016, the Associates had a positive contribution of RM2.39 million.

As a result of the consolidation, not all of the above Profit, net of tax, is attributed to the Owners of the Parent. For the year ended 30 June 2017, the net profit attributable to the Owners of the Parent was RM1.84 million.

The Other Comprehensive income for the year was RM99.68 million, which consisted mainly of Fair value gain from Investments of RM56.94 million and Foreign currency translation of RM30.13 million. The Total Comprehensive income for the year was RM104.23 million, with RM47.09 million attributable to the Owners of the Parent.

Dividends

The Board is proposing a first and final tax exempt (single tier) dividend of 1% for the year ended 30 June 2017. These are subjected to the approval of shareholders at the forthcoming Annual General Meeting.

Prospects

The Group continues to remain positive on the long-term fundamentals of the oil palm industry, and is consistently open to value accretive opportunities in this sector. However, our results will be affected by fluctuations in market valuation and foreign exchange differences.

In addition, the Group is cognizant of developments in Kluang, and is deliberating possibilities for selected areas of interest. The Board, management and our staff will continue to work together towards our long-term goals.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Directors, the management and staff at all levels for their continuing efforts and immense contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their unwavering and continuous support.

On behalf of the Board of Directors

LEE SOO HOON
Chairman

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

Plantation Operations

The Group reported RM12.90 million from the sale of FFB in the year ended 30 June 2017. With the adoption of FRS 10 in the year ended 30 June 2014, the results of Sungei Bagan Rubber Company (Malaya) Berhad's plantation operations were consolidated.

As at 30 June 2017, the Group's total planted area stood at 6,515 acres:

- Kluang Estate: 1,574 acres
- Sungei Bagan Estate & Kuala Pergau Estate: 4,941 acres

As at 30 June 2017, developments at Kuala Pergau Estate is proceeding smoothly, with the entire area fully planted.

Key improvements at Kluang Estate for the year ended 30 June 2017 included the following:

- Upgrading of Staff Quarters
- Upgrading of Labour Quarters
- Upgrading of Fertilizer store
- Construction of new Empty-bags Fertilizer store

In addition, the Management is proactively implementing the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme at Kluang estate, to be compliant with the scheme by June 2019.

The following is a performance review of the estates with the focus on Kluang Estate.

Kluang Estate

In the year ended 30 June 2017, Kluang Estate reported crop sales of RM5.89 million, higher than the previous year. This 35% increase over the previous year was primarily due to the increase in average sales price per tonne of FFB from RM483/tonne to RM636/tonne. The FFB production of 9,268 tonnes was slightly higher than the previous year's 9,048 tonnes.

For the year under review, CPO prices was in the range of RM2,200 to 3,300/MT, peaking in early 2017. As FFB prices are a function of CPO prices, this led to an increase in Kluang Estate's FFB average selling prices from a monthly average of RM483/MT in the previous year to the current year's RM636/MT.

A financial metric used to track plantation efficiency is the cost per tonne. For the year ended 30 June 2017, Kluang Estate's FFB cost of production (inclusive of immature area and capital expenditure) was RM280/MT, lower than the previous year's RM309/MT. As a commodity operator, we continue in the belief that our focus on cost management has served us well, and will continue to be beneficial to us in this industry.

Despite weather and labour challenges, the Group delivered a FFB yield of 17.57 MT/ha. Malaysian Palm Oil Board's ("MPOB") Peninsular Malaysia average FFB yield was 16.59 MT/ha and MPOB's Johor average FFB yield was 18.45 MT/ha over the corresponding period (July 2015 – June 2016). The Company acknowledges the work by our plantation managers even when faced with certain challenges beyond their control.

With a total planted area of 1,574 acres (in line with the previous year), the weighted average age of Kluang Estate's oil palms was 11 years. The age profile of Kluang Estate's oil palms at 30 June 2017 as a percentage of planted area is as follows:

- Immature (0 - 3): 22%
- Mature – Young (4 - 7): 22%
- Mature – Prime (8 - 17): 29%
- Mature – Tall (≥ 18): 27%

With 51% of Kluang Estate made up of palms between the ages of 4-17 years, we remain optimistic on Kluang Estate's production capabilities for FY2018. The Company has in place a framework to assess the replanting requirements based on maturity and yield, and with 168 acres replanted in the year under review, Management is satisfied with the current age profile of the plantation.

A detailed breakdown of the Kluang Estate's planted area is included in the segment titled "Planted Area Age Profile".

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (cont'd)

Plantation Operations (cont'd)

Sungei Bagan Estate

In the year ended 30 June 2017, Sungei Bagan Estate reported increased crop sales of RM7.01 million, an improvement of 31% over the previous year. This increase over the previous year was primarily due to the increase in average sales price per tonne of FFB from RM478/tonne to RM635/tonne. The FFB production of 11,043 tonnes was comparable to the previous year.

For the current financial year, Sungei Bagan Estate reported a FFB yield of 13.46MT/ha, a decline from the previous year. This was primarily due to adverse weather conditions and labour shortage at the estate. Although climate change is beyond our control, the estate is diligently working to resolve the issue of labour shortage, which we believe is affecting most labour-intensive sectors in Malaysia. We strive to improve performance in the coming financial year. The Company acknowledges the work by our team at the plantation, for the results delivered when faced with these challenges.

Although Sungei Bagan Estate delivered a lower yield than MPOB's Peninsular Malaysia's average of 16.59 MT/ha over the corresponding period (July 2016 – June 2017), we should view this in context of the geographical location of the estate. Relative to MPOB's Kelantan average of 9.94MT/ha, Sungei Bagan Estate outperformed the State's average by 35%. However, as there are instances of estates in the vicinity achieving higher yields, Management is working towards delivering better performance in the coming year.

As at 30 June 2017, developments at Kuala Pergau Estate is proceeding smoothly, with the area of 2,326 acres planted on schedule, and harvesting expected to commence post-December 2018.

The Group continues to remain positive on the long-term fundamentals of the oil palm industry. Upon maturity, Kuala Pergau Estate is expected to be a significant contributor towards the Group's plantation segment.

Investments

The bulk of the Company's Quoted shares investment continued to be held in the following publicly listed entities:

- Kuchai Development Berhad
- Sungei Bagan Rubber Company (Malaya) Berhad
- Singapore Press Holdings Limited

The Group's position as long-term shareholders in publicly listed entities have served us well over the years and we hope that they would continue to do so. The Group also has accumulated investment positions in selected funds and precious metals holdings.

Financial Position

The Group continued to maintain a healthy financial position at year ended 30 June 2017, with Shareholders' Equity of RM676 million with no leverage employed.

It is notable to highlight that with the consolidation of Kuchai Development Berhad and Sungei Bagan Rubber Company (Malaya) Berhad, the Group's Non-Controlling interests stood at RM526 million, 44% of the Group's Total Equity.

In July 2017, the Company initiated a program to re-align its Treasury policy, with a portion of the Company's Cash and Cash Equivalents positioned in fixed deposit investments with a laddered maturity structure. This policy will be reviewed on an annual basis.

The Board is committed towards maintaining its philosophy of having a strong balance sheet and a healthy cash position to ensure the company's ability to fund our operations and capital requirements.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A") (cont'd)

KLUANG ESTATE DEVELOPMENTS

Kluang Estate: Headquarters

Kluang Estate: 2017 Replanting – 168 acres

STATEMENT OF CORPORATE GOVERNANCE

THE CODE OF CORPORATE GOVERNANCE

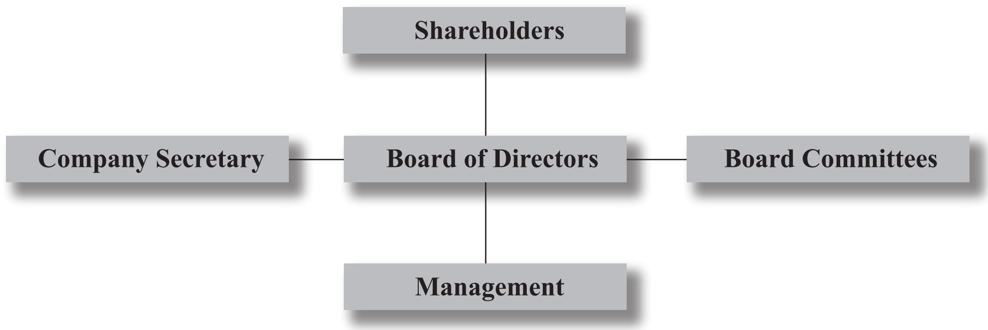
The Board of Directors of Kluang Rubber Company (Malaya) Berhad ("the Company") recognizes the importance of good corporate governance in building a sustainable business and is committed to ensure that high standards of corporate governance are practiced throughout the Company and its subsidiary ('the Group").

The Malaysian Code on Corporate Governance ("MCCG") sets out the principles of Corporate Governance which essentially relate to the Boards' practices and procedures involving composition of the board, appointments, directors' remuneration, accountability, shareholders, employees, etc.

This Statement is produced by the Board pursuant to paragraph 15.25 of the Bursa Malaysia's Main Market Listing Requirements in applying the Principles and the Recommendations of the Code on Corporate Governance. The Board further acknowledges the Principles and the Recommendations of the Code and except where specifically identified, the Board has generally complied with the relevant Principles and Recommendations set out in the Code. To the extent practicable, the Company will address the recommendations from MCCG 2017.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Group Governance Model



1. Roles and Responsibilities of the Board

The Board's role is to govern the Company. In governing, the Directors must act honestly, fairly, diligently and in accordance with the law in the best interest of the Company. It is the responsibility of the Board to oversee the activities of Management in managing the Company.

Being responsible for setting the overall strategy of the Group and making decisions on major operational and financial matters, the Board reserves for its decision or approval matters involving:

- Annual and quarterly reports
- Annual budgets
- Composition and terms of reference of Board committees
- Capital allocation decisions
- Major acquisitions and divestments
- Major transactions
- New business segments
- Recommendations on Directors' appointment and re-appointment
- Remuneration of Executive Directors, Non-Executive Directors and Senior Management

The Non-Executive and Independent Directors, serve the important functions of providing unbiased and independent views, advising Management on strategies, ensuring high standards of financial and regulatory oversight, and providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Progress against actionable items highlighted on the agenda of the previous Board meetings are closely monitored and discussed at subsequent meetings.

For the financial year ended 30 June 2017, the Board carried out the following activities:

- Took cognisance of the Company's business activities throughout the year
- Approved Company's quarterly results for the financial year and the audited financial statements for the financial year
- Approved remuneration for the members of the Board
- Approved payment of final dividend to shareholders for the financial year
- Approved the statements for insertion in the Annual Report for the financial year

2. Delegation to Management

Management's role is to manage the Company in accordance with the direction and delegation by the Board. Day-to-day operational responsibilities are delegated by the Board to Management involving:

- Execution of business strategies and initiatives adopted by the Board
- Implementation of sound and effective internal controls
- Preparation of annual and quarterly financial statements for Board approval
- Review of relevant financial, operational and compliance controls and risk management functions, ensuring relevant statutory and regulatory compliance.

The Board and Management fully appreciate their respective roles and responsibilities, and are supportive of the development of a healthy corporate governance culture.

Senior management is requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

3. Chairman

To enhance independence, accountability and responsibility, the position of Chairman is held by an Independent Non-Executive Director.

The Chairman is responsible for overseeing the proper functioning of the Board with good corporate governance practices and procedures.

4. Board Charter

The Board Charter clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for their meetings. The Board Charter sets out the role, functions, composition, operation and processes of the Board as to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as a Board member.

The Board Charter also acts as a source of reference and primary induction literature to provide insights to prospective Board members and Senior Management. It is also to assist the Board in the assessment of its own performance and of individual Directors.

The Board Charter is reviewed periodically in accordance with the needs of the Company and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter was updated in 2016.

A copy of the Board Charter is available for reference on the Company's website: *www.kluangrubber.com*.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

5. Code of Conduct and Business Ethics

The Board is committed in maintaining a corporate culture with encompasses ethical conduct. These standards are formalised through the Company's Code of Conduct and Business Ethics.

The Code of Conduct and Business Ethics is reviewed periodically in accordance with the needs of the Company. The Code of Conduct and Business Ethics was updated in 2016.

A copy of the Code of Conduct and Business Ethics is available for reference on the Company's website: *www.kluangrubber.com*.

6. Qualified Company Secretary

The Board is supported by an independent qualified Company Secretary in an advisory role to the Board, on both administrative as well as governance matters. Our Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

The Company Secretary organises and attends all Board and Board Committee Meetings and is responsible for ensuring that meeting procedures are followed, and all proceedings and conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of the Companies Act, 2016. The Company's statutory records are maintained accordingly at the Company's registered office.

DIRECTORS

1. The Board

The Board's responsibilities are for setting the strategic direction of the Group, establishing goals for the management and continuously improving its performance to protect and enhance shareholders' value in the Group. The Board is hence responsible for the overall standards of conduct, risk management, succession planning, strategic planning as well as the system of internal controls within the Group.

The Board plays an active role in developing the Group's strategy. The Board will then review and deliberate upon both Management's and its own perspectives to deliver the best outcomes. The Board also reviews and approves the annual budget for the coming year.

The Board delegates certain of its governance responsibilities to the Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

2. Board Composition and Balance

The Group is led by experienced Directors that are professionals from varied backgrounds with expertise in areas comprising of business, finance, management, marketing, palm oil industry, and law. Their skills and experience are what is needed to enhance value for shareholders.

The Board comprises six (6) members; of whom three (3) are Independent Non-Executive Directors, one (1) is a Non-Independent Non-Executive Director and two (2) are Executive Director. The Board composition complies with the Listing Requirements of Bursa Malaysia that requires a minimum of 2 or 1/3 of the Board to be Independent Directors. Half of the Board comprises Independent Directors.

A brief profile of each Director is presented on pages 35 to 38 of the Annual Report.

The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. With their diverse backgrounds and specializations, the Directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties in managing the business affairs and to enhance shareholders' value in the Group. The Board recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

In 2017, the Board formalised the approach towards Boardroom diversity by establishing a Board Diversity Policy for the Company. The purpose of the Board Diversity Policy ("Policy") is to set out the approach to achieve the objective of the Board having the diversity of perspectives, experiences and skills necessary for effective governance of the Company.

The Company views increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Nomination Committee adopts a non-discriminatory policy towards identifying, assessing and appointing suitably qualified Directors to its Board, and will regularly evaluate the composition and performance of the Board. This ensures that these objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

The Board also recognizes the importance of fostering the development of women in decision-making positions in the corporate sector. Whilst the Board has not implemented any definitive policy on the proportion of female Directors, suitable female candidates are considered for Board participation. For the recent appointment for the position of an Independent Non-Executive Director, the Nomination Committee met with three (3) candidates, two (2) male and one (1) female for the position of an Independent Non-Executive Director on three (3) separate occasions. For the year ended 30 June 2017, there were no female Directors on the Board.

In identifying candidates, the Board is not limited to recommendations from existing Board members, Management or major shareholders. The Board will also consider utilizing independent sources to identify suitably qualified candidates, and will conduct all Board appointment processes in a manner as recommended by the MCCG 2017.

A copy of the Board Diversity Policy is available for reference on the Company's website: *www.kluangrubber.com*.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Nomination Committee considers the balance of skills, experience, expertise and independence on the Board and the diversity representation of the Board.

With the role of Chairman being held by an Independent Non-Executive Director, the Board believes that there is no immediate requirement for the appointment of a Senior Independent Director.

3. Board Meetings

Board meetings are scheduled for every quarter with at least four (4) scheduled meetings annually. Additional meetings to be convened as and when required. For financial year ended 30 June 2017, the Board met a total of five (5) times. The attendance record of each Director since the last financial year is as follows:

Board Members	**Designation**	**Meetings Attended**	
Lee Soo Hoon	Chairman	5	5
Lee Chung-Shih	Member	5	5
Tay Beng Chai	Member	5	5
Chew Khat Khiam Albert	Member	3	3
Balaraman A/L Annamaly	Member	4	5
Cheong Mun Hong	Member	5	5

Note: Chew Khat Khiam Albert appointed to the Board w.e.f. 10 October 2016

As required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements, all Directors have complied with the minimum 50% attendance for the financial year ended 30 June 2017.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

4. Access to Information and Advice

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed, in a timely manner. Relevant Directors will provide explanation to pertinent issues when necessary.

