MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)

ANNUAL REPORT 2015

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Contents

Financial Statements

MHC Plantations Bhd
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Sixth Annual General Meeting ("56th AGM") of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Friday, 29 April 2016 at 11.00 a.m.

	AGENDA	RESOLUTION NO.
1.	To receive the Audited Financial Statements for the year ended 31 December 2015, together with the Directors' and Auditors' Reports thereon.	
2.	To sanction the declaration of a final single tier dividend of 1.5% in respect of the year ended 31 December 2015.	**1**
3.	To re-elect the following Director retiring in accordance with the Company's Articles of Association: Wan Salmah Binti Wan Abdullah	**2**
4.	To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint Chan Kam Leong as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	**3**
5.	To appoint Auditors and authorise the Directors to fix their remuneration.	**4**
6.	To transact any other business appropriate to an Annual General Meeting.	
7.	As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution: **ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** "That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	**5**

By Order of the Board
CHAN YOKE YIN
CHAN EOI LENG
Secretaries

Ipoh
6 April 2016

NOTES:

1. Agenda 1 is meant for discussion only as Section 169(1) of the Companies Act, 1965 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and not shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

2. Only members whose names appear on the Record of Depositors as at 18 April 2016 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

3. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.

4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited with the Company Secretaries, 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTE TO SPECIAL BUSINESS

ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The Ordinary Resolution proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting ("AGM") until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate is a renewal of the general mandate that was approved by shareholders at the preceding AGM held on 12 June 2015. There were no funds raised from the general mandate that was approved at the preceding AGM. The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

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Corporate Information

DIRECTORS
Dato' Seri Mah King Seng
(Executive Chairman)
Tan Sri Dato' Sri Mah King Thian
(Managing Director)
Chan Kam Leong
(Independent Non-Executive Director)
Wan Salmah Binti Wan Abdullah
(Independent Non-Executive Director)
Heng Beng Fatt
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE
Chan Kam Leong *(Chairman)*
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

EXECUTIVE COMMITTEE
Datin Seri Ooi Ah Thin *(Chairperson)*
Dato' Seri Mah King Seng
Tan Sri Dato' Sri Mah King Thian

NOMINATING COMMITTEE
Chan Kam Leong *(Chairman)*
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

REMUNERATION COMMITTEE
Tan Sri Dato' Sri Mah King Thian *(Chairman)*
Chan Kam Leong
Wan Salmah Binti Wan Abdullah

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS
Dato' Seri Mah King Seng
Tan Sri Dato' Sri Mah King Thian

REGISTERED OFFICE
Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. 05-4590001/2
Fax No. 05-4590003

PRINCIPAL PLACE OF BUSINESS
Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. 05-4590001/2
Fax No. 05-4590003

REGISTRARS
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel. No. 03-78490777
Fax No. 03-78418151

SECRETARIES
Chan Yoke Yin (MAICSA 7043743)
Chan Eoi Leng (MAICSA 7030866)

AUDITORS
Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market

COUNTRY OF INCORPORATION
Malaysia

MHC Plantations Bhd
4060-V
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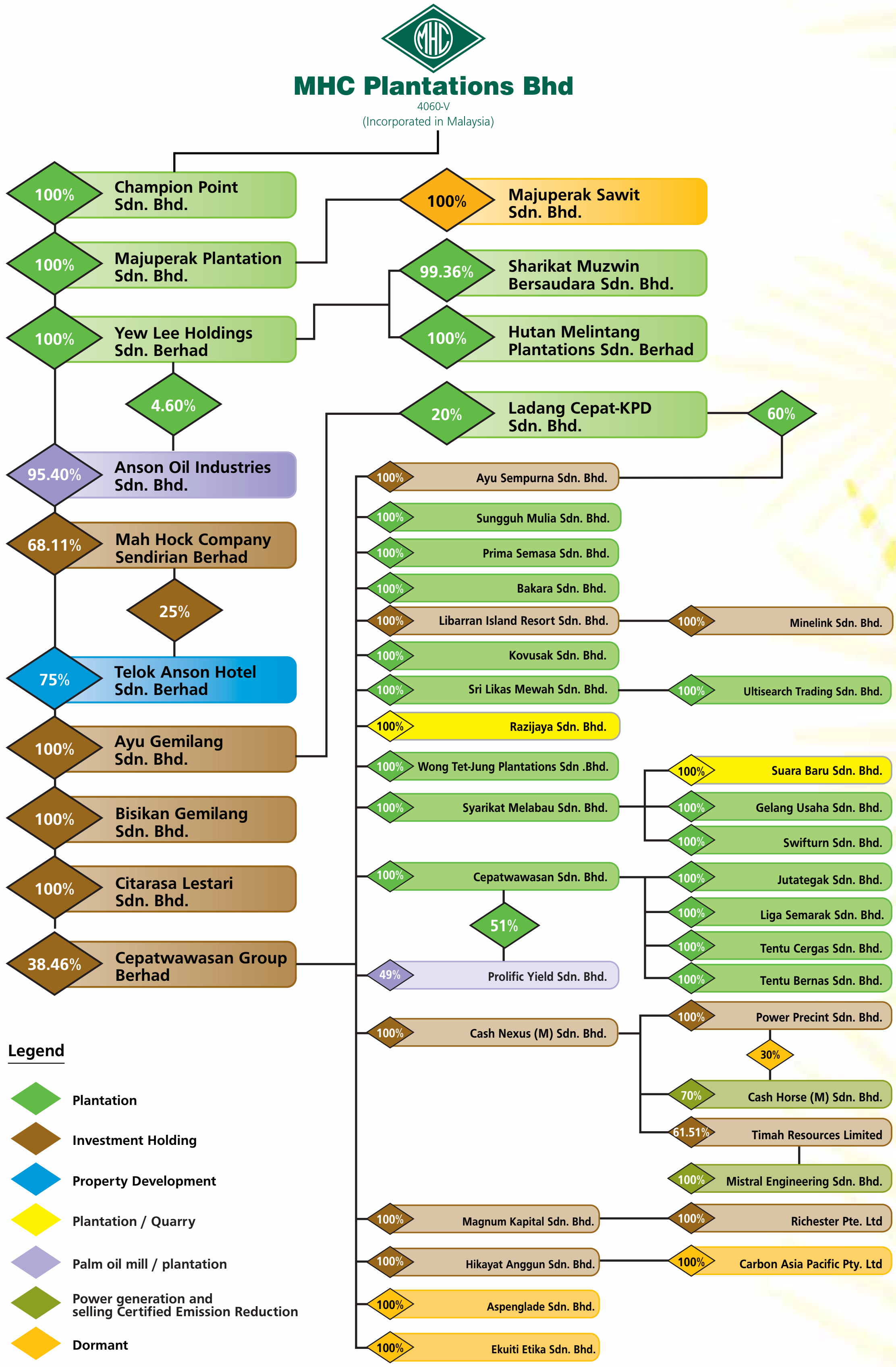
Corporate Structure



Profile of Directors

Dato' Seri Mah King Seng
Executive Chairman

- Dato' Seri Mah King Seng, a Malaysian, aged 57 joined the Board of Directors on 20 September 1978. He was appointed the Executive Chairman on 13 July 2005.
- He is also a member of the Executive Committee and the Committee for the review of press releases or public announcements.
- He joined the Company in 1978 after graduating from the University of Minnesota, United States of America with a degree in Agricultural Science and has been with the Group since then, garnering more than twenty years' experience in managing the operations of the Group's estates, mills and hotel. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Law Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990.
- He is a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Managing Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities. He is also the Managing Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, and the elder brother of Tan Sri Dato' Sri Mah King Thian, the Managing Director of the Company, who is also a Director and substantial shareholder of DMR.
- Dato' Seri Mah King Seng is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He has not been convicted of any offence in the last ten years.
- He attended 4 out of 5 Board Meetings held during the financial year.

Tan Sri Dato' Sri Mah King Thian
Managing Director

- Tan Sri Dato' Sri Mah King Thian, a Malaysian, aged 52, joined the Board of Directors on 28 December 1992. He is currently the Managing Director responsible for the Group's operations, corporate and legal affairs, accounting and finance.
- He is also a member of the Executive Committee, Remuneration Committee and the Committee for the review of press releases or public announcements.
- He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in 1986 and also a Bachelor of Law Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He then joined the Company in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA).
- He is a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Executive Chairman of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities. He is also the Executive Chairman of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd (DMR), a major shareholder of the Company, and the younger brother of Dato' Seri Mah King Seng, the Executive Chairman of the Company, who is also a Director and substantial shareholder of DMR.
- Tan Sri Dato' Sri Mah King Thian, is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He has not been convicted of any offence in the last ten years.
- He attended all the Board Meetings held during the financial year.

Chan Kam Leong
Independent Non-Executive Director

- Chan Kam Leong, a Malaysian, aged 75, was appointed to the Board on 21 October 2008 and is currently an Independent Non-Executive Director of the Company.
- He is the Chairman of the Audit Committee and Nominating Committee. He is also a member of the Remuneration Committee of the Company.
- He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management), Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.
- Chan Kam Leong had worked three years each in Kuala Lumpur and Singapore and three and a half years in London before founding K.L. Chan & Associates, of which he is still a partner. He has more than forty five years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.
- He is a Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities.
- He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He has not been convicted of any offence in the last ten years.
- He attended all the Board Meetings held during the financial year.

Wan Salmah Binti Wan Abdullah
Independent Non-Executive Director

- Wan Salmah Binti Wan Abdullah, a Malaysian, aged 62, was appointed to the Board on 10 July 2009 as an Independent Non-Executive Director of the Company.
- She is also a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.
- She graduated from University Sains Malaysia with a Bachelor of Social Science (Hons). She has more than 20 years experience in property development and land related matters. She began her career working with Perbadanan Kemajuan Negeri Perak (PKNP) as a Project Officer and was promoted to Director of Land and Property and Director of Land and Industrial Estate Development in 1995. She was also appointed as a Director of some of the subsidiaries of PKNP. She had previously served as a Director of Majuperak Holdings Berhad from 1995 to June 2008.
- She does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- She has not been convicted of any offence in the last ten years.
- She attended all the Board Meetings held during the financial year.

Heng Beng Fatt
Non-Independent Non-Executive Director

- Heng Beng Fatt, a Malaysian, aged 52, was appointed to the Board on 23 July 2010 as a Non-Independent Non-Executive Director of the Company.
- He is also a member of the Audit Committee and Nominating Committee of the Company.
- He holds the qualification of Master of Business Administration, University of Bath and is a member of the Malaysian Institute of Accountants.
- He has vast experience in accounting, finance, administration, business development and corporate affairs, having served in various capacities during his tenure with Golden Screen Cinemas Sdn Bhd (GSC) namely as Human Resources and Admin Manager (1998-2000), Business Development Manager (1997-1998), Finance and Admin Manager (1995-1997) and Accountant (1993-1995). He also served as an Accountant at Avery Malaysia (1992-1993) and Ernst & Young (1988-1992). Currently, he is the Deputy General Manager for GSC.
- He also serves on the Board of Enterprise Advance System Intelligence Sdn. Bhd. and as a committee member for the Malaysian Association of Film Exhibitors.
- He is a nephew of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn Bhd, a major shareholder of the Company.
- He has not been convicted of any offence in the last ten years.
- He attended all the Board Meetings held during the financial year.

Chairman's Statement

On behalf of the Board of Directors of MHC Plantations Bhd, I am pleased to present to you the Annual Report of the Group and the Company for the financial year ended 31 December 2015.

Group Performance

The Group recorded revenue of RM301.09 million and profit before tax of RM17.06 million for the financial year ended 31 December 2015 ("FY2015") as compared to RM338.30 million and RM30.08 million respectively for the financial year ended 31 December 2014 ("FY2014").

The decrease in revenue and profit before tax is mainly due to lower prices and production of Fresh Fruit Bunches ("FFB"), Crude Palm Oil ("CPO") and Palm Kernel ("PK").

The highlights of Group performance are stated below:

Average selling price per tonne:-

	FY2015 RM	FY2014 RM	Difference (%)
CPO	2,137	2,314	-8%
Kernel	1,566	1,662	-6%
FFB	380	438	-13%

Production:-

	FY2015 MT	FY2014 MT	Difference (%)
CPO	94,272	108,905	-13%
Kernel	24,529	26,990	-9%
FFB	187,147	202,261	-7%

Extraction rate:-

	FY2015 %	FY2014 %	Difference (%)
CPO	20.37	20.28	0.4%
Kernel	5.08	5.03	1.0%

The annual FFB yield achieved in 2015 was 19.09 Metric Tonne ("MT") per hectare which includes production from the newly matured areas.

Our 12MW Biomass Power Plant generated and exported 46,505,405 kW (2014 - 25,805,383 kW) at the sale value of RM15.75 million for 2015 (2014 – RM1.21 million).

Dividend

Your Board has recommended for your approval a final single tier dividend of 1.5% for the financial year ended 31 December 2015.

Reverse Take-over of Timah Resources Limited

The Group is pleased to inform that it had completed the reverse take-over ("RTO") of Timah Resources Limited ("TRL"), a public limited company listed on the National Stock Exchange of Australia, on 10 September 2015.

We are proud that subsequently TRL was successfully transferred to the Australian Securities Exchange on 16 September 2015.

Prospect and Outlook

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

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

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

Corporate Social Responsibility

In advancing its Corporate Social Responsibility program for the local community, the Group has contributed RM200,000 through Dato' Seri Mah Pooi Soo Benevolent Fund, which is a charitable organisation funded by the Group, towards the establishment of a Bistari IT Center at Pusat Kecemerlangan Pendidikan Orang Asli Perak located between Simpang Pulai and Cameron Highland of which the construction cost is estimated at about RM500,000. This IT College is intended to improve the living standard of Orang Asli by providing them skill training in the field of computer science and administrative management.

Acknowledgement

I wish to thank the Management and Staff for their dedicated services and contributions during the year.

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

And finally, to all our highly valued shareholders, please accept my heartfelt thanks for your unwavering and continuous support.

Dato' Seri Mah King Seng
Executive Chairman

Penyataan Pengerusi

Bagi pihak Lembaga Pengarah MHC Plantations Bhd, saya dengan sukacitanya menyampaikan Laporan Tahunan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2015.

Prestasi Kumpulan

Kumpulan Syarikat telah mencatatkan pendapatan sebanyak RM301.09 juta dan keuntungan sebelum cukai sebanyak RM17.06 juta bagi tahun kewangan berakhir 31 Disember 2015 ("TK2015"), berbanding dengan masing-masing RM338.30 juta dan RM30.08 juta bagi tahun kewangan berakhir 31 Disember 2014 ("TK2014").

Pendapatan dan keuntungan sebelum cukai telah menurun disebabkan terutamanya oleh kemerosotan harga dan pengeluaran Buah Tandan Segar ("FFB"), Minyak Sawit Mentah ("CPO") dan Kernel.

Sorotan prestasi Kumpulan Syarikat adalah seperti berikut:

Harga Purata Jualan Per Tan:-

	TK2015 RM	**TK2014 RM**	**Perbezaan (%)**
CPO	2,137	2,314	-8%
Kernel	1,566	1,662	-6%
FFB	380	438	-13%

Pengeluaran:-

	TK2015 MT	**TK2014 MT**	**Perbezaan (%)**
CPO	94,272	108,905	-13%
Kernel	24,529	26,990	-9%
FFB	187,147	202,261	-7%

Kadar Pengekstrakan:-

	TK2015 %	**TK2014 %**	**Perbezaan (%)**
CPO	20.37	20.28	0.4%
Kernel	5.08	5.03	1.0%

Hasil keluaran tahunan FFB yang dicapai bagi 2015 adalah 19.09 Tan Metrik ("MT") sehektar yang merangkumi pengeluaran dari kawasan-kawasan baru matang.

Loji Kuasa Biomas 12MW kita telah menghasilkan 46,505,405 kW (2014 - 25,805,383 kW) tenaga yang membawa pendapatan sebanyak RM15.75 juta (2014 - RM1.21 juta) pada tahun 2015.

Dividen

Lembaga Pengarah anda telah mencadangkan dividen muktamad satu tier sebanyak 1.5% bagi tahun kewangan berakhir 31 Disember 2015.

Pengambilalihan Timah Resources Limited

Kumpulan dengan sukacitanya memaklumkan bahawanya Kumpulan telah menyempurnakan pengambilalihan balikan ("RTO") Timah Resources Limited ("TRL"), sebuah syarikat berhad awam yang tersenarai di Bursa Saham Nasional Australia, pada 10 September 2015.

Kami juga amat berbangga bahawa TRL telah berjaya dipindahkan ke Bursa Sekuriti Australia pada 16 September 2015.

Prospek dan Pandangan

Tahun 2016 adalah tahun yang mencabar akibat ketidakpastian dalam ekonomi global. Walau bagaimanapun, harga minyak kelapa sawit dijangka kekal kukuh pada tahun 2016 disebabkan terutamanya oleh fenomena El Nino yang menjejaskan hasil pengeluaran dan mengakibatkan stok CPO yang lebih rendah.

Kumpulan juga akan menghadapi cabaran dari peningkatan dalam kos pengeluaran dalam industri kelapa sawit. Oleh itu, Kumpulan akan terus meningkatkan kecekapan operasi dan produktiviti bagi mengekalkan kos operasi yang rendah.

Secara keseluruhannya, Lembaga Pengarah anda yakin bahawa prospek Kumpulan untuk tahun 2016 akan terus menunjukkan prestasi yang memuaskan, melainkan berlaku sesuatu diluar jangkaan.

Tanggungjawab Sosial Korporat (CSR)

Dalam usaha memajukan program CSRnya untuk kebajikan masyarakat tempatan, Kumpulan telah menderma RM200,000.00 kepada penubuhan Bistari IT Center di Pusat Kecemerlangan Pendidikan Orang Asli Perak yang terletak diantara Simpang Pulai and Cameron Highland. Pusat Sumbangan tersebut telah disalurkan melalui Tabung Amal Dato' Seri Mah Pooi Soo, yang merupakan dana amanah yang disokong oleh Kumpulan.

Pusat kolej IT ini direka untuk meningkatkan taraf hidup Orang Asli dengan menyediakan latihan kemahiran kepada mereka dalam bidang sains komputer dan pengurusan pentadbiran. Kos pembinaan pusat kolej IT ini dianggarkan kira-kira RM500,000.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih yang tidak terhingga kepada pihak pengurusan dan semua kakitangan atas khidmat dan dedikasi mereka sepanjang tahun 2015.

Terima kasih juga kepada semua pembekal dan pelanggan, rakan perniagaan, penasihat dan pihak bank atas komitmen dan bantuan yang telah diberikan.

Sebagai akhir kata, kepada semua pemegang saham yang dihargai, terima kasih yang tidak terhingga saya ucapkan di atas sokongan anda semua. Saya berharap semoga anda semua akan dirahmati dengan kejayaan dan kemakmuran di masa hadapan.

