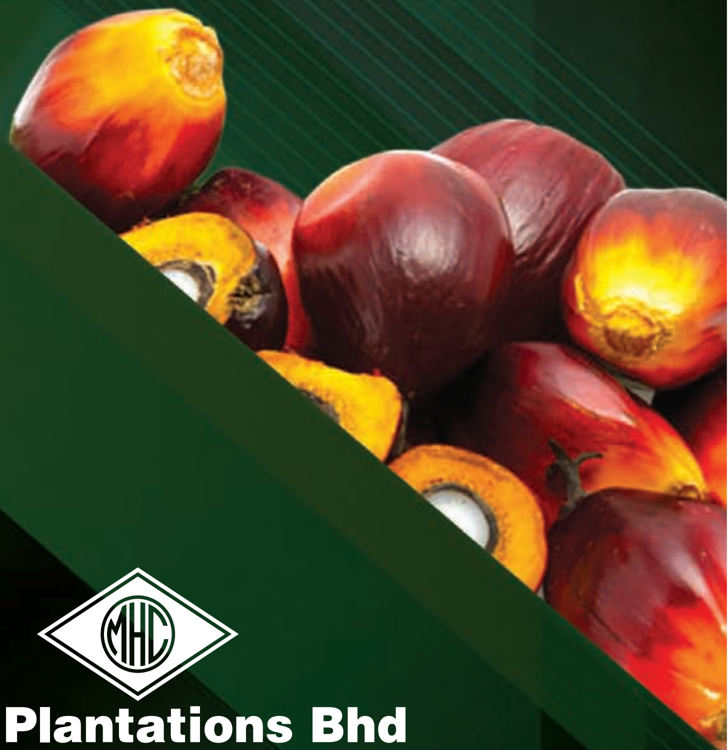
Annual Report 2016



MHC Plantations Bhd

4060-V

(Incorporated in Malaysia)

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Contents

Financial Statements

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting ("AGM") of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Thursday, 18 May 2017 at 11.30 a.m.

AGENDA	ORDINARY RESOLUTION NO.
As ORDINARY BUSINESS:	
1. To receive the Audited Financial Statements for the year ended 31 December 2016, together with the Directors' and Auditors' Reports thereon.	**Please refer to Note 1**
2. To approve the payment of a final single tier dividend of 1.50 sen per share in respect of the year ended 31 December 2016.	**1**
3. To approve the payment of Directors' benefits up to an amount of RM210,000 from 1 January 2017 until the next AGM of the Company.	**2**
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:	
4.1 Dato' Seri Mah King Seng	**3**
4.2 Mr. Heng Beng Fatt	**4**
5. To re-appoint Mr. Chan Kam Leong as a Director of the Company.	**5**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	**6**
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following Ordinary Resolution:	
ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016	**7**

"That, subject to the Companies Act, 2016 and the Company's Articles of Association and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in 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 to be issued pursuant to this resolution does not exceed 10% of the total issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

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

Ipoh
19 April 2017

NOTES:

1. Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the AGM and does not require 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 8 May 2017 shall be entitled to attend the AGM 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/her. 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 at 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. Faxed or emailed copies are not acceptable.

EXPLANATORY NOTES

A) ORDINARY RESOLUTION 5 – TO RE-APPOINT MR. CHAN KAM LEONG AS A DIRECTOR OF THE COMPANY

Mr. Chan Kam Leong is above 70 years of age and pursuant to the resolution passed at the 2016 AGM held on 29 April 2016, he would be retiring at the forthcoming AGM. Section 129 of the Companies Act 1965, requires a Director who reach 70 years of age to retire annually but there is no age limit under the new Companies Act, 2016. Hence, Directors who have reached 70 years of age no longer needs to retire annually but will be subject to retirement by rotation pursuant to the Company's Articles of Association. The Board therefore will recommend the re-appointment of Mr. Chan Kam Leong at the forthcoming AGM to hold office until his retirement in accordance with the Company's Articles of Association.

B) ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016

The Ordinary Resolution 7 proposed under item 7 if passed, will empower the Directors of the Company, from the date of the above 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 29 April 2016. 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 a general meeting to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at a general meeting to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

Corporate Information

DIRECTORS
Dato' Seri Mah King Seng
(Executive Chairman)
Tan 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 Mah King Thian

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

REMUNERATION COMMITTEE
Tan 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 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)

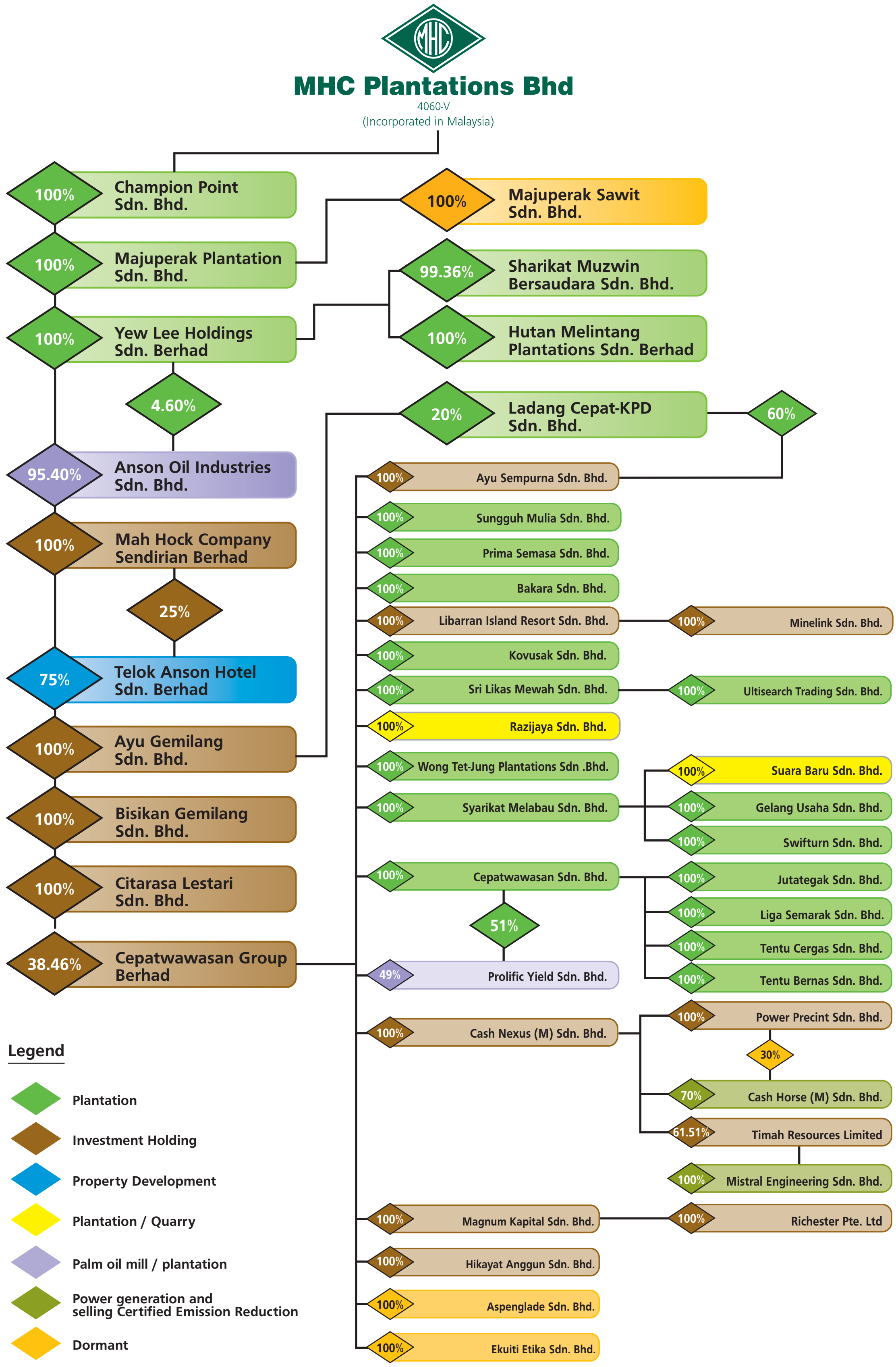
AUDITORS
Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS
AmBank (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market

COUNTRY OF INCORPORATION
Malaysia

Corporate Structure



Profile of Directors

Dato' Seri Mah King Seng
Executive Chairman
Aged 58, Male, Malaysian

- Dato' Seri Mah King Seng joined the Board of Directors on 20 September 1978. He was appointed as an 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 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 five years.
- He attended 3 out of 4 Board Meetings held during the financial year.

Tan Sri Mah King Thian
Managing Director
Aged 53, Male, Malaysian

- Tan Sri Mah King Thian 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, the Chairman of the 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 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 five years.
- He attended all the Board Meetings held during the financial year.

Chan Kam Leong
Independent Non-Executive Director
Aged 76, Male, Malaysian

- Chan Kam Leong 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 five years.
- He attended all the Board Meetings held during the financial year.

Wan Salmah Binti Wan Abdullah
Independent Non-Executive Director
Aged 63, Female, Malaysian

- Wan Salmah Binti Wan Abdullah 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 five years.
- She attended all the Board Meetings held during the financial year.

Heng Beng Fatt
Non-Independent Non-Executive Director
Aged 53, Male, Malaysian

- Heng Beng Fatt 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 five years.
- He attended 3 out of 4 Board Meetings held during the financial year.

Profile of Key Senior Management

Dato' Seri Mah King Seng
Executive Chairman
Aged 58, Male, Malaysian

❖ Refer to the Profile of Directors on page 6.

Tan Sri Mah King Thian
Managing Director
Aged 53, Male, Malaysian

❖ Refer to the Profile of Directors on page 6.

Soong Swee Koon
Chief Operating Officer
Aged 61, Male, Malaysian

- Mr. Soong is a qualified engineer with a Steam Engineers Certificate of Competency (First Grade).
- He started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the following years, he specialised in power generation, Hydro and Steam Thermal Power Plants, and maintenance and workshop overhaul of Cummins Diesel Engines and generators. From 1980 to 1996, he worked as an engineer in United Plantations Berhad. The palm oil mill under Mr. Soong's management was the winner of the Anugerah Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990-1995).
- He served as senior engineer, technical advisor, project manager and regional consultant to a number of energy companies from 1996 to 2010.
- He joined the Company in 2010 as Group Engineer and was appointed as Chief Operating Officer of the Company on 15 November 2012. He is also the Executive Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- He does not have any family relationship with any 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 five years.

Muthusamy A/L P. Karuppaiah
Group General Manager of Subidiary of MHC, Cepatwawasan Group Berhad
Aged 62, Male, Malaysian

- Mr. Muthusamy A/L P. Karuppaiah was appointed as Group General Manager of Cepatwawasan Group Berhad on 20 February 2014.
- He obtained his Diploma in Agriculture in 1979 and also a Diploma in Oil Palm & Technology (Milling) in 2002. He is a planter with wide experience in the industry. He spent 24 years in United Plantations Berhad, holding various positions from Cadet Assistant to Plantation Manager before he joined MHC as Senior Manager. After 2 years in MHC, he joined IJM Plantations Berhad as Senior Manager for Indonesia Operations. He then joined Cepatwawasan Group Berhad in 2009 as Plantation Controller and was promoted to his current position in 20 February 2014.
- He does not have any directorship in public companies and listed issuers.
- He does not have any family relationship with any 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 five years.

Chan Kim Meng
Group Accountant
Aged 44, Male, Malaysian

- Mr. Chan holds a professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom. He is also a member of the Malaysian Institute of Accountants.
- Prior to joining the Company, he pursued a career in accountancy in the public accounting firm of Ernst & Young for 9 years.
- He has wide working experience in the field of accounting and corporate finance.
- He joined the Company in 2006 as Group Accountant.
- He does not have any directorship in public companies and listed issuers.
- He does not have any family relationship with any 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 five years.