Quarterly Board Meetings are scheduled in advance for the year. For the case of Ad-hoc and additional meetings, these will be concerned with at least two (2) weeks prior notice whenever possible.

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. Agenda and accompanying Board papers are sent in full to all Directors at least five (5) business days prior to the date of the meeting to give the Directors sufficient time to prepare to deal with matters arising from such meetings. Minutes of Board meeting are circulated to all Directors for their perusal prior to the confirmation of the Minutes at the following Board meeting.

The Company Secretary is responsible for the integrity of Board documents, including the Minutes of the Board meetings. The Company Secretary attends all board meetings whereby all proceedings and conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of the Companies Act, 2016. The Board shall ensure that the Minutes are concise summary of the matters discussed at a Board meeting and contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by the Directors. All decisions will be recorded in the Minutes. The Board formally adopts the draft minutes at the subsequent meeting.

All Directors have unrestricted access to all information and the advice as well as services of the Company Secretaries and external auditors whether as the Board or in their individual capacity, in the furtherance of their duties. Directors may interact directly with, or request further explanation, information or updates on any aspect of the Group's operations of business concerns from Management. They may obtain independent professional advice at their discretion at the Company's expense, and depending on the quantum of fees involved. No request was made by any Director for such independent advice in financial year ended 30 June 2017.

BOARD COMMITEES

To assist the Board in fulfilling its roles, the Company has formed three (3) committees, the Audit Committee, the Nomination Committee and the Remuneration Committee to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and terms of reference of the Board committees as well as authority delegated to these Board committees have been defined by the Board and are available from the Board Charter on the Company's website *www.kluangrubber.com*.

The Committees play a key role in channelling decisive operational, financial and assurance related issues to the Board, reporting and make recommendations to the Board on matters delegated to them for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board.

Audit Committee

The Audit Committee comprises wholly of Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

Details of Audit Committee is presented on pages 32 to 34.

Nomination Committee

1. Composition

Nomination Committee	Designation	Meetings Attended	
Chew Khat Khiam Albert	Chairman	-	-
Lee Soo Hoon	Member	1	1
Tay Beng Chai	Member	1	1

Note: Chew Khat Khiam Albert appointed to Nomination Committee w.e.f. 2 December 2016

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

The Nomination Committee comprises three (3) Directors, all of whom are Independent Non-Executive Directors. The Chairman is Mr Chew Khat Khiam Albert, and members are Mr Lee Soo Hoon and Mr Tay Beng Chai.

The Nomination Committee met one (1) time for the financial year ended 30 June 2017. The Nomination Committee carries out all assessments and evaluations required and these are properly documented. All recommendations of the Nomination Committee are subject to the endorsement of the Board.

During the financial year, the Nomination Committee:

- Reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and re-appointment and are eligible to stand for re-election and re-appointment respectively;
- Reviewed the composition of the Board based on the required mix of skills, experience and other qualities of the Board;
- Reviewed the composition of the Board Committees based on their compliances with the provisions of the regulations;
- Assessed the independence of the Independent Non-Executive Directors;
- Reviewed and updated criteria of the annual performance evaluation for Directors;
- Assessed the overall Board and its Committees' performance and effectiveness;
- Presented the outcome of the annual performance evaluation for Directors during the Board of Directors meeting.

2. Appointment to the Board

The Nomination Committee is responsible in identifying candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons if there is a need to appoint additional Directors with the required skill or expertise to the Board to close the competency gap identified by the Nomination Committee.

In identifying candidates, the Board is not limited to recommendations from existing Board members, management or major shareholders. The Board will also consider utilizing independent sources to identify suitably qualified candidates, and will conduct all Board appointment processes in a manner as recommended by the MCCG 2017.

Once identified, the Nomination Committee is responsible for assessing and making recommendations on new appointments to the Board ensuring that all candidates are of sufficient calibre. Besides evaluating the skills and experience of the candidates, the Nomination Committee also considers the following factors:

a) The candidate's understanding of the Group and market;
b) The candidate's professional expertise and background; and
c) Other factors including requirements for independence and the promotion of diversity of views and experience.

For the appointment of new Directors, the Nomination Committee will generally identify suitable candidates skilled in core competencies such as accounting, finance, business, management, industry expertise or knowledge. If the Nomination Committee decides that the candidate is suitable, the Nomination Committee will arrange to meet and conduct interviews with the candidate prior to making a recommendation to the Board. These interviews conducted may be official as well as unofficial. Besides reviewing the candidate's curriculum vitae and other biographical information, the assessment process may include, at the Nomination Committee's discretion, conducting legal and other background searches of the candidate.

Upon completion of the assessment and evaluation of the proposed candidate, the Nomination Committee will make its recommendation to the Board for assessment and endorsement. The final decision on any appointment rests with the Board.

For the recent Board appointment on 10 October 2016, the Nomination Committee:
- Identified candidates for the position of Independent Non-Executive Directors to the Board;
- Met with three (3) candidates, two (2) male and one (1) female for the position of an Independent Non-Executive Director on three (3) separate occasions;
- Post-deliberation, a candidate was recommended for the position of an Independent Non-Executive Director to the Board.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

3. Annual Assessment of Independent Directors

The MCCG 2017 recommends that the tenure of an Independent Director does not exceed a cumulative period of nine (9) years. Upon completion of the nine years, an Independent Director may serve as a non-Independent Director.

If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

For the financial year ended 30 June 2017, the Nomination Committee carried out an assessment of the Independent Director Mr. Lee Soo Hoon, having served on the Board for more than nine (9) years. The Nomination Committee is of the view that Mr. Lee Soo Hoon continues to be independent as:

- He has met the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- He has exercised care in performing his duties, and provided unbiased, independent and objective views and judgement on all matters concerning the Group;
- The length of his service does not in any way impair his objective and independent judgement nor his ability to act in the best interests of the Group. On the contrary, his years of service on the Board have ingrained him with a sound knowledge of the Group's business operations which enables him to contribute positively during deliberations at board meetings.

In this respect, the Board, based on his exemplary leadership and dedication to his responsibilities as the Chairman of the Board, recommends that Mr. Lee Soo Hoon, continue to serve as an Independent Non-Executive Director of the Group. The Independent Non-Executive Directors who are also the Nomination Committee will be excused from the meeting during discussion of their independent status.

The Board believes that it is in the best position to evaluate and determine whether any Independent Director can continue to provide independent and objective judgement during the board deliberations and act in the best interests of the Group.

The Nomination Committee will continue, on an annual basis to assess the independence of the Independent Non-Executive Directors.

4. Board Assessment

The Board, through the Nomination Committee annually reviews its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board. This process is to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board, the Committees of the Board, and for assessing the contribution of each individual member of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

For financial year ended 30 June 2017, the Nomination Committee reviewed and updated the annual performance evaluation for Directors, assessed the overall Board and its Committees' performance and effectiveness, and presented the outcome of the annual performance evaluation for Directors during a Board of Directors meeting.

The assessment covers the following areas:

- Board composition
- Competencies and skills
- Character and attitude
- Attendance record
- Training activities
- Effectiveness of board committees
- Participation and contribution in Board meetings

The Nomination Committee is satisfied with the Boards composition that is well balanced with the required mix of skills, experience, knowledge and competencies, required for an effective Board.

Currently there is no set term limit for the Directors as the Board believes that continued contribution by the Directors provides benefit to the Board and the Group as a whole.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

5. Re-election

In accordance with the Company's Articles of Association, the newly appointed Directors will retire at the first Annual General Meeting ("AGM") and are eligible for re-election by shareholders. The Articles also provide that at least one third (1/3) of the Board including Executive Directors is subject to re-election annually and each Director shall stand for re-election at least once every three (3) years.

Remuneration Committee

1. Composition

Remuneration Committee	Designation	Meetings Attended	
Tay Beng Chai	Chairman	1	1
Lee Soo Hoon	Member	1	1
Chew Khat Khiam Albert	Member	-	-

Note: Chew Khat Khiam Albert appointed to the Remuneration Committee w.e.f. 2 December 2016

The Remuneration Committee comprises three (3) Directors, all of whom are Independent Non-Executive Directors. The Chairman is Mr Tay Beng Chai, and members are Mr Lee Soo Hoon and Mr Chew Khat Khiam Albert.

The Remuneration Committee met one (1) time during the financial year ended 30 June 2017.

During the financial year, the Remuneration Committee:

- Reviewed and recommended the remuneration for the members of the Board

2. Directors Remuneration

The Group's remuneration policy for Directors is tailored to provide a remuneration package needed to recruit, retain and motivate individuals of the necessary calibre and quality needed to run the Group successfully.

The Board will review for approval, recommendations from the Remuneration Committee on the remuneration packages of Executive Directors and Senior Management, and fees of Non-Executive Directors for Shareholders' approval at the AGM of the Company. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies may be taken into consideration in determining these remunerations.

For the Executive Directors and Managing Directors, the Remuneration Committee considers corporate and individual performance, as well as performance on a range of other factors including accomplishment of strategic goals. The Remuneration Committee ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval.

Non-Executive Directors are paid fixed annual director fees as members of the Board and Board Committees. The Remuneration Committee recommends the Directors' fees payable to the Board and are deliberated at the Board before it is presented at the AGM for Shareholders' approval. The amount of remuneration for each of the Non-Executive Director varies with the level of responsibilities undertaken by the individual.

In addition to fixed annual director fees, all Non-Executive Directors are paid a meeting attendance allowance. In recognition of the additional time and commitment required, the Chairman of the respective Board Committees also receives an annual fixed fee for their chairmanship in the respective Board Committees. Individual Directors are not permitted to participate in discussion and decision of their own remuneration.

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the band disclosure made.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Details of the remuneration of the Directors for the financial year are as follows:

(i) Aggregate remuneration of Directors of the Company is categorised into appropriate components.

Director Remuneration (RM)	**Salaries and Allowances**	**Fees**	**Total**
Executive Directors	80,000	92,520	172,520
Non-Executive Directors	-	268,655	268,655
Total	80,000	361,175	441,175

The fees paid to all Directors were approved in advance by the shareholders at the Annual General Meeting.

(ii) In accordance with the MCCG 2017, Directors of the Company whose total remuneration falls within bands of RM50,000 on a named basis is as follows:

Director Remuneration (RM)	**Designation**	**Remuneration**
Balaraman A/L Annamaly	Executive	100,001 - 150,000
Cheong Mun Hong	Executive	50,001 - 100,000
Lee Soo Hoon	Non-Executive	50,001 - 100,000
Tay Beng Chai	Non-Executive	50,001 - 100,000
Chew Khat Khiam Albert	Non-Executive	50,001 - 100,000
Lee Chung-Shih	Non-Executive	< 50,000

The remuneration breakdown of individual directors of the Company includes fees, salaries and allowances.

Details of the Directors' remuneration are set out in Note 7 to the financial statements by applicable bands of RM50,000 which complies with the disclosure requirements under the Bursa Malaysia's Listing Requirements.

TIME COMMITMENT

1. Expectation of Time Commitment

The Nomination Committee is satisfied that sufficient time and attention is being given by each of the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations.

The Board meets not less than four (4) times a year to review and approve the quarterly results for announcements. The Board meetings for the ensuing year are fixed in advance. Notice of meetings and the agenda are given in a timely manner.

All the Directors had attended at least 50% of all Board of Directors and Board Committee meetings held in 2017, complying with the minimum 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements. The quorum of Board meetings had been met with attendance of not less than three (3) out of six (6) Directors who participated in decision-making at each Board meeting. This is evidenced by the attendance record set out in the annual report.

Board Committees shall meet at least once a year and when necessary.

Board meetings are a fundamental component of governance processes as they provide the opportunity for Directors to:

- Obtain and exchange information with Senior Management;
- Obtain and exchange information with fellow Directors; and
- Deliberate and arrive at decisions.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Senior management staff and/or external advisors may be invited to attend Board meetings to advice the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Board to arrive at an informed decision.

To facilitate the Directors' planning, an annual meeting calendar is prepared and circulated in advance of each financial year. This provides the Directors with scheduled dates for meetings of the Board and the Annual General Meeting.

Any Director accepting new directorship in other companies will be required to make known to the Board prior to his/her new appointment and give commitment to the Board that his/her time for attending board meetings will not be compromise in any manner.

2. Directors' Training

The Directors recognise the importance of continuous development to update themselves and to further enhance their skills, knowledge and better equip themselves to effectively discharge their fiduciary duties. All Directors have completed the Mandatory Accreditation Programme as required by Bursa Malaysia's listing requirements.

All Directors are encouraged to undergo attend various external professional programmes relevant and useful in contributing to the effective discharge of their duties as Directors.

The Directors are expected to attend at least one (1) training session a year.

During the financial year ended 30 June 2017, the Directors have attended the following relevant training programmes to keep themselves abreast with relevant changes whilst discharging their duties:

Date	Seminar/Workshop	Conducted by	Attended by
3 Nov 2016	EY Alumni Partners Connect: Business Highlight Session	Ernst & Young Solutions LLP	Lee Soo Hoon
6-7 April 2017	Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre	Chew Khat Khiam Albert
21 April 2017	Comprehending Financial Statements For Directors And Senior Management	Bursatra Sdn Bhd	Cheong Mun Hong
31 May 2017	Transfer Pricing Training	Ernst & Young Tax Consultants Sdn Bhd	All Directors
22 June 2017	Value Creation for Owners and Directors in Family Firms	Singapore Institute of Directors	Cheong Mun Hong

The Directors also received regular briefings from external auditors on updates in financial reporting and new accounting standards.

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS POLICY

1. Dialogue Between the Company and Investors

The Board recognizes the importance of accurate and timely dissemination of information to shareholders on all material business affecting the Group. The Company makes quarterly announcements of the financial results of the Company and the Group within the time frame prescribed in the Listing Requirements of Bursa Malaysia, accompanied by a balanced and comprehensive assessment of the performance and position of the Company and the Group. The Company's Annual Report, containing the Financial Statements of the Company and the Group for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

In addition, the Group maintains a website *www.kluangrubber.com*, which provides shareholders and the public in general access to information about the Group which includes, corporate information, financial information, announcements and investor relations.

To address any concern which the shareholder may have, shareholders may contact the Group through electronic mail at *enquiry@kluangrubber.com*.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

2. Annual General Meeting

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Notice of the AGM and the Company's Annual Report at least 21 days before the date of the meeting.

Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunities to seek clarification on any matters pertaining to the Group's affairs and performance as the Directors and the representatives of the external auditors are present to answer any questions that they may have.

At the 57th AGM, Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Group. The 57th AGM included the presentation of the Group's operating and financial performance for the year ended 30 June 2016, the external auditors' unqualified report to the shareholders and a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Group's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

Any queries or concern about the Group's business can be conveyed through the Company Secretaries who would then refer the matter to the attention of the Board. Shareholders may also directly approach the Independent Non-Executive Directors of the Company on these issues.

ACCOUNTABILITY AND AUDIT

1. Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible for taking reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year under review.

In preparing the financial statements of the Group and the Company for the year ended 30 June 2017, the Board of Directors has adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable that are reasonable and prudent and ensured that applicable accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

2. Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Malaysia well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the Audit Committee.

The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control of the Group. The Audit Committee comprises three (3) Directors, all of whom are Independent Non-Executive Directors. The term of references and activities of the Audit Committee are detailed in the Audit Committee Report on pages 32 to 34 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

3. Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls to safeguard the shareholders' investment and the Group's assets. The Board also recognises its overall responsibility for continuous reviewing and maintenance of the system of internal controls of the Group with the assistance of the outsourced internal auditors.

The external auditors are appointed by the Board to review the Statement on Risk Management and Internal Control and to report thereon.

The Statement on Risk Management and Internal Control in this Annual Report herein details the state of internal controls within the Company.

4. Relationship with Auditors

The Board of Directors has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The external auditors and representatives of the Management are present to answer questions and provide explanations to the Audit Committee.