Dato' Seri Mah King Seng
Pengerusi Eksekutif

Corporate Governance Statement

Introduction

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

The Board of Directors

Principal Responsibilities

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

Board Charter

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

Board Composition and Independence

The Board, led by the Executive Chairman, currently comprises five members who bring with them a wide mix of knowledge, business acumen, industry expertise and financial experience which are invaluable assets required in their thorough examination and deliberations of the various key issues and matters involving the Group.

The Board also adopts the gender diversity with Puan Wan Salmah binti Wan Abdullah being a member of the Board. The Board is appropriately balanced to reflect the interest of substantial shareholders. As such, the Board is satisfied that the current Board composition fairly represents and protects the interest of the minority shareholders in the Company. The Independent Directors play a key role in providing unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group. The assessment on independence of the Directors based on the provisions of the Listing Requirements covers a series of objective tests and is carried out before the appointment of the Independent Directors. Furthermore, the Board with assistance from the Nominating Committee will undertake to carry out annual assessment of the effectiveness of the Independent Non-Executive Directors and consider whether the Independent Non-Executive Directors can continue to bring independent and objective judgement to the Board deliberations. Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning to the Company, is required to immediately disclose to the Board.

There is a balance of power and authority in the Board, with two Executive Directors and two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Company has thus satisfied the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") of having at least one-third of the Board members as independent non-executive directors.

The Group has complied with the principles and recommendations of the MCCG 2012 except for the following on reinforcing independence:

- ***Recommendation 3.4***
  The positions of chairman and chief executive officer should be held by different individuals, and the chairman must be a non-executive member of the board.

  The Chairman must be of a non-executive member of the Board. However, the Nominating Committee has assessed, reviewed and determined that the chairmanship of Dato' Seri Mah King Seng remains based on the following justifications/aspects contributed by Dato' Seri Mah King Seng, as a member of the Board:

  ~ His vast experience in managing the operations of the Group's estates, mills and hotel which would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;
  ~ He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company;
  ~ He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board; and
  ~ The presence of Independent Directors ensures that there is independence of judgement.

Roles and Responsibilities of the Board

The roles of the Executive Chairman and the Managing Director are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority. The Executive Chairman is responsible for ensuring Board effectiveness and conduct and managing the Board meetings to ensure robust decision-making, whilst the Managing Director is primarily responsible for managing the Group's day-to-day operations and with his expert and intimate knowledge of the business of the Group, he is able to efficiently practise "hands on" management in his specific areas of responsibilities.

The Non-Executive Directors are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executive and Non-Executive Directors together ensure that the strategies proposed by the Management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account. The Board has conducted an assessment on the Independent Directors and none of the Independent Directors have served the Company exceeding a cumulative term of nine (9) years.

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

Where any conflict of interests arises, it is a mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

The Executive Chairman, Dato' Seri Mah King Seng and the Managing Director, Tan Sri Dato' Sri Mah King Thian, both represent the significant major shareholder, Dato Mah Pooi Soo Realty Sdn Bhd.

The profile of each Director is presented on pages 6 to 8 of this Annual Report.

Meetings
The Board meets four (4) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings.

At each meeting, the Board considers pre-set agenda items covering the following:

- Approval of quarterly financial statements
- Review of the performance for the period and strategies for progress
- Annual budget
- Capital expenditure above limit authority
- Acquisition and disposals of material assets above authority

The Independent Non-Executive Directors play an important role here in ensuring strategies formulated or major transactions proposed by management are fully discussed and examined and long-term interests of the shareholders, employees, customers and suppliers are taken into account before such are approved and carried through.

A total of five (5) Board Meetings were held during the financial year under review on 17 February 2015, 7 May 2015, 12 June 2015, 30 July 2015 and 29 October 2015. Details of attendance of the Directors at the Board Meetings are as follows:

Name	Number of Meetings Attended
Dato' Seri Mah King Seng	4 of 5
Tan Sri Dato' Sri Mah King Thian	5 of 5
Chan Kam Leong	5 of 5
Wan Salmah Binti Wan Abdullah	5 of 5
Heng Beng Fatt	5 of 5

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year.

Supply of Information
All Directors are provided with reports and other relevant information pertaining to the Group's operations and performance on a timely basis. Board papers providing current reviews and updates on the operations, financial and corporate developments, quarterly financial reports, corporate developments, corporate announcements released to Bursa Securities, acquisition or disposal proposal, minutes of the previous meetings and any other important matters are circulated prior to the Board Meetings to give the Directors time to peruse the issues to be discussed at the Board Meetings. The Directors have access to all staff for any information they require on the Group's affairs and to the advice and services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required.

Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policy and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. They are responsible for developing and maintaining the processes that enable the Board to fulfil its role. They are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements. The Company Secretaries attend all Board and Board Committee meetings to ensure that deliberations at Board and Board Committee meetings are well captured and minuted.

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

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

Re-appointment and Re-election of Directors
In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all directors shall retire at least once in three (3) years.

Continuous Training of Directors
The Board recognises and has undertaken an assessment of the training needs of each Director to continue developing their skills and knowledge. All Directors have complied with the Continuous Training Programme prescribed by Bursa Malaysia Securities Berhad. However every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself with enhanced knowledge and effectively contribute his duties to the Board. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2015, the following training programmes and seminars were attended by the Directors:

- Global Transformation Forum
- IT Security Awareness Talk
- Enterprise Risk Management Awareness Briefing
- Nominating Committee Programme Part 2 - Effective Board Evaluations
- Business Models of renewable energy businesses based on the Feed-in Tariff for oil palm biomass in Malaysia
- Study Tour organized by University of Tunku Abdul Rahman to 6 universities in Taiwan on vocational skills training including agriculture, food science, aquaculture and wood work which these Taiwanese universities excel in.

Board Committees
The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

Audit Committee
Executive Committee
Nominating Committee
Remuneration Committee
Committee for the review of press releases or public announcements

Audit Committee
The Audit Committee was established on 27 September 2000. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 27 to 29 of this Annual Report.

Executive Committee
The Executive Committee was set up on 24 May 2001 to act on behalf of the Board on matters concerning administration, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review the operations, budget and investment strategy. It has three members comprising the Executive Chairman, the Managing Director and a Senior Executive:

1) Datin Seri Ooi Ah Thin *(Senior Executive)* - Chairperson
2) Dato' Seri Mah King Seng *(Executive Chairman)*
3) Tan Sri Dato' Sri Mah King Thian *(Managing Director)*

Nominating Committee
The Nominating Committee was set up on 24 May 2001 with the objective of ensuring an effective process for director selection and also an appropriate structure for management succession and development. It is responsible for the recommendation of candidates for appointments to the Board, the formulation of a programme for the orientation of directors and the succession planning for the senior management. The Committee comprises the following of whom majority are Independent Directors:

1) Chan Kam Leong *(Independent Non-Executive)*
2) Wan Salmah Binti Wan Abdullah *(Independent Non-Executive)*
3) Heng Beng Fatt *(Non-Independent Non-Executive)*

The Nominating Committee meets when necessary. One meeting was held during the financial year ended 31 December 2015.

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

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

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

- review the mix of skills, independence, experience and other qualities of the Board
- training and orientations of directors
- review the annual assessment of the effectiveness of the Board, committees and individual directors with the following criteria used

Audit Committee

i) Quality and Composition
ii) Skills and Competencies
iii) Meeting Administration and Conduct

Board of Directors

i) Board Structure;
ii) Board Operations; and
iii) Board Roles and Responsibilities.

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

Remuneration Committee

The Remuneration Committee was set up on 24 May 2001 with the objective of reviewing and recommending to the Board a formal and transparent policy on the remuneration of the Executive Directors, fixing the remuneration packages of individual directors and approving employee compensation and benefits. The Committee ensures that the Executive Directors are fairly rewarded for their contributions to the Group's overall performance and that the levels of remuneration are sufficient to attract and retain the capable and best senior managers for the Group to direct the Group successfully.

The Remuneration Committee comprises the following three members:

1) Tan Sri Dato' Sri Mah King Thian *(Managing Director)*
2) Chan Kam Leong *(Independent Non-Executive)*
3) Wan Salmah Binti Wan Abdullah *(Independent Non-Executive)*

The Remuneration Committee meets when necessary. One meeting was held during the financial year ended 31 December 2015.

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

The Board has established a Remuneration Policy and Procedure which facilitates the Remuneration Committee to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Directors.

The Remuneration Policy and Procedure can be found at the Company's website at www.mhc.com.my.

Committee for the Review of Press Releases or Public Announcements

The Committee for the review of press releases or public announcements, comprising the Executive Chairman, Dato' Seri Mah King Seng, and the Managing Director, Tan Sri Dato' Sri Mah King Thian, is responsible for making timely dissemination of information to the shareholders and investing public and ensuring that the information released is factual, clear, accurate and not false or misleading.

Directors' Remuneration

The Company pays its Non-Executive Directors allowances based on attendance of meetings and level of responsibilities. There are no contracts of service between any Director and the Company and its subsidiary companies.

The details of the remuneration of Directors comprising remuneration received/receivable from the Group during the financial year are as follows:

a) Aggregate remuneration of Directors categorised into the appropriate components:

Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Directors' Fees	-	-	-
(b) Salaries	2,252,160	-	2,252,160
(c) Bonuses/Allowances	489,200	192,000	681,200
(d) EPF	326,568	-	326,568

b) Analysis of Remuneration:

	Number of Directors	
Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	2
RM50,001 – RM100,000	-	1
RM1,500,001 – RM1,550,000	2	-

Corporate Disclosure

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

Sustainability Policy

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

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

The Company is committed to ensuring that its actions not only benefit its shareholders but also its employees, the community and the environment. The Group intends to contribute to the local community through Dato' Seri Mah Pooi Soo Benevolent Fund ("the Fund") which is a charitable organisation funded by the Group.

The Fund is dedicated to the advancement of education and religion, relief of poverty and other purposes beneficial to the community. The Fund has donated an Old Folks Home and the Town Library in Teluk Intan, a Mosque and a Hindu Temple in Behrang, a library in Hulu Bernam, a new Tamil school at Bandar Behrang 2020, the Perak Orang Asli Educational Excellence Centre and the Perak Orang Asli Community Hall in Simpang Pulai, Perak.

The Group is working with the Borneo Child Aid Society, Sabah (HUMANA) in Sandakan to provide basic education and care for children of foreign plantation workers, who are unable to enrol in the Malaysian national schools. The Group has constructed a hostel that can accommodate 40 to 50 students on a "gotong royong" basis with the local community in Kota Marudu, Sabah. Besides, the Group is partnering with Persatuan Kebajikan Pendidikan Kanak-Kanak Miskin Masyarakat Orang Asli Perak to provide basic education and care for the children of Orang Asli. The Group has also built a new learning centre for the children of foreign plantation workers, who are unable to enrol in Malaysian national schools, at its estate in Beaufort, Sabah.

In advancing its Corporate Social Responsibility program for the local community, the Group has contributed RM4 million through the Fund towards the establishment of Malaysia's first Parkinson Centre at University of Malaya. Located on prime land in UM Petaling Jaya campus and near UM Medical Centre, this Parkinson Centre is designed to diagnose, treat and conduct research on the disease and related nervous system disorders. The Parkinson Centre is being set up at an estimated total cost of RM10 million excluding land cost, and the Fund's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre. Besides, the Group has contributed RM200,000 through the Fund towards the establishment of a Bistari IT Center at Pusat Kecemerlangan Pendidikan Orang Asli Perak located between Simpang Pulai and Cameron Highland. This IT College is intended to improve the living standard of Orang Asli by providing them skill training in the field of computer science and administrative management.

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

Shareholders

Investor Relations and Communication

The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group. Disclosures in the Annual Report, announcements and releases of the quarterly financial results provide the shareholders and the investing public with a periodic overview of the Group's performance and operations.

The Company uses the Annual General Meeting (AGM) as a forum for dialogue and interaction with all its shareholders. Shareholders are encouraged to attend and participate in the AGM. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as the Directors and the representatives of the external Auditors will be present to answer any questions that they may have.

The Board has identified Chan Kam Leong, the Independent Non-Executive Director, as the Liaison Director to whom the shareholders, management and others may convey their concerns.

Shareholders may also contact the Company Secretary at any time for information.

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

Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly financial statements to the shareholders, the Board has taken reasonable steps to ensure a clear, balanced and understandable assessment of the Group's financial position and prospects.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting to ensure accuracy, adequacy and authenticity of the reporting. The Board also review and ensure the appropriateness of the Group's accounting policies and the changes to these policies as well as ensure these financial statements comply and are prepared in accordance to applicable Financial Reporting Standards ("FRS") and other regulatory/statutory requirements and to give a true and fair view of the financial position of the Group and the Company.

In addition to providing financial reports on an annual basis, the Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link. Before their release to the Bursa Securities, the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on Page 22 of this Annual Report.

Risk Management and Internal Control

The Board has established a Group Risk Management Committee that comprises the Managing Director and senior management to assess the various types of risks which might have an impact on the profitable operation of the Group's business. This includes operational, market, legal and environmental risks. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control on Pages 23 to 26 of the Annual Report.

In accordance with the Code and the LR of Bursa Securities, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. Details on scope of work performed during the financial year under review are provided in the Audit Committee Report set out on Page 29 of the Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The auditors have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention. The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on Pages 27 to 29 of the Annual Report.

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following minor exception that, in the opinion of the Directors, adequately suit the circumstances:

- Disclosure of Directors' remuneration is not made in detail for each Director. However, the remuneration paid are categorised into the appropriate components and, in compliance with the Bursa Securities LR, analysed in bands of RM50,000.

Statement of Directors' Responsibility
for Preparing the Audited Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 31 December 2015 which is made in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements and is guided by "Statement on Risk Management and Internal Control: Guidelines for Directors and Listed Issuers" endorsed by Bursa Malaysia.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for establishing an efficient and effective sound risk management framework and internal control system. The Board ensures the Group's key areas of risk are managed within an acceptable risks profile. There is an on-going review process for identifying, evaluating, response and managing significate risk faced by the Group to ensure the adequacy and integrity of the system.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage key risks, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK POLICY

The Group recognises its primary responsibility is to ensure the long term viability of the Group. The Group recognises that the risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group foster a risk-aware corporate culture in all decision making. Our policy, therefore, is to achieve a proper balance between risk incurred and potential returns to shareholders and stakeholders.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Board has put in place a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operation of the Group's business. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to the business. Although there is exposure to market risk as a result of price fluctuations in the commodity market, the Directors consider these as movement in market forces inherent in the industry in which the Group operates.

The Board has established a formal Group Risk Management Committee that comprises the Managing Director and senior management. The Group Risk Management Committee is entrusted with the responsibilities of identifying and evaluating various critical risks that are considered likely to affect the profitable operation of the business units in the Group.

The key risk management processes for the main risk areas of the Group are as follows:

Risk Area	Risk Management Process
Business/Operation Risks	- Relevant discussions have been held with the operational managers on the major risks affecting the business operations of the Group. As a result, a database of all major risks and controls and subsequent actions taken was compiled to produce a divisional risk profile of the business units evaluated under the risk management plan. - Business/Operations Heads are provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans. - The Group implemented attractive remuneration schemes to attract and retain a skilled workforce to meet existing and future needs. - To cope with the adverse climatic conditions affecting the oil palms, the plantation division strictly follows the requirements of the planting manual, employs good agricultural practices, water conservation and irrigation measures to sustain high production yields. - The Group engaged a reputable agronomist who provides plantation management solution to increase the group's productivity and lower cost of productions by implementing best plantation management practices.
Financial Risks	- The key financial risks of the Group include credit risk and liquidity risk. - Credit risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flows and funding. The Group minimises such exposures by assessing the creditworthiness of potential customers, close monitoring of collections and overdue debts, and effective credit utilisation to keep leverage at a comfortable level. - The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an going basis and the Group's exposure to bad debts is very minimal. The Group usually trades only with recognised and creditworthy customers in which there is no requirement for collateral. For new customers, the Group will request for financial guarantees. - Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

INTERNAL AUDIT FUNCTION

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

The internal audit function is outsourced to a professional services firm which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the Internal Audit function for the financial year ended 31 December 2015 were RM21,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- The Board of Directors reviews the operational and financial performance of the Group every quarter and management meetings are conducted regularly at head office and operating division level. The Executive Committee ("EXCO") is aware of the significant issues identified in those meetings, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.
- Timely preparation of quarterly operational and financial reports to the Board and monthly financial reports to Senior Management for review.
- Existence of an organisational structure with clear delegation of responsibilities.
- The Company has implemented a system of controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary.
- A detailed budgeting process takes place annually, where each business unit prepares its budget for the following financial year and the budget is then reviewed by the Managing Director, after which the budget is submitted to the Board for formal approval.
- Regular visits to the Operating Centres by the Managing Director and senior management whenever appropriate.
- Proposals for major capital expenditure and investment by the Group are reviewed and approved by the Board of Directors. All other purchases and payments are approved according to formalised limits of authority.
- The Remuneration Committee evaluates and reviews the remuneration packages of the executive directors and senior management.
- The Audit Committee reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues identified in the reports prepared by the Internal Auditor.
- Regular management meetings.

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement which is intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that this Statement is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 25 February 2016.

Audit Committee Report

Members of the Committee
Chan Kam Leong – Chairman
(Independent Non-Executive Director)
Wan Salmah Binti Wan Abdullah – Member
(Independent Non-Executive Director)
Heng Beng Fatt – Member
(Non-Independent Non-Executive Director)

Terms of Reference

Constitution
The Audit Committee shall comprise of at least three directors who must be Non-Executive Director and a majority of whom are independent directors. There shall be at least one member who is:
(a) a member of the Malaysian Institute of Accountants, or
(b) otherwise, he shall have at least 3 years' working experience and
 (i) he shall have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 (ii) he shall be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
(c) he fulfils such other requirements as prescribed or approved by the Exchange.

Heng Beng Fatt meets the requirement of paragraph 15.09 (c)(i) of the Main Market Listing Requirements in that he is a member of the Malaysian Institute of Accountants and has vast experience in accounting, finance, administration, business development and corporate affairs.

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

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

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

Authority
The audit committee shall:
(a) have the authority to investigate any activity of the Group within its terms of reference;
(b) have resources which are required to perform its duties;
(c) have full and unrestricted access to the Group's information;
(d) have direct communication channels with the external auditors, internal auditors and all employees of the Group;
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors or both (excluding the executive directors and employees), if necessary.

Functions
The functions of the Audit Committee are as follows:

- to review the audit plan and report, management letter and management's response, evaluation of the system of internal controls with external auditors and report the same to the Board.
- to review the assistance given by the employees of the Company to the external auditors.
- to review the adequacy of the scope, functions, competency and resources of the internal audit function, including the internal audit programme, processes and the results of the internal audit processes and/or investigation undertaken to ensure that the recommended actions were being carried out.
- to review the quarterly results and year end financial statements, particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements.
- to monitor and determine related party transactions and conflict of interest situations.
- to review resignation (if any) and reappointments of external auditors and recommend the nomination of a person/persons as external auditors.