Five-Year Financial Highlights

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
INCOME STATEMENT					
Revenue	341,097	301,089	338,300	294,750	28,089
Profit before tax	31,095	17,059	30,079	32,442	21,136
Profit attributable to owners of the Company	9,105	3,957	14,317	14,463	18,343
FINANCIAL POSITION					
ASSETS					
Property, plant and equipment	441,655	447,591	468,161	460,591	448,835
Investment properties	48,062	48,062	48,062	46,962	42,301
Biological assets	464,222	462,017	460,125	457,096	455,385
Investment in securities	528	506	490	407	333
Land use rights	13,184	13,363	13,542	13,721	13,900
Deferred tax assets	3,204	3,422	4,195	3,046	2,443
Trade and other receivables	149,501	134,538	108,184	94,855	69,537
Goodwill on consolidation	109,017	109,017	109,017	109,017	109,017
Current assets	98,590	94,269	90,844	85,929	82,775
Total assets	1,327,963	1,312,785	1,302,620	1,271,624	1,224,526
EQUITY					
Share capital	196,544	196,544	196,544	196,544	196,544
Reserves	220,682	214,399	216,158	208,073	198,109
Equity attributable to owners of the Company	417,226	410,943	412,702	404,617	394,653
Non-controlling interest	524,322	515,568	515,686	507,529	493,270
Total equity	941,548	926,511	928,388	912,146	887,923
LIABILITIES					
Deferred tax liabilities	167,971	166,115	165,950	168,726	174,171
Borrowings	87,531	98,219	90,664	106,143	110,745
Other non-current liabilities	267	267	267	267	267
Current liabilities	130,646	121,673	117,351	84,342	51,420
Total liabilities	386,415	386,274	374,232	359,478	336,603
Total equity and liabilities	1,327,963	1,312,785	1,302,620	1,271,624	1,224,526
FINANCIAL INDICATORS					
Basic earning per share (sen)	4.63	2.01	7.28	7.36	9.33
Net dividend per share (sen)	1.50	2.00	2.00	2.25	2.25
Net assets per share (RM)	2.12	2.09	2.10	2.06	2.01

2016

Revenue (RM'000)
341,097

Total assets (RM'000)
1,327,963

Total equity (RM'000)
941,548

Total liabilities (RM'000)
386,415

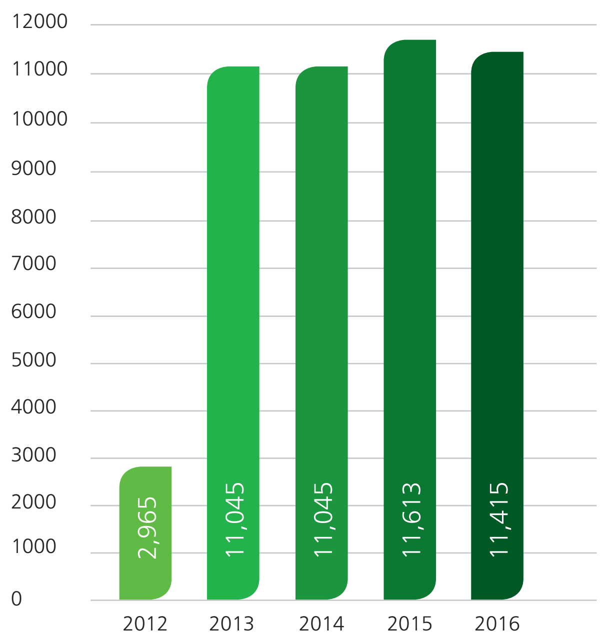
Basic earning per share (sen)
4.63

Net dividend per share (sen)
1.50

Net assets per share (RM)
2.12

Five-Year Plantation Statistics

		2016	2015	2014	2013	2012
Oil Palm						
Production:						
FFB	(mt)	162,202	187,141	202,105	192,043	49,311
Crude palm oil	(mt)	85,095	97,415	108,906	92,140	-
Palm kernel	(mt)	21,334	24,281	26,990	22,613	-
Average selling price:						
FFB	(RM/mt)	513	361	438	403	558
Crude palm oil	(RM/mt)	2,592	2,137	2,314	2,299	-
Palm kernel	(RM/mt)	2,527	1,569	1,661	1,562	-
Yield per matured hectare	(mt)	17.03	18.95	20.51	18.77	19.14
Oil extraction rate	%	19.72	20.37	20.28	20.15	-
Palm kernel rate	%	4.94	5.08	5.03	4.95	-
Planted Oil Palm Area						
(Weighted average hectares):		11,415	11,613	11,045	11,045	2,965
Mature		9,524	9,876	9,853	10,229	2,577
Immature		1,891	1,737	1,192	816	388
Total planted area		11,415	11,613	11,045	11,045	2,965



TOTAL PLANTED AREA

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 2016.

Group Performance

The Group recorded revenue of RM341.10 million and profit before tax of RM31.09 million for the financial year ended 31 December 2016 ("FY2016") as compared to RM301.09 million and RM17.06 million respectively for the financial year ended 31 December 2015 ("FY2015").

The increase in revenue and profit before tax by 13% and 82% respectively was mainly due to increase in Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices by 21% and 61% respectively despite a lower sales volume of CPO and PK by 8% and 13% respectively , and a 13% decrease in Fresh Fruit Bunches ("FFB") production. The El-Nino phenomenon has adversely affected the production of FFB in 2016. As a result, the Group's yield per hectare was reduced to 17.03 mt/ha, a 10% reduction from last year.

The highlights of Group performance are stated below:

Average selling price per tonne:-

	FY2016 RM	FY2015 RM	Difference (%)
CPO	2,592	2,137	21%
Kernel	2,527	1,569	61%
FFB	513	361	42%

Production:-

	FY2016 MT	FY2015 MT	Difference (%)
CPO	85,095	97,415	-13%
Kernel	21,334	24,281	-12%
FFB	162,202	187,141	-13%

Extraction rate:-

	FY2016 (%)	FY2015 (%)	Difference (%)
CPO	19.72	20.37	-3.2%
Kernel	4.94	5.08	-2.8%

The Group's 12MW Biomass Power Plant generated and exported 58,280,003 kW for the FY2016 as compared to 46,505,405 kW for the FY2015.

Dividend

Your Board has recommended for your approval a final single tier dividend of 1.5% for the financial year ended 31 December 2016.

Prospect and Outlook

The Group expects its FFB production to recover in the second half of 2017 when the El-Nino effect that reduced production since 2015 is expected to fade. Palm oil prices are also expected to remain firm in 2017 due to lower CPO stockpile and the weak Ringgit.

The Group also expects a better contribution from its power plant division in line with the completion of the upgrading of its Biogas Power Plant from 3.0MWh to 3.8MWh in February 2017.

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 2017.

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 2016.

Prestasi Kumpulan

Kumpulan Syarikat telah mencatatkan pendapatan sebanyak RM341.10 juta dan keuntungan sebelum cukai sebanyak RM31.09 juta bagi tahun kewangan berakhir 31 Disember 2016 ("TK2016"), berbanding dengan masing-masing RM301.09 juta dan RM17.06 juta bagi tahun kewangan berakhir 31 Disember 2015 ("TK2015").

Pendapatan dan keuntungan sebelum cukai telah meningkat sebanyak 13% dan 82% masing-masing disebabkan terutamanya oleh kenaikan harga Minyak Sawit Mentah ("CPO") dan Kernel sebanyak 21% dan 61% masing-masing, walaupun jualan CPO dan Kernel yang lebih rendah iaitu sebanyak 8% dan 13% masing-masing dan juga kemerosotan pengeluaran Buah Tandan Segar ("FFB") sebanyak 13% diakibatkan oleh fenomena El-Nino. Oleh demikian, hasil keluaran tahunan FFB yang dicapai bagi TK2016 telah berkurangan kepada 17.03 Tan Metrik ("MT") sehektar, iaitu pengurangan 10% berbanding dengan TK2015.

Sorotan prestasi Kumpulan Syarikat adalah seperti berikut:

Harga Purata Jualan Per Tan:-

	TK2016 RM	**TK2015 RM**	**Perbezaan (%)**
CPO	2,592	2,137	21%
Kernel	2,527	1,569	61%
FFB	513	361	42%

Pengeluaran:-

	TK2016 MT	**TK2015 MT**	**Perbezaan (%)**
CPO	85,095	97,415	-13%
Kernel	21,334	24,281	-12%
FFB	162,202	187,141	-13%

Kadar Pengekstrakan:-

	TK2016 %	**TK2015 %**	**Perbezaan (%)**
CPO	19.72	20.37	-3.2%
Kernel	4.94	5.08	-2.8%

Loji Kuasa Biomas 12MW kami telah menghasilkan 58,280,003 kW bagi TK2016 berbanding dengan 46,505,405 kW bagi TK2015.

Dividen

Lembaga Pengarah anda telah mencadangkan dividen muktamad satu tier sebanyak 1.5% bagi tahun kewangan berakhir 31 Disember 2016.

Prospek dan Pandangan

Kumpulan menjangka pengeluaran FFB akan pulih pada separuh tahun kedua 2017 apabila kesan El-Nino yang mengurangkan pengeluaran FFB sejak 2015 dijangka pudar. Harga minyak kelapa sawit juga dijangka kekal kukuh pada tahun 2017 disebabkan oleh stok CPO yang lebih rendah dan Ringgit yang lemah.

Kumpulan juga menjangka sumbangan yang lebih baik daripada bahagian loji kuasa selaras dengan siapnya kerja menaik taraf Loji Janakuasa Biogas daripada 3.0MWh kepada 3.8MWh pada bulan Februari 2017.

Kumpulan 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 2017 akan terus menunjukkan prestasi yang memuaskan, melainkan berlaku sesuatu diluar jangkaan.

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 2016.

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

Management's Discussion and Analysis

DESCRIPTION OF OUR GROUP'S BUSINESS

MHC Plantations Bhd. ("MHC" or "the Group") was incorporated on 31 December 1960.

The principal activities of the Company consist of cultivation of oil palm, investment holding and the operation of a hotel. The principal activities of the subsidiary companies consist of cultivation of oil palm, operation of quarry, milling and sales of oil palm products, letting of oil palm fresh fruit bunches collection center, investment holding, power generation, and property development.

As at 31 December 2016, the Group has a landbank of about 25,500 acres in Sabah and 7,600 acres in Peninsular Malaysia. The Group owns one oil mill in Sabah and one in Peninsular Malaysia, with a total milling capacity of 135 metric tonnes per hour. In addition, the Group has ventured into oil palm renewable energy by investing in and operating a 12 Megawatt Biomass Power Plant ("Biomass Plant") and a 3.8 Megawatt Biogas Power Plant ("Biogas Plant"), both in Sandakan, Sabah.

FINANCIAL REVIEW

Revenue

The Group's revenue for the financial year 2016 has increased by 13% to RM341.10 million as compared to RM301.09 million registered in 2015 mainly due to an increase in selling prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") by 21% and 61% respectively despite a lower sales volume of CPO and PK by 8% and 13% respectively and a 13% decrease in Fresh Fruit Bunches ("FFB") production.

Average selling price per tonne:-

	FY2016 RM	FY2015 RM	Difference (%)
CPO	2,592	2,137	21%
Kernel	2,527	1,569	61%
FFB	513	361	42%

Production:-

	FY2016 MT	FY2015 MT	Difference (%)
CPO	85,095	97,415	-13%
Kernel	21,334	24,281	-12%
FFB	162,202	187,141	-13%

PROFIT BEFORE TAXATION

The Group reported a profit before tax of RM31.09 million for the financial year 2016, which is an increase of 82% from the previous financial year mainly due to an increase in CPO and PK price by 21% and 61% respectively, and better efficiency of the Biomass Plant in generating electricity and Empty Fruit Bunches ("EFB") Oil, despite a decrease in FFB production by 13%. The decrease in the production of FFB was mainly due to El-Nino phenomenon.

Performance of the respective operating business segments as compared to the previous financial year is appended and analysed as follows:

Profit before tax contribution by Segment	2016 RM'000	2015 RM'000
Plantation	31,852	21,128
Oil Mill	1,056	5,867
Power Plant	4,505	(416)
Others including amortisation of group land costs, unallocated corporate expenses	(6,318)	(9,519)
Group's profit before taxation	31,095	17,060

i) Plantation – The increase in profit before tax by RM10.72 million (51%) from RM21.13 million to RM31.85 million was mainly due to higher FFB price by 34% despite a lower FFB production by 13%.

ii) Oil Mill – The decrease in profit before tax by RM4.81 million (82%) from RM5.87 million to RM1.06 million was mainly due to lower Oil Extraction Rate ("OER") as well as lower milling margin as a result of stiff competition in sourcing for FFB , and lower CPO and PK sales volume by 8% and 13% respectively, despite higher CPO and PK price by 21% and 61% respectively.

iii) Power Plant – The increase in profit before tax by RM4.93 million (> 100%) from a loss before tax of RM0.42 million to a profit before tax of RM4.51 million was mainly due to an increase in efficiency and export of electricity by 25%. The 12MW Biomass Plant generated and exported 58,280,003kWh in this financial year under review as compared to 46,505,403 kWh in the previous financial year.

Other Income

Other income decreased by 29% from RM13.38 million to RM9.48 million principally due to non-recurring income derived from compensation for termination of emissions reduction purchase agreement and debts forgiven of RM1.90 million and RM1.35 million respectively received in the previous financial year.

Finance Cost

Finance cost increased marginally by 6% from RM8.82 million to RM9.36 million.

Taxation

The effective tax rate for the financial year 2016 was higher than the statutory tax rate principally because to certain expenses was disallowed for tax purposes.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company and earnings per share of the Group improved by 130% year-on-year at RM9.10 million and 4.63 sen respectively.

Cash Flow

In FY2016, the Group generated higher net cash from operating activities of RM32.69 million as compared to RM24.52 million in the previous financial year, mainly due to higher oil palm product prices.

The net cash used in investing activities amounted to RM14.57 million in FY2016, primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills, upgrading of Biogas Plant capacity from 3.0MWh to 3.8MWh and renovation of a hotel.