The Audit Committee communicated directly and independently with the external auditors quarterly where necessary and without the presence of the Management twice a year.

The Group's independent external auditors, Messrs Ernst & Young, play an essential role by enhancing the reliability of the Company's financial statements and by giving assurance of that reliability to users of the financial statements.

An annual review of the external auditor's performance was carried out, which included the assessment of their independence in consideration of the nature and scope of non-audit fees, the Audit Committee was satisfied that they were unlikely to create any conflicts of interest nor impair the independence and objectivity of the external auditors. The Group also has a policy in place concerning the rotation of the partner in charge of the external audit.

The Audit Committee also obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

<u>External Auditor Fees during the financial year under review:</u>
- Audit Fees: RM51,500
- Non-Audit Fees: RM57,400

Based on the above, the Audit Committee was satisfied with both the external auditors' competency and independence to further recommend to the Board the re-appointment for the coming financial year.

At present, there are no former key audit partners with a cooling-off period of less than two years present on the Audit Committee.

The role of the Audit Committee in relation to the external auditors is stated on pages 32 to 34.

This Statement is made in compliance with Paragraphs 15.25 of the Bursa Malaysia Securities Berhad's Listing Requirements and approved by the Board on 13 October 2017.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

CORPORATE SOCIAL RESPONSIBILITY ("CSR") & SUSTAINABILITY STATEMENT

The Group is committed to Corporate Social Responsibility ("CSR") and sustainability by integrating it into the way the business is run with a commitment to enhance shareholder value and at the same time, contribute positively to our employees, stakeholders and to the community. The Group recognizes its obligations as a responsible corporate citizen and endeavours to incorporate sustainable practices and activities to its corporate culture by focusing on the environment, health and safety and well-being of the community that it serves to the best of its efforts.

At the workplace, we continue to focus on safety and health of our employees and workers by conducting regular briefings on safety and health. The Employment Act is strictly implemented to ensure that our employees' welfare is well taken care of.

The Group places significant importance in providing our employees and their families in our estates with quality facilities and amenities to live and work comfortably. Over the years, the Management has been upgrading the estate's infrastructure, inclusive of the living quarters for our staff and workers.

Improvements for financial year ended 30 June 2017 include:

- Upgrading of Staff Quarters
- Upgrading of Labour Quarters
- Upgrading of fertilizer store
- Construction of new Emptybags Fertilizer store

The Group has also continued its practice of allocating small plots of land for employees and workers to do vegetable and fruit tree farming. Social activities are organised to promote a sense of belonging and harmony among our employees, and can provide us with a platform for sustainable growth. To promote cohesion, recreation activities are organized by and at the cost of the company. Sports and football games are organized during National Day and Malaysia Day.

The Group is aware of the importance of conserving and preserving our natural environment and embraces good agronomic practices. In the management of the plantation, due care has been taken to safeguard the environment. All chemicals used were permitted by the Government, with the dosage applied within Government recommendations. In addition, disposal of chemical containers and cleaning of chemical spraying equipment are done in an environmentally and socially responsible manner. Herbicides are not sprayed within 20 metres on either side of the stream. Precautions have also been taken to avoid dissoluble fertilizers from flowing into the stream. The presence of fish and wild animals in the plantation is evidence of excellent environmental management.

The Group does not burn any disposals and this included felled palms, in line with best practices. We follow the practice of using materials such as felled trees and other biodegradable materials as a form of organic fertiliser enabling the nutrients to be recycled. To maintain soil fertility and reduce erosion, the management encourages the use of cover crops and empty fruit bunch mulching.

Illegal or inappropriate hunting, fishing or collecting activities are strictly forbidden on the plantation to avoid damage and deterioration of natural habitats. Road building and repairs, replanting, construction of terraces and drains, special attention is always paid to avoid soil erosion in affected areas. River water course is de-silted to reduce flooding during the monsoon season.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

The MSPO Certification Scheme is a National Palm Oil Certification scheme in Malaysia and is operated by the Malaysia Palm Oil Certification Council (MPOCC) as the scheme owner. It is an independent body formed with the objective as below:

- To establish and operate a sustainable Palm Oil Certification scheme
- To engage with non-governmental organisations, institutes of higher learning, trade associations and accreditation and certification bodies
- To establish a mechanism for the certification of entities complying with the requirements of auditable sustainability standards.

Malaysian Sustainable Palm Oil (MSPO) was first launched in 2015 based on the MSPO Standards which stipulates general principles for the production of sustainable palm oil that covers People (Alleviation of Poverty and Protect from Exploitation), Planet (Protect the Environment and Reduce Negative Human Impacts), and Profit (Ensure Continuity of The Business). Under MSPO, a total of seven (7) Principles cover key issues faced by the Palm Oil Industry such as environment, biodiversity, best practice and social responsibilities

PRINCIPLE 1	**Management Commitment and Responsibility**
	• Policy on implementation of MSPO
	• Internal Audit
	• Management Review
	• Continuous Improvement
PRINCIPLE 2	**Transparency**
	• Transparency of information and documents relevant to MSPO requirements
	• Transparent method of Communication and Consultation
	• Management Review
	• Traceability
PRINCIPLE 3	**Compliance to legal Requirements**
	• Regulatory requirements
	• Legal land use rights
	• Customary rights
PRINCIPLE 4	**Social Responsibility, health, safety and employment conditions**
	• Social impact assessment
	• Complaints & Grievances
	• Commitment to contribute to local sustainable developments
	• Employees health and safety
	• Employment conditions: Compliance to laws and regulations with regards to employment, labour rights and immigration requirements.
	• Training and Competency

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

PRINCIPLE 5	**Environment, natural resources, biodiversity and ecosystem**
	• Environmental Management Programme
	• Efficiency of energy use and use of renewable energy
	• Waste Management and Disposal
	• Reduction of Pollution and emission
	• Natural water resources
	• Status of rare, threatened, or endangered species and high biodiversity value areas
	• Zero Burning Practices
PRINCIPLE 6	**Best Practice**
	• Implement standard best practices or as per respective companies' policies
	• Site management
	• Economic and financial viability plan
	• Transparent and Fair Pricing Dealing
	• Subcontractor
PRINCIPLE 7	**Development of New Planting**
	• High Biodiversity Value: Primary forest (no deforestation), protection of Nature, Ecosystem services, Social and cultural values
	• Peat land
	• Social and Environment Impact Assessment
	• Soil Survey
	• Planting on steep terrain, and/or on marginal and fragile soils
	• Customary land

For Plantation companies without RSPO certificate, the mandatory date of implementation is by 30th June 2019; RSPO compliant plantations by 31st December 2018 and smallholders by 31st December 2019.

The Management is proactively implementing the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of recurrent related party transactions (RRPT)

The details of the shareholders' mandate are reflected in the Circular to Shareholders dated 27 October 2017.

Utilisation of Proceeds

There were no issuance of new shares and rights issue carried out during the financial year ended 30 June 2017.

Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

Exercise of Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2017.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programmes for the financial year ended 30 June 2017.

Sanctions and/or Penalties

The Company and its subsidiary, Directors and Management have not been imposed with any sanctions and/or penalties during the financial year.

Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors to the Company and its subsidiary for the financial year amounted to RM57,400.

Variation in Results

There is no material variance between the results for the financial year ended 30 June 2017 and the unaudited results previously announced by the Company.

Profit Guarantee, Profit Estimate, Forecast or Projection

During the financial year, there was no Profit Guarantee, Profit Estimate, Forecast or Projection given by the Group.

Material Contracts

None of the Directors and major shareholders has any material contract with the Company and/or its subsidiary either still subsisting at the end of the financial year ended 30 June 2017 or entered into since the end of that financial year.

Contract Relating to Loan

There were no contracts relating to loan by the Company and its subsidiary during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements, which outlines the Group's key elements of internal control system for the financial year ended 30 June 2017.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and the Group's assets, and for reviewing the adequacy and integrity of the system. However, the Board recognizes that reviewing of the Group's system of internal controls is a concerted and on-going process whereby such system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives.

In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

Risk Management Framework

The Board regards risk management as an integral part of the business operations. The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives on an informal basis via its Board and Audit Committee meetings with the assistance of the outsourced Internal Auditors.

The Board is currently considering the merits of establishing a standalone Risk Management Committee, which would comprise of a majority of independent Directors, committed to oversee the Company's risk management framework and policies. A decision on this matter can be expected in the financial year ending 30 June 2018.

In 2016, the Board engaged an external professional firm to conduct a Risk Re-assessment workshop. Together with the Board, this external professional firm reviewed the Group's risk profile from the perspective of both the impact and likelihood of key risks applicable to the Group. With a more holistic view, the Board has been building upon the knowledge in formulating responses to mitigate these risks.

The principal risks and uncertainties (not intended to be exhaustive) included the following:

- Adverse foreign exchange fluctuations
- Compulsory land acquisitions
- Extreme weather conditions
- Fluctuating commodity prices
- Increasing labour costs
- Insufficient and inexperienced labour force
- Internal and external regulatory compliance
- Occupational health and safety
- Succession planning

A review on the adequacy and effectiveness of risk management and internal control system is undertaken on a continuous basis. For financial year ended 30 June 2017, the Board is satisfied that the risk management and internal control system in place is adequate and effective.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Group's Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Audit

Considering the nature and size of the Group's assets and operations, the internal audit function of the Group is supported by an independent professional firm, which provides assurance to the Audit Committee on the adequacy and integrity of internal control system in the discharge of the Audit Committee's duties and responsibilities. This external service provider reports directly to the Audit Committee.

The internal audit reviews the internal audit control systems within the Group on the basis of a rolling internal audit strategy with an annual internal audit plan presented to the Audit Committee for approval.

A summary of the main activities undertaken by the Internal Auditors during the financial year are as follows:

- Prepared and developed the annual risk based internal audit for the Audit Committee's approval
- Conducted the internal audit project in accordance with the approved internal audit plan, including follow-up of matters from previous internal audits. This internal audit project covered the plantation operations with particular focus on the following:
  - Revenue, billings and collections
  - Monitoring /Employment of foreign workers
  - Head count at the estate
- Issued internal audit report to the Audit Committee, with copies extended to Management, identifying weaknesses and issues, and also highlighting opportunities for improvement.

Internal audit fees of RM11,500 were paid to the outsourced internal auditors for the financial year ended 30 June 2017.

The Audit Committee with the assistance of the outsourced Internal Auditors annually reviews the Group's system of internal controls to address the related internal control weaknesses. The outsourced Internal Auditors independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. To the extent practicable, Management will act towards resolving the issues raised by the Internal Auditors.

Other Key Elements of Internal Control

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

- The Group has an appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- Responsibilities are clearly defined and delegated to the committees of the Board.
- Key processes of the Group are governed by policies and procedures.
- Various support functions comprising administration, corporate affairs, finance, and treasury are centralised to ensure uniform policies and procedures are implemented throughout the Group.
- The estate prepares budgets for the coming year which are approved by the Board.
- Information covering the financial performance against the budget of the estate is provided to the Board on quarterly basis together with key operational performance indicators.
- Quarterly and annual financial statements are reviewed by the Audit Committee who then recommends to the Board for approval prior to submission to Bursa Malaysia.

Board's Conclusion

Overall, based on the Board's assessment of risk management and internal control system of the Group, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance. The Board and the Audit Committee have undertaken an assessment of the adequacy and effectiveness of the Group's internal control system. The Group will strive to ensure that the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal and external auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The Group's level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant risk. The Board also considers the system of internal controls and measures taken to mitigate such risks.

In consideration of the Internal Auditors' report, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed.

Taking into consideration the Group's assets and operations, and based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the review of the Group's key risks performed by Management, the Audit Committee and the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls are adequate as at 30 June 2017.

The statement of risk management and internal control has been reviewed and approved by the Board.

The Board has received an assurance from the Executive Director and the Senior Finance Manager that the Company's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the framework adopted by the Group.

Review by the External Auditors

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

AUDIT COMMITTEE REPORT

Functions

The functions of the Audit Committee shall be:

(a) To review and report the following to the Board of Directors -

(i) with the external auditors, the audit plan;

(ii) with the external auditors, their evaluation of the system of internal controls;

(iii) with the external auditors, their audit report and management letter (if any);

(iv) the assistance given by the Company's officers to the external auditors;

(v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy changes;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements

(vi) information covering the financial performance against the budget of the estate on quarterly basis together with key operational performance indicators;

(vii) any related party transactions 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;

(viii) to consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation, suitability and dismissal.

(b) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) To carry out other function that may be mutually agreed upon by the Committee and the Board that would be beneficial to the Group and ensure the effective discharge of the Group's duties and responsibilities.

(d) To verify the criteria for allocation of options pursuant to a share scheme for employee.

COMPOSITION & ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR

Composition

Audit Committee	Designation	Meetings Attended	
Lee Soo Hoon	Chairman	5	5
Chew Khat Khiam Albert	Member	3	3
Tay Beng Chai	Member	5	5

Note: Chew Khat Khiam Albert appointed to Audit Committee w.e.f. 10 October 2016

AUDIT COMMITTEE REPORT (cont'd)

The Audit Committee held a total of five (5) meetings during the financial year ended 30 June 2017.

The Committee met with External Auditor twice during the year without the presence of the Executive Directors.

The Chairman engages on a continuous basis with senior management of the Company on all matters affecting the Company.

The details of training attended by the Audit Committee who are also the Board members are set out on page 22 of the Annual Report.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 30 June 2017, the main activities carried out by the Committee were as follows:

1. Reviewed and discussed the unaudited quarterly financial reports of the Group prior to presentation to the Board of Directors for approval and subsequent announcements.

2. Reviewed the external auditors' scope of work and their audit plan and discussed results of their examination and recommendations.

3. Reviewed with the external auditors the audited financial statements for the financial year ended 30 June 2017 the results of the audit, audit report and recommendation prior to the approval of the Board and subsequent announcements.

4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the Group's and Company's financial statements.

5. Reviewed the internal audit plan and programme for the financial year under review.

6. Reviewed the reports prepared by the outsourced internal auditors on the state of internal controls of the Group.

7. Reviewed the related party transactions and conflict of interest situations that arose within the Group for compliance with the Listing Requirements of Bursa Malaysia.

8. Reviewed the extent of the Group's compliance with the relevant provisions set out under the MCCG for the purpose of preparing the Corporate Governance Statement and Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.

9. Reviewed the information covering the financial performance against the budget of the estate together with key operational performance indicators on quarterly basis.

10. Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group.

11. Considered the re-appointment of the external auditors and the outsourced internal auditors.

AUDIT COMMITTEE REPORT (cont'd)

Internal Audit Function

The Committee is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm – Ecovis AHL Advisory Sdn Bhd was engaged to handle this function and reports directly to the Audit Committee. This independent professional firm provides an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditor's audit plan, nature and scope of the internal audit were approved by the Audit Committee prior to the commencement of their audit based on the Company's requirements aimed at optimising the effectiveness and efficiency of the Company's internal control. The internal auditor's report has been received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures.

The internal audit fee for services provided by the outsourced internal auditors for the financial year ended 30 June 2017 amounted to RM11,500.

For the financial year ended 30 June 2017, supported by the structure of the Group's operations, the Audit Committee was of the view that it was adequate to focus the scope of the Internal Audit towards our plantation operations. Items highlighted by the independent professional firm were deliberated and rectified (when feasible) over the financial year.

The scope of the Internal Audit Report 2017 focused on the:

- Review on revenue, billing and collections
- Review on the monitoring/employment of foreign workers
- Review on the Estate's headcount

The Internal Audit Report 2017 was presented to the Audit Committee and actionable steps were taken to ensure that the issues highlighted were addressed to the extent practicable.