Number of Meetings and Details of Attendance
The Audit Committee meets four (4) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings.

During the year under review, the Audit Committee held five meetings on 17 February 2015, 7 May 2015, 12 June 2015, 30 July 2015 and 29 October 2015 to conduct and discharge its functions in accordance with its Terms of Reference. The Group Accountant and representatives of the internal and external auditors were invited to attend the Audit Committee meetings conducted during the financial year. The attendance record of each member is as follows:

Audit Committee Members	Number of Meetings Attended
Chan Kam Leong	5 of 5
Wan Salmah Binti Wan Abdullah	5 of 5
Heng Beng Fatt	5 of 5

Reports and Minutes
Detailed reports issued by the external auditors are circulated to all the members of the Audit Committee and the Executive Directors prior to the meetings at which they will be tabled for discussion.

The Company Secretary is also the secretary to the Audit Committee. Minutes of meetings of the Audit Committee are circulated to all members of the Audit Committee and all members of the Board and tabled at subsequent Board Meetings. The Chairman of the Audit Committee also updates the Board at subsequent Board Meetings on specific issues reviewed or deliberated on by the Committee.

Activities
The activities of the Audit Committee during the financial year are as summarised below:

(a) Reviewed the unaudited quarterly Group results prior to recommending them to the Board for approval for announcement to Bursa Securities;
(b) Reviewed, prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach and their request for any increase in audit fees;
(c) Reviewed and discussed with the external auditors the updates or new developments on accounting standards issued by the Malaysian Accounting Standards Board and the Company's compliance with the applicable standards;
(d) Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the course of their audit and the management's responses thereto. The Committee also appraised the adequacy of actions and measures subsequently taken by the management to address the issues and recommended, where relevant, further improvement measures;
(e) Reviewed the draft audited financial statements together with external auditors prior to recommending the same to the Board for approval;
(f) Reviewed the statement on risk management and internal control before recommending to the Board for approval for inclusion in the Annual Report;
(g) Considered the proposals received for the internal audit function and recommended the re-appointment of the internal auditor;
(h) Reviewed the related party transactions that had arisen prior to recommending them to the Board for approval;
(i) Reviewed the internal auditor's reports, their recommendations and the management responses. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with management;
(j) Carried out an annual review of the performance of the Internal Auditors, including assessment of their suitability and independence in performing their obligation; and
(k) Followed up on the implementation actions taken by management in respect of the internal auditor's recommendations.

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

An internal audit had been performed during the year under review. The internal audit activities carried out for the financial year include, inter alia, the following:

- Procurement of FFB from estates and general purchases;
- Sales of CPO and kernel;
- Repair and maintenance expenses;
- Occupational safety and health; and
- Payroll and compliance with labour law and regulations.

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
for the year ended 31 December 2015

- **Utilisation of Proceeds**
  The Company did not raise any funds through any corporate proposal during the financial year.

- **Share Buy-Back**
  The Company did not make any share buy-back during the financial year.

- **Options, Warrants or Convertible Securities**
  No options, warrants or convertible securities were exercised during the financial year.

- **Depository Receipt Programme**
  The Company did not sponsor any Depository Receipt Programme during the financial year.

- **Sanctions and/or Penalties**
  There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

- **Non-Audit Fees**
  Non-audit fees paid to the external Auditors for the financial year amounted to RM67,578.

- **Variation in Results**
  There was no material variance between the audited results for the financial year ended 31 December 2015 and unaudited results previously released for the financial quarter ended 31 December 2015.

- **Profit Guarantee**
  There was no profit guarantee given by the Company during the financial year.

- **Material Contracts awarded to Directors and Substantial Shareholders**
  There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year except for those disclosed under related party transaction on page 118 of this Annual Report.

- **Recurrent Related Party Transactions**
  The Company incurs related party transaction in the ordinary course of business with a private company connected to certain directors. The total amount involved falls below the threshold requiring announcements and/or shareholders' mandate.

List of Properties
as at 31 December 2015

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2015 RM'000	Date of last Revaluation ®
1 MHC Plantations Bhd. Lot Nos. 2768, 3502, 3537, 4471, 4475, 5228, 5229, 5936, 9249 to 9295 (incl.), 12657 and 12658, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	849.8 acres	Oil palm estate	3,718	1998
2 MHC Plantations Bhd Lot Nos. 2327, 5299, 5300, 8275 and 16413, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	702.6 acres	Oil palm estate	2,799	1998
3 MHC Plantations Bhd Lot Nos. 3318, 3319, 3342 to 3345 (incl.), Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 999 years	21.2.2883	10,142 sq. feet	6½-storey commercial structure partly used as a hotel known as Hotel Anson and partly as office premises	1,198	1998
4 MHC Plantations Bhd Lot No. 4453, Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	2,325 sq. feet	3-storey commercial shophouse	1,200	2015
5 Anson Oil Industries Sdn. Bhd Lot No. PT 6438, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	28.02.2111	992.3 acres	Oil palm estate	6,513	1998
6 Anson Oil Industries Sdn. Bhd Lot No. 8859, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.2.2111	906.9 acres	Oil palm estate	3,671	1998
7 Anson Oil Industries Sdn. Bhd Lot Nos. 26798, 26799, 26800-26802, 26876, 26903, Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	15,468 sq. metre	Industrial land	4,162	2015
8 Majuperak Plantation Sdn. Bhd. Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	11.1.2055	1,000.5 acres	Oil palm estate	4,365	1998
9 Sharikat Muzwin Bersaudara Sdn. Bhd. Lot No. PT 8860, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	7.3.2111	1,000.0 acres	Oil palm estate	2,966	1998
10 Yew Lee Holdings Sdn. Berhad Lot No. PT 6439, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.02.2111	969.0 acres	Oil palm estate	2,216	1998

MHC Plantations Bhd
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List of Properties
as at 31 December 2015 (cont'd)

Location of Property	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2015 RM'000	Date of last Revaluation ®
11 Hutan Melintang Plantations Sdn. Berhad Lot No. PT 8861, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	28.2.2011	978.9 acres	Oil palm estate	5,565	1998
12 Champion Point Sdn. Bhd Lot Nos. 10058, 10065, 10066, 10068, 10069, 10071 - 10075 (Incl.), Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	186.38 acres	Oil palm estate	2,356	1998
13 Prolific, Wong Tet-Jung Plantations	Leasehold 99 years	2069	39.752 hectares	Oil Palm Plantation	17,700	N/A
Off KM 63.7,		2070	30.607 hectares	& Oil Mill		
Sandakan-Lahad Datu Highway		2074	8.010 hectares			
		2075	207.991 hectares			
		2076	9.967 hectares			
		2077	24.460 hectares			
		2082	6.463 hectares			
		2082	72.790 hectares			
	Perpetuity	2097	6.435 hectares			
	(Sublease 99 years)					
Kolapis-Beluran Area	Leasehold 99 years	2073	2.250 hectares	Plantable Reserve		
District of Labuk Sugut			**408.725 hectares**			
Prolific Yield	Under Sub Division	2081	**167.22 Sq.M**	Double Storey	135	N/A
Lot 38, Block C	Leasehold 99 years			Terrace Shoplot		
Taman Indah Jaya Phase 4A,	(Parent title					
Mile 4, Jalan Utara, Sandakan	TL077552035)					
14 Melabau, Suara Baru, Gelang Usaha	Leasehold 99 years	2069	27.480 hectares	Oil Palm Plantation	602	N/A
0.2 Km East of KM 96,		2078	17.110 hectares	Oil Palm Plantation	35,587	N/A
Sandakan-Lahad Datu Highway		2079	260.780 hectares	& Quarry		
		2080	202.303 hectares			
		2081	136.615 hectares			
		2082	88.690 hectares			
		2085	252.660 hectares			
		2086	14.930 hectares			
		2095	4.993 hectares			
		2093	154.700 hectares			
		2097	12.300 hectares			
	Perpetuity					
	(Sublease 99 years)	2075	316.549 hectares			
		2080	136.763 hectares			
		2093	5.751 hectares			
		2097	10.930 hectares			
KM 28, Jalan Labuk	Leasehold 99 years	2065	3.055 hectares	Plantable Reserve		
			1,645.609 hectares			

List of Properties
as at 31 December 2015 (cont'd)

Location of Property	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2015 RM'000	Date of last Revaluation ®
15 Sri Likas Mewah, Ultisearch Trading 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085 2094 2096 2098	10.120 hectares 386.100 hectares 168.700 hectares 47.750 hectares **612.670 hectares**	Oil Palm Plantation	13,820	N/A
16 Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085 2087	150.300 hectares 400.000 hectares **550.300 hectares**	Oil Palm Plantation	12,865	N/A
17 Cepatwawasan & Kovusak KM 4.5, Jalan Beluran	Leasehold 99 years	2061 2071 2078	992.700 hectares 133.550 hectares 485.300 hectares **1,611.550 hectares**	Oil Palm Plantation	40,302	N/A
18 Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200 hectares**	Oil Palm Plantation, Quarry & plantable reserve	14,983	N/A
19 Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000 hectares**	Oil Palm Plantation & Plantable Reserve	39,029	N/A
20 Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg. Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 hectares 145.710 hectares 48.550 hectares 48.520 hectares **485.580 hectares**	Oil Palm Plantation & Plantable Reserve	7,352	N/A
21 Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil Palm Plantation	48,450	N/A
22 Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road, Sandakan	Leasehold 99 years	2106	**564.386 Sq.M**	Three Storey Shop/Office	1,397	N/A
23 Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	189	N/A
24 Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq.M**	Eight Storey Apartment	204	N/A

List of Properties
as at 31 December 2015 (cont'd)

Location of Property	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2015 RM'000	Date of last Revaluation ®
25 Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road, Sandakan	**Leasehold 99 years**	2081	**122.140 Sq.M**	Eight Storey Condominium	505	N/A
26 Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road, Sandakan	**Leasehold 99 years**	2081	**105.140 Sq.M**	Eight Storey Condominium	423	N/A
27 Mistral Engineering Sdn Bhd Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	2,803	N/A
28 Cash Horse (M) Sdn Bhd Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	7,140	N/A
29 Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.976 Sq.M**	High-end residential property	7,230	2015
Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**877.693 Sq.M**	High-end residential property	7,075	2015
Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.829 Sq.M**	High-end residential property	7,229	2015
Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**878.490 Sq.M**	High-end residential property	7,081	2015
Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**884.183 Sq.M**	High-end residential property	7,127	2015
Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**863.043 Sq.M**	High-end residential property	6,958	2015

Directors' Report

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

Principal activities

The principal activities of the Company are oil palm cultivation, investment holding and the operation of a hotel.

The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

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

Results

	Group RM	Company RM
Profit for the year	10,334,779	2,611,638
Attributable to:		
Owners of the Company	3,957,400	2,611,638
Non-controlling interests	6,377,379	-
	10,334,779	2,611,638

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

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.

Dividends

During the financial year, the amount of dividends paid by the Company in respect of the financial year ended 31 December 2014 were as follows:

	RM
Final single tier dividend of 2.00%	3,930,879

At the forthcoming Annual General Meeting, a final single tier dividend of 1.50% in respect of the current financial year ended 31 December 2015 on 196,543,970 ordinary shares, amounting to a dividend payable of RM2,948,160 (1.50 sen per share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

Warrants 2012/2017

On 30 July 2012, a total of 56,155,420 free Warrants have been issued and allotted to the shareholders pursuant to the Bonus Issue of two (2) free Warrants for every five (5) existing ordinary shares of RM1.00 each in MHC Plantations Bhd ("MHC Share(s)") held on 25 July 2012. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 3 August 2012.

Each Warrant carries the entitlement to subscribe for one (1) new MHC Share at the exercise price of RM1.56 and at any time during the exercise period up to the date of expiry on 29 July 2017. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of Warrants.

As of the end of the reporting period, the entire allotted Warrants remained unexercised.

Directors

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

Dato' Seri Mah King Seng
Tan Sri Dato' Sri Mah King Thian
Chan Kam Leong
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

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 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 any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965, except as disclosed in Note 32 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its subsidiary companies during the financial year were as follows:

	Number of ordinary shares of RM1 each			
MHC Plantations Bhd	**1 January 2015**	**Bought**	**Sold**	**31 December 2015**
Direct interest				
Dato' Seri Mah King Seng	338,948	-	-	338,948
Tan Sri Dato' Sri Mah King Thian	93,248	-	-	93,248
Deemed interest				
Dato' Seri Mah King Seng	92,688,024	-	2,500,000	90,188,024
Tan Sri Dato' Sri Mah King Thian	92,688,024	-	2,500,000	90,188,024
Chan Kam Leong	484,086	75,200	-	559,286

	Number of warrants (2012/2017)			
MHC Plantations Bhd	**1 January 2015**	**Bought**	**Exercised**	**31 December 2015**
Direct interest				
Dato' Seri Mah King Seng	96,842	-	-	96,842
Tan Sri Dato' Sri Mah King Thian	26,642	-	-	26,642
Deemed interest				
Dato' Seri Mah King Seng	26,482,473	-	-	26,482,473
Tan Sri Dato' Sri Mah King Thian	26,482,473	-	-	26,482,473
Chan Kam Leong	133,653	-	-	133,653

By virtue of their interests in the Company, Dato' Seri Mah King Seng and Tan Sri Dato' Sri Mah King Thian are also deemed to have interest in shares in the subsidiary companies to the extent that the Company has an interest.

The other directors who held office at the end of the financial year did not have any interest in shares in the Company and its subsidiary companies.

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Significant events

Details of significant events are disclosed in Note 38 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2016.

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

MHC Plantations Bhd
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(Incorporated in Malaysia)

Statement by Directors

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

We, Dato' Seri Mah King Seng and Tan Sri Dato' Sri Mah King Thian, being two of the directors of MHC Plantations Bhd, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 43 to 130 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 on page 131 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 21 March 2016.

Dato' Seri Mah King Seng

Tan Sri Dato' Sri Mah King Thian

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chan Kim Meng, being the officer primarily responsible for the financial management of MHC Plantations Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 131 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 Chan Kim Meng
at Ipoh in the State of Perak Darul Ridzuan
on 21 March 2016.

Chan Kim Meng

Before me,

Chong Tat Cheong (A 234)
Pesuruhjaya Sumpah
(Commissioner for Oaths)

Independent Auditors' Report

to the members of MHC Plantations Bhd
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of MHC Plantations Bhd, which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 130.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Independent Auditors' Report
to the members of MHC Plantations Bhd
(Incorporated in Malaysia) (cont'd)

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Other reporting responsibilities

The supplementary information set out in Note 40 on page 131 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Leong Chooi May
No. 1231/03/17 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 21 March 2016

MHC Plantations Bhd
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(Incorporated in Malaysia)

Statements of Comprehensive Income
for the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	4	301,088,916	338,299,735	3,758,896	4,992,129
Cost of sales		(261,704,266)	(285,652,291)	(3,078,897)	(3,679,272)
Gross profit		39,384,650	52,647,444	679,999	1,312,857
Other income		13,378,650	7,277,562	292,436	227,754
Administrative expenses		(21,275,085)	(16,349,033)	(2,409,325)	(2,315,930)
Other operating expenses		(6,075,282)	(6,957,582)	-	-
Operating profit/(loss)		25,412,933	36,618,391	(1,436,890)	(775,319)
Finance costs	5	(8,815,184)	(6,577,516)	(935,236)	(792,172)
Income from investments	6	461,586	37,766	4,711,540	7,830,450
Profit before taxation	7	17,059,335	30,078,641	2,339,414	6,262,959
Income tax expense	8	(6,724,556)	(3,872,021)	272,224	123,836
Profit net of tax		10,334,779	26,206,620	2,611,638	6,386,795
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets					
- Gain/(Loss) on fair value changes		15,273	(16,037)	16,559	(16,466)
Exchange differences on translation of foreign operations		203,960	4,816	-	-
		219,233	(11,221)	16,559	(16,466)
Total comprehensive income for the year		10,554,012	26,195,399	2,628,197	6,370,329
Profit attributable to:					
Owners of the Company		3,957,400	14,316,943	2,611,638	6,386,795
Non-controlling interests		6,377,379	11,889,677	-	-
		10,334,779	26,206,620	2,611,638	6,386,795
Total comprehensive income attributable to:					
Owners of the Company		4,118,940	14,305,722	2,628,197	6,370,329
Non-controlling interests		6,435,072	11,889,677	-	-
		10,554,012	26,195,399	2,628,197	6,370,329
Earnings per share attributable to owners of the Company					
Basic	9	2.01 sen	7.28 sen		
Diluted	9	1.57 sen	5.67 sen		
Net dividends per share	10	2.00 sen	2.00 sen		

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

MHC Plantations Bhd
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(Incorporated in Malaysia)

Statements of Financial Position
as at 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Assets					
Non-current assets					
Property, plant and equipment	11	447,590,797	468,160,519	7,840,468	7,138,364
Investment properties	12	48,062,419	48,062,419	1,200,000	1,200,000
Biological assets	13	462,017,055	460,124,739	3,565,843	3,565,843
Investment in subsidiary companies	14	-	-	207,746,609	204,917,419
Investment in securities	15	505,730	490,457	492,396	475,837
Land use rights	16	13,362,721	13,541,814	-	-
Deferred tax assets	26	3,422,111	4,195,439	-	-
Trade and other receivables	17	134,537,706	108,183,683	-	-
Goodwill on consolidation	18	109,017,339	109,017,339	-	-
		1,218,515,878	1,211,776,409	220,845,316	217,297,463
Current assets					
Inventories	19	31,500,819	22,516,238	278,377	286,750
Trade and other receivables	17	19,004,833	24,516,822	1,084,558	1,485,054
Tax recoverable		1,147,116	3,888,950	249,633	414,414
Short term investments	20	11,596,208	12,024,583	49,738	56,275
Fixed deposits with licensed banks	21	10,225,502	10,824,788	349,166	338,991
Cash and bank balances	21	20,794,945	17,072,297	424,789	425,183
		94,269,423	90,843,678	2,436,261	3,006,667
Total assets		1,312,785,301	1,302,620,087	223,281,577	220,304,130

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

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	22	196,543,970	196,543,970	196,543,970	196,543,970
Reserves	23	214,399,078	216,157,511	4,787,724	6,090,406
		410,943,048	412,701,481	201,331,694	202,634,376
Non-controlling interests		515,567,546	515,686,124	-	-
Total equity		926,510,594	928,387,605	201,331,694	202,634,376
Non-current liabilities					
Hire purchase payables	24	1,093,847	738,719	74,124	48,786
Borrowings	25	97,125,428	89,925,609	4,050,000	6,250,000
Deferred tax liabilities	26	166,115,392	165,950,323	2,043	274,267
Lease rental payable	27	267,050	267,050	-	-
		264,601,717	256,881,701	4,126,167	6,573,053
Current liabilities					
Payables	28	30,691,990	36,231,523	2,382,159	2,159,428
Hire purchase payables	24	1,054,110	969,250	41,557	37,273
Borrowings	25	89,650,008	80,150,008	15,400,000	8,900,000
Taxation		276,882	-	-	-
		121,672,990	117,350,781	17,823,716	11,096,701
Total liabilities		386,274,707	374,232,482	21,949,883	17,669,754
Total equity and liabilities		1,312,785,301	1,302,620,087	223,281,577	220,304,130