The net cash used in financing activities in FY2016 amounted to RM20.45 million, primary relating to the repayment of bank borrowings.

Overall, the Group registered a decrease in cash and cash equivalents of RM2.33 million during the year, bringing total cash and cash equivalents to RM26.26 million as at 31 December 2016.

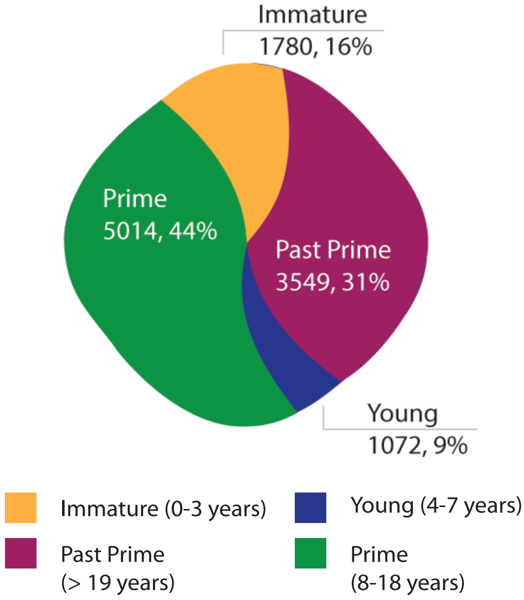
OPERATIONAL REVIEW

Plantation Operations

As at 31 December 2016, the Group's total plantation land stood at approximately 14,000 hectares of which 82% or 11,415 hectares are planted with oil palms. From the total planted area, approximately 84% or 9,635 hectares are mature while the remaining 16% or 1,780 hectares of the area are at the immature stage. The El-Nino dry weather had severely affected the FFB production of the Group. As a result, its FFB production recorded a significant drop of 13% to 162,202 mt (2015: 187,141 mt). The average yield per hectare for the year was lower at 17.03 mt/hectare as compared to 18.95 mt/hectare in 2015. Despite a lower FFB production, the plantation segment registered a higher profit before tax by RM10.63 million (50%) from RM21.13 million to RM31.76 million primarily due to higher FFB price by 34%.

For productivity improvement, the Group will enhance the human capital development by providing comprehensive training to employees and the mechanisation for key processes in the estates, including harvesting, in-field collection and crop evacuation.

Oil Palm Age Profile



The age profile of the developed area is shown below:

Particulars	Hectare	%
0 – 3 years (Immature)	1,780	16
4 – 7 years (Young)	1,072	9
8 – 18 years (Prime)	5,014	44
> 19 years (Past Prime)	3,549	31
Total	**11,415**	**100**

OPERATIONAL REVIEW (cont'd)

Milling Operations

The Group owns one oil mill in Sabah and one in Peninsular Malaysia, with a total milling capacity of 135 metric tonnes per hour. In 2016, total CPO produced by the mills was 85,095 mt, representing a drop of 13%, as compared to 97,415 mt in 2015. Similarly, total kernel production decreased by 12% at 21,334 mt (2015: 24,281 mt). This is in line with the shortage of FFB supply caused by El-Nino phenomenon.

The Group's OER decreased to 19.72% in 2016 as compared to 20.37% in 2015, while Kernel Extraction Rate ("KER") also decreased to 4.94% in 2016 from 5.08% in 2015.

The Group constantly adopts good milling practices with the aim to improve the OER, productivity and efficiency.

Power Plant Operations

The Group operates a young renewable energy division consisting of a 12 Megawatt Biomass Plant and a 3.8 Megawatt Biogas Plant in Sandakan, Sabah.

The 12 Megawatt Biomass Plant generates electricity using oil palm EFB as primary fuel with oil palm shells and mesocarp fibres as secondary fuels. The Group obtained the Feed-In Tariff ("FiT") Approval from Sustainable Energy Development Authority Malaysia ("SEDA") on 12 May 2014 to sell renewable electricity to Sabah Electricity Sdn. Bhd. ("SESB") at a FiT rate of RM0.3486/kWh for 16 years commencing from 1 January 2015.

The 3.8 Megawatt Biogas Plant generates electricity by capturing the methane gas from Palm Oil Mill Effluent ("POME"), thereby mitigating the emission of greenhouse gases. There is also Zero discharge to the river as the final discharge from the biogas plant is released through a system of drip irrigation for land application. On 18 February 2015, the Group obtained the FiT Approval from SEDA to sell renewable electricity to SESB at the FiT rate for 16 years. The Biogas Plant is yet to commence operation under the FiT contract as SEDA is performing commissioning testing on the system.

The Group recognized that fuel and system stability are the two main success factors for a renewable energy power plant. The Group has adopted a strict fuel policy to control the quantity and quality of the fuel. Several systems upgrading and modification have been carried out on both plants to improve the efficiency and stability of the power production.

A recent upgrading amounting to RM22million was carried out on the Biogas Plant in connection with the FiT contract. It includes the increase in the power production capacity from 3.0MWh to 3.8MWh and the grid connection facilities to export electricity to SESB. The upgraded systems have successfully been tested and achieved Commercial Operation on 15 February 2017, being the Commercial Operation Date ("COD").

The 12MW Biomass Plant and 3.8MW Biogas Plant generated and exported 58,280,003 kWh and 5,899,950 kWh respectively in 2016 as compared to 46,505,405 kWh and 5,555,895 kWh respectively in 2015.

PROSPECT

FFB production is expected to recover by mid-2017. CPO prices are expected to be buoyant in the near terms due to lower CPO stockpile and weak Ringgit.

The Group will continue to face challenges from fluctuating prices, increasing costs, manpower shortages and unpredictable weather conditions. Nevertheless the Group will continue to improve its operational efficiencies to mitigate the effect of rising production cost through enhanced mechanization, implementation of competitive harvesting rates, effective nutrient management and introduction of better planting material.

The Group expects a better contribution from its power plant division in line with the completion of the upgrading of the Biogas plant from 3.0MWh to 3.8MWh. The Group will continue to improve the productivity and operating efficiency of the 12MW Biomass Plant.

Corporate Governance Statement

Introduction

The Board of Directors ("the Board") of the Company is committed to ensuring 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 and its Committees, and requirements of Directors 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 on the Company's website at www.mhc.com.my

The Board will review the Board Charter as when required and update the charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness.

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 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 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 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 shall remain 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 due care in the interest of the Company and its 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 Board assumes full responsibility for the operations of the Group and plays an active role in the development of the Company's strategy. The Board considers all aspects of the operations of the Group and particularly in the following areas:

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

The Management would present to the Board its recommended Strategic Business Plan and Budget, and the Board would review and deliberate on the matter. The Board would then conduct a mid-year review of the Budget as well as the financial performances, whereby the targets set by the Board were compared against the actual performance for the year to date.

The working dynamics between the Executive Chairman (Dato' Seri Mah King Seng) and Managing Director (Tan Sri Mah King Thian) are positive and constructive. 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, include providing leadership for the Board, ensuring that the Board carries out its responsibilities in the best interest of the Company and all key issues are discussed in a timely manner. The Executive Chairman is also tasked with facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at Board meetings. Meanwhile, the Managing Director is primarily responsible for managing the Group's day-to-day operations and with his expertise 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 caliber, 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 Company does not have a policy on the tenure of Independent Directors. However, the Company has taken note of Recommendation 3.2 of the MCCG 2012 that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as an Independent Director subject to assessment by the Board and shareholders' approval at the annual general meeting. The Board has conducted an assessment of the Independent Directors and none of the Independent Directors have served the Company for a cumulative term exceeding nine (9) years.

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodic 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 Mah King Thian, both represent the 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.

Foster Commitment

Each Director does not hold more than five directorships in public listed companies to ensure that they have sufficient time to focus and discharge their duties and responsibilities. The Board is satisfied with the time and level of commitment given by the Non-Executive Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 31 December 2016.

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 Group's financial and operating performance.
- Review the progress of the Group's strategies.
- Annual budget.
- Capital expenditure above limit authority.
- Acquisitions and disposals of material assets above authority.
- Consideration of significant financial matters.

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 four (4) Board Meetings were held during the financial year under review on 25 February 2016, 29 April 2016, 28 July 2016 and 20 October 2016. Details of attendance of the Directors at the Board Meetings are as follows:

Name	Number of Meetings Attended
Dato' Seri Mah King Seng	3 of 4
Tan Sri Mah King Thian	4 of 4
Chan Kam Leong	4 of 4
Wan Salmah Binti Wan Abdullah	4 of 4
Heng Beng Fatt	3 of 4

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

Access to Information and Advice

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

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.

Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Articles of Association, Board's policy and procedures, and compliance with the relevant regulatory requirements, codes or guidelines 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 practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which are made available on the Company's website at www.mhc.com.my:

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

Re-appointment and Re-election of Directors

In accordance with the Company's Articles of Association, 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.

Where any Director is required to retire from office, the Nominating Committee reviews the composition of the Board and decides whether to recommend such Director for re-election taking into account the Director's attendance at meetings, participation, contribution and time commitment.

Dato' Seri Mah King Seng and Mr. Heng Beng Fatt will be retiring by rotation at the forthcoming AGM to be held on 18 May 2017. At the recommendation of the Nominating Committee and as approved by the Board, they will be seeking for re-election as Directors at the 2017 AGM.

Mr. Chan Kam Leong is above 70 years of age and pursuant to the resolution passed at the 2016 AGM held on 29 April 2016, he would be retiring at the forthcoming AGM. Section 129 of the Companies Act 1965, requires a Director who reach 70 years of age to retire annually but there is no age limit under the new Companies Act, 2016. Hence, Directors who have reached 70 years of age no longer needs to retire annually but will be subject to retirement by rotation pursuant to the Company's Articles of Association. The Board therefore will recommend the re-appointment of Mr. Chan Kam Leong at the forthcoming AGM to hold office until his retirement in accordance with the Company's Articles of Association.

Gender Diversity Policy

The Board endeavours to have at least one woman Director participating on the Board at all times. The Board also endeavours to have diversity in its workforce in terms of experience, qualification, ethnicity and age. Currently, the Board has one female Director, Puan Wan Salmah Binti Wan Abdullah.

Continuous Training of Directors

Directors are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation in the Board's deliberations. Hence, 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 2016, the following training programmes and seminars were attended by the Directors:

- Handling Press Conferences, Media Interviews & Tricky Media Questions
- Welcome to Rabobank's Financial Markets Outlook 2017 – "Business As Unusual"
- 3rd International Green Workshop & Exhibition organised by the Institution of Engineers Malaysia
- The Priority Manager
- ERM – Risk Assessment Workshop
- Making Ultimate Decision
- Sustainability Practices and Reporting
- Briefing for Malaysian Sustainable Palm Oil (MSPO)

The Company Secretary circulated from time to time the relevant guidelines on statutory and regulatory requirements to the Directors.

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 to support the Board of Directors in overseeing the processes for production of financial data, and reviewing the financial reports and the internal controls of the Company. Details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee Report on pages 38 to 39 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 Mah King Thian (Managing Director)

Nominating Committee
The Nominating Committee comprises the following, a majority of whom 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 was set up on 24 May 2001 with the following functions:

- Recommend candidates for appointments to the Board, the formulation of a programme for the orientation of Directors and the succession planning for the senior.
- Ensuring an effective process for Director selection and also an appropriate structure for management succession and development.
- Recommmend to the Board the Directors to fill the seats on Committees of Directors.
- Review mix of skills and experience, and other qualities annually including core competencies of the Directors.
- Establishing a nomination process of board members to facilitate and identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.
- Review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.
- Ensure the adequacy of trainings attended by the Directors with at least 1 training annually.
- Ensure there is proper succession planning for the Chief Executive and key Group Management.

The Nominating Committee meets as and when necessary. One meeting was held during the financial year ended 31 December 2016.

The nomination and election process of board members can be found on 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.
- Review the performance of the Audit Committee, Nominating Committee and the Remuneration Committee.
- Review the re-election of the Directors retiring at the next Annual General Meeting of the Company.
- Assessed the independence of the Independent 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 ;and
  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 Nominating 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.

At the Nominating Committee meeting held on 20 October 2016, the Nominating Committee had conducted an annual assessment of the Board and its individual members, the Audit Committee and its members, and the Remuneration Committtee. The Nominating Committee was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made. The assessment and evaluation was properly documented.

Remuneration Committee
The Remuneration Committee was set up on 24 May 2001 with the following objectives:

- 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.
- Setting up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of the Executive Directors.

Hence, 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 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 as and when necessary. One meeting was held during the financial year ended 31 December 2016.