PROFILE OF DIRECTORS

LEE SOO HOON

Position	Independent Non-Executive Chairman
Gender	Male
Age	75
Nationality	Malaysian
Work Experience/Occupation	a) Partner of Ernst & Young, Singapore (1978 - 1997) b) Independent Director of Singapore Public Companies c) Provides management and financial consultancy services
Qualification/Professional body	a) F.C.A. Institute of Chartered Accountants in England and Wales b) Fellow of the Institute of Singapore Chartered Accountants (ISCA) c) Member of Malaysian Institute of Certified Public Accountants d) Member of Malaysian Institute of Accountants e) Member of Singapore Institute of Directors
Date of Appointment	19 October 2001
Details of any board committee to which Director belongs	a) Chairman of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2017)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

LEE CHUNG-SHIH

Position	Non-Independent Non-Executive Director
Gender	Male
Age	55
Nationality	Singaporean
Work Experience/Occupation	a) Managing Director, Kuchai Development Berhad b) Executive Director, Public Unlisted Real Estate Investment Company c) Director, Public Unlisted Licenced Trust Company
Qualification/Professional body	B. Sc., International Business
Date of Appointment	19 February 1990
Details of any board committee to which Director belongs	Nil

PROFILE OF DIRECTORS (cont'd)

Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2017)	Direct interest of 31,984 shares and deemed interest of 31,489,614 shares in the Company equivalent to 0.05% and 49.85% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih
Conflict of interest with the Company	Nil

TAY BENG CHAI

Position	Independent Non-Executive Director
Gender	Male
Age	56
Nationality	Malaysian
Work Experience/Occupation	a) In professional legal practice since 1986 b) Managing Partner of Tay & Partners, Malaysia c) Partner of Bird & Bird ATMD LLP d) A lawyer of over 30 years with extensive corporate and commercial experience in Malaysia and Singapore.
Qualification/Professional body	a) LL.B (Hons) Second Upper, National University of Singapore in 1985 b) Admitted as an Advocate & Solicitor, High Court of Singapore in 1986 c) Admitted as an Advocate & Solicitor, High Court of Malaya in 1989 d) Fellow of the Singapore Institute of Arbitrators
Date of Appointment	4 December 2014
Details of any board committee to which Director belongs	a) Chairman of Remuneration Committee b) Member of Audit Committee c) Member of Nomination Committee
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad c) Malaysia Bulk Carriers Berhad
Securities holding in the Company (as at 30 June 2017)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

PROFILE OF DIRECTORS (cont'd)

CHEW KHAT KHIAM ALBERT

Position	Independent Non-Executive Director
Gender	Male
Age	60
Nationality	Australian
Work Experience/Occupation	a) Group CFO of Sinwa Limited (2010 – 2013) b) Group CFO of Boardroom Limited (2007 – 2010) c) Finance Director of Gennon (HK) Group (2001 – 2007)
Qualification/Professional body	a) Fellow of the Institute of Chartered Accountants in Australia b) Fellow of the Hong Kong Institute of Certified Public Accountants c) Fellow of the Financial Services Institutes of Australasia d) Chartered Accountant of The Singapore Institute of Chartered Accountants e) Member of the Australian Institute of Management f) Member of the Singapore Institute of Directors g) Bachelor of Commerce, University of N.S.W. (1980)
Date of Appointment	10 October 2016
Details of any board committee to which Director belongs	a) Chairman of Nomination Committee b) Member of Audit Committee c) Member of Remuneration Committee
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2017)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

CHEONG MUN HONG

Position	Executive Director
Gender	Male
Age	31
Nationality	Singaporean
Work Experience/Occupation	a) Investment Analyst, Public Unlisted Licensed Trust Company
Qualification/Professional body	a) Bachelor of Engineering (BEng) Nanyang Technological University b) Holder of the right to use the CFA® designation
Date of Appointment	1 March 2015

PROFILE OF DIRECTORS (cont'd)

Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2017)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

BALARAMAN A/L ANNAMALY

Position	Executive Director
Gender	Male
Age	69
Nationality	Malaysian
Work Experience/Occupation	Former Consultant – Sg. Sustainable Oil Ghana Ltd., Accra, Ghana, West Africa
Qualification/Professional body	a) Member of Malaysian Institute of Management, Incoporated Society b) Secretary of Malaysian Palm Oil Association (Johor Branch) c) Committee Member of Lembaga Getah Malaysia (East Coast Malaysia) d) Committee Member of Malaysian Estate Owners Association
Date of Appointment	28 August 2014
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2017)	Direct interest of 1,066 shares in the Company equivalent to 0.00001%
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activity and other information of the subsidiaries are described in Note 13 to the financial statements.

RESULTS

	Group RM	Company RM
Profit net of tax	4,549,696	2,408,009
Attributable to:		
Owners of the parent	1,842,700	2,408,009
Non-controlling interest	2,706,996	-
	4,549,696	2,408,009

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, except for the gain on sale of available-for -sale investment and the impairment loss on available-for-sale investments as disclosed in Note 6 to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 30 June 2016 were as follows:

	Amount RM	Net dividend per share Sen
In respect of the financial year ended 30 June 2016 as reported in the directors' report of that year:		
First and final tax exempt single-tier dividend of 1% on 63,171,977 ordinary shares, declared on 26 October 2016 and paid on 20 December 2016	631,720	1.00

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2017 on 63,171,977 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend of 1%	631,720	1.00

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2018.

DIRECTORS' REPORT (cont'd)

DIRECTORS

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

Directors of the Company:

Lee Soo Hoon
Lee Chung-Shih
Balaraman A/L Annamaly
Tay Beng Chai
Cheong Mun Hong
Chew Khat Khiam Albert (appointed on 10 October 2016)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) 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 26 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the year, for any person who is or has been the Director, Officer or Auditors of the Company.

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 and its related corporations during the financial year were as follows:

	<——Number of Ordinary Shares——>			
	1 July 2016	**Bought**	**Sold**	**30 June 2017**
The Company				
Lee Chung-Shih				
- Direct interest	31,984	-	-	31,984
- Indirect interest	31,489,614	-	-	31,489,614
Balaraman A/L Annamaly				
- Direct interest	1,066	-	-	1,066
Fellow subsidiaries				
Sungei Bagan Rubber Company (Malaya) Berhad				
Lee Chung-Shih				
- Direct interest	35,438	-	-	35,438
- Indirect interest	38,949,833	-	-	38,949,833
Balaraman A/L Annamaly				
- Direct interest	3,322	-	-	3,322

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

	<——Number of Ordinary Shares——>			
	1 July 2016	**Bought**	**Sold**	**30 June 2017**
Fellow subsidiaries				
Kuchai Development Berhad				
Lee Chung-Shih				
- Direct interest	237,482	-	-	237,482
- Indirect interest	63,913,159	-	-	63,913,159

Lee Chung-Shih, by virtue of his interest in the Company, is deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company 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.

(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 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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(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 its 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.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 6 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 October 2017.

Lee Soo Hoon

Lee Chung-Shih

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

We, Lee Soo Hoon and Lee Chung-Shih, being two of the directors of Kluang Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 110 are drawn up in accordance with Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their results and cash flows for the year then ended.

The information set out in Note 34 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 13 October 2017.

Lee Soo Hoon

Lee Chung-Shih

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

I, Corinna Foo Kim Joke, being the officer primarily responsible for the financial management of Kluang Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 111 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, Corinna Foo Kim Joke)
at Johor Bahru in the State of Johor on)
13 October 2017.)

Corinna Foo Kim Joke

Before me,

No. J.274
Mohd Zulfakar Bin Sabri
Pesuruhjaya Sumpah
Johor Bahru

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD

(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kluang Rubber Company (Malaya) Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)

(Incorporated in Malaysia)

Key audit matters (cont'd)

Key audit matters	How we addressed the key audit matter
1. Impairment assessment of long term investments - equity instruments and precious metal (Refer to Notes 2.14(c), 2.15(b), 2.16 and 15 to the consolidated financial statements)	
As at 30 June 2017, the carrying amount of the Group's investments in equity investments (quoted and unquoted) and precious metal amounted to RM451,920,572 and RM21,475,020 respectively, representing 37.00% and 1.76% of the Group's total assets respectively. These investments are classified as available-for-sale financial assets and are measured at fair value, with fair value changes recognised in other comprehensive income. The Group is required to assess at the end of the reporting period whether there is any objective evidence that its investments are impaired, including whether there is a significant or prolonged decline in the fair value of the investments. During the financial year, management assessed that there was a prolonged decline in the fair values of precious metal and a significant and prolonged decline in the fair values of one of its unquoted equity instruments. As a result, the cumulative loss that had been recognised in other comprehensive income of RM3,005,731 and RM3,815,450 respectively was reclassified to profit or loss. We focused on the impairment of these investments because they represent the most significant element of the total assets in the financial statements.	Our audit procedures to address this area of focus included amongst others: (i) Making enquiries with management to understand the basis used to assess whether there is any objective evidence that its investments are impaired, including whether there is a significant or prolonged decline in the fair value of the investments; (ii) For investments in quoted equity instruments and precious metal, we corroborated the fair values recorded by management by reference to externally available market data; (iii) For investments in unquoted shares: — We obtained an understanding of the methodology adopted by management in estimating the fair values of these equity instruments and assessed whether such methodology is consistent with those commonly used to value equity instruments; and — We evaluated the assumptions applied in estimating the fair value of these equity instruments by making comparisons against appropriate benchmarks. (iv) We also assessed the adequacy of the Group's disclosures in the consolidated financial statements in relation to the valuation of these investments.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)
(Incorporated in Malaysia)

Key audit matters (cont'd)

Key audit matters	How we addressed the key audit matter
2. Biological Assets (Refer to Note 11 to the consolidated financial statements) During the current financial year, the Group capitalised a total of new planting expenditure of RM10.47 million as part of its biological assets. Due to the significance of the expenditure incurred, we consider this to be an area requiring audit focus. Specifically, we focused our audit efforts to determine whether the capitalisation of new planting expenditure was made in accordance with the Group's policy and whether any expenditure incurred ought to be expensed to the profit or loss account.	Our audit procedures to address this area of focus included amongst others: (i) Inspecting documents such as contracts with suppliers to support the expenditure incurred such as land clearing, seedling, labour and manuring costs; (ii) Testing the allocation of expenditure for replanting and new planting estates; and (iii) Testing whether the expenditure incurred on replanting fields were appropriately expensed to the profit or loss.

Information other than the financial statements and auditors' report thereon

The directors of the Group and of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Group and the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)
(Incorporated in Malaysia)

Auditors' responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)
(Incorporated in Malaysia)

Auditors' responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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

Other reporting responsibilities

The supplementary information set out in Note 34 on page 111 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 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Lee Ming Li
2983/03/18 (J)
Chartered Accountant

Johor Bahru, Malaysia
Dated: 13 October 2017

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	4	25,293,253	24,593,147	7,532,981	6,230,203
Other income		217,480	23,240	13,258	20,840
Changes in inventories		(219,136)	216,638	(37,986)	41,427
Employee benefits expenses	5	(2,395,366)	(2,022,264)	(714,881)	(671,634)
Depreciation	10	(400,146)	(341,022)	(294,856)	(275,638)
Subcontract labour cost, fertilizer and chemical costs		(4,423,425)	(5,238,503)	(1,680,168)	(1,962,821)
Foreign exchange (loss)/gain		(4,153,357)	(7,857,871)	84,927	(30,196)
Fair value gain/(loss) on investment properties	12	2,128,891	(422,194)	-	-
Gain on sale of investment		6,128,070	-	-	-
Impairment loss on investments		(6,821,181)	-	-	-
Other expenses		(6,048,793)	(5,931,655)	(1,973,310)	(2,034,394)
Profit from operations	6	9,306,290	3,019,516	2,929,965	1,317,787
Share of (loss)/profit of associates	14	(3,555,586)	2,393,010	-	-
Profit before taxation		5,750,704	5,412,526	2,929,965	1,317,787
Income tax expense	8	(1,201,008)	(350,154)	(521,956)	(71,849)
Profit net of tax		4,549,696	5,062,372	2,408,009	1,245,938
Other comprehensive income:					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):					
Investments:					
- Fair value gain/(loss)		56,941,670	(45,501,577)	(969,147)	562,244
- Reclassification to profit or loss		6,821,181	-	-	-
Foreign currency translation		30,131,883	36,626,366	-	-
Share of other comprehensive profit/(loss) of associates	14	5,782,132	(13,412,711)	-	-
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		99,676,866	(22,287,922)	(969,147)	562,244

STATEMENTS OF COMPREHENSIVE INCOME (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Total comprehensive income/(loss) for the year		104,226,562	(17,225,550)	1,438,862	1,808,182
Net profit attributable to:					
Owners of the parent		1,842,700	2,916,678	2,408,009	1,245,938
Non-controlling interest		2,706,996	2,145,694	-	-
		4,549,696	5,062,372	2,408,009	1,245,938
Total comprehensive income/(loss) attributable to :					
Owners of the parent		47,086,251	(5,895,335)	1,438,862	1,808,182
Non-controlling interest		57,140,311	(11,330,215)	-	-
		104,226,562	(17,225,550)	1,438,862	1,808,182
Earnings per share (Sen)					
Basic	9(a)	2.9	4.6		
Diluted	9(b)	2.9	4.6		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	300,024,822	299,883,405	196,705,908	196,929,432
Biological assets	11	20,898,980	10,425,650	336,079	336,079
Investment properties	12	68,594,291	64,447,068	-	-
Investment in subsidiaries	13	-	-	35,612,632	35,612,632
Investment in associates	14	85,164,927	79,520,216	-	-
Investments	15	473,395,592	406,788,585	8,275,620	9,244,768
		948,078,612	861,064,924	240,930,239	242,122,911
Current assets					
Inventories	16	47,312	266,448	5,667	43,653
Trade and other receivables	17	1,379,878	2,598,264	713,790	1,064,471
Tax recoverable		652,268	491,214	178,000	127,800
Prepayments		657,789	676,563	85,295	79,415
Cash and bank balances	18	270,454,680	253,788,845	26,252,843	23,825,116
		273,191,927	257,821,334	27,235,595	25,140,455
Total assets		1,221,270,539	1,118,886,258	268,165,834	267,263,366

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	19	3,391,470	4,180,638	1,123,957	1,073,474
Tax payable		174,855	108,830	-	-
		3,566,325	4,289,468	1,123,957	1,073,474
Net current assets		269,625,602	253,531,866	26,111,638	24,066,981
Non-current liabilities					
Trade and other payables	19	523,105	444,990	187,735	143,956
Retirement benefits	20	50,766	41,846	8,769	7,705
Deferred tax liabilities	21	15,465,000	14,931,867	9,824,000	9,824,000
		16,038,871	15,418,703	10,020,504	9,975,661
Total liabilities		19,605,196	19,708,171	11,144,461	11,049,135
Net assets		1,201,665,343	1,099,178,087	257,021,373	256,214,231
Equity attributable to owners of the parent					
Share capital	22	63,171,977	63,171,977	63,171,977	63,171,977
Retained earnings	24	165,028,125	163,769,170	29,287,148	27,510,859
Reserves	23	447,804,128	402,560,577	164,562,248	165,531,395
		676,004,230	629,501,724	257,021,373	256,214,231
Non-controlling interests		525,661,113	469,676,363	-	-
		1,201,665,343	1,099,178,087	257,021,373	256,214,231
Total equity and liabilities		1,221,270,539	1,118,886,258	268,165,834	267,263,366

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 30 JUNE 2017

Group 2017	Equity, total RM	Equity attributable to owners of the parent, total RM	< - - - Non-distributable: Share capital RM	Share premium RM	Capital reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Equity interest in the Company held by subsidiaries RM - - - >	< - - - Distributable: Cultivation and replacement reserves RM	Property and investment reserve RM	General reserve RM	Retained earnings RM - - - >	Non-controlling interests RM
Opening balance at 1 July 2016	1,099,178,087	629,501,724	63,171,977	5,215,747	214,438,729	119,668,731	60,951,210	(25,649,439)	4,861,552	5,662,147	17,411,900	163,769,170	469,676,363
Other comprehensive income for the year	99,676,866	45,243,551	-	-	2,509,445	28,084,164	14,649,942	-	-	-	-	-	54,433,315
Profit net of tax	4,549,696	1,842,700	-	-	-	-	-	-	-	-	-	1,842,700	2,706,996
Total comprehensive income for the year	104,226,562	47,086,251	-	-	2,509,445	28,084,164	14,649,942	-	-	-	-	1,842,700	57,140,311
Transactions with owners:													
Dividends to shareholders (Note 25)	(583,745)	(583,745)	-	-	-	-	-	-	-	-	-	(583,745)	-
Dividends to non-controlling interests	(1,155,561)	-	-	-	-	-	-	-	-	-	-	-	(1,155,561)
Closing balance at 30 June 2017	1,201,665,343	676,004,230	63,171,977	5,215,747	216,948,174	147,752,895	75,601,152	(25,649,439)	4,861,552	5,662,147	17,411,900	165,028,125	525,661,113