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

Statements of Changes in Equity
for the financial year ended 31 December 2015

		Equity attributable to owners of the Company										
			Non - distributable					Distributable				
Group	**Note**	**Share capital RM**	**Capital reserve RM**	**Other reserve RM**	**Revaluation reserve RM**	**Fair value adjustment reserve RM**	**Foreign currency translation reserve RM**	**Capital reserve RM**	**Retained profits RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Opening balance at 1 January 2015		196,543,970	5,736,883	-	789,026	64,184	(57,835)	8,169	209,617,084	412,701,481	515,686,124	928,387,605
Net profit for the financial year		-	-	-	-	-	-	-	3,957,400	3,957,400	6,377,379	10,334,779
Other comprehensive income		-	-	-	-	15,273	146,267	-	-	161,540	57,693	219,233
Total comprehensive income		-	-	-	-	15,273	146,267	-	3,957,400	4,118,940	6,435,072	10,554,012
Acquisition of non-controlling interest		-	-	(646,696)	-	-	-	-	-	(646,696)	(109,160)	(755,856)
Arising from reverse takeover exercise		-	-	(1,299,798)	-	-	-	-	-	(1,299,798)	(2,231,728)	(3,531,526)
Transactions with owners:												
Dividends	10	-	-	-	-	-	-	-	(3,930,879)	(3,930,879)	-	(3,930,879)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(4,212,762)	(4,212,762)
Total transactions with owners		-	-	-	-	-	-	-	(3,930,879)	(3,930,879)	(4,212,762)	(8,143,641)
Closing balance at 31 December 2015		196,543,970	5,736,883	(1,946,494)	789,026	79,457	88,432	8,169	209,643,605	410,943,048	515,567,546	926,510,594

	Note	Share capital RM	Capital reserve RM	Revaluation reserve RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Capital reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		Equity attributable to owners of the Company									
			Non - distributable				Distributable				
Group											
Opening balance at 1 January 2014		196,543,970	5,736,883	789,026	80,221	(62,651)	8,169	201,521,288	404,616,906	507,529,262	912,146,168
Net profit for the financial year		-	-	-	-	-	-	14,316,943	14,316,943	11,889,677	26,206,620
Other comprehensive income		-	-	-	(16,037)	4,816	-	-	(11,221)	-	(11,221)
Total comprehensive income		-	-	-	(16,037)	4,816	-	14,316,943	14,305,722	11,889,677	26,195,399
Acquisition of non-controlling interest		-	-	-	-	-	-	(2,290,268)	(2,290,268)	485,234	(1,805,034)
Transactions with owners:											
Dividends	10	-	-	-	-	-	-	(3,930,879)	(3,930,879)	-	(3,930,879)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(4,218,049)	(4,218,049)
Total transactions with owners		-	-	-	-	-	-	(3,930,879)	(3,930,879)	(4,218,049)	(8,148,928)
Closing balance at 31 December 2014		196,543,970	5,736,883	789,026	64,184	(57,835)	8,169	209,617,084	412,701,481	515,686,124	928,387,605

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

Company	Note	Share capital RM	Non - Distributable Fair value adjustment reserve RM	Distributable Retained profits RM	Total equity RM
Opening balance at 1 January 2015		196,543,970	63,754	6,026,652	202,634,376
Net profit for the financial year		-	-	2,611,638	2,611,638
Other comprehensive income		-	16,559	-	16,559
Total comprehensive income		-	16,559	2,611,638	2,628,197
Transactions with owners:					
- Dividends, representing total transaction with owners	10	-	-	(3,930,879)	(3,930,879)
Closing balance at 31 December 2015		196,543,970	80,313	4,707,411	201,331,694
Opening balance at 1 January 2014		196,543,970	80,220	3,570,736	200,194,926
Net profit for the financial year		-	-	6,386,795	6,386,795
Other comprehensive income		-	(16,466)	-	(16,466)
Total comprehensive income		-	(16,466)	6,386,795	6,370,329
Transactions with owners:					
- Dividends, representing total transaction with owners	10	-	-	(3,930,879)	(3,930,879)
Closing balance at 31 December 2014		196,543,970	63,754	6,026,652	202,634,376

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

Statements of Cash Flows
for the financial year ended 31 December 2015

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Operating activities				
Profit before taxation	17,059,335	30,078,641	2,339,414	6,262,959
Adjustments for:				
Amortisation of land use rights	179,093	179,093	-	-
Allowance for doubtful debts	6,022,426	2,304,027	-	-
Bad debts written off	4,494	7,532	-	782
Debts forgiven	(1,349,532)	-	-	-
Depreciation of property, plant and equipment	15,822,732	16,479,486	330,121	318,996
Dividend income	(461,586)	(37,766)	(4,711,540)	(7,830,450)
Fair value gains on investment properties	-	(1,100,000)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(486,420)	13,000	-	13,000
Interest expense	8,815,184	6,577,516	935,236	792,172
Interest income	(6,494,662)	(4,438,425)	(79,671)	(24,025)
Property, plant and equipment written off	25,234	40,496	3,900	-
Tax exempt interest from short term investments	(337,252)	(308,372)	(3,090)	(16,055)
Unrealised gain on foreign exchange	(490,262)	(74,109)	-	-
Total adjustments	21,249,449	19,642,478	(3,525,044)	(6,745,580)
Operating cash flows before changes in working capital	38,308,784	49,721,119	(1,185,630)	(482,621)
Changes in working capital:				
Inventories	(8,975,065)	(3,073,577)	8,373	31,428
Receivables	10,897,282	(14,243,036)	229,025	203,444
Payables	(4,504,409)	(1,720,658)	287,259	172,565
Subsidiary companies' accounts	-	-	106,943	(744,100)
Total changes in working capital	(2,582,192)	(19,037,271)	631,600	(336,663)
Cash flows from/(used in) operations	35,726,592	30,683,848	(554,030)	(819,284)
Interest received	603,126	631,489	82,761	40,080
Interest paid	(8,815,184)	(7,239,299)	(935,236)	(792,172)
Tax (paid)/refund	(2,991,277)	(10,114,570)	164,781	30,521
Net cash flows from/(used in) operating activities	24,523,257	13,961,468	(1,241,724)	(1,540,855)

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

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Investing activities				
Dividends received	461,586	37,766	4,711,540	7,830,450
Proceeds from disposal of property, plant and equipment	743,547	7,000	-	7,000
Purchase of property, plant and equipment	(22,002,653)	(23,077,098)	(956,125)	(45,144)
Purchase of biological assets	(1,892,316)	(3,029,128)	-	-
Redemption of short term investments	428,375	505,915	6,537	1,505,599
Acquisition from non-controlling interest	(1,950,000)	(1,805,034)	-	(1,730,035)
Net cash outflow on acquisition of subsidiary companies (Note 14(a))	(4,627,247)	-	(2,829,190)	-
Additional investment in securities	-	(99,792)	-	(99,792)
Additional placement of pledged fixed deposits	(28,148)	(10,175)	(10,175)	(10,175)
Net cash flows (used in)/from investing activities	(28,866,856)	(27,470,546)	922,587	7,457,903
Financing activities				
Drawdown of revolving credit	26,500,000	30,500,000	6,500,000	-
Drawdown of term loan	29,150,000	-	-	-
Repayment of revolving credit	(21,000,000)	-	-	-
Repayment of term loan	(17,950,181)	(9,383,338)	(2,200,000)	(2,200,000)
Repayment of hire purchase obligations	(1,289,313)	(1,569,027)	(50,378)	(44,431)
Dividends paid to shareholders	(3,930,879)	(3,930,879)	(3,930,879)	(3,930,879)
Dividends paid to non-controlling interests	(4,212,762)	(4,218,049)	-	-
Net cash flows from/(used in) financing activities	7,266,865	11,398,707	318,743	(6,175,310)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Net increase/(decrease) in cash and cash equivalents	2,923,266	(2,110,371)	(394)	(258,262)
Effect of foreign exchange rate changes on cash and cash equivalents	171,948	4,816	-	-
Cash and cash equivalents as at 1 January	27,287,286	29,392,841	425,183	683,445
Cash and cash equivalents as at 31 December (Note 21)	30,382,500	27,287,286	424,789	425,183

During the financial year, the Group and the Company acquired property, plant and equipment by:				
Cash	22,002,653	23,077,098	956,125	45,144
Borrowing costs capitalised	-	661,783	-	-
Hire purchase arrangement	1,729,400	370,400	80,000	-
	23,732,053	24,109,281	1,036,125	45,144

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

Notes to the Financial Statements
– 31 December 2015

1. Corporate information

MHC Plantations Bhd ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak Darul Ridzuan.

The principal activities of the Company consist of oil palm cultivation, investment holding and the operation of a hotel and the principal activities of the subsidiary companies are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after the dates as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2015, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after the dates stated below:

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

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

Annual Improvements to FRSs 2010 - 2012 Cycle

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

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

2.2 Changes in accounting policies (cont'd)

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

FRS 3 Business Combinations

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

FRS 8 Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group has not applied the aggregation criteria as mentioned above. The Group does not disclose the reconciliation of segment assets to total assets as the reconciliation is not reported to the chief operating decision maker.

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

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

FRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. This amendment is not applicable to the Group as the Group does not receive any management services from other entities.

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

2.2 Changes in accounting policies (cont'd)

Annual Improvements to FRSs 2011 - 2013 Cycle

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

FRS 3 Business Combinations

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

FRS 13 Fair Value Measurement

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

FRS 140 Investment Property

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

- the property meets the definition of investment property in terms of FRS 140; and

- the transaction meets the definition of a business combination under FRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

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

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

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application except as discussed below:

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

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

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

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

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

Amendments to FRS 101: Disclosure Initiatives

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

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

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

FRS 9 Financial Instruments

In November 2014, the Malaysian Accounting Standards Board ("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.

Malaysian Financial Reporting Standards

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

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called 'Transitioning Entities') which will be allowed to defer adoption of the new MFRS Framework for one year. On 30 June 2012, MASB has given an option to Transitioning Entities to defer the adoption of the MFRS Framework for another year. Therefore, the MFRS Framework will be applicable to Transitioning Entities with effect from the annual period beginning on 1 January 2014.

In light of the development and the revisions of the project timelines by the IASB, the Board has decided to extend the transitions period for another year, i.e.. the adoption of the MFRS Framework by all Transitioning Entities with effect from annual periods beginning on or after 1 January 2015.

On 8 September 2015, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2018.

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

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

Malaysian Financial Reporting Standards (cont'd)

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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

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

2.4 Basis of consolidation

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

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

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

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

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

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

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

2.4 Basis of consolidation (cont'd)

Subsidiary companies are consolidated when the Company obtains control over the subsidiary company and ceases when the Company losses control of the subsidiary company. 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 company are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies 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 subsidiary companies. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, 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 company and any non-controlling interest, is recognised in profit or loss. The subsidiary company'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 profits. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

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

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

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

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

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.6 Goodwill

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

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

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

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

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

2.7 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any 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 profit or loss as incurred.

Certain property, plant and equipment have subsequently been revalued and are stated in the statements of financial position at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation. The Group and the Company have availed themselves of the transitional provision in International Accounting Standard 16 (Revised) - 'Property, Plant and Equipment', as previously adopted by the Malaysian Accounting Standards Board (''MASB''), by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and requirement to write an asset down to its recoverable amounts, as applicable), if it does not further revalue such assets.

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.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

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

Freehold land has an unlimited useful life and therefore is not depreciated whilst leasehold land is amortised over the term of the lease ranging between 60 and 999 years.

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

2.7 Property, plant and equipment (cont'd)

Depreciation is provided on all other property, plant and equipment, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life. The annual rates used are as follows:

	%
Buildings	2 - 10
Plant and machinery	5 - 10
Furniture and fittings, office equipment, laboratory equipment, electrical installation, road and drainage	5 - 10
Motor vehicles	10 - 20

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

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

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

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

2.8 Biological assets

The expenditure on new planting and replanting of a different produce crop incurred from land clearing to the point of harvesting is capitalised and is not amortised. Replanting expenditure incurred in respect of the same crop is recognised as an expense in profit or loss in the period they are incurred.

Biological assets are initially recorded at cost. Certain biological assets have subsequently been revalued and stated in the statements of financial position at its revalued amount, being the fair value on the basis of their existing use at the date of revaluation. These assets have since not been revalued. The Group and the Company have not adopted a policy of regular revaluation of such assets and have availed themselves of the transitional provisions of International Accounting Standard 16 (Revised) - 'Property, Plant and Equipment', as previously adopted by the MASB, by virtue of which a reporting enterprise is allowed to retain revalued amounts on the basis of their previous revaluations (subject to continuity in depreciation policy and requirement to write an asset down to its recoverable amounts, as applicable), if it does not further revalue such assets. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained profits.

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

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in profit or loss in the year in which they arise.

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

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

2.10 Inventories

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

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

- Nursery seedlings are valued at weighted average method of cost of seed, fertilisers and sprays.

- Stores and materials are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method.

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

2.11 Subsidiary companies

A subsidiary company is an entity over which 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.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any accumulated 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)

2.12 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, held-to-maturity investments 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 are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

(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, 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)

2.12 Financial assets (cont'd)

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) 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 three 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's 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 any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current 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. Summary of significant accounting policies (cont'd)

2.13 Service concession arrangements

The Group recognises revenue from the construction of the Facilities in accordance with its accounting policy for construction contracts set out in Note 2.14. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.12.

2.14 Construction contracts

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

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

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.15 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.

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)

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

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

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

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

2.16 Revenue recognition

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

(a) Sales of plantation produce

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

(b) Sales of earth and stones

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

(c) Hotel operation income

Revenue from hotel operation is recognised upon performance of services.

(d) Supply of electricity

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

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

(g) Rental income

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

(h) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.14.

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

2.17 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.

(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, other payables and loans and borrowings.

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

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

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

(c) Financial guarantee contracts

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

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

2.17 Financial liabilities (cont'd)

(c) Financial guarantee contracts (cont'd)

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

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

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.

2.18 Borrowing costs

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

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

2.19 Income taxes

(a) Current tax

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

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

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

2.19 Income taxes (cont'd)

(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 subsidiary companies, associated companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

2.20 Employee benefits

Defined contribution plans

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

2.21 Provisions

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

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

2.22 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 2.16(g).

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

2.23 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.

2.24 Cash and cash equivalents

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

2.25 Share capital and share issuance expenses

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

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

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

2.26 Warrants

The issue of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2.27 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

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

2.28 Land use rights

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

2.29 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments are disclosed in Note 35.

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 of liability, or

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

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

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

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

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

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

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

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

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

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

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

2.30 Contingencies

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

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

2.31 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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Significant accounting estimates and judgements

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

3.1 Judgements made in applying accounting policies

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

Control over Cepatwawasan Group Berhad ("CGB")

As disclosed in Note 14, the directors consider that the Group has control of CGB even though it has less than 50% of the voting rights. The Group is the majority shareholder of CGB with a 38.46% equity interest. All other shareholders individually own less than 3% of the equity shares of CGB. Historically, the other shareholders did not form a group to exercise their votes collectively. The directors assessed that the Group has had control over CGB since the acquisition in October 2005. Therefore, in accordance with the requirements of FRS 10, CGB has become a subsidiary company of the Company since 1 January 2013. During the year under review, the Group reassessed and concluded that it controls CGB, despite having less than a majority of the voting rights, based on the guidance under FRS 10.

3. Significant accounting estimates and judgements (cont'd)

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) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the palm oil industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 11. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4.69% (2014 - 2.83%) variance in the Group's profit for the year.

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the fair value less costs to sell and value in use of the cash-generating units to which goodwill is allocated.

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

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

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 18.

(c) Investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair value as at 31 December 2015. Fair value of the investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the investment properties, are further explained in Note 12.

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Deferred tax assets

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

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

The carrying values of deferred tax assets of the Group at 31 December 2015 was RM35,212,407 (2014 - RM30,965,021). The recognised tax losses and unabsorbed capital, agriculture, reinvestment allowances and others of the Group was RM146,718,363 (2014 - RM129,020,921).