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 on 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 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:

Directors' Remuneration	Salaries RM	Bonuses/ Allowances RM	EPF RM	Total RM
Group (MHC Plantations Bhd. and Cepatwawasan Group Berhad)				
Executive Directors	2,252,160	783,800	354,720	3,390,680
Non-Executive Directors	-	190,000	-	190,000
	2,252,160	973,800	354,720	3,580,680
Company (MHC Plantations Bhd.)				
Executive Directors	496,800	155,250	78,246	730,296
Non-Executive Directors	-	137,000	-	137,000
	496,800	292,250	78,246	867,296

b) Analysis of Remuneration:

Range of Remuneration	Number of Directors Executive	Non-Executive
Below RM50,000	-	2
RM50,001 – RM100,000	-	1
RM1,650,001 – RM1,700,000	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 taken 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 of Business

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. Report of such activities is set out in its Corporate Social Responsibility on pages 41 to 42 of this Annual Report.

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.

Poll Voting

As stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting of all resolutions at general meetings shall be carried by way of poll.

Uphold Integrity in Financial Reporting

Financial Reporting

In presenting the annual financial statements and quarterly financial statements to the shareholders, the Board recognises the importance of providing shareholder with balanced and clear assessment of the Group's financial performance, and 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 who reviewed the Group's financial statements in the presence of External Auditors, prior to recommending them for approval by the Board and issuance to shareholders. The Audit Committee met on a quarterly basis and carried out their duties in accordance with the Terms of Reference. The Group Accountant formally presented to the Audit Committee and the Board details of the revenue and expenditures for review of quarter-to-quarter and year-to-date financial performance against the budget. As part of the governance process in reviewing the quarterly and yearly financial statements by the Audit Committee, the Managing Director provided assurance to the Audit Committee on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Consolidated Financial Statements and Annual Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Financial Reporting Standards and other regulatory/statutory requirements; and that the Annual Financial Statements did not contain material misstatement and gave a true and fair view of the financial position of the Group. The Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link.

Assessment of Suitability and Independence of External Auditors (EA)

The Audit Committee had deliberated the outcome of the Evaluation of the EA including the assessment of the Engagement Teams' qualification, credentials and experience, particularly in the financial service sector, the firms' competitive advantage with global network resources, their audit work approach, and their ability to provide value added and service as well as to perform the work within MHC's timeline. Messrs Ernst & Young had also confirmed their independence throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. The Audit Committee then decided to recommend for the Board's approval for the appointment of Messrs Ernst & Young (EY) as EA of MHC for financial year ending 31 December 2017.

The Audit Committee had on 23 February 2017 undertook an annual assessment of the quality of audit which encompassed the performance of the EA and was satisfied with the suitability of EY based on the quality of services and sufficiency of resources they provided to the Group, in terms of firm and the professional staff assigned to the audit.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on Page 33 of this Annual Report.

Risk Management and Internal Control

The Board has established a Group Risk Management Committee (RMC) that comprises the Managing Director and senior management to review the risk management framework and 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 34 to 37 of this 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. The Audit Committee had also undertook an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.

Details on scope of work performed during the financial year under review are provided in the Audit Committee Report set out on Pages 38 to 39 of this 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 Audit Committee will have a private session with the External Auditors without the presence of any executive of the Group at least twice a year.

The role of the Audit Committee in relation to the external auditors is set out in the Report of Audit Committee on Pages 38 to 39 of this 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;
- 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; and
- 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 2016 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, responding to and managing significant 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 fosters 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, and adopts water conservation and irrigation measures to sustain high production yields. - The Group is continuously devising ways to mechanise and increase efficiency and productivity to mitigate the risk of labour shortages. - The Group engaged a reputable agronomist who provides plantation management solution to increase the group's productivity and lower the 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, closely monitoring collections and overdue debts, and effectively utilising credit 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-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 manages 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 maintains 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 Internal Audit Function adopts a risk-based approach with focus on effective risk management practices. 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 2016 totalled RM22,000.

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 reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is satisfactory and there were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

For the period under review, the Managing Director and the Group Accountant have provided assurance to the Board that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with 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 2016 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 23 February 2017.

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)

The terms of reference of Audit Committee which had been reviewed and revised by the Directors at a Board meeting held on 20 October 2016, can be found at the Company's website at www.mhc.com.my

Number of Meetings and Details of Attendance

During the year under review, the Audit Committee held four meetings on 25 February 2016, 29 April 2016, 28 July 2016 and 20 October 2016 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	4 of 4
Wan Salmah Binti Wan Abdullah	4 of 4
Heng Beng Fatt	3 of 4

Summary of Work

The works 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 Internal Audit Function adopts a risk-based approach with focus on effective risk management practices. 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:

- Fresh Fruit Bunches ("FFB") harvesting and collection;
- Security and upkeep of estate; and
- Job contracting and general purchases.

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 for their attention.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
for the year ended 31 December 2016

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

- **Auditors' Remuneration**
  The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2016 is as follows:

	Group RM	Company RM
Audit fees	486,398	56,200
Non-audit fees	102,319	8,500
	588,717	64,700

- **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 132 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.

Corporate Social Responsibility

The Group recognises the values of Sustainability and Corporate Social Responsibility ("CSR"), both of which are integral to generate and sustain short and long term values for the Group and its stakeholders.

Our commitment on sustainability encompasses on-going efforts to maintain a healthy balance between economic, social and environmental responsibilities and interests towards our stakeholders for a better future. Our CSR activities focus on creating positive impact in the society we operate.

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

Our Sustainability and CSR framework consists of four main areas of focus namely, the environment, the community, the work place and the market place.

Environment

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 Power Plant ("Biogas Plant") as well as a Biomass Power Plant ("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. In addition, our oil mill recycles the POME solids into organic fertilisers, namely belt press solid and decanter cake, which are then reapplied to our estates. This will help preserve the environment while reducing the cost of fertilisers.

The Group maintains a strict Zero Burning Policy in relation to all new planting, re-planting and other related development.

We have adopted environmentally friendly techniques and used them to innovate our Integrated Pest Management System. The Group favours an integrated pest management approach including the deployment of biological control instead of widespread pesticide use for pest control. The introduction of barn owls in estates to suppress rat population and the placement of pheromone traps to capture rhinoceros beetles are among methods that have proven effective over the years in reducing pest damage to crops. Substitution of chemical fertilisers with nutrient-rich organic matter such as empty fruit bunches and treated palm oil mill effluents are also common practice in our estates.

Community

The Group cares about the well-being of the communities, and believes in sharing and giving back to the communities for the improvement in overall well-being and promoting growth within our communities.

The Group contributes 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 in Behrang, a library in Hulu Bernam, land for 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 Yayasan 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 Fund's contribution is earmarked for the purchase of equipment, operation and maintenance of the Centre. Besides, the Group has contributed RM290,000 through the Fund towards the establishment of a Bistari IT Center at Pusat Kecemerlangan Pendidikan Orang Asli Perak located between Simpang Pulai and Cameron Highlands. 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.

Work Place

The Group believes that its employees are one of its greatest assets and they are major contributors. Therefore, the Group believes in continuing development in technical and non-technical skills, performance management and the growth of our people.

Our human capital development programmes include in-house and external training, seminars, and provision of information/knowledge sharing platform to encourage communication and to improve knowledge sharing.

The Company is committed to providing a safe and healthy working environment for all employees. To ensure the efficiency and safety of all operations within the Group, safety audits are carried out periodically to ensure full compliance with all the relevant legislative requirements. A comprehensive safety plan has been established with the twin objectives of "zero accidents" and public safety. Workers at work place are provided with safety equipment and working procedures. The codes of health and safety practices and procedures are to be strictly adhered by all the parties concerned.

Providing a comfortable environment for our workers and their dependents to work and to live in is also our commitment. To this effect, a comprehensive range of amenities is provided at our Group's operating units, which include housing, water and electricity supply, healthcare, places of worship, childcare facilities and other recreational amenities.

The Group believes that its people should be fairly rewarded and recognised. The basis of recognition is not only limited to work performance but also by other aspects (i.e.: behaviour at work, creativity, involvement in Group's activities). Our reward philosophy covers basic salary, benefits, short-term variable bonus as well as promotion.

Market Place

Our business conduct shall be guided by honesty, integrity and a commitment to excellence. We are committed to promoting responsible practices among our business partners, showing care for the wellbeing of our customers, and upholding good corporate governance to meet the expectations of our investors. The Group practises the principles of good corporate governance and rules and regulations of the law. Our commitment to good corporate governance and the continuous improvement on corporate governance is further elaborated in the Statement on Corporate Governance of this Annual Report.

Our annual general meeting provides a useful interactive forum for direct engagement with our valued shareholders. Relations with investors and shareholders are managed systematically and professionally, with an underlying commitment to openness and objectivity. 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.

List of Properties
as at 31 December 2016

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2016 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	21.02.2883	10,142 sq. feet	6½-storey commercial structure partly used as a hotel known as Hotel Anson and partly as office premises	1,149	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	2016
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	6,481	1998
6 Anson Oil Industries Sdn. Bhd. Lot No. 8859, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.02.2111	906.9 acres	Oil palm estate	3,653	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	2016
8 Majuperak Plantation Sdn. Bhd. Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	11.01.2055	1,000.5 acres	Oil palm estate	4,404	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	07.03.2111	1,000.0 acres	Oil palm estate	2,946	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	2,202	1998

List of Properties
as at 31 December 2016 (cont'd)

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2016 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	28.02.2011	978.9 acres	Oil palm estate	5,497	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 Mah Hock Company Sendirian Berhad Lot Nos. 10058, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	33.43 acres	Oil palm estate	51	N/A
14 Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069 2070 2074 2075 2076 2077 2082 2082	39.752 hectares 30.607 hectares 8.010 hectares 207.991 hectares 9.967 hectares 24.460 hectares 6.463 hectares 72.790 hectares	Oil Palm Plantation & Oil Mill	16,974	N/A
	Perpetuity (Sublease 99 years)	2097	6.435 hectares			
Kolapis-Beluran Area District of Labuk Sugut	Leasehold 99 years	2073	2.250 hectares **408.725 hectares**	Plantable Reserve		
Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.22 Sq.M**	Double Storey Terrace Shoplot	131	N/A

List of Properties
as at 31 December 2016 (cont'd)

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2016 RM'000	Date of last Revaluation ®
15 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	35,434	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	1.842 hectares	Plantable Reserve		
			1,644.396 hectares			
16 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	13,802	N/A
17 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	12,855	N/A
18 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	40,215	N/A
19 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	14,964	N/A
20 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	41,026	N/A
21 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	7,310	N/A
22 Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,614.440 hectares**	Oil Palm Plantation	48,247	N/A
23 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	1,256	N/A

List of Properties
as at 31 December 2016 (cont'd)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2016 RM'000	Date of last Revaluation ®
24	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	176	N/A
25	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	184	N/A
26	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	468	N/A
27	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	390	N/A
28	Mistral Engineering Sdn. Bhd. Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	367	N/A
29	Cash Horse (M) Sdn. Bhd. Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	6,778	N/A
30	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.976 Sq.M**	High-end residential property	7,230	2016
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**877.693 Sq.M**	High-end residential property	7,075	2016
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.829 Sq.M**	High-end residential property	7,229	2016
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**878.490 Sq.M**	High-end residential property	7,081	2016
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**884.183 Sq.M**	High-end residential property	7,127	2016
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**863.043 Sq.M**	High-end residential property	6,958	2016

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal activities

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

Other information of the subsidiary companies are set out in Note 14 to the financial statements.

Results

	Group RM	Company RM
Profit for the year	22,383,290	4,689,925
Attributable to:		
Owners of the Company	9,104,574	4,689,925
Non-controlling interests	13,278,716	-
	22,383,290	4,689,925

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 2015 were as follows:

	RM
Final single tier dividend of 1.50%	2,948,160

At the forthcoming Annual General Meeting, a final single tier dividend of 1.50% in respect of the current financial year ended 31 December 2016 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 2017.

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 beginning of the financial year to the date of this report are:

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

The persons who are directors of the subsidiary companies of the Company during the year (not including those directors listed above) are:

A. Sallih Bin A. Labai
Choong Pak Wan
Chua Kim Yin
Datin Seri Ooi Ah Thin
Dato' Palpanaban a/l Devarajoo (D.P. Naban)
Datuk Datu Basrun Haji Datu Mansor
Jack Tian Hock Tan
Koh Zheng Kai
Lee Chong Hoe
Michelle Siew Yee Lee
Mustapha Bin Mohamed
Ng Choo Beng
Soong Swee Koon

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, 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			
	1 January 2016	**Bought**	**Sold**	**31 December 2016**
MHC Plantations Bhd.				
Direct interest				
Dato' Seri Mah King Seng	338,948	-	-	338,948
Tan Sri Mah King Thian	93,248	-	-	93,248
Deemed interest				
Dato' Seri Mah King Seng	90,188,024	-	-	90,188,024
Tan Sri Mah King Thian	90,188,024	-	-	90,188,024
Chan Kam Leong	562,394	59,900	-	622,294

	Number of warrants (2012/2017)			
	1 January 2016	**Bought**	**Sold**	**31 December 2016**
MHC Plantations Bhd.				
Direct interest				
Dato' Seri Mah King Seng	96,842	-	-	96,842
Tan Sri Mah King Thian	26,642	-	-	26,642
Deemed interest				
Dato' Seri Mah King Seng	26,482,473	-	-	26,482,473
Tan Sri Mah King Thian	26,482,473	-	-	26,482,473
Chan Kam Leong	134,541	-	133,653	888

By virtue of their interests in the Company, Dato' Seri Mah King Seng and Tan 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.