STATEMENTS OF CHANGES IN EQUITY (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

			< - - - - - - - -	- - - - - - - -	Non-distributable	- - - - - - - -	- - - - - - - -	- - - - - - - - >	< - - - - - - - -	Distributable	- - - - - - - -	- - - - - - - - >	
Group 2016	**Equity, total RM**	**Equity attributable to owners of the parent, total RM**	**Share capital RM**	**Share premium RM**	**Capital reserve RM**	**Fair value reserve RM**	**Foreign currency translation reserve RM**	**Equity interest in the Company held by subsidiaries RM**	**Cultivation and replacement reserves RM**	**Property and investment reserve RM**	**General reserve RM**	**Retained earnings RM**	**Non-controlling interests RM**
Opening balance at 1 July 2015	1,118,190,918	636,028,779	63,171,977	5,215,747	220,259,846	139,991,961	43,618,876	(25,649,439)	4,861,552	5,662,147	17,411,900	161,484,212	482,162,139
Other comprehensive (loss)/income for the year	(22,287,922)	(8,812,013)	-	-	(5,821,117)	(20,323,230)	17,332,334	-	-	-	-	-	(13,475,909)
Profit net of tax	5,062,372	2,916,678	-	-	-	-	-	-	-	-	-	2,916,678	2,145,694
Total comprehensive (loss)/income for the year	(17,225,550)	(5,895,335)	-	-	(5,821,117)	(20,323,230)	17,332,334	-	-	-	-	2,916,678	(11,330,215)
Transactions with owners:													
Dividends to shareholders (Note 25)	(631,720)	(631,720)	-	-	-	-	-	-	-	-	-	(631,720)	-
Dividends to non-controlling interests	(1,155,561)	-	-	-	-	-	-	-	-	-	-	-	(1,155,561)
Closing balance at 30 June 2016	1,099,178,087	629,501,724	63,171,977	5,215,747	214,438,729	119,668,731	60,951,210	(25,649,439)	4,861,552	5,662,147	17,411,900	163,769,170	469,676,363

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		< - - - - - - - - - - - - - - - - - - - Non-distributable				- - - - - - - - - - - - - - >	< - - - - - - - - - Distributable		- - - - - - - >
Company 2017	**Total Equity RM**	**Share capital RM**	**Share premium RM**	**Capital reserve RM**	**Fair value reserve RM**	**Foreign currency translation reserve RM**	**Cultivation and replacement reserves RM**	**General reserve RM**	**Retained earnings RM**
Opening balance at 1 July 2016	256,214,231	63,171,977	5,215,747	138,371,922	6,971,604	2,664,972	2,307,150	10,000,000	27,510,859
Other comprehensive loss for the year	(969,147)	-	-	-	(969,147)	-	-	-	-
Profit for the year	2,408,009	-	-	-	-	-	-	-	2,408,009
Total comprehensive income for the year	1,438,862	-	-	-	(969,147)	-	-	-	2,408,009
Transactions with owners: Dividends (Note 25)	(631,720)	-	-	-	-	-	-	-	(631,720)
Closing balance at 30 June 2017	257,021,373	63,171,977	5,215,747	138,371,922	6,002,457	2,664,972	2,307,150	10,000,000	29,287,148
2016									
Opening balance at 1 July 2015	255,037,769	63,171,977	5,215,747	138,371,922	6,409,360	2,664,972	2,307,150	10,000,000	26,896,641
Other comprehensive income for the year	562,244	-	-	-	562,244	-	-	-	-
Profit for the year	1,245,938	-	-	-	-	-	-	-	1,245,938
Total comprehensive income/(loss) for the year	1,808,182	-	-	-	562,244	-	-	-	1,245,938
Transactions with owners: Dividends (Note 25)	(631,720)	-	-	-	-	-	-	-	(631,720)
Closing balance at 30 June 2016	256,214,231	63,171,977	5,215,747	138,371,922	6,971,604	2,664,972	2,307,150	10,000,000	27,510,859

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Operating activities				
Profit before taxation	5,750,704	5,412,526	2,929,965	1,317,787
Adjustments for:				
Depreciation	400,146	341,021	294,856	275,638
Property, plant and equipment written off	2,337	-	2,337	-
Gain on disposal of property, plant and equipment	(12,419)	(20,000)	(12,419)	(20,000)
Gain on disposal of investments	(6,128,070)	-	-	-
Impairment loss on investments	6,821,181	-	-	-
Investment properties written off	230,000	-	-	-
Provision for retirement benefits	8,920	7,128	1,064	1,049
Dividend income	(8,959,116)	(11,062,777)	(1,178,258)	(1,223,548)
Interest income	(1,914,993)	(2,864,503)	(466,960)	(633,984)
Share of loss/(profit) of associates	3,555,586	(2,393,010)	-	-
Unrealised foreign exchange loss	4,125,226	7,842,933	(98,661)	37,519
Fair value (gain)/loss on investment properties	(2,128,891)	422,194	-	-
Operating cash flows before working capital changes	1,750,611	(2,314,488)	1,471,924	(245,539)
Receivables	649,078	(490,289)	213,761	(242,625)
Prepayments	13,661	(212,540)	(5,880)	(5,219)
Inventories	219,136	(216,638)	37,986	(41,427)
Payables	(748,108)	680,778	94,261	22,609
Cash flows generated from /(used in) operations	1,884,378	(2,553,177)	1,812,052	(512,201)
Retirement benefits paid	-	(4,898)	-	-
Taxes paid	(1,053,790)	(1,081,757)	(700,000)	(296,154)
Taxes refunded	307,200	710,955	127,844	219,395
Net cash flows generated from /(used in) operating activities	1,137,788	(2,928,877)	1,239,896	(588,960)
Investing activities				
Dividends received	11,130,918	15,323,326	1,300,402	1,101,404
Interest income received	2,070,758	3,004,070	481,737	630,531
Withdrawal from/(reinvested) in fixed deposits	6,743,074	15,582,581	(231,262)	(223,976)
Purchase of property, plant and equipment	(665,893)	(1,216,456)	(196,146)	(639,630)
Addition of biological assets	(10,473,330)	(8,269,976)	-	-
Proceeds from disposal of investments	6,255,571	-	-	-
Proceeds from disposal of property, plant and equipment	134,896	20,000	134,895	20,000
Net cash flows from investing activities	15,195,994	24,443,545	1,489,626	888,329

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Financing activities				
Dividends paid to shareholders	(583,744)	(631,720)	(631,720)	(631,720)
Dividends paid to non-controlling interests	(1,155,561)	(1,155,561)	-	-
Net cash flows used in financing activities	(1,739,305)	(1,787,281)	(631,720)	(631,720)
Net increase/(decrease) in cash and cash equivalents	14,594,477	19,727,387	2,097,802	(332,351)
Effects of exchange rate changes	8,814,432	9,083,204	98,663	-
Cash and cash equivalents at beginning of year	234,029,505	205,218,914	16,719,050	17,051,401
Cash and cash equivalents at end of year (Note 18)	257,438,414	234,029,505	18,915,515	16,719,050

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1. CORPORATE INFORMATION

Kluang Rubber Company (Malaya) Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6-1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor. The principal place of business is located at 8F, 8th Floor, Jalan Ibrahim, 80000 Johor Bahru, Johor.

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activity and other information of the subsidiaries are described in Note 13.

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 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for freehold land included within property, plant and equipment, investment properties and available-for-sale investments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

On 1 July 2016, the Group and the Company adopted the following Amendments and Annual Improvements mandatory for annual financial periods beginning on or after 1 July 2016:

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

The adoption of the above Amendments and Annual Improvements did not have any effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 New and amended standards and interpretations

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

Description	Effective for annual periods beginning on or after
FRS 107 Disclosures Initiatives (Amendments to FRS 107)	1 January 2017
FRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)	1 January 2017
Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 140: Transfers of Investment Property	1 January 2018
FRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)	1 January 2018
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvement to FRS 2014-2016 Cycle (Amendments to FRS 1 and FRS 128)	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The director expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

FRS 107 Disclosures Initiatives (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

FRS 9 Financial Instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 New and amended standards and interpretations (cont'd)

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 MFRS141 Agriculture (MFRS141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (jerein called "Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRS Framework. Consequently, adoption of the MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2019. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2.4 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Fair value measurement (cont'd)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Basis of consolidation (cont'd)

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

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

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

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

When the Company has less than a majority of the voting 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:

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

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

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that 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.

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.

2.7 Foreign currencies

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Foreign currencies (cont'd)

(b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) Foreign operations

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

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

2.8 Property, plant and equipment and depreciation

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

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 recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in other comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Property, plant and equipment and depreciation (cont'd)

Freehold land is measured at fair value. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land at the reporting date. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10%
Plant and machinery	10%
Furniture, fittings and computers	10%
Motor vehicles and tractors	33.3%

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.

2.9 Biological assets

Biological assets represent oil palms which are initially recorded at cost. Certain biological assets of the Group and the Company were not revalued since 1959 and 1965 respectively. These biological assets continued to be stated at their 1959/1965 valuation as permitted under the transitional provisions of International Accounting Standard (IAS) 16 (Revised): Property, Plant and Equipment which was the applicable accounting standards when the last revaluation was done.

(a) New planting
New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under estates costs and are not depreciated.

(b) Replanting expenditure
Replanting expenditure consists of expenses incurred from the point of clearing of planted areas to the point of harvesting and is charged to profit or loss in the year that it is incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Investment properties

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

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2.11 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 except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Subsidiary

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

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

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

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

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

2.13 Associates

An associate is defined as a company, not being a Subsidiary or an interest in a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies. Details of the Associate are as disclosed in Note 14.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 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, loans and receivables and available-for-sale financial assets.

(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 is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Financial assets (cont'd)

(c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when 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.

2.15 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.

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Impairment of financial assets (cont'd)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

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.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.16 Investment in precious metal - gold bullion

Investment in precious metal - gold bullion is initially measured at cost. After initial recognition, gold bullion are measured at fair value. Any gains or losses from changes in fair value of the gold bullion is recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the precious metal is derecognised.

Investment in precious metal is classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Investment in precious metal - gold bullion (cont'd)

The Group and the Company assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of investment in precious metal, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group and the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and deposits with maturity of more than 90 days.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for spare parts, fertilizers and chemicals: purchase costs on a first-in first-out basis.

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

2.19 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.20 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 statements 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Financial liabilities (cont'd)

(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 and the Company 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.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

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

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.

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.

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Employee benefits (cont'd)

(c) Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back.

2.22 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 2.23(d).

2.23 Revenue

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

(a) Sales of goods

Revenue relating to sale of fresh oil palm fruit bunches is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(b) Interest income

Interest is recognised on a time proportion basis that reflect the effective yield on the assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Revenue (cont'd)

(c) Dividend income

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

(d) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

2.24 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.

(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 and associates, 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 and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

(c) Goods and Services Tax ("GST")

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

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

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

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

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.27 Contingencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group'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.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Consolidation of Sungei Bagan Ruber Company Malaya (Berhad) ("Sungei Bagan") and Kuchai Development Berhad ("Kuchai")

The directors consider that the Group has control of Sungei Bagan and Kuchai, which are public limited liability companies listed on the Main Market of Bursa Malaysia Securities Berhad, even though it has less than 50% of each of the two companies voting rights. The Group is the major shareholder of Sungei Bagan and Kuchai with a 43.4% and 45.3% equity interest as at 30 June 2017 and 2016 respectively. The second largest shareholder holds 5% and 9% of the equity interest respectively. All other shareholders individually own less than 3% of the equity shares of Sungei Bagan and Kuchai. Historically, other than the second largest shareholder, less than 20 shareholders attended the Annual General Meeting held in the past 3 years.

On this basis, the directors consider that shareholders who are likely to attend the shareholders' meeting are unlikely to out vote the Group in any shareholders' meetings and therefore the Group has control over Sungei Bagan and Kuchai.

(b) Impairment of available-for-sale financial assets

The Group determines whether there is any objective evidence that the available-for-sale financial assets is impaired at each reporting period by comparing the acquisition cost with the current fair value, less any impairment loss previously recognised in profit or loss.

This requires critical assessment of whether the available-for-sale financial assets have significant or prolonged decline in fair value below cost. Assessing significant or prolonged decline in the fair value of quoted investments requires the management to make judgment of the duration or extent to which the fair value of an investment is less than its cost.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

(c) Impairment of precious metal - gold bullion

The Group determines whether there is any objective evidence that the precious metal - gold bullion is impaired at each reporting period by comparing the acquisition cost with the current fair value, less any impairment loss previously recognised in profit or loss. This requires critical assessment of whether the investment in precious metal - gold bullion has significant or prolong decline in fair value below cost. Assessing significant or prolonged decline in the fair value of quoted investments requires the management to make judgment of the duration or extent to which the fair value of an investment is less than its cost.

3.2 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 investment in associates

The Group determines whether investment in associates is impaired at least on an annual basis by comparing the carrying amount with the recoverable amount of the investment in associates. This requires an estimation of the fair value less costs to sell or the value-in-use of the cash-generating units ("CGU") to determine the recoverable amount. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Biological assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Company's oil palms to be 25 years.

(c) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value of the investment properties as at 30 June 2017. For investment properties, a valuation method is based on comparison method. The key assumptions and the unobservable inputs which are used to determine the fair value of the investment properties are disclosed in Note 28 (a).

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Sales of fresh oil palm fruit bunches	12,900,910	9,740,257	5,887,763	4,372,671
Dividend income				
- Quoted shares in Malaysia	99,315	147,291	871,263	871,263
- Quoted shares outside Malaysia	8,452,583	9,823,822	306,995	352,285
- Unquoted shares outside Malaysia	407,218	1,091,664	-	-
Rental income	1,518,234	925,610	-	-
Interest income	1,914,993	2,864,503	466,960	633,984
	25,293,253	24,593,147	7,532,981	6,230,203

5. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Wages and salaries	1,818,909	1,525,079	497,441	450,103
Contributions to defined contribution plan	130,668	117,821	40,675	36,341
Social security contributions	13,499	17,088	3,751	5,239
Retirement benefits (Note 20)				
- Current year	12,174	7,756	1,064	1,049
- Overprovided in prior year	(3,254)	(628)	-	-
Other benefits	423,370	355,148	171,950	178,902
	2,395,366	2,022,264	714,881	671,634

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM746,054 (2016 : RM343,063) and RM172,520 (2016 : RM131,509) respectively as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6. PROFIT FROM OPERATIONS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration				
- Current year	130,500	122,000	47,500	44,000
- Of subsidiary, borne by the Company	12,000	12,000	4,000	4,000
- Other services	170,689	178,402	57,400	94,000
Depreciation	400,146	341,021	294,856	275,638
Gain on disposal of property, plant and equipment	(12,419)	(20,000)	(12,419)	(20,000)
Gain on disposal of investments	(6,128,070)	-	-	-
Impairment loss on investments	6,821,181	-	-	-
Property, plant and equipment written off	2,337	-	2,337	-
Fees payable to directors of a subsidiary	9,261	8,937	-	-
Foreign exchange loss/(gain)				
- Realised	28,133	14,938	13,734	(7,323)
- Unrealised	4,125,226	7,842,933	(98,661)	37,519
Replanting cost	950,076	1,120,528	434,217	376,034
Direct operating expenses from investment properties	430,774	343,073	-	-
Fair value (gain)/loss on investment properties	(2,128,892)	422,194	-	-
Investment properties written off (Note 12)	230,000	-	-	-

7. DIRECTORS' REMUNERATION

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive:				
- Salaries and allowances	495,074	180,000	80,000	60,000
- Fees	250,980	163,063	92,520	71,509
	746,054	343,063	172,520	131,509
Non-executive:				
- Fees	714,090	759,907	268,655	244,710
Total	1,460,144	1,102,970	441,175	376,219