(e) Service concession assets

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

4. Revenue

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Sales of fresh fruit bunches	11,614,494	18,100,853	3,318,325	4,324,090
Sales of crude palm oil	201,447,046	255,468,850	-	-
Sales of palm kernel	38,407,278	45,033,649	-	-
Sales of earth and stones	1,115,743	2,876,740	-	-
Sales of empty fruit bunches oil	6,260,065	2,058,911	-	-
Revenue from hotel operations	440,571	668,039	440,571	668,039
Construction	31,790,359	13,152,768	-	-
Supply of electricity	10,013,360	939,925	-	-
	301,088,916	338,299,735	3,758,896	4,992,129

5. Finance costs

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interests on:				
- hire purchase	146,426	147,213	6,681	5,573
- revolving credit	3,703,712	2,238,854	567,057	333,212
- term loan	4,965,046	4,853,232	361,498	453,387
	8,815,184	7,239,299	935,236	792,172
Interest expense capitalised in assets under construction	-	(661,783)	-	-
	8,815,184	6,577,516	935,236	792,172

6. Income from investments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Gross dividend income from:				
- subsidiary companies	-	-	4,706,624	7,827,624
- quoted investments in Malaysia	5,130	34,726	4,916	2,826
- unquoted investments in Malaysia	456,456	3,040	-	-
	461,586	37,766	4,711,540	7,830,450

7. Profit before taxation

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
This is arrived at after charging:				
Auditors' remuneration				
- Ernst & Young				
- current year's provision	259,430	239,700	48,000	48,000
- under provision in prior year	19,030	32,000	-	8,000
- other assurance services	7,300	7,300	4,800	4,800
- other non-audit services	67,578	63,950	7,800	7,800
Allowance for doubtful debts	6,022,426	2,304,027	-	-
Amortisation of land use rights	179,093	179,093	-	-
Bad debts written off	4,494	7,532	-	782
Depreciation of property, plant and equipment	15,822,732	16,479,486	330,121	318,996
Directors' emoluments:				
- directors of the Company (Note 30)	3,259,928	3,258,928	810,336	810,336
- other directors of the subsidiary companies (Note 30)	1,583,877	1,514,488	-	-
Loss on disposal of property, plant and equipment	64,429	13,000	-	13,000
Property, plant and equipment written off	25,234	40,496	3,900	-
Rentals				
- premises	270,165	250,437	57,000	63,600
- land	89,390	93,565	3,660	4,175
- computer software	3,412	-	-	-
and crediting:				
Debts forgiven	1,349,532	-	-	-
Fair value gains on investment properties	-	1,100,000	-	-
Gain on disposal of property, plant and equipment	550,849	-	-	-
Interest income from:				
- fixed deposits	258,254	277,777	10,175	10,175
- advances to subsidiary companies	-	-	61,876	6,230

7. Profit before taxation (cont'd)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
and crediting: (cont'd)				
- amount due from customer on service concession	6,228,788	4,115,308	-	-
- others	7,620	45,340	7,620	7,620
Tax exempt interest from short term investments	337,252	308,372	3,090	16,055
Realised gain on foreign exchange	66,895	-	-	-
Rental income				
- equipment hire income	218,173	218,172	78,101	25,458
- landed property	28,980	31,200	29,940	31,200
- investment properties	66,358	69,300	66,358	69,300
- land	680	2,600	680	-
- canteen and staff quarter	6,456	4,443	-	-
Unrealised gain on foreign exchange	490,262	74,109	-	-

8. Income tax expense

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Current tax:				
- Malaysian income tax	5,832,311	8,077,234	-	-
- under/(over) provision in prior years	156,221	(279,446)	-	(12,558)
	5,988,532	7,797,788	-	(12,558)
Deferred taxation (Note 26):				
- relating to origination and reversal of temporary differences	394,918	(2,202,915)	(293,547)	(116,995)
- effect of change in tax rate	(63,156)	(202,259)	-	(16,303)
- under/(over) provision in prior years	404,262	(1,520,593)	21,323	22,020
	736,024	(3,925,767)	(272,224)	(111,278)
	6,724,556	3,872,021	(272,224)	(123,836)

8. Income tax expense (cont'd)

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

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rates to income tax expense at the effective income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before taxation	17,059,335	30,078,641	2,339,414	6,262,959
Taxation at applicable statutory tax rate at 25%	4,264,834	7,519,660	584,854	1,565,740
Income not subject to tax	(762,930)	(637,006)	(1,194,127)	(1,961,626)
Deferred tax recognised at different tax rate	(28,177)	(220,000)	-	-
Effect of change in tax rate on deferred tax	(63,156)	(202,259)	-	(16,303)
Expenses not deductible for tax purposes	2,502,275	2,052,296	315,726	278,891
Effect of utilisation of previously unrecognised unabsorbed capital allowances	(36,298)	(52,653)	-	-
Effect of recognition of investment tax allowance as a deferred tax asset	-	(2,787,978)	-	-
Others	287,525	-	-	-
Under/(Over) provision in prior years				
- current tax	156,221	(279,446)	-	(12,558)
- deferred tax	404,262	(1,520,593)	21,323	22,020
Tax expense for the year	6,724,556	3,872,021	(272,224)	(123,836)

9. Earnings per share

(a) Basic earnings per share

The basic earnings per share of 2.01 sen (2014 - 7.28 sen) is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company of RM3,957,400 (2014 - RM14,316,943) by the number of ordinary shares of 196,543,970.

9. Earnings per share (cont'd)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Group 2015 RM	Group 2014 RM
Profit attributable to owners of the Company	3,957,400	14,316,943
	Number of shares 2015	**Number of shares 2014**
Number of ordinary shares for basic earnings per share computation	196,543,970	196,543,970
Effect of dilution:		
- On assumption that all warrants are exercised	56,155,420	56,155,420
Number of ordinary shares for diluted earnings per share computation	252,699,390	252,699,390
Diluted earnings per share (sen)	1.57	5.67

10. Dividends

	Group and Company 2015 RM	Group and Company 2014 RM
In respect of financial year ended 31 December 2014:		
Final single tier dividend of 2.00%: 2.00 sen per share	3,930,879	-
In respect of financial year ended 31 December 2013:		
Final single tier dividend of 2.00%: 2.00 sen per share	-	3,930,879
Proposed but not recognised as liabilities as at 31 December 2015:		
Final single tier dividend of 1.50%: 1.50 sen per share	2,948,160	-
Proposed but not recognised as liabilities as at 31 December 2014:		
Final single tier dividend of 2.00%: 2.00 sen per share	-	3,930,879

At the forthcoming Annual General Meeting, a final single tier dividend of 1.50% in respect of the current financial year ended 31 December 2015 on 196,543,970 ordinary shares, amounting to a dividend payable of RM2,948,160 (1.50 sen per share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2016.

11. Property, plant and equipment

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings* RM	Plant and machinery RM	Furniture and fittings RM	Office equipment and laboratory equipment RM	Electrical installation, road and drainage RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2015											
Cost/Valuation											
At 1 January 2015	8,664,704	182,215,740	7,139,309	181,233,844	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,087,449	515,287,445
Additions	-	-	-	240,623	5,874,041	376,317	53,166	-	626,361	16,561,545	23,732,053
Disposals/write off	-	(77,234)	-	-	(29,906)	(19,921)	(6,000)	-	(555,656)	(12,350)	(701,067)
Reclassification	-	-	-	(1,629,275)	(21,532,600)	(84,132)	-	-	-	(10,015,764)	(33,261,771)
Adjustments	-	-	-	-	(1,554,430)	-	-	-	-	-	(1,554,430)
Acquisition of subsidiary companies	4,098,943	-	-	38,000	-	33,536	-	-	-	-	4,170,479
At 31 December 2015	12,763,647	182,138,506	7,139,309	179,883,192	87,762,529	5,693,182	681,530	6,042,251	6,947,683	18,620,880	507,672,709
Representing:											
At cost	9,859,694	182,138,506	7,139,309	179,747,296	87,762,529	5,693,182	681,530	6,042,251	6,947,683	18,620,880	504,632,860
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	12,763,647	182,138,506	7,139,309	179,883,192	87,762,529	5,693,182	681,530	6,042,251	6,947,683	18,620,880	507,672,709
Accumulated depreciation											
At 1 January 2015	-	12,413,679	1,787,907	13,290,127	12,588,745	2,539,874	411,328	1,278,998	2,816,268	-	47,126,926
Charge for the year	-	2,421,656	125,313	5,178,794	6,530,186	517,226	39,488	288,560	721,509	-	15,822,732
Disposals/write off	-	(8,315)	-	-	(110,024)	(19,007)	-	-	(365,471)	-	(502,817)
Reclassification	-	-	-	(274,998)	(2,092,992)	(29,255)	-	-	-	-	(2,397,245)
Acquisition of subsidiary companies	-	-	-	-	-	32,316	-	-	-	-	32,316
At 31 December 2015	-	14,827,020	1,913,220	18,193,923	16,915,915	3,041,154	450,816	1,567,558	3,172,306	-	60,081,912
Net carrying amount											
At 31 December 2015	12,763,647	167,311,486	5,226,089	161,689,269	70,846,614	2,652,028	230,714	4,474,693	3,775,377	18,620,880	447,590,797

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

Group (cont'd)	**Freehold land RM**	**Long term leasehold land RM**	**Short term leasehold land RM**	**Buildings* RM**	**Plant and machinery RM**	**Furniture and fittings RM**	**Office equipment and laboratory equipment RM**	**Electrical installation, road and drainage RM**	**Motor vehicles RM**	**Assets under construction RM**	**Total RM**
At 31 December 2014											
Cost/Valuation											
At 1 January 2014	8,664,704	182,215,740	7,139,309	162,753,786	68,871,382	25,260,010	611,410	5,754,145	6,593,699	23,486,914	491,351,099
Additions	-	-	-	6,536,956	6,285,043	782,527	22,954	90,235	328,279	10,063,287	24,109,281
Disposals/write off	-	-	-	-	(104,873)	(3,062)	-	-	(45,000)	(20,000)	(172,935)
Reclassification	-	-	-	-	20,686,970	(20,686,970)	-	-	-	-	-
Transfers	-	-	-	11,943,102	9,266,902	34,877	-	197,871	-	(21,442,752)	-
At 31 December 2014	8,664,704	182,215,740	7,139,309	181,233,844	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,087,449	515,287,445
Representing:											
At cost	5,760,751	182,215,740	7,139,309	181,097,948	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,807,449	512,247,596
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	8,664,704	182,215,740	7,139,309	181,233,844	105,005,424	5,387,382	634,364	6,042,251	6,876,978	12,087,449	515,287,445
Accumulated depreciation											
At 1 January 2014	-	9,990,777	1,662,594	7,655,383	5,391,262	2,564,364	377,380	988,205	2,129,914	-	30,759,879
Charge for the year	-	2,422,902	125,313	5,634,744	6,765,801	494,632	33,948	290,793	711,353	-	16,479,486
Disposals/write off	-	-	-	-	(85,555)	(1,885)	-	-	(24,999)	-	(112,439)
Reclassification	-	-	-	-	517,237	(517,237)	-	-	-	-	-
At 31 December 2014	-	12,413,679	1,787,907	13,290,127	12,588,745	2,539,874	411,328	1,278,998	2,816,268	-	47,126,926
Net carrying amount											
At 31 December 2014	8,664,704	169,802,061	5,351,402	167,943,717	92,416,679	2,847,508	223,036	4,763,253	4,060,710	12,087,449	468,160,519

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

*Buildings comprise:

Group	Leasehold property RM	Oil mill and other buildings RM	Plantation infrastructure development expenditure RM	Quarry RM	Total RM
At 31 December 2015					
Cost/Valuation					
At 1 January 2015	592,166	62,435,995	98,205,683	20,000,000	181,233,844
Additions	-	210,237	30,386	-	240,623
Reclassification	-	(1,371,634)	(257,641)	-	(1,629,275)
Acquisition of subsidiary companies	-	38,000	-	-	38,000
At 31 December 2015	592,166	61,312,598	97,978,428	20,000,000	179,883,192
Representing:					
At cost	592,166	61,176,702	97,978,428	20,000,000	179,747,296
At valuation - 1976	-	135,896	-	-	135,896
	592,166	61,312,598	97,978,428	20,000,000	179,883,192
Accumulated depreciation					
At 1 January 2015	-	9,166,486	2,610,546	1,513,095	13,290,127
Charge for the year	-	3,453,901	1,353,736	371,157	5,178,794
Reclassification	-	(227,864)	(47,134)	-	(274,998)
At 31 December 2015	-	12,392,523	3,917,148	1,884,252	18,193,923
Net carrying amount					
At 31 December 2015	592,166	48,920,075	94,061,280	18,115,748	161,689,269
At 31 December 2014					
Cost/Valuation					
At 1 January 2014	592,166	52,648,294	89,513,326	20,000,000	162,753,786
Additions	-	1,198,209	5,338,747	-	6,536,956
Transfers	-	8,589,492	3,353,610	-	11,943,102
At 31 December 2014	592,166	62,435,995	98,205,683	20,000,000	181,233,844
Representing:					
At cost	592,166	62,300,099	98,205,683	20,000,000	181,097,948
At valuation - 1976	-	135,896	-	-	135,896
	592,166	62,435,995	98,205,683	20,000,000	181,233,844
Accumulated depreciation					
At 1 January 2014	-	5,655,039	1,252,189	748,155	7,655,383
Charge for the year	-	3,511,447	1,358,357	764,940	5,634,744
At 31 December 2014	-	9,166,486	2,610,546	1,513,095	13,290,127
Net carrying amount					
At 31 December 2014	592,166	53,269,509	95,595,137	18,486,905	167,943,717

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

Company	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2015										
Cost/Valuation										
At 1 January 2015	3,006,617	388,220	4,937,810	302,446	2,420,498	539,339	163,715	780,350	-	12,538,995
Additions	-	-	12,660	-	4,013	37,488	-	104,250	877,714	1,036,125
Write off	-	-	-	-	-	(6,000)	-	-	-	(6,000)
At 31 December 2015	3,006,617	388,220	4,950,470	302,446	2,424,511	570,827	163,715	884,600	877,714	13,569,120
Representing:										
At cost	102,664	388,220	4,814,574	302,446	2,424,511	570,827	163,715	884,600	877,714	10,529,271
At valuation - 1976	2,903,953	-	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	388,220	4,950,470	302,446	2,424,511	570,827	163,715	884,600	877,714	13,569,120
Accumulated depreciation										
At 1 January 2015	-	-	2,325,752	103,785	1,994,120	396,326	127,706	452,942	-	5,400,631
Charge for the year	-	-	113,967	15,122	129,448	30,185	4,527	36,872	-	330,121
Write off	-	-	-	-	-	(2,100)	-	-	-	(2,100)
At 31 December 2015	-	-	2,439,719	118,907	2,123,568	424,411	132,233	489,814	-	5,728,652
Net carrying amount										
At 31 December 2015	3,006,617	388,220	2,510,751	183,539	300,943	146,416	31,482	394,786	877,714	7,840,468

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

Company (cont'd)	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Total RM
At 31 December 2014									
Cost/Valuation									
At 1 January 2014	3,006,617	388,220	4,937,810	299,976	2,407,988	519,685	158,215	810,340	12,528,851
Additions	-	-	-	2,470	12,510	19,654	5,500	5,010	45,144
Disposals	-	-	-	-	-	-	-	(35,000)	(35,000)
At 31 December 2014	3,006,617	388,220	4,937,810	302,446	2,420,498	539,339	163,715	780,350	12,538,995
Representing:									
At cost	102,664	388,220	4,801,914	302,446	2,420,498	539,339	163,715	780,350	9,499,146
At valuation - 1976	2,903,953	-	135,896	-	-	-	-	-	3,039,849
	3,006,617	388,220	4,937,810	302,446	2,420,498	539,339	163,715	780,350	12,538,995
Accumulated depreciation									
At 1 January 2014	-	-	2,212,025	88,663	1,864,261	370,036	123,185	438,465	5,096,635
Charge for the year	-	-	113,727	15,122	129,859	26,290	4,521	29,477	318,996
Disposals	-	-	-	-	-	-	-	(15,000)	(15,000)
At 31 December 2014	-	-	2,325,752	103,785	1,994,120	396,326	127,706	452,942	5,400,631
Net carrying amount									
At 31 December 2014	3,006,617	388,220	2,612,058	198,661	426,378	143,013	36,009	327,408	7,138,364

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

Group and Company

Property, plant and equipment of the Group and of the Company shown at valuation are based on fair market value expressed by independent licensed appraisers. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), 'Property, Plant and Equipment', previously adopted by the MASB, these assets have continued to be stated on the basis of their valuations in 1976.

Information on the carrying amounts of the revalued assets that would have been included in these financial statements had these assets been carried at cost less accumulated depreciation is not available and therefore has not been disclosed as required by FRS 116 - Property, Plant and Equipment.

(i) Capitalisation of borrowing cost

The Group's assets under construction included borrowing costs arising from term loans borrowed specifically for the purpose of the construction of a plant. During the financial year, the borrowing costs capitalised as cost of assets under construction amounted to RM Nil (2014 - RM661,783).

(ii) Assets held under finance leases

The carrying amounts of property, plant and equipment of the Group and of the Company held under hire purchase arrangements are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Motor vehicles	1,910,539	2,081,601	232,734	194,935
Plant and machinery	2,924,437	2,617,214	-	-
	4,834,976	4,698,815	232,734	194,935

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

(iii) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of the Group's and the Company's property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company (Note 25) are as follows:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Freehold land	3,006,617	3,006,617	3,006,617	3,006,617
Leasehold land	28,510,281	28,054,688	-	-
Buildings	15,931,804	12,117,478	1,159,401	1,178,079
Motor vehicles	394,786	327,408	394,786	327,408
Plantation infrastructure development expenditure	27,196,929	24,795,125	-	-
Plant and machinery	24,606,769	42,246,544	183,539	198,661
Assets under construction	17,743,165	8,595,979	-	-
Furniture and fittings	1,565,051	1,183,197	300,943	426,378
Office equipment	146,416	143,013	146,416	143,013
Electrical installation	31,482	36,009	31,482	36,009
	119,133,300	120,506,058	5,223,184	5,316,165

12. Investment properties

	2015 RM	**2014 RM**
Group		
Fair value		
At 1 January	48,062,419	46,962,419
Gain from fair value adjustment recognised in profit or loss	-	1,100,000
At 31 December	48,062,419	48,062,419
Company		
Fair value		
At 1 January and 31 December	1,200,000	1,200,000

12. Investment properties (cont'd)

The Group measures its investment properties using fair value model. The management has appointed an accredited independent valuer during the financial year to carry out fair valuation of the Group's investment properties as at 31 December 2015. The independent valuers are specialists in valuing this type of investment property. The fair value of the properties take into account of the ability to generate economic benefits by using the assets in their highest and best use. These properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties.

Fair value information

Fair value of investment properties are categorised as follows:

	2015			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
Freehold land	-	-	46,862,419	46,862,419
Shophouse	-	-	1,200,000	1,200,000
Company				
Shophouse	-	-	1,200,000	1,200,000

	2014			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
Freehold land	-	-	46,862,419	46,862,419
Shophouse	-	-	1,200,000	1,200,000
Company				
Shophouse	-	-	1,200,000	1,200,000

Policy on transfer between levels

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

Level 1 fair value

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

12. Investment properties (cont'd)

Level 2 fair value

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

Transfer between Level 1 and Level 2 fair values

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

Level 3 fair value

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

The most significant unobservable inputs into this valuation approach is price per square feet of comparable properties.

Significant increases (decreases) in estimated price per square feet in isolation would result in a significantly higher (lower) fair value.

Transfer into or out of Level 3

There is no transfer from Level 1 and Level 2 into or out of Level 3 during the financial year.

13. Biological assets

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Plantation development expenditure				
At 1 January	460,124,739	457,095,611	3,565,843	3,565,843
Additions	1,892,316	3,029,128	-	-
At 31 December	462,017,055	460,124,739	3,565,843	3,565,843
Representing:				
At cost	452,673,412	450,781,096	3,565,843	3,565,843
At valuation				
- 1982	5,351,230	5,351,230	-	-
- 1988	3,992,413	3,992,413	-	-
	462,017,055	460,124,739	3,565,843	3,565,843

Plantation development expenditure shown at valuation is based on the opinion of open market value expressed by independent licensed appraisers. Certain plantation development expenditure of the Group have not been revalued since they were revalued in 1982 and 1988. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), 'Property, Plant and Equipment', previously adopted by MASB, these assets have continued to be stated on the basis of their valuation in the respective years.

Information on the carrying amounts of the revalued assets that would have been included in these financial statements had these assets been carried at cost is not available and therefore has not been disclosed as required by FRS 116 - Property, Plant and Equipment.

The Group's and the Company's biological assets with carrying amount of RM64,409,228 and RM3,565,843 (2014 - RM60,415,972 and RM3,565,843) respectively are pledged as securities for banking facilities granted to the Group and the Company (Note 25).