Indemnities to directors, officers or auditors

During the financial year, the Company has in force a directors and officers liability insurance under which the directors are indemnified up to a limit of RM2.5 million in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the Company or as a result of duties performed by the directors on behalf of the Company. Such indemnity remain in force as at the end of the financial year.

Other statutory information

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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 extent; and

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Significant events

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

Auditors and auditors' remuneration

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

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2017.

Dato' Seri Mah King Seng

Tan Sri Mah King Thian

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Seri Mah King Seng and Tan 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 57 to 144 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 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 on page 145 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 29 March 2017.

Dato' Seri Mah King Seng

Tan Sri Mah King Thian

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

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 57 to 145 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 29 March 2017.

Chan Kim Meng

Before me,

Chong Tat Cheong (A234)
Pesurahjaya Sumpah
(Commissioner for Oaths)

Independent Auditors' Report

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

Report on the audit of the financial statements

Opinion

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 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements including a summary of significant accounting policies, as set out on pages 57 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 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.

Basis of opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

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

Risk area and rationale	Our response
Impairment of goodwill	
Reference to the summary of significant accounting policies in Note 2.6, significant accounting estimates and judgement in Note 3.2(b) and the disclosure of Goodwill in Note 18 to the financial statements. The Group's goodwill balances stood at RM109,017,339 as at 31 December 2016. Under FRS 136, the Group is required to perform impairment test of goodwill annually. The Group estimated the recoverable amounts of its CGUs or group of CGUs to which the goodwill is allocated based on value-in-use (VIU). Estimating the VIU of CGUs or groups of CGUs involved estimating the future cash inflows and outflows that will be derived from the CGUs or group of CGUs, and discounting them at an appropriate rate. Significant audit effort and judgement were required in assessing the assumptions used by management to estimate the recoverable amounts of the CGUs which include estimates of the growth rate of revenue, operating costs and terminal value growth rates.	Our audit procedures included, amongst others, evaluating the assumptions and methodologies used by the Group in performing the impairment assessment. We tested the basis of preparing the cash flow forecasts taking into account the historical evidence supporting underlying assumptions. We also assessed the appropriateness of the key assumptions, such as the weighted-average cost of capital discount rates assigned to the CGUs, growth rates of revenue and the operating cost by comparing against internal information, and external economic and market data. We involved an internal specialist to assist us in assessing the terminal value growth rate and the weighted-average cost of capital discount rate used to determine the present value of the cash flows of CGU and whether the rate used reflects the current market assessments of the time value money. We also assessed the sensitivity analysis performed by management on the key assumptions to the impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying amounts. In addition, we also evaluated the adequacy of the Group's disclosures of each key assumptions within the financial statements to which the outcome of the impairment test is most sensitive.

Information other than the financial statements and auditors' report thereon

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

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

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

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

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements (cont'd)

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

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

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 41 on page 145 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 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lim Foo Chew
No. 1748/01/18 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 29 March 2017

Statements of Comprehensive Income
for the financial year ended 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	4	341,097,423	301,088,916	4,136,868	3,758,896
Cost of sales		(291,068,562)	(261,704,266)	(3,665,777)	(3,078,897)
Gross profit		50,028,861	39,384,650	471,091	679,999
Other income		9,484,996	13,378,650	338,222	292,436
Administrative expenses		(13,987,909)	(21,275,085)	(2,500,543)	(2,409,325)
Other operating expenses		(5,070,173)	(6,075,282)	-	-
Operating profit/(loss)		40,455,775	25,412,933	(1,691,230)	(1,436,890)
Finance costs	5	(9,361,946)	(8,815,184)	(970,116)	(935,236)
Income from investments	6	794	461,586	7,028,504	4,711,540
Profit before taxation	7	31,094,623	17,059,335	4,367,158	2,339,414
Income tax expense	8	(8,711,333)	(6,724,556)	322,767	272,224
Profit net of tax		22,383,290	10,334,779	4,689,925	2,611,638
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets					
- Cumulative loss reclassified to profit or loss		58,475	-	13,383	-
- Gain on fair value changes		-	15,273	-	16,559
Exchange differences on translation of foreign operations		127,248	203,960	-	-
		185,723	219,233	13,383	16,559
Total comprehensive income for the year		22,569,013	10,554,012	4,703,308	2,628,197
Profit attributable to:					
Owners of the Company		9,104,574	3,957,400	4,689,925	2,611,638
Non-controlling interests		13,278,716	6,377,379	-	-
		22,383,290	10,334,779	4,689,925	2,611,638
Total comprehensive income attributable to:					
Owners of the Company		9,227,516	4,118,940	4,703,308	2,628,197
Non-controlling interests		13,341,497	6,435,072	-	-
		22,569,013	10,554,012	4,703,308	2,628,197
Earnings per share attributable to owners of the Company					
Basic	9	4.63 sen	2.01 sen		
Diluted	9	3.60 sen	1.57 sen		
Net dividends per share	10	1.50 sen	2.00 sen		

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

Statements of Financial Position
as at 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Assets					
Non-current assets					
Property, plant and equipment	11	441,654,796	447,590,797	9,540,297	7,840,468
Investment properties	12	48,062,419	48,062,419	1,200,000	1,200,000
Biological assets	13	464,221,925	462,017,055	3,565,843	3,565,843
Investment in subsidiary companies	14	-	-	209,070,973	207,746,609
Investment in securities	15	527,983	505,730	516,364	492,396
Land use rights	16	13,183,628	13,362,721	-	-
Deferred tax assets	26	3,203,519	3,422,111	320,724	-
Trade and other receivables	17	149,501,211	134,537,706	-	-
Goodwill on consolidation	18	109,017,339	109,017,339	-	-
		1,229,372,820	1,218,515,878	224,214,201	220,845,316
Current assets					
Inventories	19	28,018,290	31,500,819	89,898	278,377
Trade and other receivables	17	26,589,414	19,004,833	582,360	1,084,558
Tax recoverable		1,456,741	1,147,116	34,724	249,633
Short term investments	20	13,625,290	11,596,208	51,730	49,738
Fixed deposits with licensed banks	21	11,069,868	10,225,502	359,340	349,166
Cash and bank balances	21	17,830,423	20,794,945	416,995	424,789
		98,590,026	94,269,423	1,535,047	2,436,261
Total assets		1,327,962,846	1,312,785,301	225,749,248	223,281,577

Statements of Financial Position
as at 31 December 2016 (cont'd)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 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	220,681,646	214,399,078	6,542,872	4,787,724
		417,225,616	410,943,048	203,086,842	201,331,694
Non-controlling interests		524,322,281	515,567,546	-	-
Total equity		941,547,897	926,510,594	203,086,842	201,331,694
Non-current liabilities					
Hire purchase payables	24	783,982	1,093,847	116,584	74,124
Borrowings	25	86,747,471	97,125,428	1,850,000	4,050,000
Deferred tax liabilities	26	167,970,835	166,115,392	-	2,043
Lease rental payable	27	267,050	267,050	-	-
		255,769,338	264,601,717	1,966,584	4,126,167
Current liabilities					
Payables	28	40,860,345	30,691,990	3,348,947	2,382,159
Hire purchase payables	24	869,966	1,054,110	46,875	41,557
Borrowings	25	86,887,508	89,650,008	17,300,000	15,400,000
Taxation		2,027,792	276,882	-	-
		130,645,611	121,672,990	20,695,822	17,823,716
Total liabilities		386,414,949	386,274,707	22,662,406	21,949,883
Total equity and liabilities		1,327,962,846	1,312,785,301	225,749,248	223,281,577

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 2016

		Equity attributable to owners of the Company										
		Non - distributable						Distributable				
	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
Group												
Opening balance at 1 January 2016		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
Net profit for the financial year		-	-	-	-	-	-	-	9,104,574	9,104,574	13,278,716	22,383,290
Other comprehensive income		-	-	-	-	58,475	64,467	-	-	122,942	62,781	185,723
Total comprehensive income		-	-	-	-	58,475	64,467	-	9,104,574	9,227,516	13,341,497	22,569,013
Acquisition of non-controlling interest	14(a)	-	-	13	-	-	-	-	(294)	(281)	(1,324,723)	(1,325,004)
Cost of capital raising		-	-	3,493	-	-	-	-	-	3,493	-	3,493
Transactions with owners:												
Dividends	10	-	-	-	-	-	-	-	(2,948,160)	(2,948,160)	-	(2,948,160)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,262,039)	(3,262,039)
Total transactions with owners		-	-	-	-	-	-	-	(2,948,160)	(2,948,160)	(3,262,039)	(6,210,199)
Closing balance at 31 December 2016		196,543,970	5,736,883	(1,942,988)	789,026	137,932	152,899	8,169	215,799,725	417,225,616	524,322,281	941,547,897

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		Equity attributable to owners of the Company										
			Non - distributable					Distributable				
	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
Group												
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

Statements of Changes in Equity
for the financial year ended 31 December 2016 (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 2016		196,543,970	80,313	4,707,411	201,331,694
Net profit for the financial year		-	-	4,689,925	4,689,925
Other comprehensive income		-	13,383	-	13,383
Total comprehensive income		-	13,383	4,689,925	4,703,308
Transactions with owners:					
- Dividends, representing total transaction with owners	10	-	-	(2,948,160)	(2,948,160)
Closing balance at 31 December 2016		196,543,970	93,696	6,449,176	203,086,842
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

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 2016

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Operating activities				
Profit before taxation	31,094,623	17,059,335	4,367,158	2,339,414
Adjustments for:				
Amortisation of land use rights	179,093	179,093	-	-
Bad debts written off	20,291	4,494	-	-
Debts forgiven	-	(1,349,532)	-	-
Depreciation of property, plant and equipment	15,379,174	15,822,732	398,403	330,121
Dividend income	(794)	(461,586)	(7,028,504)	(4,711,540)
Fair value gain on investment	(10,586)	-	(10,586)	-
Impairment loss on investment	46,807	-	-	-
Impairment loss on receivables	54,171	6,022,426	-	-
Loss/(gain) on disposal of property, plant and equipment	69,783	(486,420)	39,884	-
Interest expense	9,361,946	8,815,184	970,116	935,236
Interest income	(7,304,255)	(6,831,914)	(22,443)	(82,761)
Property, plant and equipment written off	74,304	25,234	43,639	3,900
Unrealised gain on foreign exchange	(44,261)	(490,262)	-	-
Total adjustments	17,825,673	21,249,449	(5,609,491)	(3,525,044)
Operating cash flows before changes in working capital	48,920,296	38,308,784	(1,242,333)	(1,185,630)
Changes in working capital:				
Inventories	3,483,385	(8,975,065)	188,479	8,373
Receivables	(16,071,985)	10,897,282	(231,232)	229,025
Payables	10,158,395	(4,504,409)	910,349	287,259
Subsidiary companies' accounts	-	-	789,869	106,943
Total changes in working capital	(2,430,205)	(2,582,192)	1,657,465	631,600
Cash flows from/(used in) operations	46,490,091	35,726,592	415,132	(554,030)
Interest received	753,910	603,126	22,443	82,761
Interest paid	(9,361,946)	(8,815,184)	(970,116)	(935,236)
Tax (paid)/refund	(5,196,626)	(2,991,277)	214,910	164,781
Net cash flows from/(used in) operating activities	32,685,429	24,523,257	(317,631)	(1,241,724)

Statements of Cash Flows

for the financial year ended 31 December 2016 (cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Investing activities				
Dividends received	794	461,586	7,028,504	4,711,540
Proceeds from disposal of property, plant and equipment	60,924	743,547	17,264	-
Purchase of property, plant and equipment	(9,041,184)	(22,002,653)	(2,100,019)	(956,125)
Purchase of biological assets	(2,204,870)	(1,892,316)	-	-
Net (investment in)/redemption of short term investments	(2,029,082)	428,375	(1,992)	6,537
Acquisition from non-controlling interest	(1,325,004)	(1,950,000)	-	-
Net cash outflow on acquisition of subsidiary companies (Note 14(a))	-	(4,627,247)	(1,324,364)	(2,829,190)
Additional placement of pledged fixed deposits	(26,462)	(619,314)	(10,174)	(10,175)
Net cash flows (used in)/from investing activities	(14,564,884)	(29,458,022)	3,609,219	922,587
Financing activities				
Cost of capital raising	3,493	-	-	-
Drawdown of revolving credit	3,000,000	26,500,000	1,900,000	6,500,000
Drawdown of term loan	7,000,000	29,150,000	-	-
Repayment of revolving credit	(8,500,000)	(21,000,000)	-	-
Repayment of term loan	(14,640,502)	(17,950,181)	(2,200,000)	(2,200,000)
Repayment of hire purchase obligations	(1,101,155)	(1,289,313)	(51,222)	(50,378)
Dividends paid to shareholders	(2,948,160)	(3,930,879)	(2,948,160)	(3,930,879)
Dividends paid to non-controlling interests	(3,262,039)	(4,212,762)	-	-
Net cash flows (used in)/from financing activities	(20,448,363)	7,266,865	(3,299,382)	318,743

Statements of Cash Flows
for the financial year ended 31 December 2016 (cont'd)

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Net (decrease)/increase in cash and cash equivalents	(2,327,818)	2,332,100	(7,794)	(394)
Effect of foreign exchange rate changes on cash and cash equivalents	181,200	171,948	-	-
Cash and cash equivalents as at 1 January	28,411,345	25,907,297	424,789	425,183
Cash and cash equivalents as at 31 December (Note 21)	26,264,727	28,411,345	416,995	424,789
During the financial year, the Group and the Company acquired property, plant and equipment by:				
Cash	9,041,184	22,002,653	2,100,019	956,125
Hire purchase arrangement	607,000	1,729,400	99,000	80,000
	9,648,184	23,732,053	2,199,019	1,036,125

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

Notes to the Financial Statements
– 31 December 2016

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

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

2.2 Changes in accounting policies (cont'd)

The nature and impact of the new and amended FRSs are described 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 do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 127: Equity Method in Separate Financial Statements

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

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

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

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

The amendments do not have any impact on the Group's and the Company's financial statements.