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

7. DIRECTORS' REMUNERATION (cont'd)

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

	Number of Directors	
	2017	**2016**
Executive directors		
Below RM50,000	-	1
RM50,001 to RM100,000	1	1
RM100,001 to RM150,000	1	-
Non-Executive directors		
Below RM50,000	1	2
RM50,001 to RM100,000	3	2

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2017 and 2016 are:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Income tax:				
Malaysian income tax	756,627	326,767	522,000	152,200
Foreign income tax	(55,988)	360,647	-	-
	700,639	687,414	522,000	152,200
Overprovision in prior years:				
Malaysian income tax	(21,884)	(306,510)	(44)	(175,351)
Foreign income tax	(37,497)	-	-	-
	(59,381)	(306,510)	(44)	(175,351)
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	319,750	(30,557)	-	(1,807)
Under/(Over)provision in prior years	240,000	(193)	-	96,807
	559,750	(30,750)	-	95,000
Total income tax expense	1,201,008	350,154	521,956	71,849

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

8. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit:
The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2017 and 2016 are as follows:

Group	2017 RM	2016 RM
Profit before taxation	5,750,704	5,412,526
Taxation at Malaysian statutory tax rate of 24% (2016 : 24%)	1,380,169	1,299,006
Effects of tax exempted foreign income	(1,196,868)	(1,459,124)
Effects of expenses not deductible for tax purposes	2,698,798	2,869,704
Effects of share of results of associates	853,340	(574,322)
Different tax rate in foreign countries	(176,455)	323,860
Effects of foreign income subjected to tax at source at lower tax rate	(90,023)	(173,915)
Effects of income not subject to tax	(831,630)	(1,628,352)
Effects of capital gain in nature not subject to tax	(1,616,942)	-
Under/(Over) provision of deferred tax in prior year	240,000	(193)
Overprovision of tax expense in prior years	(59,381)	(306,510)
Tax expense for the year	1,201,008	350,154

Company	2017 RM	2016 RM
Profit before taxation	2,929,965	1,317,787
Taxation at Malaysian statutory tax rate of 24% (2016 : 24%)	703,192	316,269
Effects of tax exempted foreign income	(74,000)	(84,549)
Effects of expenses not deductible for tax purposes	128,808	129,534
Effects of income not subject to tax	(236,000)	(210,861)
Deferred tax recognised at different tax rate	-	96,807
Overprovision of tax expense in prior years	(44)	(175,351)
Tax expense for the year	521,956	71,849

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

9. EARNINGS PER SHARE

(a) Basic
Basic earnings per share is calculated by dividing the profit for the year by the number of ordinary shares in issue during the financial year.

	Group 2017	Group 2016
Profit attributable to owners of parent for the year (RM)	1,842,700	2,916,678
Weighted average number of ordinary shares in issue (unit)	63,171,977	63,171,977
Basic earnings per share (Sen)	2.9	4.6

(b) Diluted
Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding as at 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10. PROPERTY, PLANT AND EQUIPMENT

	At valuation	<- - - - - - - - -	At cost - - - - - - - - - ->		
2017	Freehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Group					
Cost/Valuation					
At 1 July 2015	297,918,500	1,791,310	863,061	908,257	301,481,128
Additions	133,596	448,230	44,400	590,230	1,216,456
Disposal	-	-	-	(168,653)	(168,653)
Exchange difference	-	-	-	1,652	1,652
At 30 June 2016 and 1 July 2016	298,052,096	2,239,540	907,461	1,331,486	302,530,583
Additions	-	433,500	36,500	195,893	665,893
Disposal	(122,477)	-	-	-	(122,477)
Written off	-	-	-	(4,010)	(4,010)
Exchange difference	-	-	-	1,305	1,305
At 30 June 2017	297,929,619	2,673,040	943,961	1,524,674	303,071,294
Accumulated depreciation					
At 1 July 2015	-	1,230,542	389,194	854,428	2,474,164
Charge for the year	-	74,308	69,531	197,182	341,021
Disposal	-	-	-	(168,653)	(168,653)
Exchange difference	-	-	-	646	646
At 30 June 2016 and 1 July 2016	-	1,304,850	458,725	883,603	2,647,178
Charge for the year	-	98,307	73,182	228,657	400,146
Written off	-	-	-	(1,673)	(1,673)
Exchange difference	-	-	-	821	821
At 30 June 2017	-	1,403,157	531,907	1,111,408	3,046,472
Net carrying amount					
At 30 June 2016	298,052,096	934,690	448,736	447,883	299,883,405
At 30 June 2017	297,929,619	1,269,883	412,054	413,266	300,024,822

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At valuation	<- - - - - - - - - At cost	- - - - - - - - - ->		
2017	**Freehold land RM**	**Buildings RM**	**Plant and machinery RM**	***Other assets RM**	**Total RM**
Company					
Cost/Valuation					
At 1 July 2015	195,918,500	978,986	535,054	501,611	197,934,151
Additions	-	133,230	-	506,400	639,630
Disposal	-	-	-	(168,653)	(168,653)
At 30 June 2016 and 1 July 2016	195,918,500	1,112,216	535,054	839,358	198,405,128
Additions	-	175,500	-	20,646	196,146
Disposal	(122,477)	-	-	-	(122,477)
Written off	-	-	-	(4,010)	(4,010)
At 30 June 2017	195,796,023	1,287,716	535,054	855,994	198,474,787
Accumulated depreciation					
At 1 July 2015	-	662,339	237,620	468,752	1,368,711
Charge for the year	-	59,633	44,064	171,941	275,638
Disposal	-	-	-	(168,653)	(168,653)
At 30 June 2016 and 1 July 2016	-	721,972	281,684	472,040	1,475,696
Charge for the year	-	77,182	44,064	173,610	294,856
Written off	-	-	-	(1,673)	(1,673)
At 30 June 2017	-	799,154	325,748	643,977	1,768,879
Net carrying amount					
At 30 June 2016	195,918,500	390,244	253,370	367,318	196,929,432
At 30 June 2017	195,798,023	488,562	209,306	212,017	196,705,908

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The Group's and the Company's freehold land were revalued at RM297,918,500 and RM195,918,500 respectively on 30 June 2015 by professional valuers. The valuation was made based on comparison method by comparing the subject properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.

No valuation was performed during the current financial year as the directors are of the opinion that there is no significant fluctuation in the fair value of the freehold land since the last valuation on 30 June 2015.

Significant unobservable valuation input for using the comparison method of valuation:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Price per acre for freehold lands	160,701	160,701	122,684	122,684

(b) Included in property, plant and equipment of the Group and of the Company are the cost of following fully depreciated assets which are still in use:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Buildings	1,127,580	1,056,209	587,256	515,885
Plant and machinery	212,144	212,144	94,418	94,418
Other assets	648,604	642,082	273,177	271,797
	1,988,328	1,910,434	954,851	882,099

11. BIOLOGICAL ASSETS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Oil palm, at cost/valuation				
At 1 July	10,425,650	2,155,674	336,079	336,079
Additions	10,473,330	8,269,976	-	-
At 30 June	20,898,980	10,425,650	336,079	336,079

(a) Biological assets comprise oil palm. Certain biological assets were revalued by directors in 1959 and 1965.

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued biological assets was made.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12. INVESTMENT PROPERTIES

	Group	
	2017 RM	2016 RM
At 1 July	64,447,068	67,348,466
Fair value adjustment	2,128,892	(422,194)
Written off (Note 6)	(230,000)	-
Exchange difference	2,248,331	(2,479,204)
At 30 June	68,594,291	64,447,068

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by accredited independent valuers. The valuations are based on direct comparison method in formulating open market value of investment properties. The Group has assessed that the highest and best use of its properties do not differ from their current use.

Significant unobservable valuation input for using the comparison method of valuation:

	2017 RM	2016 RM
Price per acre for mining land	571,429	550,152
Price per square feet of shop house	9,326	8,058
Price per square feet of residential buildings	10,221	10,039

Significant increases/(drecreases) in estimated price per square feet in isolation would result in significantly higher/(lower) fair value of investment properties.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Quoted shares, at cost	8,828,627	8,828,627
Unquoted shares, at cost	26,784,005	26,784,005
	35,612,632	35,612,632
Quoted shares, at fair value	128,434,085	124,137,079

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group 2017	2016	% of ownership interest held by non-controlling interest 2017	2016
Devon Worldwide Limited	British Virgin Islands	Investment holding	100	100	-	-
Sungei Bagan Rubber Company (Malaya) Berhad ("Sungei Bagan Rubber")	Malaysia	Plantation owner and long term portfolio investor	43.4	43.4	56.6	56.6
Kuchai Development Berhad ("Kuchai Development")	Malaysia	Investment holding	45.3	45.3	54.7	54.7
Held through Sungei Bagan Rubber						
Lanstar Assets Limited	British Virgin Islands	Investment holding	43.4	43.4	56.6	56.6
Springvale International Limited	British Virgin Islands	Investment holding	43.4	43.4	56.6	56.6

(b) Summarised financial information on subsidiaries with significant non-controlling interests

Summarised financial information of Sungei Bagan Rubber and Kuchai Devleopment which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is before elimination of inter-company balances and transactions.

(i) Summarised statements of financial position

	Sungei Bagan Rubber 2017 RM	2016 RM	Kuchai Development 2017 RM	2016 RM
Non-current assets	466,066,867	415,682,014	463,739,958	406,825,547
Current assets	152,639,076	153,700,438	65,948,816	53,365,763
Total assets	618,705,943	569,382,452	529,688,774	460,191,310
Current liabilities	1,357,449	2,327,524	1,013,431	917,620
Non-current liabilities	5,783,367	5,395,175	235,000	252,867
Total liabilities	7,140,816	7,722,699	1,248,431	1,170,487
Net assets	611,565,127	561,659,753	528,440,343	459,020,823
Equity attributable to owners of the parent	265,419,265	243,760,333	239,383,475	207,936,433
Non-controlling interests	346,145,862	317,899,420	289,056,868	251,084,390
	611,565,127	561,659,753	528,440,343	459,020,823

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(ii) Summarised statements of comprehensive income

	Sungei Bagan Rubber		Kuchai Development	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Revenue	12,296,477	11,078,780	5,860,605	6,914,247
(Loss)/Profit for the year attributable to:				
- owners of the company	(2,648,740)	(815,520)	16,484,821	(20,375,850)
- non-controlling interest	(3,454,348)	(1,063,558)	19,905,512	(24,603,951)
	(6,103,088)	(1,879,078)	36,390,333	(44,979,801)
Other comprehensive income/(loss) attributable to:				
- owners of the company	24,883,440	(6,544,899)	6,800,608	13,026,590
- non-controlling interest	32,451,675	(8,535,515)	8,211,771	15,729,679
	57,335,115	(15,080,414)	15,012,379	28,756,269
Total comprehensive income/(loss) for the year	51,232,027	(16,959,492)	51,402,712	(16,223,532)
Dividends paid to non-controlling interest	547,656	547,656	607,905	607,905

(iii) Summarised statement of cash flows

	Sungei Bagan Rubber		Kuchai Development	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Net cash generated from/(used in) operating activities	1,989,415	(1,954,366)	(256,722)	(337,445)
Net cash (used in)/generated from investing activities	(179,440)	17,333,779	12,671,225	6,191,277
Net cash used in financing activities	(1,326,653)	(1,326,653)	(1,051,854)	(1,051,852)
Net increase in cash and cash equivalents	483,322	14,052,760	11,362,649	4,801,980
Effects of exchange rate changes on cash and cash equivalents	5,127,063	5,379,743	2,398,236	2,446,385
Cash and cash equivalents at beginning of the year	143,169,329	123,736,826	48,189,878	40,941,513
Cash and cash equivalents at end of the year	148,779,714	143,169,329	61,950,763	48,189,878

14. INVESTMENT IN ASSOCIATES

	Group	
	2017 RM	**2016 RM**
Outside Malaysia:		
Unquoted shares, at cost	82,219,667	77,053,949
Share of post-acquisition reserves	2,945,260	2,466,267
	85,164,927	79,520,216

(a) Details of the associates are as follows:

Name of Associates	Country of incorporation	Principal activity	Equity interest held (%)* 2017	2016	Accounting model applied
Held through the Sungei Bagan Rubber					
Kuala Pergau Rubber Plantations PLC ("KP")	England	Plantation owner	25.00	25.00	equity method
Held through Springvale International Limited					
Balland Properties Limited ("Balland")	Ireland	Investment holding	49.00	49.00	equity method
Raffles - Asia Investment Company ("RAIC")	Mauritius	Invest in a portfolio of securities	35.24	35.27	equity method

* equals to the proportion of voting rights held.

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

As at 30 June 2017	**KP RM**	**Balland RM**	**RAIC RM**	**Total RM**
Current assets	493,480	502,899	249,962,095	250,958,474
Non-current assets	859,697	13,730,284	-	14,589,981
Current liabilities	(571,146)	(2,864,033)	(1,522,656)	(4,957,835)
Non-current liabilities	(300,000)	(1,198,445)	-	(1,498,445)
Equity	482,031	10,170,705	248,439,439	259,092,175
Proportion of Group's ownership	25.00%	49.00%	35.24%	
Equity attributable to the Group	120,508	4,983,645	87,550,058	92,654,211
Change in proportion of Group's ownership	-	-	(74,532)	(74,532)
Exchange translation reserve	-	1,285,681	(8,700,433)	(7,414,752)
Carrying amount of investment	120,508	6,269,326	78,775,093	85,164,927

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. INVESTMENT IN ASSOCIATES (cont'd)

(i) Summarised statements of financial position (cont'd)

As at 30 June 2016	KP RM	Balland RM	RAIC RM	Total RM
Current assets	433,107	536,609	70,705,078	71,674,794
Non-current assets	859,697	13,333,404	167,703,633	181,896,734
Current liabilities	(563,802)	(2,495,226)	(6,900,367)	(9,959,395)
Non-current liabilities	(313,200)	(1,279,950)	-	(1,593,150)
Equity	415,802	10,094,837	231,508,344	242,018,983
Proportion of Group's ownership	25.00%	49.00%	35.27%	
Equity attributable to the Group	103,951	4,946,470	81,652,993	86,703,414
Change in proportion of Group's ownership	-	-	(131,818)	(131,818)
Exchange translation reserve	-	744,521	(7,795,901)	(7,051,380)
Carrying amount of investment	103,951	5,690,991	73,725,274	79,520,216

(ii) Summarised statements of comprehensive income

As at 30 June 2017	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	557	3,109,672	3,110,229
Other income	250,000	4,994	-	254,994
Other expenses	(123,915)	75	-	(123,840)
Other operating expenses	(12,447)	(605,901)	(13,640,644)	(14,258,992)
Income tax expense	(47,410)	(179)	106,856	59,267
Profit/(Loss) for the year	66,228	(600,454)	(10,424,116)	(10,958,342)
Other comprehensive loss	-	-	16,168,596	16,168,596
Total comprehensive profit/(loss) for the year	66,228	(600,454)	5,744,480	5,210,254

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

As at 30 June 2017	**KP RM**	**Balland RM**	**RAIC RM**	**Total RM**
Proportion of Group's ownership	25.00%	49.00%	35.24%	
Group's share of profit/(loss) for the year	16,557	(294,222)	(3,673,458)	(3,951,123)
Change in proportion of Group's ownership	-	-	(720)	(720)
Adjustment on associate's profit for the year to conform with the accounting policies of the Group	-	396,257	-	396,257
Net Group's share of profit/(loss) for the year	16,557	102,035	(3,674,178)	(3,555,586)
Group's share of other comprehensive profit for the year	-	-	5,697,813	5,697,813
Change in proportion of Group's ownership	-	-	84,319	84,319
Net Group's share of other comprehensive income for the year	-	-	5,782,132	5,782,132
Group's share of total comprehensive income for the year	16,557	102,035	2,107,954	2,226,546