14. Investment in subsidiary companies

	Company 2015 RM	Company 2014 RM
At cost		
Unquoted investments	108,480,495	105,651,305
Quoted investment	99,266,114	99,266,114
	207,746,609	204,917,419

(a) Details of the Group's subsidiary companies are as follows:

Subsidiary companies	Country of incorporation	Principal activities	% of ownership interest held by the Group* 2015	% of ownership interest held by the Group* 2014	% of ownership interest held by non-controlling interest* 2015	% of ownership interest held by non-controlling interest* 2014
Held by the Company						
Champion Point Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Yew Lee Holdings Sdn. Berhad	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Majuperak Plantation Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Anson Oil Industries Sdn. Bhd.	Malaysia	Cultivation of oil palm, milling and sale of oil palm products.	100	100	-	-
Ayu Gemilang Sdn. Bhd.	Malaysia	Investment holding.	100	100	-	-
Telok Anson Hotel Sdn. Berhad	Malaysia	Property development.	92	75	8	25
Bisikan Gemilang Sdn. Bhd.	Malaysia	Investment holding.	100	100	-	-
Citarasa Lestari Sdn. Bhd.	Malaysia	Investment holding.	100	100	-	-
Mah Hock Company Sendirian Berhad	Malaysia	Propery investment, housing development and oil palm cultivation.	68.11	-	31.89	-
Cepatwawasan Group Berhad ("CGB")	Malaysia	Investment holding and provision of management services to its subsidiary companies.	38.46	38.46	61.54	61.54
Held through Yew Lee Holdings Sdn. Berhad						
Sharikat Muzwin Bersaudara Sdn. Bhd.	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	99	99	1	1
Hutan Melintang Plantations Sdn. Berhad	Malaysia	Cultivation of oil palm and sale of fresh fruit bunches.	100	100	-	-
Held through Majuperak Plantation Sdn. Bhd.						
Majuperak Sawit Sdn. Bhd.	Malaysia	Dormant.	100	100	-	-

14. Investment in subsidiary companies (cont'd)

(a) Details of the Group's subsidiary companies are as follows: (cont'd)

Subsidiary companies	Country of incorporation	Principal activities	% of ownership interest held by the Group* 2015	% of ownership interest held by the Group* 2014	% of ownership interest held by non-controlling interest* 2015	% of ownership interest held by non-controlling interest* 2014
Held through Cepatwawasan Group Berhad						
Cepatwawasan Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Syarikat Melabau Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Wong Tet-Jung Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Razijaya Sdn. Bhd.	Malaysia	Cultivation of oil palm and operation of a quarry.	38.46	38.46	61.54	61.54
Sri Likas Mewah Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Kovusak Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Libarran Island Resort Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Bakara Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Sungguh Mulia Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Prima Semasa Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Ayu Sempurna Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Cash Nexus (M) Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Magnum Kapital Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Hikayat Anggun Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Aspenglade Sdn. Bhd.	Malaysia	Dormant.	38.46	38.46	61.54	61.54
Ekuiti Etika Sdn. Bhd.	Malaysia	Dormant.	38.46	38.46	61.54	61.54
Held through Cepatwawasan Sdn. Bhd.						
Prolific Yield Sdn. Bhd.	Malaysia	Milling and sale of oil palm products.	38.46	38.46	61.54	61.54
Jutategak Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Liga Semarak Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Tentu Cergas Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Tentu Bernas Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54

14. Investment in subsidiary companies (cont'd)

(a) Details of the Group's subsidiary companies are as follows: (cont'd)

Subsidiary companies	Country of incorporation	Principal activities	% of ownership interest held by the Group* 2015	% of ownership interest held by the Group* 2014	% of ownership interest held by non-controlling interest* 2015	% of ownership interest held by non-controlling interest* 2014
Held through Syarikat Melabau Sdn. Bhd.						
Suara Baru Sdn. Bhd.	Malaysia	Cultivation of oil palm and operation of a quarry.	38.46	38.46	61.54	61.54
Gelang Usaha Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Swifturn Sdn. Bhd.	Malaysia	Letting of oil palm fresh fruit bunches collection center.	38.46	38.46	61.54	61.54
Held through Sri Likas Mewah Sdn. Bhd.						
Ultisearch Trading Sdn. Bhd.	Malaysia	Cultivation of oil palm.	38.46	38.46	61.54	61.54
Held through Libarran Island Resort Sdn. Bhd.						
Minelink Sdn. Bhd.	Malaysia	Investment property holding.	38.46	38.46	61.54	61.54
Held through Ayu Sempurna Sdn. Bhd. and Ayu Gemilang Sdn. Bhd.						
Ladang Cepat - KPD Sdn. Bhd.	Malaysia	Cultivation of oil palm.	43.08	43.08	56.92	56.92
Held through Cash Nexus (M) Sdn. Bhd.						
Mistral Engineering Sdn. Bhd.	Malaysia	Power generation	-	38.46	-	61.54
Power Precinct Sdn. Bhd.	Malaysia	Investment holding.	38.46	-	61.54	-
Cash Horse (M) Sdn. Bhd.	Malaysia	Power generation and sale of biomass by-products.	38.46	26.92	61.54	73.08
Timah Resources Limited	Australia	Investment holding.	23.66	-	76.34	-
Held through Magnum Kapital Sdn. Bhd.						
Richester Pte Ltd.	Singapore	Investment holding.	38.46	38.46	61.54	61.54
Held through Hikayat Anggun Sdn. Bhd.						
Carbon Asia Pacific Pty Ltd.	Australia	Dormant.	38.46	38.46	61.54	61.54
Held through Timah Resources Limited						
Mistral Engineering Sdn. Bhd.	Malaysia	Power generation.	23.66	-	76.34	-

All the above companies, except for Richester Pte Ltd., Timah Resources Limited and Carbon Asia Pacific Pty Ltd. ("CAPPL") are audited by Ernst & Young, Malaysia. CAPPL is not required to be audited in the country of incorporation. The results of this company are consolidated based on unaudited financial statements.

* equals to the proportion of voting rights held

14. Investment in subsidiary companies (cont'd)

(a) Details of the Group's subsidiary companies are as follows: (cont'd)

2015

(i) On 11 May 2015, Cash Nexus (M) Sdn. Bhd., a wholly owned subsidiary company of CGB acquired 150,000 ordinary shares of RM1 each in Power Precinct Sdn. Bhd., representing its entire equity interest for a total consideration of RM1,950,000. Power Precinct Sdn. Bhd. holds the remaining 30% equity interest in Cash Horse (M) Sdn. Bhd.. This acquisition also resulted in Cash Horse (M) Sdn. Bhd. becoming a wholly-owned subsidiary company of CGB.

(ii) On 26 June 2015, the Company acquired 94,001 ordinary shares of RM1 each in Mah Hock Company Sendirian Berhad ("MAH"), representing 68.11% equity interest for a total consideration of RM2,829,190. As a result, MAH became a subsidiary company of the Company.

(iii) On 10 September 2015, Cash Nexus (M) Sdn. Bhd. acquired 61.51% equity interest in Timah Resources Limited ("TRL"), a company incorporated in Australia. The transfer listing exercise of TRL to the Australian Securities Exchange was completed on 16 September 2015. The acquisition resulted in the effective equity interest of CGB in Mistral Engineering Sdn. Bhd. being reduced from 100% to 61.51%.

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

	Carrying amount RM
Property, plant and equipment	90,680
Investment in subsidiary company	26,161,290
Investment in associated company	187,500
Other current assets	36,633
Cash and bank balances	6,603,916
	33,080,019
Trade and other payables	(1,740,838)
Net assets acquired	31,339,181

Total cost of business combination

The total cost of business combination is as follows:

Cash paid	11,231,163
42,750,000 ordinary shares issued at RM0.5848 each	25,000,000
	36,231,163

14. Investment in subsidiary companies (cont'd)

(a) Details of the Group's subsidiary companies are as follows: (cont'd)

2015 (cont'd)

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

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

	RM
Total cost of the business combination	36,231,163
Less: Non-cash consideration	(25,000,000)
Consideration settled in cash	11,231,163
Less: Cash and cash equivalents of subsidiary companies acquired	(6,603,916)
Net cash outflow on acquisition	4,627,247

2014

(i) On 10 February 2014, CGB acquired 2 ordinary shares of RM1 each in Aspenglade Sdn. Bhd., representing its entire equity interest for a total consideration of RM2, resulting in the latter becoming a wholly-owned subsidiary company of CGB.

(ii) On 10 February 2014, CGB acquired 2 ordinary shares of RM1 each in Ekuiti Etika Sdn. Bhd., representing its entire equity interest for a total consideration of RM2, resulting in the latter becoming a wholly-owned subsidiary company of CGB.

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

(iv) On 24 December 2014, the Company completed the acquisition of 100,000 ordinary shares of RM1 each in Champion Point Sdn. Bhd., representing the balance of the equity interest that it does not own for a total consideration of RM1,730,035. As a result, Champion Point Sdn. Bhd. became a wholly-owned subsidiary company of the Company.

(v) On 26 December 2014, Yew Lee Holdings Sdn Berhad ("YLH") subscribed for and was allotted an additional 10,000 ordinary shares of RM1 each at RM167 per share for a total consideration of RM1,670,000 in Hutan Melintang Plantations Sdn Berhad ("HMP") which was paid for by offsetting against the amount owing to YLH by HMP.

14. Investment in subsidiary companies (cont'd)

(b) Summarised financial information of Cepatwawasan Group Berhad which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statement of financial position

	2015 RM	**2014 RM**
Non-current assets	609,666,471	596,827,300
Current assets	79,813,768	79,863,471
Total assets	689,480,239	676,690,771
Current liabilities	92,017,549	93,440,455
Non- current liabilities	122,389,110	107,733,270
Total liabilities	214,406,659	201,173,725
Net assets	475,073,580	475,517,046
Equity attributable to owners of the Company	182,713,299	182,883,856
Non-controlling interests	292,360,281	292,633,190

(ii) Summarised statement of comprehensive income

	2015 RM	**2014 RM**
Revenue	228,221,018	243,911,919
Profit for the year	11,753,291	21,470,701
Profit attributable to owners of the Company	4,920,092	8,367,358
Profit attributable to the non-controlling interests	6,833,199	13,103,343
	11,753,291	21,470,701
Other comprehensive income attributable to owners of the Company	56,254	1,852
Other comprehensive income attributable to non-controlling interests	147,706	2,964
	203,960	4,816
Total comprehensive income	11,957,251	21,475,517
Total comprehensive income attributable to owners of the Company	4,976,346	8,369,210
Total comprehensive income attributable to non-controlling interests	6,980,905	13,106,307
	11,957,251	21,475,517

14. Investment in subsidiary companies (cont'd)

(b) (iii) Summarised statement of cash flows

	2015 RM	2014 RM
Net cash generated from operating activities	18,182,800	3,289,020
Net cash used in investing activities	(25,370,268)	(20,714,679)
Net cash generated from financing activities	8,360,526	16,523,281
Net increase/(decrease) in cash and cash equivalents	1,173,058	(902,378)
Net foreign exchange difference	171,948	4,816
Cash and cash equivalents at 1 January	23,282,139	24,179,701
Cash and cash equivalents at end of the year	24,627,145	23,282,139

15. Investment in securities

	2015		2014	
	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM
Group				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	125,032	125,032	109,759	109,759
- Equity instruments (unquoted), at cost	314,170	-	314,170	-
Held-to-maturity investment				
- 6% preference shares	66,528	-	66,528	-
	505,730		490,457	
Company				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	113,884	113,884	97,325	97,325
- Equity instruments (unquoted), at cost	311,984	-	311,984	-
Held-to-maturity investment				
- 6% preference shares	66,528	-	66,528	-
	492,396		475,837	

16. Land use rights

	Group 2015 RM	Group 2014 RM
Cost		
At 1 January and 31 December	13,900,000	13,900,000
Accumulated amortisation		
At 1 January	358,186	179,093
Amortisation for the year	179,093	179,093
At 31 December	537,279	358,186
Net carrying amount	13,362,721	13,541,814
Amount to be amortised:		
- Not later than one year	179,093	179,093
- Later than one year but not later than five years	716,372	716,372
- Later than five years	12,467,256	12,646,349
	13,362,721	13,541,814

17. Trade and other receivables

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Current				
Trade receivables				
Third parties	7,503,627	14,488,104	135,584	159,362
Amount due from customer on service concession	4,807,269	3,536,487	-	-
	12,310,896	18,024,591	135,584	159,362
Less: Allowance for impairment	(346,486)	(532,615)	-	-
	11,964,410	17,491,976	135,584	159,362
Other receivables				
Sundry receivables	1,502,851	2,422,025	43,040	44,933
Prepayments and deposits	3,369,641	5,356,305	87,191	304,205
Termination compensation receivable	1,298,999	-	-	-
Amounts owing by subsidiary companies	-	-	805,083	976,554
Prepayment for equity shares in a foreign company	8,947,405	-	-	-
Goods and services tax receivables	303,079	-	13,660	-
	15,421,975	7,778,330	948,974	1,325,692
Less: Allowance for impairment	(8,381,552)	(753,484)	-	-
	7,040,423	7,024,846	948,974	1,325,692
	19,004,833	24,516,822	1,084,558	1,485,054

17. Trade and other receivables (cont'd)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Non-current				
Trade receivables				
Amount due from customer on service concession	133,937,942	102,922,869	-	-
Other receivables				
Prepayment for equity shares in a foreign company	-	3,594,847	-	-
Termination compensation receivable	599,764	-	-	-
Other receivables	-	3,665,967	-	-
	599,764	7,260,814	-	-
Less: Allowance for impairment	-	(2,000,000)	-	-
	599,764	5,260,814	-	-
	134,537,706	108,183,683	-	-
Total trade and other receivables (current and non-current)	153,542,539	132,700,505	1,084,558	1,485,054
Less: Prepayments and non-refundable deposits	(2,029,788)	(7,498,958)	(87,191)	(260,988)
	151,512,751	125,201,547	997,367	1,224,066
Short term investments (Note 20)	11,596,208	12,024,583	49,738	56,275
Fixed deposits with licensed banks (Note 21)	10,225,502	10,824,788	349,166	338,991
Cash and bank balances (Note 21)	20,794,945	17,072,297	424,789	425,183
Total loans and receivables	194,129,406	165,123,215	1,821,060	2,044,515

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk except as disclosed in Note 34. Trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount owing from a subsidiary company amounting to RM132,317 (2014 - RM142,501).

17. Trade and other receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither past due nor impaired	145,702,025	119,702,052	135,584	159,362
1 to 30 days past due not impaired	-	36,287	-	-
31 to 60 days past due not impaired	96,524	75,955	-	-
61 to 90 days past due not impaired	3,914	35,720	-	-
More than 91 days past due not impaired	99,889	564,831	-	-
	200,327	712,793	-	-
Impaired	346,486	532,615	-	-
	146,248,838	120,947,460	135,584	159,362

(a) Trade receivables

Receivables that are neither past due nor impaired

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

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

(b) Trade and other receivables

Receivables that are past due but not impaired

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

17. Trade and other receivables (cont'd)

(b) Trade and other receivables (cont'd)

Receivables that are impaired

The allowance for impairment for both trade and other receivables arise from the consolidation of Cepatwawasan Group Berhad as subsidiary company. Receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

	Group	
	2015 RM	2014 RM
Trade receivables		
At 1 January	532,615	228,588
Charge for the year	109,625	304,027
Written off	(295,754)	-
At 31 December	346,486	532,615
Other receivables		
At 1 January	2,753,484	753,484
Charge for the year	5,628,068	2,000,000
At 31 December	8,381,552	2,753,484

(c) Amounts owing by subsidiary companies

The amounts owing by subsidiary companies are unsecured, non-interest bearing and repayable on demand.

(d) Prepayment for equity shares in a foreign company

On 7 September 2011, a wholly owned subsidiary company of CGB, Magnum Kapital Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement ("CSPA") with three Indonesian citizens in relation to the Proposed Acquisition of 500 fully paid up shares of IDR250,000 each in PT Mukti Sejahtera Abadi, at a maximum purchase consideration of IDR125,000,000 (approximately RM46,125).

The acquisition is yet to be completed pending the satisfaction of certain conditions as stated in the CSPA. As at 31 December 2015, costs and prepayments totalling RM8,947,405 (2014 - RM7,260,814) had been incurred or paid for the purpose of acquiring plantation land in Indonesia. However, the management has decided to discontinue this acquisition and is in the midst of negotiating the disposal of its rights to a potential buyer. An impairment of RM5,408,077 (2014 - RM2,000,000) has been recognised in the financial statements on the shortfall between the estimated disposal price and the investment cost.

17. Trade and other receivables (cont'd)

(e) Service concession arrangements

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

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

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

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

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

18. Goodwill on consolidation

	Group 2015 RM	Group 2014 RM
At cost		
At 1 January and 31 December	109,017,339	109,017,339

18. Goodwill on consolidation (cont'd)

Allocation of goodwill

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

	Group 2015 RM	Group 2014 RM
Plantation segment	72,195,860	72,195,860
Oil mill segment	32,105,116	32,105,116
Quarry segment	4,716,363	4,716,363
	109,017,339	109,017,339

Plantation segment

The recoverable amounts of the CGUs have been determined based on (i) value in use calculations using cash flow projections from financial budgets approved by the management covering a five-year period and (ii) indicative market value information of oil palm land and fair value less costs to sell.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margin - Gross margins are based on average values achieved in the three years preceding the start of the budget period.

Growth rates - The growth rates are based on the management's estimate of commodity prices and palm yields as well as cost of production.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to the CGUs. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for the CGUs, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

Sensitivity to change in assumptions - With regard to the assessment of value in use, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

Fair value less costs to sell are estimated based on valuations performed by a registered valuer.

Oil mill and quarry segment

The recoverable amount of the CGUs have been determined based on fair value less costs to sell of the CGUs. Fair value less costs to sell are estimated based on valuations performed by a registered valuer.

19. Inventories

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
At cost				
Crude palm oil	8,483,553	3,115,942	-	-
Palm kernel	1,042,484	1,297,991	-	-
Quarry stocks	16,900,957	14,666,926	-	-
Empty fruit bunches oil	-	66,174	-	-
Nursery seedlings, stores and materials	5,073,825	3,369,205	278,377	286,750
	31,500,819	22,516,238	278,377	286,750

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM16,807,254 (2014 - RM20,373,810). There were no inventories stated at net realisable value as at 31 December 2015 and 31 December 2014.