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

2.2 Changes in accounting policies (cont'd)

Annual Improvements to FRSs 2012 - 2014 Cycle

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

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

The amendment to FRS 5 clarifies that changing from one disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively.

FRS 7: Financial Instruments: Disclosures

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

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively and does not have a significant impact on the Group's and the Company's financial statements.

FRS 119: Employee Benefits

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

FRS 134: Interim Financial Reporting

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

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively and does not have a significant impact on the Group's and the Company's financial statements.

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

2.3 Standards issued but not yet effective

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**
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 - 2016 Cycle	
- Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Amendments to FRS 107: Disclosure Initiative

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

Amendments to FRS 112: Recognition of Deferred Tax for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. 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.

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

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

FRS 9: Financial Instruments

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

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.

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 2016 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. Summary of significant accounting policies (cont'd)

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.

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.

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

2.4 Basis of consolidation (cont'd)

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.

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. Summary of significant accounting policies (cont'd)

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.

2.7 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.

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

2.7 Property, plant and equipment (cont'd)

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.

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.

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

2.7 Property, plant and equipment (cont'd)

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.

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

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.

2.12 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.

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

2.12 Financial assets (cont'd)

(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.

(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.

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

2.12 Financial assets (cont'd)

(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.

2.13 Service concession arrangements

The Group recognises revenue from the construction of the renewable energy power plant 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. Summary of significant accounting policies (cont'd)

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.

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.

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

(b) Unquoted equity securities carried at cost

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

(c) Available-for-sale financial assets

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

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

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

2.16 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.

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

2.16 Revenue recognition (cont'd)

(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.

2.17 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.

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

2.17 Financial liabilities (cont'd)

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

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.

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.

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

2.17 Financial liabilities (cont'd)

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.

(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.

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

2.19 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

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

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).

2.23 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.

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

2.23 Impairment of non-financial assets (cont'd)

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.

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

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.

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

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 2.50% (2015 - 4.69%) 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 ("VIU") 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.

The recoverable amount is sensitive to the discount rate used for the VIU model as well as the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

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 2016. 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 2016 was RM40,380,441 (2015 - RM35,212,407). The recognised tax losses and unabsorbed capital, agriculture and reinvestment allowances and others of the Group was RM168,251,838 (2015 - RM146,718,363).

(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.

(f) Impairment of investment in subsidiary companies

The Company assesses whether there are any indicators of impairment for its investment in subsidiary companies at each reporting date.

In assessing whether there is any indication that its investment in subsidiary companies may be impaired, the Company considers the external and internal sources of information. The external sources include the market value of the investments, the significant changes in the technological, market, economic or legal environment in which the subsidiaries and associates operate, market interest rates or other market rates of return on investments. The internal sources include corporate plan and evidence of internal reporting of the subsidiaries and associates.

The carrying amounts of the investment in subsidiary companies of the Company as at 31 December 2016 was RM209,070,973 (2015 - RM207,746,609).

Based on the Group's and Company's impairment review, no impairment loss was provided for the financial years ended 31 December 2016 and 31 December 2015 for investment in subsidiary companies.

4. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of fresh fruit bunches	20,102,423	11,614,494	3,686,623	3,318,325
Sales of crude palm oil	225,906,296	201,447,046	-	-
Sales of palm kernel	54,030,108	38,407,278	-	-
Sales of earth and stones	1,228,817	1,115,743	-	-
Sales of empty fruit bunches oil	9,935,783	6,260,065	-	-
Revenue from hotel operations	450,245	440,571	450,245	440,571
Construction	16,809,275	31,790,359	-	-
Supply of electricity	12,634,476	10,013,360	-	-
	341,097,423	301,088,916	4,136,868	3,758,896

5. Finance costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interests on:				
- hire purchase	111,798	146,426	8,726	6,681
- revolving credit	3,809,723	3,703,712	710,824	567,057
- term loan	5,440,425	4,965,046	250,566	361,498
	9,361,946	8,815,184	970,116	935,236

6. Income from investments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Gross dividend income from:				
- subsidiary companies	-	-	7,027,923	4,706,624
- quoted investments in Malaysia	794	5,130	581	4,916
- unquoted investments in Malaysia	-	456,456	-	-
	794	461,586	7,028,504	4,711,540

7. Profit before taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
This is arrived at after charging:				
Auditors' remuneration				
- current year's provision	481,198	259,430	51,000	48,000
- under provision in prior year	33,370	19,030	3,000	-
- other assurance services	5,200	7,300	5,200	4,800
- other non-audit services	102,319	67,578	8,500	7,800
Amortisation of land use rights	179,093	179,093	-	-
Bad debts written off	20,291	4,494	-	-
Depreciation of property, plant and equipment	15,379,174	15,822,732	398,403	330,121
Directors' emoluments:				
- directors of the Company (Note 30)	3,580,680	3,259,928	867,296	810,336
- directors of subsidiary companies (Note 30)	1,679,442	1,583,877	-	-
Impairment loss on investment	46,807	-	-	-
Impairment loss on receivables	54,171	6,022,426	-	-
Loss on disposal of property, plant and equipment	71,352	64,429	39,884	-
Property, plant and equipment written off	74,304	25,234	43,639	3,900
Rentals				
- premises	283,452	270,165	56,400	57,000
- land	131,858	89,390	3,660	3,660
- computer software	1,200	3,412	-	-
Unrealised loss on foreign exchange	345,450	-	-	-
and crediting:				
Debts forgiven	-	1,349,532	-	-
Fair value gain on investment	10,586	-	10,586	-
Gain on disposal of property, plant and equipment	1,569	550,849	-	-
Interest income from:				
- fixed deposits	392,278	258,254	10,175	10,175
- short term investments	354,011	337,252	1,992	3,090
- advances to subsidiary companies	-	-	2,656	61,876

7. Profit before taxation (cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
and crediting: (cont'd)				
- amount due from customer on service concession	6,550,346	6,228,788	-	-
- others	7,620	7,620	7,620	7,620
Realised gain on foreign exchange	588	66,895	-	-
Rental income				
- equipment hire income	62,905	218,173	89,605	78,101
- landed property	35,045	28,980	32,045	29,940
- investment properties	67,992	66,358	67,992	66,358
- land	6,181	680	4,905	680
- canteen and staff quarter	-	6,456	-	-
Sundry income	322	-	322	-
Unrealised gain on foreign exchange	389,711	490,262	-	-

8. Income tax expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax:				
- Malaysian income tax	6,618,032	5,832,311	-	-
- Under provision in prior years	19,266	156,221	-	-
	6,637,298	5,988,532	-	-
Deferred taxation (Note 26):				
- Relating to origination and reversal of temporary differences	1,741,139	394,918	(330,785)	(293,547)
- Effect of change in tax rate	-	(63,156)	-	-
- Under provision in prior years	332,896	404,262	8,018	21,323
	2,074,035	736,024	(322,767)	(272,224)
	8,711,333	6,724,556	(322,767)	(272,224)

8. Income tax expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 - 25%) of the estimated assessable profit for the year. The corporate statutory tax rate will be reduced to range of 20% to 24% from the current year's tax rate of 24% effective Year of Assessment 2017. The reduction in the income tax rate is based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment. The effect of the change in future tax rate to deferred tax of the Group and of the Company is determined not to be significant.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before taxation	31,094,623	17,059,335	4,367,158	2,339,414
Taxation at applicable statutory tax rate at 24% (2015 - 25%)	7,462,710	4,264,834	1,048,118	584,854
Income not subject to tax	(92,678)	(762,930)	(1,687,956)	(1,194,127)
Deferred tax recognised at different tax rate	-	(28,177)	-	-
Effect of change in tax rate on deferred tax	-	(63,156)	-	-
Expenses not deductible for tax purposes	989,139	2,502,275	309,053	315,726
Effect of utilisation of previously unrecognised unabsorbed capital allowances	-	(36,298)	-	-
Others	-	287,525	-	-
Under provision in prior years				
- current tax	19,266	156,221	-	-
- deferred tax	332,896	404,262	8,018	21,323
Tax expense for the year	8,711,333	6,724,556	(322,767)	(272,224)

9. Earnings per share

(a) Basic earnings per share

The basic earnings per share of 4.63 sen (2015 - 2.01 sen) is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company of RM9,104,574 (2015 - RM3,957,400) by the number of ordinary shares of 196,543,970.

9. Earnings per share

(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	
	2016 RM	2015 RM
Profit attributable to owners of the Company	9,104,574	3,957,400
	Number of shares	
	2016	**2015**
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)	3.60	1.57

10. Dividends

	Group and Company	
	2016 RM	2015 RM
In respect of financial year ended 31 December 2015:		
Final single tier dividend of 1.50%: 1.50 sen per share	2,948,160	-
In respect of financial year ended 31 December 2014:		
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 2016:		
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 2015:		
Final single tier dividend of 1.50%: 1.50 sen per share	-	2,948,160

At the forthcoming Annual General Meeting, a final single tier dividend of 1.50% in respect of the current financial year ended 31 December 2016 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 2017.

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 2016											
Cost/Valuation											
At 1 January 2016	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
Additions	-	-	-	566,625	2,224,619	378,467	29,297	-	1,005,589	5,443,587	9,648,184
Disposals	-	-	-	-	(81,780)	(1,609,153)	-	-	(216,266)	-	(1,907,199)
Write off	-	-	-	-	(153,953)	(231,382)	(72,861)	-	(27,650)	-	(485,846)
Reclassification	-	-	-	11,812,660	191,815	322,683	-	-	-	(12,327,158)	-
At 31 December 2016	12,763,647	182,138,506	7,139,309	192,262,477	89,943,230	4,553,797	637,966	6,042,251	7,709,356	11,737,309	514,927,848
Representing:											
At cost	9,859,694	182,138,506	7,139,309	192,126,581	89,943,230	4,553,797	637,966	6,042,251	7,709,356	11,737,309	511,887,999
At valuation - 1976	2,903,953	-	-	135,896	-	-	-	-	-	-	3,039,849
	12,763,647	182,138,506	7,139,309	192,262,477	89,943,230	4,553,797	637,966	6,042,251	7,709,356	11,737,309	514,927,848
Accumulated depreciation											
At 1 January 2016	-	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
Charge for the year	-	2,422,330	125,313	5,031,719	6,162,965	546,016	38,286	296,879	755,666	-	15,379,174
Disposals	-	-	-	-	(44,866)	(1,552,007)	-	-	(179,619)	-	(1,776,492)
Write off	-	-	-	-	(111,601)	(220,408)	(68,473)	-	(11,060)	-	(411,542)
At 31 December 2016	-	17,249,350	2,038,533	23,225,642	22,922,413	1,814,755	420,629	1,864,437	3,737,293	-	73,273,052
Net carrying amount											
At 31 December 2016	12,763,647	164,889,156	5,100,776	169,036,835	67,020,817	2,739,042	217,337	4,177,814	3,972,063	11,737,309	441,654,796

11. Property, plant and equipment (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
Group (cont'd)											
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	-	(77,234)	-	-	(19,015)	-	-	-	(415,656)	-	(511,905)
Write off	-	-	-	-	(10,891)	(19,921)	(6,000)	-	(140,000)	(12,350)	(189,162)
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	-	(8,315)	-	-	(19,015)	-	-	-	(227,448)	-	(254,778)
Write off	-	-	-	-	(6,898)	(19,007)	-	-	(138,023)	-	(163,928)
Reclassification	-	-	-	(274,998)	(2,092,992)	(29,255)	-	-	-	-	(2,397,245)
Adjustments	-	-	-	-	(84,111)	-	-	-	-	-	(84,111)
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)