As at 30 June 2016	**KP RM**	**Balland RM**	**RAIC RM**	**Total RM**
Revenue	-	864	3,373,666	3,374,530
Other income	250,000	47,338	-	297,338
Other expenses	(268,721)	-	(112,832)	(381,553)
Other operating (expenses)/income	(21,953)	66,910	2,734,734	2,779,691
Income tax expense	(38,250)	(95,109)	(142,018)	(275,377)
(Loss)/Profit for the year	(78,924)	20,003	5,853,550	5,794,629
Other comprehensive loss	-	-	(26,322,500)	(26,322,500)
Total comprehensive (loss)/income for the year	(78,924)	20,003	(20,468,950)	(20,527,871)

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

As at 30 June 2016	KP RM	Balland RM	RAIC RM	Total RM
Proportion of Group's ownership	25.00%	49.00%	35.27%	
Group's share of (loss)/profit for the year	(19,731)	9,801	2,068,645	2,058,715
Change in proportion of Group's ownership	-	-	(7,034)	(7,034)
Adjustment on associate's profit for the year to conform with the accounting policies of the Group	-	341,329	-	341,329
Net Group's share of (loss)/profit for the year	(19,731)	351,130	2,061,611	2,393,010
Group's share of other comprehensive loss for the year	-	-	(13,424,467)	(13,424,467)
Change in proportion of Group's ownership	-	-	11,756	11,756
Net Group's share of other comprehensive loss for the year	-	-	(13,412,711)	(13,412,711)
Group's share of total comprehensive (loss)/income for the year	(19,731)	351,130	(11,351,100)	(11,019,701)

15. INVESTMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Quoted -				
Shares outside Malaysia	391,197,985	333,532,746	5,873,998	6,868,680
Unquoted -				
Redeemable preference shares outside Malaysia	8,830,109	9,162,725	-	-
Other equity instruments outside Malaysia	51,892,478	42,855,231	-	-
Total available-for-sale investments	451,920,572	385,550,702	5,873,998	6,868,680
Investment in precious metal	21,475,020	21,237,883	2,401,622	2,376,088
	473,395,592	406,788,585	8,275,620	9,244,768
Represented by:				
Fair value	473,395,592	406,788,585	8,275,620	9,244,768

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

16. INVENTORIES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At cost:				
Spare parts, fertilizers and chemicals	47,312	266,448	5,667	43,653

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables	495,192	1,074,192	267,832	500,408
Deposits	530,018	529,312	16,138	16,138
Sundry receivables	354,668	994,760	108,942	245,863
Due from subsidiaries	-	-	320,878	302,062
	1,379,878	2,598,264	713,790	1,064,471

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2016 : 15 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>
The ageing analysis of the Group's trade receivables is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Neither past due nor impaired	495,192	1,074,192	267,832	500,408

<u>Receivables that are neither past due nor impaired</u>
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

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

(b) Other receivables

Deposits and sundry receivables are unsecured, interest free and are repayable upon demand.

(c) Due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

18. CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash on hand and at bank				
- in Malaysia	10,248,058	11,479,911	4,295,602	2,458,550
- outside Malaysia	220,039,418	22,236,858	10,493,900	58,481
Short-term deposits with licensed banks				
- in Malaysia	30,776,330	58,503,136	11,463,341	21,308,085
- outside Malaysia	9,390,874	161,568,940	-	-
Cash and cash bank balances	270,454,680	253,788,845	26,252,843	23,825,116

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

	Group 2017	Group 2016	Company 2017	Company 2016
Cash and bank balances	270,454,680	253,788,845	26,252,843	23,825,116
Less: Short-term deposits with licensed banks with maturities more than 90 days	(13,016,266)	(19,759,340)	(7,337,328)	(7,106,066)
Cash and cash equivalents	257,438,414	234,029,505	18,915,515	16,719,050

The weighted average effective interest rates of deposits at the reporting date were as follows:

	Group Interest rate (% per annum)		Company Interest rate (% per annum)	
	2017	**2016**	**2017**	**2016**
In Malaysia	2.70 - 3.25	2.36 - 3.25	2.91	2.36
Outside Malaysia	0.25	0.22 - 0.37	-	-

The average remaining maturity days of deposits as at the end of the financial year were as follows:

	Group Maturity (days)		Company Maturity (days)	
	2017	**2016**	**2017**	**2016**
In Malaysia	7 - 148	110 - 366	148	143
Outside Malaysia	7	29 - 65	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current:				
Trade payables	258,510	1,297,948	87,168	77,453
Other payables:				
Accruals	1,513,760	1,198,346	538,078	459,679
Sundry payables	616,206	698,125	67,465	88,031
Due to director related companies	1,002,994	986,219	429,432	422,751
Due to subsidiary	-	-	1,814	25,560
	3,132,960	2,882,690	1,036,789	996,021
	3,391,470	4,180,638	1,123,957	1,073,474
Non-current:				
Provision for ex-gratia	523,105	444,990	187,735	143,956
Total trade and other payables	3,914,575	4,625,628	1,311,692	1,217,430

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one month to three months (2016: one month to three months).

Included in trade payables of the Group and the Company are amounts of RM34,489 (2016: RM24,382) and RM14,021 (2016 : RM8,815) respectively, due to Kluang Estate (1977) Sdn. Bhd., a company in which a director namely, Lee Chung-Shih, has interest.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

19. TRADE AND OTHER PAYABLES (cont'd)

(b) Amount due to director related companies

The amount due to director related companies represents non-trade amounts due to companies in which a director, Lee Chung-Shih has interest. These are unsecured, interest free and are repayable on demand.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
The Nyalas Rubber Estates Limited	995,723	986,219	426,739	422,751
Estate & Trust Agencies (1927) Limited	7,271	-	2,693	-
	1,002,994	986,219	429,432	422,751

(c) Other payable (current)

Other payables (current) are normally settled on an average term of three months.

(d) Other payable (non-current)

Other payable (non-current) are related to provision for ex-gratia to employees. The Company, at its sole discretion, made the provision for ex-gratia payments to the employees is at the Company's discretionary upon their retirement.

(e) Amount due to subsidiary

The amount due to subsidiary is unsecured, non-interest bearing and is repayment on demand.

20. RETIREMENT BENEFITS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
At beginning of year	41,846	39,616	7,705	6,656
Charged to profit or loss (Note 5)	12,174	7,756	1,064	1,049
Overprovided in prior year (Note 5)	(3,254)	(628)	-	-
Retirement benefits paid	-	(4,898)	-	-
At end of year	50,766	41,846	8,769	7,705

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

21. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
At beginning of year	(14,931,867)	(14,949,343)	(9,824,000)	(9,729,000)
Recognised in profit or loss (Note 8)	(559,750)	30,750	-	(95,000)
Recognised in other comprehensive income	-	-	-	-
Exchange difference	26,617	(13,274)	-	-
At end of year	(15,465,000)	(14,931,867)	(9,824,000)	(9,824,000)
Analysed as follows:				
Deferred tax assets	260,000	247,000	50,000	42,000
Deferred tax liabilities	(15,725,000)	(15,178,867)	(9,874,000)	(9,866,000)
	(15,465,000)	(14,931,867)	(9,824,000)	(9,824,000)

The components and movements of deferred tax (liabilities)/assets during the financial year are as follows:

Deferred tax assets of the Group

	Retirement benefit obligations RM	Other provision RM	Accelerated capital allowances RM	Total RM
2017				
At 1 July 2016	7,000	135,000	105,000	247,000
Recognised in profit or loss	(7,000)	125,000	(105,000)	13,000
At 30 June 2017	-	260,000	-	260,000
2016				
At 1 July 2015	7,000	79,000	(14,000)	72,000
Recognised in profit or loss	-	56,000	119,000	175,000
At 30 June 2016	7,000	135,000	105,000	247,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

21. DEFERRED TAX (LIABILITIES)/ASSETS (cont'd)

Deferred tax liabilities of the Group

	Freehold lands RM	Investment properties RM	Accelerated capital allowances RM	Total RM
2017				
At 1 July 2016	(14,768,000)	(252,867)	(158,000)	(15,178,867)
Recognised in profit or loss	-	(8,750)	(564,000)	(572,750)
Exchange difference	-	26,617	-	26,617
At 30 June 2017	(14,768,000)	(235,000)	(722,000)	(15,725,000)
2016				
At 1 July 2015	(14,768,000)	(213,343)	(40,000)	(15,021,343)
Recognised in profit or loss	-	(26,250)	(118,000)	(144,250)
Exchange difference	-	(13,274)	-	(13,274)
At 30 June 2016	(14,768,000)	(252,867)	(158,000)	(15,178,867)

Deferred tax (liabilities)/assets of the Company

	Freehold land RM	Other provisions RM	Accelerated capital allowances RM	Total RM
2017				
At 1 July 2016	(9,708,000)	42,000	(158,000)	(9,824,000)
Recognised in profit or loss	-	-	-	-
At 30 June 2017	(9,708,000)	42,000	(158,000)	(9,824,000)
2016				
At 1 July 2015	(9,708,000)	19,000	(40,000)	(9,729,000)
Recognised in profit or loss	-	23,000	(118,000)	(95,000)
At 30 June 2016	(9,708,000)	42,000	(158,000)	(9,824,000)

22. SHARE CAPITAL

	Number of shares		Amount	
	2017	**2016**	**2017 RM**	**2016 RM**
Authorised:				
Ordinary shares	99,900,000	99,900,000	99,900,000	99,900,000
15% cumulative participating preference shares of RM1 each	100,000	100,000	100,000	100,000
	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	63,171,977	63,171,977	63,171,977	63,171,977

23. RESERVES

		Group		Company	
	Note	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Share premium	(a)	5,215,747	5,215,747	5,215,747	5,215,747
Capital reserve	(b)	216,948,174	214,438,729	138,371,922	138,371,922
Fair value reserve	(c)	147,752,895	119,668,731	6,002,457	6,971,604
Foreign currency translation reserve	(d)	75,601,152	60,951,210	2,664,972	2,664,972
Cultivation and replacement reserve	(e)	4,861,552	4,861,552	2,307,150	2,307,150
Property and investment reserve	(f)	5,662,147	5,662,147	-	-
General reserve	(g)	17,411,900	17,411,900	10,000,000	10,000,000
Equity Interest in parent	(h)	(25,649,439)	(25,649,439)	-	-
		447,804,128	402,560,577	164,562,248	165,531,395

The components and movements of reserves are disclosed in the statements of changes in equity.

(a) The share premium represents the excess of consideration received over the par value of ordinary shares issued.

(b) Capital reserve represents reserve created in accordance with Article No. 142 of the Company's Articles of Association and is not distributable as dividend. It consists of surplus from disposal of properties and long term investments and surplus from revaluation of property, plant and equipment and was created for the purpose of future acquisition of property and investment.

(c) Fair value reserve represents net gains or losses from the fair value adjustments of the available-for-sale investments at fair value.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

23. RESERVES (cont'd)

(e) Cultivation and replacement reserves represent reserves created for the purpose of replanting oil palm and rubber crop.

(f) Property and investment reserve represents reserves created for the purpose of acquisition of property and investment.

(g) General reserve represents reserve transferred from retained profits and is distributable.

(h) Equity interest in parent represents ordinary shares held by the subsidiaries in the Company.

24. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 30 June 2017 and 30 June 2016 under the single tier system.

25. DIVIDENDS

	Amount		Net dividends per share	
	2017 RM	**2016 RM**	**2017 Sen**	**2016 Sen**
First and final				
1% tax exempt single-tier, on 63,171,977 ordinary shares, declared on 16 November 2015, paid on 22 January 2016	-	631,720	-	1.00
1% tax exempt single tier, on 63,171,977 ordinary shares, declared on 26 October 2016, paid on 20 December 2016	631,720	-	1.00	-
	631,720	631,720	1.00	1.00

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2017 on 63,171,977 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend of 1%	631,720	1.00

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
With companies, in which a director, Lee Chung-Shih, has an interest:				
Rental income from Ice Cold Beer Pte. Ltd.	957,154	925,610	-	-
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd.	261,275	236,811	113,996	101,593
Administration and support services payable to The Nyalas Rubber Estates Limited	2,045,817	2,068,825	875,409	890,118
Administration and support services payable to Estate & Trust Agencies (1927) Limited	366,470	321,884	117,964	121,299
Land lease rental payable to Kuala Pergau Rubber Plantations Plc	250,000	250,000	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

27. COMMITMENTS

Operating lease commitment - as lessee

The Group has entered into a non-cancellable operating lease agreement for a leasehold land. This lease has a remaining non-cancellable lease term of 22 years.

The future minimum lease payments payable under the non-cancellable operating lease contracted for as at the reporting date but not recognised as payables, are as follows:

	Group	
	2017 RM	**2016 RM**
Not later than 1 year	250,000	250,000
Later than 1 year and not later than 5 years	5,000,000	5,250,000
	5,250,000	5,500,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

27. COMMITMENTS (cont'd)

Operating lease commitment - as lessor

The Group has entered into a non-cancellable operating lease agreement on its investment property. The lease has a remaining non-cancellable lease term of 6 months. The lease include a clause to enable upward revision of the rental charges or an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under the non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Not later than 1 year	973,565	465,457
Later than 1 year and not later than 5 years	1,460,347	-
	2,433,912	465,457

28. FAIR VALUE

(a) Fair value hierarchy

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

Group	**Quoted price in active markets (Level 1) RM**	**Significant observable inputs (Level 2) RM**	**Significant unobservable inputs (Level 3) RM**	**Total RM**
At 30 June 2017				
Assets measured at fair value				
Available-for-sale investments	391,197,985	60,722,587	-	451,920,572
Investment in precious metal	21,475,020	-	-	21,475,020
Freehold land	-	-	297,929,619	297,929,619
Investment properties	-	-	68,594,291	68,594,291
	412,673,005	60,722,587	366,523,910	839,919,502
At 30 June 2016				
Assets measured at fair value				
Available-for-sale investments	333,532,746	52,017,956	-	385,550,702
Investment in precious metal	21,237,883	-	-	21,237,883
Freehold land	-	-	298,052,096	298,052,096
Investment properties	-	-	64,447,068	64,447,068
	354,770,629	52,017,956	362,499,164	769,287,749

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28. FAIR VALUE (cont'd)

(a) Fair value hierarchy (cont'd)

Company	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
At 30 June 2017				
Assets measured at fair value				
Available-for-sale investments	5,873,998	-	-	5,873,998
Freehold land	-	-	195,796,023	195,796,023
	5,873,998	-	195,796,023	201,670,021
At 30 June 2016				
Assets measured at fair value				
Available-for-sale investments	6,868,680	-	-	6,868,680
Freehold land	-	-	195,918,500	195,918,500
	6,868,680	-	195,918,500	202,787,180

During the reporting year ended 30 June 2017 and 30 June 2016, there were no transfers between the hierachy fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28. FAIR VALUE (cont'd)

(a) Fair value hierarchy (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair Value RM	Valuation techniques	Unobservable inputs	Range (adjusted RM/psf)
As at 30 June 2017				
Investment properties				
- Residential	38,224,969	Comparable	Yield	8,279 to 12,061
- Commercial	25,899,321	approach	adjustments based on assumptions*	9,196 to 9,636
Freehold land				
- Agricultural	297,929,619	Comparable	Yield	0.48 to 4.47
- Mining	4,470,001	approach	adjustments based on assumptions*	13.22 to 15.00
As at 30 June 2016				
Investment properties				
- Residential	37,544,317	Comparable	Yield	6,333 to 9,111
- Commercial	22,377,751	approach	adjustments based on assumptions*	6,753 to 8,043
Freehold land				
- Agricultural	298,052,096	Comparable	Yield	0.48 to 4.47
- Mining	4,525,000	approach	adjustments based on assumptions*	10.33 to 11.93

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

28. FAIR VALUE (cont'd)

(a) Fair value hierarchy (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

	2017 RM	2016 RM
Investment properties		
Opening balance	64,447,068	67,348,466
Net gain/(loss) from fair value adjustment	2,128,892	(422,194)
Written off	(230,000)	-
Exchange differences	2,248,331	(2,479,204)
Closing balance	68,594,291	64,447,068
Freehold land		
Opening balance	298,052,096	297,918,500
Addition	-	133,596
Disposal	(122,477)	-
Closing balance	297,929,619	298,052,096

(iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information are reasonably available.

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables	17
Trade and other payables	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, 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.