20. Short term investments

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
AmIncome	10,587,007	10,691,984	-	-
AmCash Management	1,009,201	1,332,599	49,738	56,275
	11,596,208	12,024,583	49,738	56,275

Group and Company

(a) AmIncome

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

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

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

(b) AmCash Management

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

20. Short term investments (cont'd)

The floating interest rates of short term investments at the reporting date are as follows:

	Group		Company	
	2015 % per annum	2014 % per annum	2015 % per annum	2014 % per annum
Short term investments	3.24 - 3.58	3.01 - 3.27	3.24	3.01

The maturities of short term investments as at the end of the financial year are as follows:

	Group		Company	
	2015 Days	2014 Days	2015 Days	2014 Days
Short term investments	1	1 - 7	1	1

21. Cash and cash equivalents

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposits with licensed banks	10,225,502	10,824,788	349,166	338,991
Cash and bank balances	20,794,945	17,072,297	424,789	425,183
Less: Fixed deposits with maturity periods of more than three months	(168,781)	-	-	-
	30,851,666	27,897,085	773,955	764,174
Fixed deposits pledged	(469,166)	(609,799)	(349,166)	(338,991)
	30,382,500	27,287,286	424,789	425,183

The fixed interest rates of fixed deposits at the reporting date are as follows:

	Group		Company	
	2015 % per annum	2014 % per annum	2015 % per annum	2014 % per annum
Fixed deposits with licensed banks	3.02 - 3.20	2.92 - 3.15	3.20	3.15

The maturities of deposits as at the end of the financial year are as follows:

	Group		Company	
	2015 Days	2014 Days	2015 Days	2014 Days
Fixed deposits with licensed banks	30 - 730	1 - 31	30 - 31	30 - 31

21. Cash and cash equivalents (cont'd)

Group

Fixed deposits with licensed banks of RM637,947 (2014 - RM609,799) are pledged as securities for bankers' guarantee facilities granted to the Group. These fixed deposits include fixed deposits amounting to RM349,166 (2014 - RM338,991), which are registered in the name of two of the Company's directors and held in trust for the Company.

Company

Fixed deposits with licensed banks of RM349,166 (2014 - RM338,991) which are registered in the name of two of the Company's directors and held in trust for the Company, are pledged as securities for bankers' guarantee facilities granted to the Group.

22. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015 RM	2014 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	196,543,970	196,543,970	196,543,970	196,543,970

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Warrants 2012/2017

On 30 July 2012, a total of 56,155,420 free Warrants have been issued and allotted to the shareholders pursuant to the Bonus Issue of two (2) free Warrants for every five (5) existing ordinary shares of RM1.00 each in MHC Plantations Bhd ("MHC Share(s)") held on 25 July 2012. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 3 August 2012.

Each Warrant carries the entitlement to subscribe for one (1) new MHC Share at the exercise price of RM1.56 and at any time during the exercise period up to the date of expiry on 29 July 2017. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The new shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of Warrants.

As of the end of the reporting period, the entire allotted Warrants remained unexercised.

23. Reserves

Group

	2015 RM	2014 RM
Distributable		
- Capital reserve	8,169	8,169
- Retained profits	209,643,605	209,617,084
	209,651,774	209,625,253
Non-distributable		
- Capital reserve	5,736,883	5,736,883
- Revaluation reserve	789,026	789,026
- Foreign currency translation reserve	88,432	(57,835)
- Fair value adjustment reserve	79,457	64,184
- Other reserve	(1,946,494)	-
	4,747,304	6,532,258
	214,399,078	216,157,511

Company

	2015 RM	2014 RM
Distributable		
- Retained profits	4,707,411	6,026,652
Non-distributable		
- Fair value adjustment reserve	80,313	63,754
	4,787,724	6,090,406

Distributable reserves

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

Capital reserve

The distributable capital reserve comprises mainly gains arising from disposal of property, plant and equipment and investments whereas the non-distributable capital reserve represents amount capitalised for bonus issue from post-acquisition reserve of a subsidiary company.

Revaluation reserve

Revaluation reserve represents net surplus arising from the revaluation of certain subsidiary companies' freehold land, buildings and biological assets in 1976, 1982 and 1988 respectively.

On the subsequent sale or retirement of a revalued asset, the attributable surplus remaining in the revaluation reserve is transferred to distributable reserve.

23. Reserves (cont'd)

Foreign currency translation reserve

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

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Other reserve

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

24. Hire purchase payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Future minimum hire purchase payments:				
- within one year	1,154,525	1,046,832	46,214	40,450
- within one to two years	800,421	528,549	32,064	28,094
- within two and not later than five years	347,161	243,430	47,014	23,208
	2,302,107	1,818,811	125,292	91,752
Finance charges on hire purchase	(154,150)	(110,842)	(9,611)	(5,693)
Present value of hire purchase liabilities	2,147,957	1,707,969	115,681	86,059
Analysis of present value of hire purchase liabilities:				
- within one year	1,054,110	969,250	41,557	37,273
- within one to two years	756,490	514,254	29,144	26,460
- within two and not later than five years	337,357	224,465	44,980	22,326
	2,147,957	1,707,969	115,681	86,059
Less: Amounts due within 12 months	(1,054,110)	(969,250)	(41,557)	(37,273)
Amounts due after 12 months	1,093,847	738,719	74,124	48,786

The hire purchase payables of the Group and the Company bear effective fixed interest rates of 2.46% to 6.50% (2014 - 2.46% to 6.75%) and 2.48% to 3.35% (2014 - 2.48% to 3.35%) per annum respectively

25. Borrowings

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Short term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00% p.a.	2,200,000	2,200,000	2,200,000	2,200,000
- Loan at COF + 1.10% p.a.	8,000,008	4,000,008	-	-
- Loan at COF + 1.125% p.a.	2,100,000	2,100,000	-	-
- Loan at COF + 1.50% p.a.	7,650,000	7,650,000	-	-
Short term revolving credit				
- RC at COF + 1.10% p.a.	15,700,000	9,200,000	13,200,000	6,700,000
- RC at ICOF + 1.20% p.a.	28,000,000	29,000,000	-	-
- RC at COF + 1.125% p.a.	16,000,000	16,000,000	-	-
- RC at COF + 1.5% p.a.	10,000,000	10,000,000	-	-
	89,650,008	80,150,008	15,400,000	8,900,000
Long term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00% p.a.	4,050,000	6,250,000	4,050,000	6,250,000
- Loan at COF + 1.10% p.a.	43,116,473	23,966,654	-	-
- Loan at COF + 1.125% p.a.	4,046,455	6,146,455	-	-
- Loan at COF + 1.50% p.a.	45,912,500	53,562,500	-	-
	97,125,428	89,925,609	4,050,000	6,250,000
Total borrowings				
Secured:				
Term loans	117,075,436	105,875,617	6,250,000	8,450,000
Short term revolving credit	69,700,000	64,200,000	13,200,000	6,700,000
	186,775,436	170,075,617	19,450,000	15,150,000
Maturity of borrowings:				
Within one year	89,650,008	80,150,008	15,400,000	8,900,000
More than 1 year and less than 2 years	20,287,508	15,954,088	2,200,000	2,200,000
More than 2 years and less than 5 years	59,971,479	51,567,399	1,850,000	4,050,000
5 years and more	16,866,441	22,404,122	-	-
	186,775,436	170,075,617	19,450,000	15,150,000

25. Borrowings (cont'd)

Loan at Cost of Finance ("COF") + 1.00% p.a.

This loan is secured by legal charges over freehold agricultural lands and a specific debenture over the land together with the buildings erected thereon, fixtures and fittings, all plant, machinery, vehicles, computers and office and other equipment, together with all accessories and spare parts and tools on the properties of the Company.

Loan at COF + 1.10% p.a.

One of the loans is secured by legal charges over leasehold agricultural lands, specific debenture over the land together with the fixture and fittings of a subsidiary company, corporate guarantee given by the Company and Credit Guarantee Corporation (M) Bhd ("CGC") under Green Technology Financing Scheme ("GTFS"). An interest subsidy of 2% p.a is granted to its subsidiary company under GTFS.

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

Loan at COF + 1.125% p.a.

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

Loan at COF + 1.5% p.a.

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

Revolving credit ("RC") at COF + 1.10% p.a

This revolving credit is secured by legal charges over freehold agricultural land of the Company and leasehold lands of a subsidiary company and specific debenture over the land together with the fixture and fittings and corporate guarantee given by the Company.

RC at COF + 1.125% p.a., at Islamic Cost of Fund ("ICOF") + 1.20% p.a. and at COF + 1.5% p.a.

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

26. Deferred tax liabilities

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
At 1 January	161,754,884	165,680,651	274,267	385,545
Recognised in profit or loss (Note 8)	736,024	(3,925,767)	(272,224)	(111,278)
Acquisition of subsidiary company	202,373	-	-	-
At 31 December	162,693,281	161,754,884	2,043	274,267
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	166,115,392	165,950,323	2,043	274,267
Deferred tax assets	(3,422,111)	(4,195,439)	-	-
	162,693,281	161,754,884	2,043	274,267

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

Deferred tax liabilities of the Group:

	At 1.1.2014 RM	Recognised in profit or loss RM	At 31.12.2014 RM	Recognised in profit or loss RM	Acquisition of subsidiary company RM	At 31.12.2015 RM
Property, plant and equipment	73,924,182	1,504,239	75,428,421	733,589	-	76,162,010
Biological assets	105,695,356	636,946	106,332,302	633,169	-	106,965,471
Revaluation of leasehold land and buildings	775,781	(42,038)	733,743	(39,699)	202,373	896,417
Fair value changes to investment property	1,132,860	55,000	1,187,860	-	-	1,187,860
Amount due from customer on service concession	1,280,568	7,757,011	9,037,579	3,656,351	-	12,693,930
Total	182,808,747	9,911,158	192,719,905	4,983,410	202,373	197,905,688

26. Deferred tax liabilities (cont'd)

Deferred tax assets of the Group:

	At 1.1.2014 RM	Recognised in profit or loss RM	At 31.12.2014 RM	Recognised in profit or loss RM	At 31.12.2015 RM
Unabsorbed business losses	(6,368,709)	(558,217)	(6,926,926)	(778,955)	(7,705,881)
Unabsorbed capital and agriculture allowances	(10,708,804)	(9,141,682)	(19,850,486)	(4,509,088)	(24,359,574)
Unabsorbed reinvestment and investment tax allowances	-	(4,170,007)	(4,170,007)	1,053,539	(3,116,468)
Others	(50,583)	32,981	(17,602)	(12,882)	(30,484)
Total	(6,419,292)	(13,836,925)	(30,965,021)	(4,247,386)	(35,212,407)

Deferred tax liabilities of the Company:

	At 1.1.2014 RM	Recognised in profit or loss RM	At 31.12.2014 RM	Recognised in profit or loss RM	At 31.12.2015 RM
Property, plant and equipment	247,959	(1,014)	246,945	3,284	250,229
Biological assets	134,452	-	134,452	-	134,452
Revaluation of leasehold land and buildings	15,529	-	15,529	-	15,529
Fair value changes to investment property	29,958	-	29,958	-	29,958
Total	427,898	(1,014)	426,884	3,284	430,168

Deferred tax assets of the Company:

	At 1.1.2014 RM	Recognised in profit or loss RM	At 31.12.2014 RM	Recognised in profit or loss RM	At 31.12.2015 RM
Unabsorbed business losses	-	(53,884)	(53,884)	(209,698)	(263,582)
Unabsorbed capital and agriculture allowances	(42,353)	(56,380)	(98,733)	(65,810)	(164,543)
Total	(42,353)	(110,264)	(152,617)	(275,508)	(428,125)

26. Deferred tax liabilities (cont'd)

Unrecognised capital allowances

At the reporting date, the Group has unabsorbed capital allowances of approximately RM897,577 (2014 - RM1,110,000) that are available for offset against future taxable profits of the companies in which the unabsorbed capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

27. Lease rental payable

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

28. Payables

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	9,947,692	11,292,675	-	-
Other payables	10,543,492	13,846,098	562,124	278,898
Accruals and deposits	9,656,356	11,092,750	519,888	515,855
Amounts owing to subsidiary companies	-	-	1,300,147	1,364,675
Goods and services tax payable	544,450	-	-	-
	30,691,990	36,231,523	2,382,159	2,159,428
Total trade and other payables	30,691,990	36,231,523	2,382,159	2,159,428
Hire purchase payables (Note 24)	2,147,957	1,707,969	115,681	86,059
Borrowings (Note 25)	186,775,436	170,075,617	19,450,000	15,150,000
Lease rental payable	267,050	267,050	-	-
Total financial liabilities carried at amortised cost	219,882,433	208,282,159	21,947,840	17,395,487

Group

(a) Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

(b) Other payables are non-interest bearing. The normal trade credit terms granted to the Group range from 30 days to 90 days.

Company

The amounts owing to subsidiary companies are unsecured, non-interest bearing and repayable on demand.

29. Employee information

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Staff costs				
Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses	33,314,569	31,919,248	2,803,750	2,647,687
Employees Provident Fund contributions	1,752,586	1,584,030	234,224	215,684
	35,067,155	33,503,278	3,037,974	2,863,371

Included in staff costs of the Group and of the Company are remuneration of directors of the Company amounting to RM3,259,928 (2014 - RM3,258,928) and RM810,336 (2014 - RM810,336) respectively as further disclosed in Note 30.

30. Directors' emoluments

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,741,360	2,741,360	600,300	600,300
Employees Provident Fund contributions	326,568	326,568	72,036	72,036
Total executive directors' remuneration	3,067,928	3,067,928	672,336	672,336
Non-executive:				
Allowance	192,000	191,000	138,000	138,000
Total directors' remuneration	3,259,928	3,258,928	810,336	810,336

30. Directors' emoluments (cont'd)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors of the subsidiary companies				
Executive:				
Salaries and other emoluments	1,370,680	1,370,680	-	-
Employees Provident Fund contributions	36,018	29,808	-	-
Total executive directors' remuneration	1,406,698	1,400,488	-	-
Non-executive:				
Allowance	177,179	114,000	-	-
Total directors' remuneration	1,583,877	1,514,488	-	-

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:

	Number of directors 2015	Number of directors 2014
Executive directors:		
RM1,500,001 – RM1,550,000	2	2
Non-executive directors:		
RM50,001 – RM100,000	1	1
Below RM50,000	2	2

31. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

(i) Plantation - Cultivation of oil palm
(ii) Oil mill - Milling and sale of oil palm products
(iii) Power plant - Power generation and sale of biomass by-products
(iv) All other segments - Extraction and sale of earth stones, operation of a hotel and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31. Segment information (cont'd)

	Plantation		Oil mill		Power plant		All other segments		Adjustment and elimination		Note	Per consolidated financial statements	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM		2015 RM	2014 RM
Revenue:													
External customers	11,614,494	18,100,853	239,854,324	300,502,499	48,063,784	16,151,604	1,556,314	3,544,779	-	-		301,088,916	338,299,735
Inter-segment	64,897,924	71,004,236	-	-	2,222,360	1,800,702	3,840,241	3,915,268	(70,960,525)	(76,720,206)	A	-	-
Total revenue	76,512,418	89,105,089	239,854,324	300,502,499	50,286,144	17,952,306	5,396,555	7,460,047	(70,960,525)	(76,720,206)		301,088,916	338,299,735
Results:													
Fair value gain on investment properties	-	-	-	-	-	-	-	1,100,000	-	-		-	1,100,000
Interest income	439,873	404,107	2,345,612	2,149,131	6,311,330	4,167,740	2,329,186	457,198	(4,594,087)	(2,431,379)		6,831,914	4,746,797
Depreciation and amortisation	4,081,856	3,483,663	5,258,889	5,171,496	1,000,763	1,979,521	657,168	630,232	5,003,149	5,393,667		16,001,825	16,658,579
Segment profit	22,786,867	55,224,479	8,157,434	5,501,705	5,824,107	1,440,314	14,659,481	29,452,265	(34,368,554)	(61,540,122)	B	17,059,335	30,078,641

31. Segment information (cont'd)

Note	Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements
A	Inter-segment revenues are eliminated on consolidation.
B	The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

Geographical information

No geographical information has been provided as the Group activities are predominantly in Malaysia.

32. Related party disclosures

(a) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group 2015 RM	Group 2014 RM
Group		
Transactions with non-group enterprise:		
Rental of premises	48,000	48,000
Transactions with a Director:		
Professional fee	-	50,000
Company		
Transactions with subsidiary companies:		
Interest receivable on advances	61,876	6,230
Rental income of equipment	78,101	25,458
Rental expenses of equipment	75,302	64,157
Sale of fresh fruit bunches	3,209,817	4,160,071
Non-group enterprise:		
Rental of premises	48,000	48,000

Non-group enterprise is considered to be related where the directors have control over the financial and operating decisions of the enterprise or where the directors have significant financial interest.

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 are disclosed in the respective notes to the financial statements.

32. Related party disclosures (cont'd)

(b) Compensation of key management personnel

The remuneration of the key management personnel other than the directors of the Group and of the Company are as follows.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries and other emoluments	5,595,361	5,020,308	324,431	276,206
Employees Provident Fund contributions	563,228	476,863	39,072	33,247
Total key management personnel's remuneration	6,158,589	5,497,171	363,503	309,453

33. Commitments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
(a) Capital commitments				
Property, plant and equipment				
- Approved and contracted for	17,983,414	5,072,000	1,877,501	-
- Approved but not contracted for	18,672,750	10,705,000	-	4,000,000
(b) Service concession facilities commitment				
Property, plant and equipment				
- Approved and contracted for	13,488,950	-	-	-

(c) Operating lease commitments – as lessor

The Group and the Company have entered into cancellable operating lease agreements on certain investment properties. The lessee is required to give 3 months' notice for the termination of the agreement.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk, liquidity risk, commodity price 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. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

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

(a) Credit risk

The Group's and the Company's credit risk is primarily attributable to trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an going basis and the Group's exposure to bad debts is very minimal. The Group usually trades only with recognised and creditworthy customers in which there is no requirement for collateral. For new customers, the Group will request financial guarantees from them.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM95,459,000 (2014 - RM95,459,000) relating to corporate guarantees provided by Cepatwawasan Group Berhad to banks as securities for banking facilities granted to its subsidiary companies.

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

Credit risk concentration profile

At the reporting date, approximately 71% of the Group's trade receivables were due from 5 major customers.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

34. Financial risk management objectives and policies (cont'd)

(b) 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 and the Company have no significant interest-bearing financial assets, while the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. The Group and the Company manage their interest rate exposure by minimizing its borrowings using a mix of fixed and floating rate debts.

The interest rates as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk have been disclosed in Notes 21, 24 and 25 to the financial statements.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the impact is immaterial to the Group's and the Company's profit net of tax.

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly AUD and EUR) amounted to RM7.4 million (2014 - RM2.8 million).

Sensitivity analysis for foreign currency risk

At the reporting date, if the AUD and EUR had strengthened/weakened by 5%, with all other variables held constant, the impact is immaterial to the Group's profit net of tax.

(d) 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 maturities of financial assets and liabilities. The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

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

34. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2015			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Borrowings	98,803,459	96,479,106	16,781,106	212,063,671
Hire purchase payables	1,154,525	1,147,582	-	2,302,107
Payables	30,691,990	-	-	30,691,990
Total undiscounted financial liabilities	130,649,974	97,626,688	16,781,106	245,057,768
Company				
Financial liabilities:				
Borrowings	16,340,411	4,261,546	-	20,601,957
Hire purchase payables	46,214	79,078	-	125,292
Payables	2,382,159	-	-	2,382,159
Total undiscounted financial liabilities	18,768,784	4,340,624	-	23,109,408

	2014			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Borrowings	88,326,454	81,415,847	25,766,083	195,508,384
Hire purchase payables	1,046,832	771,979	-	1,818,811
Payables	36,231,523	-	-	36,231,523
Total undiscounted financial liabilities	125,604,809	82,187,826	25,766,083	233,558,718
Company				
Financial liabilities:				
Borrowings	9,628,414	6,734,396	-	16,362,810
Hire purchase payables	40,450	51,302	-	91,752
Payables	2,159,428	-	-	2,159,428
Total undiscounted financial liabilities	11,828,292	6,785,698	-	18,613,990

34 . Financial risk management objectives and policies (cont'd)

(e) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops.