*Buildings comprise:

Group	Leasehold property RM	Oil mill and other buildings RM	Plantation infrastructure development expenditure RM	Quarry RM	Total RM
At 31 December 2016					
Cost/Valuation					
At 1 January 2016	592,166	61,312,598	97,978,428	20,000,000	179,883,192
Additions	-	552,989	13,636	-	566,625
Reclassification	-	2,251,992	9,560,668	-	11,812,660
At 31 December 2016	592,166	64,117,579	107,552,732	20,000,000	192,262,477
Representing:					
At cost	592,166	63,981,683	107,552,732	20,000,000	192,126,581
At valuation - 1976	-	135,896	-	-	135,896
	592,166	64,117,579	107,552,732	20,000,000	192,262,477
Accumulated depreciation					
At 1 January 2016	-	12,392,523	3,917,148	1,884,252	18,193,923
Charge for the year	-	3,554,187	1,368,329	109,203	5,031,719
At 31 December 2016	-	15,946,710	5,285,477	1,993,455	23,225,642
Net carrying amount					
At 31 December 2016	592,166	48,170,869	102,267,255	18,006,545	169,036,835
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

11. Property, plant and equipment (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	Assets under construction RM	Total RM
Company										
At 31 December 2016										
Cost/Valuation										
At 1 January 2016	3,006,617	388,220	4,950,470	302,446	2,424,511	570,827	163,715	884,600	877,714	13,569,120
Additions	-	-	443,997	-	97,365	24,867	-	128,004	1,504,786	2,199,019
Disposal	-	-	-	-	(1,609,153)	-	-	-	-	(1,609,153)
Write off	-	-	-	(116,655)	(219,603)	(72,861)	-	(71,275)	-	(480,394)
Transfer	-	-	1,823,179	-	322,683	-	-	-	(2,145,862)	-
At 31 December 2016	3,006,617	388,220	7,217,646	185,791	1,015,803	522,833	163,715	941,329	236,638	13,678,592
Representing:										
At cost	102,664	388,220	7,081,750	185,791	1,015,803	522,833	163,715	941,329	236,638	10,638,743
At valuation - 1976	2,903,953	-	135,896	-	-	-	-	-	-	3,039,849
	3,006,617	388,220	7,217,646	185,791	1,015,803	522,833	163,715	941,329	236,638	13,678,592
Accumulated depreciation										
At 1 January 2016	-	-	2,439,719	118,907	2,123,568	424,411	132,233	489,814	-	5,728,652
Charge for the year	-	-	170,350	14,840	136,951	28,577	2,952	44,733	-	398,403
Disposal	-	-	-	-	(1,552,005)	-	-	-	-	(1,552,005)
Write off	-	-	-	(83,395)	(213,613)	(68,473)	-	(71,274)	-	(436,755)
At 31 December 2016	-	-	2,610,069	50,352	494,901	384,515	135,185	463,273	-	4,138,295
Net carrying amount										
At 31 December 2016	3,006,617	388,220	4,607,577	135,439	520,902	138,318	28,530	478,056	236,638	9,540,297

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	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)

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.

(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	
	2016 RM	2015 RM	2016 RM	2015 RM
Motor vehicles	2,562,162	1,910,539	335,376	232,734
Plant and machinery	2,422,546	2,924,437	-	-
	4,984,708	4,834,976	335,376	232,734

(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	
	2016 RM	2015 RM	2016 RM	2015 RM
Freehold land	3,006,617	3,006,617	3,006,617	3,006,617
Leasehold land	28,096,588	28,510,281	-	-
Buildings	14,989,132	15,931,804	1,144,621	1,159,401
Plantation infrastructure development expenditure	36,380,779	27,196,929	-	-
Plant and machinery	20,966,405	24,558,562	127,119	135,332
Assets under construction	14,582,499	17,743,165	-	-
Furniture and fittings	1,362,096	1,409,796	119,969	145,688
Office equipment	128,486	130,096	128,486	130,096
Electrical installation	28,531	31,482	28,530	31,482
	119,541,133	118,518,732	4,555,342	4,608,616

12. Investment properties

	2016 RM	2015 RM
Group		
Fair value		
At 1 January and 31 December	48,062,419	48,062,419
Company		
Fair value		
At 1 January and 31 December	1,200,000	1,200,000

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 2016. 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:

	2016			
	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

	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

12. Investment properties (cont'd)

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.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Plantation development expenditure				
At 1 January	462,017,055	460,124,739	3,565,843	3,565,843
Additions	2,204,870	1,892,316	-	-
At 31 December	464,221,925	462,017,055	3,565,843	3,565,843
Representing:				
At cost	454,878,282	452,673,412	3,565,843	3,565,843
At valuation				
- 1982	5,351,230	5,351,230	-	-
- 1988	3,992,413	3,992,413	-	-
	464,221,925	462,017,055	3,565,843	3,565,843

13. Biological assets (cont'd)

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 RM66,614,101 and RM3,565,843 (2015 - RM64,409,228 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	
	2016	**2015**
	RM	**RM**
At cost		
Unquoted investments	109,804,859	108,480,495
Quoted investment	99,266,114	99,266,114
	209,070,973	207,746,609
At market value	77,283,144	64,846,776

(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* 2016	2015	% of ownership interest held by non-controlling interest* 2016	2015
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	-	-

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* 2016	% of ownership interest held by the Group* 2015	% of ownership interest held by non-controlling interest* 2016	% of ownership interest held by non-controlling interest* 2015
Held by the Company						
Telok Anson Hotel Sdn. Berhad	Malaysia	Property development.	100	92	-	8
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.	100	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	)	100	100	-	-
Held through Majuperak Plantation Sdn. Bhd.						
Majuperak Sawit Sdn. Bhd.	Malaysia	Dormant.	100	100	-	-
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	)	38.46	38.46	61.54	61.54
Wong Tet-Jung Plantations Sdn. Bhd.	Malaysia	)	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	)	38.46	38.46	61.54	61.54
Libarran Island Resort Sdn. Bhd.	Malaysia	Investment holding.	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* 2016	2015	% of ownership interest held by non-controlling interest* 2016	2015
Held through Cepatwawasan Group Berhad (cont'd)						
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 sales 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
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

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* 2016	2015	% of ownership interest held by non-controlling interest* 2016	2015
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.						
Power Precinct Sdn. Bhd.	Malaysia	Investment holding.	38.46	38.46	61.54	61.54
Cash Horse (M) Sdn. Bhd.	Malaysia	Power generation and sale of biomass by-products.	38.46	38.46	61.54	61.54
Timah Resources Limited***	Australia	Investment holding.	23.66	23.66	76.34	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	-	61.54
Held through Timah Resources Limited						
Mistral Engineering Sdn. Bhd.	Malaysia	Power generation.	23.66	23.66	76.34	76.34

All the above companies, except for Richester Pte Ltd. and Timah Resources Limited are audited by Ernst & Young, Malaysia.

* equals to the proportion of voting rights held
** Deregistered
*** Listed on the Australian Securities Exchange Ltd or ASX Limited

2016

(i) On 11 March 2016, Ayu Sempurna Sdn. Bhd., a wholly owned subsidiary company of CGB acquired 2 ordinary shares of RM1 each in Ladang Cepat-KPD Sdn. Bhd. ("KPD"), representing 0.002% equity interest for a total consideration of RM640.

(ii) On 3 June 2016, the Company acquired the remaining 44,001 ordinary shares of RM1 each in Mah Hock Company Sendirian Berhad ("MAH"), representing 31.89% equity interest for a total consideration of RM1,324,364. As a result, MAH became a wholly-owned subsidiary company of the Company.

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:

	RM
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)

(iii) The assets and liabilities arising from the acquisition of TRL and MAH as at the date of acquisition were as follows: (cont'd)

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

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

	RM
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

(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

	2016 RM	2015 RM
Non-current assets	623,964,253	609,666,471
Current assets	82,707,468	79,813,768
Total assets	706,671,722	689,480,239
Current liabilities	97,539,558	92,017,549
Non- current liabilities	116,875,076	122,389,110
Total liabilities	214,414,634	214,406,659
Net assets	492,257,088	475,073,580
Equity attributable to owners of the Company	189,322,076	182,713,299
Non-controlling interests	302,935,012	292,360,281

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. (cont'd)

(ii) Summarised statement of comprehensive income

	2016 RM	2015 RM
Revenue	254,668,133	228,221,018
Profit for the year	22,488,029	11,753,291
Profit attributable to owners of the Company	9,511,334	4,920,092
Profit attributable to the non-controlling interests	12,976,695	6,833,199
	22,488,029	11,753,291
Other comprehensive income attributable to owners of the Company	24,794	56,254
Other comprehensive income attributable to non-controlling interests	102,454	147,706
	127,248	203,960
Total comprehensive income	22,615,277	11,957,251
Total comprehensive income attributable to owners of the Company	9,536,128	4,976,346
Total comprehensive income attributable to non-controlling interests	13,079,149	6,980,905
	22,615,277	11,957,251

(iii) Summarised statement of cash flows

	2016 RM	2015 RM
Net cash generated from operating activities	24,987,604	18,182,800
Net cash used in investing activities	(10,379,578)	(25,961,434)
Net cash generated from financing activities	(18,080,682)	8,360,526
Net (decrease)/increase in cash and cash equivalents	(3,472,656)	581,892
Net foreign exchange difference	181,200	171,948
Cash and cash equivalents at 1 January	22,655,990	21,902,150
Cash and cash equivalents at end of the year	19,364,534	22,655,990

15. Investment in securities

	2016 Carrying amount RM	2016 Market value of quoted investments RM	2015 Carrying amount RM	2015 Market value of quoted investments RM
Group				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	147,285	147,285	125,032	125,032
- Equity instruments (unquoted), at cost	314,170	-	314,170	-
Held-to-maturity investment				
- 6% preference shares	66,528	-	66,528	-
	527,983		505,730	
Company				
Non-current				
Available-for-sale financial assets				
- Equity instruments (quoted in Malaysia)	137,852	137,852	113,884	113,884
- Equity instruments (unquoted), at cost	311,984	-	311,984	-
Held-to-maturity investment				
- 6% preference shares	66,528	-	66,528	-
	516,364		492,396	

16. Land use rights

	Group 2016 RM	Group 2015 RM
Cost		
At 1 January and 31 December	13,900,000	13,900,000
Accumulated amortisation		
At 1 January	537,279	358,186
Amortisation for the year	179,093	179,093
At 31 December	716,372	537,279
Net carrying amount	13,183,628	13,362,721
Amount to be amortised:		
- Not later than 1 year	179,093	179,093
- Later than 1 year but not later than 5 years	716,372	716,372
- Later than 5 years	12,288,163	12,467,256
	13,183,628	13,362,721

17. Trade and other receivables

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Current				
Trade receivables				
Third parties	14,747,230	7,503,627	337,073	135,584
Amount due from customer on service concession	5,509,639	4,807,269	-	-
	20,256,869	12,310,896	337,073	135,584
Less: Allowance for impairment	(343,169)	(346,486)	-	-
	19,913,700	11,964,410	337,073	135,584
Other receivables				
Sundry receivables	2,208,677	1,502,851	34,049	43,040
Prepayments and deposits	3,185,269	3,369,641	114,675	87,191
Termination compensation receivable	1,327,607	1,298,999	-	-
Amounts owing by subsidiary companies	-	-	71,653	805,083
Prepayment for equity shares in a foreign company	7,900,787	8,947,405	-	-
Goods and Services Tax receivables	443,862	303,079	24,910	13,660
	15,066,202	15,421,975	245,287	948,974
Less: Allowance for impairment	(8,390,488)	(8,381,552)	-	-
	6,675,714	7,040,423	245,287	948,974
	26,589,414	19,004,833	582,360	1,084,558
Non-current				
Trade receivables				
Amount due from customer on service concession	149,501,211	133,937,942	-	-
Other receivables				
Termination compensation receivable	-	599,764	-	-
	149,501,211	134,537,706	-	-

17. Trade and other receivables (cont'd)

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Total trade and other receivables (current and non-current)	176,090,625	153,542,539	582,360	1,084,558
Less: Prepayments and non-refundable deposits	(1,734,565)	(2,029,788)	(114,675)	(87,191)
Less: Goods and Services Tax receivables	(443,862)	(303,079)	(24,910)	(13,660)
	173,912,198	151,209,672	442,775	983,707
Short term investments (Note 20)	13,625,290	11,596,208	51,730	49,738
Fixed deposits with licensed banks (Note 21)	11,069,868	10,225,502	359,340	349,166
Cash and bank balances (Note 21)	17,830,423	20,794,945	416,995	424,789
Total loans and receivables	216,437,779	193,826,327	1,270,840	1,807,400

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 RM331,639 (2015 - RM132,317).