28. FAIR VALUE (cont'd)

(c) Determination of fair values

Quoted equity instruments
Fair value is determined directly by reference to their published market bid price at the reporting date.

Precious metal
Fair value of precious metal is determined by reference to its average bid spot price at the reporting date.

Unquoted equity instruments and redeemable preference shares
The unquoted equity instruments and redeemable preference shares have been valued using the net asset value of the shares.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Exposure to credit risk
At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile
At the reporting date, approximately 45% (2016 : 28%) of the Company's trade and other receivables was due from its subsidiary, Devon Worldwide Limited.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) 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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through diverse sources of committed and uncommitted credit facilities from various banks.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Trade and other payables				
- On demand or within 1 year	3,391,470	4,180,638	1,123,957	1,073,474

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their short term deposits with licensed banks at floating rates. All of the Group's and the Company's financial assets at floating rates are contractually re-priced at intervals of less than 6 months (2016: less than 6 months) from the reporting date.

Sensitivity analysis of interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on interest income on floating rate short term deposits with licensed banks).

	Group		Company	
	Increase/ (decrease) in basis points	**Effect on profit before tax RM**	**Increase/ (decrease) in basis points**	**Effect on profit before tax RM**
2017				
- Ringgit Malaysia	10	3,100	10	1,100
- Ringgit Malaysia	(10)	(3,100)	(10)	(1,100)
- Singapore Dollar	10	900	-	-
- Singapore Dollar	(10)	(900)	-	-
2016				
- Ringgit Malaysia	10	5,800	10	2,100
- Ringgit Malaysia	(10)	(5,800)	(10)	(2,100)
- Singapore Dollar	10	15,400	-	-
- Singapore Dollar	(10)	(15,400)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

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 its investments and short term deposits with licensed banks that are denominated in a currency other than the respective functional currencies of Group's entities, primarily in RM and United States Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), British Pound ("£") and USD.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in SGD, £ and USD) amounted to RM225,171,133, RM609,146 and RM9,079,617 (2016 : RM178,084,697, RM270,436 and RM6,690,489) respectively.

The Group is also exposed to currency translation risk arising from its net investment in its subsidiary. The Group's investment in its subsidiary is not hedged as the currency position in USD is considered to be long-term in nature.

(d) Foreign currency risk

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, £ and USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2017 RM	2016 RM
USD/RM	- Strengthened 5%	2,300	3,000
	- Weakened 5%	(2,300)	(3,000)
SGD/RM	- Strengthened 5%	1,442,500	106,700
	- Weakened 5%	(1,442,500)	(106,700)
SGD/USD	- Strengthened 5%	6,695,700	6,005,600
	- Weakened 5%	(6,695,700)	(6,005,600)
£/USD	- Strengthened 5%	29,800	13,200
	- Weakened 5%	(29,800)	(13,200)
USD/SGD	- Strengthened 5%	100	100
	- Weakened 5%	(100)	(100)
RM/SGD	- Strengthened 5%	(214,300)	(273,100)
	- Weakened 5%	214,300	273,100

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market price (other than interest or exchange rate).

The Group and the Company are exposed to equity price risk arising from its investments in quoted equity instruments quoted in Bursa Malaysia, SGX-ST in Singapore and the metal prices quoted in Australia. These instruments are classified as available for sale financial assets.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) Market price risk (cont'd)

Sensitivity analysis for equity price risk
At the reporting date, if the FTSE Bursa Malaysia KLCI, STI in Singapore and the metal price in Australia were to change by 5% respectively with all other variables held constant, the effects on other comprehensive income for the Group and the Company would have been as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Other comprehensive income				
Quoted shares in Singapore				
- increased by 5%	19,559,900	16,676,600	293,700	343,400
- decreased by 5%	(19,559,900)	(16,676,600)	(293,700)	343,400)
Precious metal				
- increased by 5%	1,073,800	1,061,900	120,100	118,800
- decreased by 5%	(1,073,800)	(1,061,900)	(120,100)	(118,800)

30. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments of the Group and the Company as at 30 June 2017 and 30 June 2016 by classes are as follows:

	Note	Group 2017 RM	Group 2016 RM
(a) Available-for-sale financial assets			
Available-for-sale investments	15	451,920,572	385,550,702
(b) Loans and receivables			
Trade and other receivables	17	1,379,878	2,598,264
Cash and bank balances	18	270,454,680	253,788,845
		271,834,558	256,387,109
(c) Financial liabilities measured at amortised cost			
Trade and other payables	19	3,391,470	4,180,638

	Note	Company 2017 RM	Company 2016 RM
(a) Available-for-sale financial assets			
Available-for-sale investments	15	5,873,998	6,868,680
(b) Loans and receivables			
Trade and other receivables	17	713,790	1,064,471
Cash and bank balances	18	26,252,843	23,825,116
		26,966,633	24,889,587
(c) Financial liabilities measured at amortised cost			
Trade and other payables	19	1,123,957	1,073,474

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2017 and 30 June 2016.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 30 June 2017 and 30 June 2016, are as follows:

	2017 RM	2016 RM
Total liability	19,605,196	19,913,171
Total equity	676,004,230	629,501,724
Gearing ratio	2.9%	3.1%

32. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group is organised into business units based on their sources of income, and has two reportable operating segments as follows:

(i) Plantation - cultivation of oil palm
(ii) Investments - long term portfolio investment in securities, deposits with banks and investment properties

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

32. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Plantation		Investments		Consolidated	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Revenue						
External	12,900,910	9,740,257	12,392,343	14,852,890	25,293,253	24,593,147
Result						
Segment results	6,982,640	2,521,675	16,913,647	13,765,846	23,896,287	16,287,521
Unallocated corporate expenses					(10,436,640)	(5,410,134)
Foreign exchange loss	(27,869)	(13,763)	(4,125,488)	(7,844,108)	(4,153,357)	(7,857,871)
Profits from operations					9,306,290	3,019,516
Share of results of associates	-	-	(3,555,586)	2,393,010	(3,555,586)	2,393,010
Income tax expense					(1,201,008)	(350,154)
Profit net of tax					4,549,696	5,062,372
Assets						
Segment assets	372,455,635	358,786,225	763,047,823	680,433,083	1,135,503,458	1,039,219,308
Investments in associates	-	-	85,164,927	79,520,216	85,164,927	79,520,216
Unallocated assets					602,154	146,734
Consolidated total assets					1,221,270,539	1,118,886,258
Liabilities						
Segment liabilities	15,615,979	16,335,153	775,598	739,718	16,391,577	17,074,871
Unallocated liabilities					3,213,619	2,633,300
					19,605,196	19,708,171
Other information						
Depreciation	400,146	341,021	-	-	400,146	341,021
Fair value gain/(loss) on investment properties	-	-	2,128,892	(422,194)	2,128,892	(422,194)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

32. SEGMENT INFORMATION (cont'd)

(b) Geographical segments

The Group's plantation activity is mainly in Malaysia whilst the investment activities are in six geographical areas of the world.

	Total revenue from external customers		Segment assets	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Malaysia	14,264,644	11,892,127	393,360,236	390,316,673
Singapore	10,060,310	11,609,356	621,560,872	537,996,202
Hong Kong	-	-	15,348	14,448
United Kingdom	561,081	-	45,224,709	43,618,884
Mauritius	407,218	1,091,664	108,046,292	101,922,585
Cayman Islands	-	-	31,451,719	23,820,655
Australia	-	-	21,611,363	21,401,811
	25,293,253	24,593,147	1,221,270,539	1,118,886,258

Although no significant revenue was generated from investment in available-for-sales financial assets and investment properties, the fair value changes recorded on those investments amounted to a gain of RM59,070,562 (2016 : loss of RM45,923,771).

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 13 October 2017.

34. 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 30 June 2017 and 30 June 2016 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	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Total retained profits				
- Realised	146,631,761	141,737,207	33,627,500	31,961,079
- Unrealised	40,765,549	39,464,702	(4,340,352)	(4,450,220)
	187,397,310	181,201,909	29,287,148	27,510,859
Less:				
Consolidated adjustments	(22,369,185)	(17,432,739)	-	-
Retained profits as per financial statements	165,028,125	163,769,170	29,287,148	27,510,859

THREE YEARS COMPARATIVE FIGURES

Year ended 30 June	**2015**	**2016**	**2017**
FFB Production - Kluang Estate (MT)	11,592	9,048	9,268
FFB Net average price - Kluang Estate (RM/MT)	462	483	636
Mature Acreage (>3Y) at 30 June - Kluang Estate (Acre)	1,228	1,228	1,220
Immature Acreage (0-3Y) at 30 June - Kluang Estate (Acre)	346	346	354
FFB Yield – Average per mature acres - Kluang Estate (MT/Acre)	9.44	7.37	7.11
FFB Yield – Average per mature hectare - Kluang Estate (MT/hectare)	23	18	18
Profit before Taxation & Exceptional Items (RM’000)	10,162	5,413	5,751
Taxation (RM’000)	(198)	350	(1,201)
Profit (RM’000)	10,361	5,062	4,550
Dividend % Shareholder Capital	1.0	1.0	1.0
Net cost of dividend (RM’000)	632	632	632

STATEMENT OF SHAREHOLDINGS

As at 28 September 2017

Total Number of Issued Shares	:	63,171,977
Class of shares	:	Ordinary shares and preference shares
Voting rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Number of Shares	Percentage of Holdings
34	Less than 100	1,184	0.00
288	100 to 1,000	224,841	0.36
643	1,001 to 10,000	2,497,640	3.95
234	10,001 to 100,000	7,258,025	11.49
43	100,001 to less than 5% of issued shares	15,447,227	24.45
4	5% and above	37,743,060	59.75
1,246		63,171,977	100.00

THIRTY LARGEST SHAREHOLDERS

	Name of shareholders	Number of shares	Percentage of shares
1.	Malaysia Nominees (Asing) Sendirian Berhad The Nyalas Rubber Estates Ltd	21,943,964	34.74
2.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited	7,212,968	11.42
3.	The Nyalas Rubber Estates Ltd	4,748,038	7.52
4.	Sungei Bagan Rubber Company (Malaya) Berhad	3,838,090	6.08
5.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	2,514,241	3.98
6.	Key Development Sdn Berhad	1,733,644	2.74
7.	Kuchai Development Berhad	959,522	1.52
8.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	907,388	1.44
9.	Affin Hwang Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Chong Yong Wah	754,089	1.19
10.	Key Development Sdn Berhad	670,599	1.06

STATEMENT OF SHAREHOLDINGS (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

	Name of shareholders	Number of shares	Percentage of shares
11.	AMSEC Nominees (Asing) Sdn Bhd KGI Securities Pte Ltd for Lee Thor Seng	505,348	0.80
12.	Yeow Teng Tak	496,819	0.79
13.	Wong Peng Yan Benjamin @ Peng Yan Wong	450,000	0.71
14.	Chong Yean Fong	443,223	0.70
15.	Yeow Wee Hong	431,785	0.68
16.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	379,011	0.60
17.	Wong Cecil Vivian Richard	300,000	0.47
18.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Meng Hai	282,526	0.45
19.	Chan Kim Sendirian Berhad	278,261	0.44
20.	Affin Hwang Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Teo Leng Teow & Sons Investments (Pte) Ltd	255,872	0.41
21.	Gan Kim Hoe	241,906	0.38
22.	PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Oh Kim Hoe	234,976	0.37
23.	Pang Boon Seng	225,600	0.36
24.	Yeo Kim Soon	202,900	0.32
25.	CIMSEC Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd	201,273	0.32
26.	Yeo Poh Noi Caroline	180,000	0.28
27.	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers SECS (S) Pte Ltd for Khoo Hye Tin	178,000	0.28
28.	Yeo Khee Huat	172,800	0.27
29.	Beh Han Kim	162,025	0.26
30.	Ng Poh Cheng	158,945	0.25

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

		<- - - - - - - - - No. of Shares		- - - - - - - - >	
	Shareholders	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	The Nyalas Rubber Estates Limited #	26,692,002	42.25	4,797,612	7.59
2.	Sungei Bagan Rubber Company (Malaya) Berhad	3,838,090	6.08	-	-
3.	Kuchai Development Berhad ###	959,522	1.52	3,838,090	6.08
4.	Lee Thor Seng ##	505,348	0.80	31,489,614	49.85
5.	Lee Chung-Shih ##	31,984	0.05	31,489,614	49.85
6.	Lee Yung-Shih ##	31,984	0.05	31,489,614	49.85

Note:

\# Deemed interested by virtue of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

\## Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

\### Deemed interested by virtue of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 59 of the Companies Act, 2016, the following are the shareholdings of the Directors of the Company:

		<- - - - - - - - - No. of Shares		- - - - - - - - >	
	Directors	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Lee Chung-Shih @	31,984	0.05	31,489,614	49.85
2.	Lee Soo Hoon	-	-	-	-
3.	Tay Beng Chai	-	-	-	-
4.	Cheong Mun Hong	-	-	-	-
5.	Balaraman a/l Annamaly	1,066	0.00	-	-
6.	Chew Khat Khiam Albert	-	-	-	-

Note:

@ Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 June 2017 are as follows:

Location	Description	Tenure	Land Area	Term	Net Carrying Amount/ Fair Value (RM)	Acquisition(A)/ Revaluation(R) Date
Lot 838, 1219 and 2723 District of Kluang, Johor	Oil palm	Freehold	1,596 acres*	-	195,918,500	1 January 2015 (R)

* Land Area as at 30 June 2017

PLANTED AREA AGE PROFILE

The Age Profile of the Company's Planted Area as at 30 June 2017 are as follows:

Kluang Estate Year Planted	Age	Acre	%
1993	24	129.00	8%
1995	22	103.00	7%
1996	21	181.00	12%
2004	13	108.00	7%
2005	12	83.00	5%
2007	10	126.00	8%
2009	8	143.00	9%
2010	7	116.00	7%
2011	6	71.00	5%
2013	4	160.00	10%
2014	3	185.61	12%
2017	1	168.00	11%
TOTAL	**11**	**1,573.61**	**100%**

Note: Total Age is the Weighted Average Age

(3441-K)

FORM OF PROXY

I/We...

of..

being a member/members of KLUANG RUBBER COMPANY (MALAYA) BERHAD, hereby appoint

....(NRIC No./Passport No.)..

of..

or failing him..(NRIC No./Passport No.)..

of..

as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company to be held at DoubleTree by Hilton Johor Bahru, Ballroom 3, Menara Landmark, 12, Jalan Ngee Heng, Bandar Johor Bahru, 80000 Johor Bahru, Johor, Malaysia on Tuesday, 28 November 2017 at 11.30 a.m. and at any adjournment thereof.

This position of my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1)________________________% Second Proxy (2)________________________%

My/Our proxy is to vote as indicated below:

NO	RESOLUTION	RESOLUTION	FOR	AGAINST
1	To approve the payment of a single tier First and Final tax exempt Dividend.	1		
2	To approve the payments of Director's fees and benefit for the financial year ending 30 June 2018.	2		
3	To re-elect Lee Chung Shih as Director.	3		
4	To re-elect Tay Beng Chai as Director.	4		
5	To re-appoint Messrs Ernst & Young as Auditors.	5		
6	To re-appoint Lee Soo Hoon as Director.	6		
7	To approve the continuation of terms of office of Lee Soo Hoon as Independent Director.	7		
8	Authority To Allot Shares - Section 76 of the Companies Act, 2016.	8		
9	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Kluang Estate (1977) Sdn Bhd.	9		
10	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with The Nyalas Rubber Estates Limited.	10		
11	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Estate and Trust Agencies (1927) Limited.	11		
12	To adopt the New Constitution of the Company.	12		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this.......................................day... 2017.

NO. OF SHARES HELD	CDS ACCOUNT NO.

....
Signature of Member(s)

Notes :

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
b. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting and shall have the same right as the member to speak at the Meeting.
c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
d. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
f. The instrument appointing the proxy must be deposited at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

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Affix
Stamp
Here

The Secretary
KLUANG RUBBER COMPANY (MALAYA) BERHAD
(Company No: 3441-K)
Level 6, Symphony House, Pusat Dagangan Dana,
1, Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor, Malaysia.

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