Sensitivity analysis for commodity price risk

At the reporting date, if the Crude Palm Oil price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM2,970,032 higher/lower.

(f) 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 prices (other than interest).

The Group and the Company are exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities Berhad and classified as available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the reporting date, the impact of changes in 5% on the FTSE Bursa Malaysia KLCI, with all other variables constant, is immaterial to the Group's and the Company's profit net of tax and equity.

35. Fair value of financial instruments

(A) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2015		2014	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets:				
Investment securities (non-current)				
- Unquoted investment at cost (Note 15)	314,170	*	314,170	*
- Held-to-maturity investment - 6% preference shares	66,528	**	66,528	**
Company				
Financial assets:				
Investment securities (non-current)				
- Unquoted investment at cost (Note 15)	311,984	*	311,984	*
- Held-to-maturity investment - 6% preference shares	66,528	**	66,528	**

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

(A) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)

* Investment in equity instruments carried at cost (Note 15)

Fair value information has not been disclosed for the Group's and the Company's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments are not quoted on any market and do not have any comparable industry peer that is listed. The Group and the Company do not intend to dispose of these investments in the foreseeable future.

** Investment held-to-maturity (Note 15)

Fair value information has not been disclosed for the Group's and the Company's held-to-maturity investment that are carried at cost because fair value cannot be measured reliably. This held-to-maturity investment is not quoted on any market and does not have any comparable industry peer that is listed. The Group and the Company have the positive intention and ability to hold the investment to maturity.

(B) Determination 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 (current)	17
Hire purchase payables	24
Borrowings	25
Payables	28

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.

The carrying amount of hire purchase payables are reasonable approximations of fair values due to the insignificant impact of discounting.

The following methods and assumptions were used to estimate the fair value:

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called is remote as these subsidiary companies will be able to meet their short term loans and borrowings obligations as and when they are due.

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

(B) Determination of fair value (cont'd)

Quoted equity instruments

The fair value of quoted shares is determined directly by reference to their published market bid price at the reporting date.

Trade and other receivables (non-current)

The fair value of the non-current trade receivables are measured initially at the fair value of the construction services discounted at a rate of 4.8%.

The fair value of the non-current other receivables are estimated by discounting expected future cash flows at cost of borrowing of CGB Group.

(C) Fair value of financial instruments that are carried at fair value

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

	Quoted prices in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
At 31 December 2015				
Group				
Financial assets:				
Available-for-sale investments (Note 15)				
- Equity instruments (quoted in Malaysia)	125,032	-	-	125,032
Trade and other receivables (Note 17)				
- Amount due from customer on service concession	-	-	133,937,942	133,937,942
- Termination compensation receivable	-	-	599,764	599,764

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

(C) Fair value of financial instruments that are carried at fair value (cont'd)

	Quoted prices in active markets for identical instruments Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
At 31 December 2015				
Company				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	113,884	-	-	113,884
At 31 December 2014				
Group				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	109,759	-	-	109,759
Trade and other receivables (Note 17) - Amount due from customer on service concession	-	-	102,922,869	102,922,869
Company				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	97,325	-	-	97,325

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

(C) Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 - Inputs for the asset that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 31 December 2015 and 31 December 2014.

36. Contingent liabilities

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

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

37. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptance level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Hire purchase payables (Note 24)	2,147,957	1,707,969	115,681	86,059
Borrowings (Note 25)	186,775,436	170,075,617	19,450,000	15,150,000
Less: Cash and cash equivalents (Note 21)	(30,382,500)	(27,287,286)	(424,789)	(425,183)
Net debt	158,540,893	144,496,300	19,140,892	14,810,876
Capital:				
Equity attributable to owners of the parent	410,943,048	412,701,481	201,331,694	202,634,376
Capital and net debt	569,483,941	557,197,781	220,472,586	217,445,252
Gearing ratio	28%	26%	9%	7%

38. Significant events

(i) On 10 October 2014, the Group announced that Cash Nexus (M) Sdn. Bhd. ("CNSB"), a wholly-owned subsidiary company of CGB, proposed to undertake a reverse take-over ("RTO") of Timah Resources Limited ("TRL"), a public limited company listed on the National Stock Exchange of Australia, by way of the following:

(a) The disposal by CNSB of 100% of the equity interest in Mistral Engineering Sdn. Bhd. ("MESB") to TRL for a total consideration of AUD8,550,000 (equivalent to RM23,791,230) to be fully satisfied by the issuance of 85,500,000 TRL shares at an issue price of AUD0.10 per TRL share ("Proposed Disposal"); and

(b) The subscription by CNSB and/or its nominee(s) of 10,000,000 TRL shares for a total cash consideration of AUD2,000,000 (equivalent to RM5,565,200) or AUD0.20 per TRL share in conjunction with the transfer listing exercise to be undertaken by TRL ("Proposed Subscription").

The Proposed Disposal and the Proposed Subscription are intended to result in a RTO of TRL by CNSB, whereby CNSB will emerge as the new controlling shareholder of TRL holding more than 50% of the voting shares in TRL upon completion of the Proposed Disposal and the Proposed Subscription. As a result, TRL will become a subsidiary company of CNSB whilst CNSB will retain control over MESB by virtue of its controlling interest in TRL upon completion of the Proposed RTO.

Simultaneous with the execution of the conditional share sale agreement dated 10 October 2014 in relation to the Proposed Disposal, CNSB had also entered into a call option agreement with Timah Pasir Sdn. Bhd. ("TPSB"). In accordance with the Call Option Agreement, CNSB is granted the option to acquire 9,500,000 TRL shares from TPSB on a pre-consolidation basis at any time within one (1) year from the date of the Call Option Agreement or up to the completion date of the proposed share consolidation exercise to be undertaken by TRL, whichever occurs earlier, for a total cash consideration of up to AUD950,000 (equivalent to RM2,643,470).

On 13 November 2014, CNSB had entered into a supplemental deed with TRL to vary certain terms and conditions of the conditional share sale agreement dated 10 October 2014 in relation to the Proposed Disposal.

The Proposed Disposal and the Proposed Subscription had been approved by shareholders at an Extraordinary General Meeting held on 18 March 2015 and were completed on 10 September 2015 resulting in CGB's ownership of 61.51% equity interest in TRL and CGB's effective equity interest in MESB reduced to 61.51%. The transfer listing exercise of TRL to the Australian Securities Exchange was completed on 10 September 2015.

(ii) On 18 February 2015, CGB's wholly owned subsidiary company, Mistral Engineering Sdn. Bhd. ("MESB") has obtained Feed-In Approval from Sustainable Energy Development Authority Malaysia for the provision of renewable energy generated by MESB's biogas power plant at a Feed-In tariff rate of RM0.4169/kWh for 16 years commencing from 4 November 2015 to 3 November 2031.

On 1 April 2015, MESB has entered into a Renewable Energy Power Purchase Agreement with Sabah Electricity Sdn. Bhd. based on the above Feed-In Approval.

38. Significant events (cont'd)

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

(iv) On 20 October 2015, TRL had entered into a Deed of Debt Forgiveness with a major shareholder of TRL, namely Timah Pasir Sdn. Bhd. ("TPSB") who agreed to release TRL from a debt owed by TRL to TPSB amounting to AUD437,000, which is equivalent to RM1,349,238 (at an exchange rate of AUD1.00: RM3.0875). The aforesaid debt was incurred by TRL for expenses associated with initial public of offering and listing onto the Australian Securities Exchange.

(v) On 8 December 2015, Mistral Engineering Sdn. Bhd. ("MESB") and Cash Horse Sdn. Bhd. ("CHSB"), have entered into two Termination of Emission Reductions Purchase Agreements ("Agreements") with NE Climate A/S ("NE") for the purpose of terminating and cancelling the respective Emission Reductions Purchase Agreement entered with NE on 11 October 2010, including the respective Supplemental Agreement entered on 31 May 2011 due to a number of factors including high equipment maintenance costs associated with monitoring, the low level of Certified Emission Reductions ("CERs") currently being generated by the biogas plant and a lack of interest in purchasing CERs particularly from the Eurozone.

The Group will receive termination compensation totaling RM2,000,011 from NE in three payments within two years.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 21 March 2016.

40. Supplementary information – breakdown of retained profits into realised and unrealised

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

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained profits of the Company and its subsidiary companies				
- Realised	156,429,364	168,338,594	4,110,285	5,701,750
- Unrealised	23,748,643	7,262,984	597,126	324,902
	180,178,007	175,601,578	4,707,411	6,026,652
Less: Consolidation adjustments	29,465,598	34,015,506	-	-
Total retained profits as per audited financial statements	209,643,605	209,617,084	4,707,411	6,026,652

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Statements of Shareholdings
as at 09.03.2016

Authorised Capital	:	RM500,000,000.00
Issued and Fully Paid-up Capital	:	RM196,543,970.00
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	462	10.43	20,862	0.01
100 - 1,000	238	5.38	122,002	0.06
1,001 - 10,000	2,338	52.80	11,877,743	6.04
10,001 - 100,000	1,263	28.52	36,307,071	18.47
100,001 - 9,827,197(*)	124	2.80	58,596,072	29.82
9,827,198 and above (**)	1	0.02	89,188,024	45.38
Directors' Shareholdings	2	0.05	432,196	0.22
TOTAL	4,428	100.00	196,543,970	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

THIRTY LARGEST REGISTERED HOLDERS AS AT 9 MARCH 2016

	Name of Holder	Holdings	% of Issued Capital
1	Dato Mah Pooi Soo Realty Sdn Bhd	89,188,024	45.38
2	Tan Lai Kim (Holdings) Sdn Bhd	9,827,935	5.00
3	Reg Board Of Trustees of Dato Mah Pooi Soo Benevolent Fund	6,608,066	3.36
4	Juwitawan Sdn Bhd	5,441,738	2.77
5	Public Nominees (Tempatan) Sdn Bhd	4,029,550	2.05
6	Juwitawan Sdn Bhd	2,854,600	1.45
7	Maybank Nominees (Tempatan) Sdn Bhd	2,059,339	1.05
8	Ooi Ah Thin	1,905,888	0.97
9	Syarikat Majuperak Berhad	1,653,866	0.84
10	Kenanga Nominees (Tempatan) Sdn Bhd	1,514,792	0.77
11	Affin Hwang Nominees (Tempatan) Sdn Bhd	1,456,152	0.74
12	Seng Siaw Wei	1,046,400	0.53
13	Menjelang Citarasa Sdn Bhd	1,000,000	0.51
14	Ngoi Eva	964,100	0.49
15	HSBC Nominees (Asing) Sdn Bhd	925,700	0.47
16	HLIB Nominees (Tempatan) Sdn Bhd	747,877	0.38
17	Alliancegroup Nominees (Tempatan) Sdn Bhd	739,542	0.38
18	Leong Choo Seong @ Lee Cho Seng	694,269	0.35
19	RHB Nominees (Tempatan) Sdn Bhd	635,124	0.32
20	Maybank Securities Nominees (Tempatan) Sdn Bhd	632,463	0.32

Statement of Shareholdings
as at 09.03.2016 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 9 MARCH 2016

	Name of Holder	Holdings	% of Issued Capital
21	Leong Siew Mun	630,180	0.32
22	TLK Capital Sdn Bhd	600,000	0.31
23	TA Nominees (Tempatan) Sdn Bhd	593,524	0.30
24	Mercsec Nominees (Tempatan) Sdn Bhd	587,500	0.30
25	Leong Lai Ngan	579,186	0.29
26	Cimsec Nominees (Tempatan) Sdn Bhd	569,759	0.29
27	Lim Ming Lang @ Lim Ming Ann	547,400	0.28
28	Yeoh Kim Leng	513,800	0.26
29	Cheng Gek Hong	409,032	0.21
30	Ken Fruits Sdn Bhd	407,960	0.21

SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2016

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato Mah Pooi Soo Realty Sdn. Bhd.	89,188,024	45.38	-	-	89,188,024	45.38
Dato' Seri Mah King Seng	338,948	0.17	90,188,024 *	45.89	90,526,972	46.06
Tan Sri Dato' Sri Mah King Thian	93,248	0.05	90,188,024 *	45.89	90,281,272	45.94
Datin Seri Ooi Ah Thin	1,905,888	0.97	90,620,220 **	46.11	92,526,108	47.08
Tan Lai Kim (Holdings) Sdn. Bhd.	9,827,935	5.00	-	-	9,827,935	5.00

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn. Bhd.

** Deemed interest by virtue of the shareholdings of her children, namely Dato' Seri Mah King Seng and Tan Sri Dato' Sri Mah King Thian in MHC and her shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn. Bhd.

DIRECTORS' INTEREST AS AT 9 MARCH 2016

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1/- each of the Company and its subsidiary companies are as follows:

MHC PLANTATIONS BHD

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Mah King Seng	338,948	0.17	90,188,024 *	45.89	90,526,972	46.06
Tan Sri Dato' Sri Mah King Thian	93,248	0.05	90,188,024 *	45.89	90,281,272	45.94
Chan Kam Leong	-	-	579,186 **	0.29	579,186	0.29
Wan Salmah Binti Wan Abdullah	-	-	-	-	-	-
Heng Beng Fatt	-	-	-	-	-	-

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn. Bhd.

** Deemed interest through his spouse.

Statement of Shareholdings
as at 09.03.2016 (cont'd)

Class of Securities	:	Warrants
No. of Warrants Issued	:	56,155,420
Voting Rights	:	1 vote per warrant holder (on a poll) and 1 vote per warrant holder (on show of hands) in respect of a meeting of warrant holders

ANALYSIS OF WARRANT HOLDINGS AS AT 9 MARCH 2016

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	603	18.90	16,658	0.03
100 - 1,000	865	27.12	676,089	1.20
1,001 - 10,000	1,367	42.86	4,987,335	8.88
10,001 - 100,000	304	9.53	8,900,292	15.85
100,001 - 2,807,770 (*)	48	1.50	15,969,089	28.44
2,807,771 and Above(**)	1	0.03	25,482,473	45.38
Directors' Shareholdings	2	0.06	123,484	0.22
TOTAL	3,190	100.00	56,155,420	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

DIRECTORS' INTERESTS AS AT 9 MARCH 2016

Name of Directors	Direct		Deemed	
	No. of Holders	% of Holders	No. of Warrants	% of Issued
Dato' Seri Mah King Seng	96,842	0.17	26,482,473 *	47.16
Tan Sri Dato' Sri Mah King Thian	26,642	0.05	26,482,473 *	47.16
Chan Kam Leong	-	-	133,653 **	0.24
Wan Salmah Binti Wan Abdullah	-	-	-	-
Heng Beng Fatt	-	-	-	-

Note: * Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd

** Deemed interest through his spouse

30 LARGEST WARRANT HOLDERS AS AT 9 MARCH 2016

No	Name	Holdings	% of Issued Capital
1	Dato Mah Pooi Soo Realty Sdn Bhd	25,482,473	45.38
2	Tan Lai Kim (Holdings) Sdn Bhd	1,752,781	3.12
3	Juwitawan Sdn Bhd	1,554,782	2.77
4	Reg Board of T'Tees of Dato Mah Pooi Soo Benevolent Fund	1,173,733	2.09
5	RHB Capital Nominees (Tempatan) Sdn Bhd	1,022,233	1.82
6	Menjelang Citarasa Sdn Bhd	1,000,000	1.78
7	Maybank Nominees (Tempatan) Sdn Bhd	845,695	1.51
8	UOB Kay Hian Nominees (Tempatan) Sdn Bhd	829,700	1.48
9	HSBC Nominees (Asing) Sdn Bhd	732,960	1.31
10	Juwitawan Sdn Bhd	701,400	1.25
11	Public Nominees (Tempatan) Sdn Bhd	651,056	1.16
12	Sia Kek King	553,000	0.98
13	Tai Soo Aun	537,300	0.96
14	Koo Hang Eng @ Koo Hang Chong	512,713	0.91
15	Syarikat Majuperak Berhad	472,533	0.84
16	HLIB Nominees (Tempatan) Sdn Bhd	413,512	0.74
17	RHB Nominees (Tempatan) Sdn Bhd	323,259	0.58
18	Cimsec Nominees (Tempatan) Sdn Bhd	283,655	0.51
19	Kenanga Nominees (Tempatan) Sdn Bhd	275,823	0.49
20	Lok Wei Seong	266,640	0.47
21	Chia Chu Foo	258,000	0.46
22	Yong Yu Sin	250,000	0.45
23	Loh Chee Kong	234,000	0.42
24	Ewe Chor Lay	220,400	0.39
25	Loh Eng Hock	201,962	0.36
26	Phoon Yoon Sim	190,800	0.34
27	Teo Geok Ting	178,000	0.32
28	Maybank Securities Nominees (Tempatan) Sdn Bhd	171,989	0.31
29	Alliancegroup Nominees (Tempatan) Sdn Bhd	154,311	0.27
30	Maria A/P Tio Jau Hong	150,900	0.27

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MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Form of Proxy

I/We, ____

NRIC No./Company No. ____________________ of ______________________

____ being a member of

MHC Plantations Bhd hereby appoint the following person(s):

Name of Proxy & NRIC No.	No. of Shares	%
1. ____________________	________	______
2. ____________________	________	______

or failing him/her

1. ____________________	________	______
2. ____________________	________	______

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifty-Sixth Annual General Meeting of the Company to be held on 29 April 2016 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:-	For	Against
1. The declaration of a Final Dividend		
2. The re-election of Director: Wan Salmah Binti Wan Abdullah		
3. The appointment of Chan Kam Leong in accordance with Section 129(6) of the Companies Act, 1965		
4. The appointment of Auditors and their remuneration		
5. **Special Business** Ordinary Resolution – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965		

Please indicate with (✓) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date:

No. of shares held	
CDS A/C No.	

____
Signature of Shareholder

NOTES:

1. Agenda 1 is meant for discussion only as Section 169(1) of the Companies Act, 1965 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and not shareholders' approval. Hence, Agenda 1 will not be put forward for voting.
2. Only members whose names appear on the Record of Depositors as at 18 April 2016 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
3. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited with the Company Secretaries, 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

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80 SEN STAMP
(within Malaysia)

The Secretary

MHC Plantations Bhd 4060-V

NO. 55A MEDAN IPOH 1A,
MEDAN IPOH BISTARI,
31400 IPOH, PERAK DARUL RIDZUAN,
MALAYSIA.

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MHC Plantations Bhd 4060-V
(Incorporated in Malaysia)

Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1,
35900 Tanjung Malim, Perak Darul Ridzuan.
Tel: 05-4590001 Fax: 05-4590003

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