17. Trade and other receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as follows:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Neither past due nor impaired	169,395,033	145,702,025	337,073	135,584
1 to 30 days past due not impaired	-	-	-	-
31 to 60 days past due not impaired	19,878	96,524	-	-
61 to 90 days past due not impaired	-	3,914	-	-
More than 91 days past due not impaired	-	99,889	-	-
	19,878	200,327	-	-
Impaired	343,169	346,486	-	-
	169,758,080	146,248,838	337,073	135,584

(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 RM19,878 (2015 - RM200,327) 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	
	2016 RM	2015 RM
Trade receivables		
At 1 January	346,486	532,615
Charge for the year	-	109,625
Written off	(3,317)	(295,754)
At 31 December	343,169	346,486
Other receivables		
At 1 January	8,381,552	2,753,484
Charge for the year	54,171	5,628,068
Written off	(45,235)	-
At 31 December	8,390,488	8,381,552

(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 IDR25,000,000 each in PT Mukti Sejahtera Abadi, at a maximum purchase consideration of IDR125,000,000 (approximately RM46,125).

The acquisition is yet to be completed pending the satisfaction of certain conditions as stated in the CSPA. However, on 15 May 2016, the Group has entered into agreement to dispose of its rights at a purchase consideration of RM1,500,000. An impairment of RM5,408,000 has been recognised in the financial statements in previous financial year 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 generated from the Facilities at a fixed tariff for 21 years from the commercial operation date.

On 1 January 2015, CHSB entered into a FiT-REPPA with SESB to design, construct, own and maintain the facility and to sell and deliver electrical energy to SESB under Feed-In Tariff 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. 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 FiT-REPPA with SESB to design, construct own and maintain the facility and to sell and deliver electrical energy to SESB under Feed-In Tariff Programme. The construction of the facility commenced in year 2014 and has yet to be completed as at year end. It was completed and available for use on 14 February 2017. Under the terms of agreement, CHSB and MESB will operate for a period of 16 years starting from 1 January 2015 and 15 February 2017 respectively. CHSB and MESB will be responsible for any maintenance service required during the concession period.

For the year ended 31 December 2016, CHSB has recognized revenue of RM12 million (2015 : RM10 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 4.6%.

For the year ended 31 December 2016, MESB has recognized revenue of RM16.89 million (2015 : RM31 million) consisting RM16.8 million (2015 : RM31 million) on construction of the facility and RM0.09 million (2015 : Nil) on the operation of the facility. The revenue recognized in relation to construction in year 2016 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 5.45%.

18. Goodwill on consolidation

	Group 2016 RM	Group 2015 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	
	2016	**2015**
	RM	**RM**
Plantation and quarry segment	76,912,223	76,912,223
Oil mill segment	32,105,116	32,105,116
	109,017,339	109,017,339

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by the management covering a five-year period.

The calculations of value in use for the CGUs are based on 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.

Discount rates - Discount rates reflect the current market assessment of the risks specific to the CGUs. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity.

The sensitivity to change in key assumptions used in value in use calculations are as follows:

Growth rates - A reduction by 0.5% in growth rate in both segment would not cause the amount of the CGUs to materially exceed their recoverable amount.

Discount rates - Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a post-tax discount rate. A rise in the post-tax discount rate of 1% in both segment would not cause the carrying amount of the CGU to materially exceed their recoverable amount.

19. Inventories

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
At cost				
Crude palm oil	5,614,707	8,483,553	-	-
Palm kernel	1,742,671	1,042,484	-	-
Quarry stocks	16,746,483	16,900,957	-	-
Nursery seedlings, stores and materials	3,914,429	5,073,825	89,898	278,377
	28,018,290	31,500,819	89,898	278,377

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM15,262,672 (2015 - RM16,807,254). There were no inventories stated at net realisable value as at 31 December 2016 and 31 December 2015.

20. Short term investments

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
AmIncome	12,119,376	10,587,007	-	-
AmCash Management	1,505,914	1,009,201	51,730	49,738
	13,625,290	11,596,208	51,730	49,738

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 2016 % per annum	Group 2015 % per annum	Company 2016 % per annum	Company 2015 % per annum
Short term investments	2.59 - 3.24	3.24 - 3.58	2.59	3.24

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

	Group 2016 Days	Group 2015 Days	Company 2016 Days	Company 2015 Days
Short term investments	1	1	1	1

21. Cash and cash equivalents

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Fixed deposits with licensed banks	11,069,868	10,225,502	359,340	349,166
Cash and bank balances	17,830,423	20,794,945	416,995	424,789
	28,900,291	31,020,447	776,335	773,955
Fixed deposits pledged	(2,635,564)	(2,609,102)	(359,340)	(349,166)
	26,264,727	28,411,345	416,995	424,789

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

	Group 2016 % per annum	Group 2015 % per annum	Company 2016 % per annum	Company 2015 % per annum
Fixed deposits with licensed banks	2.90 - 3.19	3.02 - 3.20	2.90	3.20

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

	Group 2016 Days	Group 2015 Days	Company 2016 Days	Company 2015 Days
Fixed deposits with licensed banks	30 - 365	30 - 730	30 - 31	30 - 31

21. Cash and cash equivalents (cont'd)

Group

Fixed deposits with licensed banks of RM2,635,564 (2015 - RM2,609,102) are pledged as securities for banking facilities granted to the Group. These fixed deposits include fixed deposits amounting to RM359,340 (2015 - RM349,166), 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 RM359,340 (2015 - RM349,166) 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	
	2016	2015	2016 RM	2015 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

	2016 RM	2015 RM
Group		
Distributable		
- Capital reserve	8,169	8,169
- Retained profits	215,799,725	209,643,605
	215,807,894	209,651,774
Non-distributable		
- Capital reserve	5,736,883	5,736,883
- Revaluation reserve	789,026	789,026
- Foreign currency translation reserve	152,899	88,432
- Fair value adjustment reserve	137,932	79,457
- Other reserve	(1,942,988)	(1,946,494)
	4,873,752	4,747,304
	220,681,646	214,399,078
Company		
Distributable		
- Retained profits	6,449,176	4,707,411
Non-distributable		
- Fair value adjustment reserve	93,696	80,313
	6,542,872	4,787,724

Distributable reserves

The Company may distribute dividends out of its entire distributable reserves as at 31 December 2016 and 31 December 2015 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Future minimum hire purchase payments:				
- within one year	943,952	1,154,525	55,608	46,214
- within one to two years	440,209	800,421	50,928	32,064
- within two and not later than five years	397,326	347,161	76,470	47,014
	1,781,487	2,302,107	183,006	125,292
Finance charges on hire purchase	(127,539)	(154,150)	(19,547)	(9,611)
Present value of hire purchase liabilities	1,653,948	2,147,957	163,459	115,681
Analysis of present value of hire purchase liabilities:				
- within one year	869,966	1,054,110	46,875	41,557
- within one to two years	410,718	756,490	45,077	29,144
- within two and not later than five years	373,264	337,357	71,507	44,980
	1,653,948	2,147,957	163,459	115,681
Less: Amounts due within 12 months	(869,966)	(1,054,110)	(46,875)	(41,557)
Amounts due after 12 months	783,982	1,093,847	116,584	74,124

The hire purchase payables of the Group and the Company bear effective fixed interest rates of 2.48% to 5.95% (2015 - 2.46% to 6.50%) and 2.48% to 3.77% (2015 - 2.48% to 3.35%) per annum respectively.

25. Borrowings

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 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	8,000,008	-	-
- Loan at COF + 1.125% p.a.	2,100,000	2,100,000	-	-
- Loan at COF + 1.50% p.a.	7,987,500	7,650,000	-	-
Short term revolving credit				
- RC at COF + 1.10% p.a.	16,500,000	15,700,000	14,000,000	13,200,000
- RC at ICOF + 1.20% p.a.	23,000,000	28,000,000	-	-
- 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	-	-
Unsecured:				
Short term revolving credit				
- RC at COF + 1.50% p.a.	1,100,000	-	1,100,000	-
	86,887,508	89,650,008	17,300,000	15,400,000
Long term borrowings				
Secured:				
Term loans				
- Loan at COF + 1.00% p.a.	1,850,000	4,050,000	1,850,000	4,050,000
- Loan at COF + 1.10% p.a.	45,045,815	43,116,473	-	-
- Loan at COF + 1.125% p.a.	1,926,656	4,046,455	-	-
- Loan at COF + 1.50% p.a.	37,925,000	45,912,500	-	-
	86,747,471	97,125,428	1,850,000	4,050,000
Total borrowings				
Secured:				
Term loans	107,034,979	117,075,436	4,050,000	6,250,000
Short term revolving credit	65,500,000	69,700,000	14,000,000	13,200,000
Unsecured:				
Short term revolving credit	1,100,000	-	1,100,000	-
	173,634,979	186,775,436	19,150,000	19,450,000
Maturity of borrowings:				
Within 1 year	86,887,508	89,650,008	17,300,000	15,400,000
More than 1 year and less than 2 years	21,726,664	20,287,508	1,850,000	2,200,000
More than 2 years and less than 5 years	51,975,026	59,971,479	-	1,850,000
5 years and more	13,045,781	16,866,441	-	-
	173,634,979	186,775,436	19,150,000	19,450,000

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 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
At 1 January	162,693,281	161,754,884	2,043	274,267
Recognised in profit or loss (Note 8)	2,074,035	736,024	(322,767)	(272,224)
Acquisition of subsidiary company	-	202,373	-	-
At 31 December	164,767,316	162,693,281	(320,724)	2,043
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	167,970,835	166,115,392	-	2,043
Deferred tax assets	(3,203,519)	(3,422,111)	320,724	-
	164,767,316	162,693,281	320,724	2,043

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 1.1.2015 RM	Recognised in profit or loss RM	Acquisition of subsidiary company RM	At 31.12.2015 RM	Recognised in profit or loss RM	At 31.12.2016 RM
Property, plant and equipment	75,428,421	733,589	-	76,162,010	(1,327,256)	74,834,754
Biological assets	106,332,302	633,169	-	106,965,471	555,113	107,520,584
Revaluation of leasehold land and buildings	733,743	(39,699)	202,373	896,417	(38,734)	857,683
Fair value changes to investment property	1,187,860	-	-	1,187,860	-	1,187,860
Amount due from customer on service concession	9,037,579	3,656,351	-	12,693,930	8,052,946	20,746,876
Total	192,719,905	4,983,410	202,373	197,905,688	7,242,069	205,147,757

26. Deferred tax liabilities (cont'd)

Deferred tax assets of the Group:

	At 1.1.2015 RM	Recognised in profit or loss RM	At 31.12.2015 RM	Recognised in profit or loss RM	At 31.12.2016 RM
Unabsorbed business losses	(6,926,926)	(778,955)	(7,705,881)	(137,194)	(7,843,075)
Unabsorbed capital and agriculture allowances	(19,850,486)	(4,509,088)	(24,359,574)	(4,292,142)	(28,651,716)
Unabsorbed reinvestment and investment tax allowances	(4,170,007)	1,053,539	(3,116,468)	(24,071)	(3,140,539)
Others	(17,602)	(12,882)	(30,484)	(714,627)	(745,111)
Total	(30,965,021)	(4,247,386)	(35,212,407)	(5,168,034)	(40,380,441)

Deferred tax liabilities of the Company:

	At 1.1.2015 RM	Recognised in profit or loss RM	At 31.12.2015 RM	Recognised in profit or loss RM	At 31.12.2016 RM
Property, plant and equipment	246,945	3,284	250,229	154,627	404,856
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	426,884	3,284	430,168	154,627	584,795

Deferred tax assets of the Company:

	At 1.1.2015 RM	Recognised in profit or loss RM	At 31.12.2015 RM	Recognised in profit or loss RM	At 31.12.2016 RM
Unabsorbed business losses	(53,884)	(209,698)	(263,582)	(220,586)	(484,168)
Unabsorbed capital and agriculture allowances	(98,733)	(65,810)	(164,543)	(256,808)	(421,351)
Total	(152,617)	(275,508)	(428,125)	(477,394)	(905,519)

26. Deferred tax liabilities (cont'd)

Unrecognised capital allowances

At the reporting date, the Group has unabsorbed capital allowances of approximately RM905,565 (2015 - RM897,577) 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 48 years commencing in the year 2049.

28. Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	15,691,674	9,947,692	-	-
Other payables	8,940,491	10,543,492	1,346,158	562,124
Accruals and deposits	15,402,546	9,656,356	646,203	519,888
Amounts owing to subsidiary companies	-	-	1,356,586	1,300,147
Goods and Services Tax payable	825,634	544,450	-	-
	40,860,345	30,691,990	3,348,947	2,382,159
Total trade and other payables	40,860,345	30,691,990	3,348,947	2,382,159
Less: Goods and Services Tax payable	(825,634)	(544,450)	-	-
	40,034,711	30,147,540	3,348,947	2,382,159
Hire purchase payables (Note 24)	1,653,948	2,147,957	163,459	115,681
Borrowings (Note 25)	173,634,979	186,775,436	19,150,000	19,450,000
Lease rental payable	267,050	267,050	-	-
Total financial liabilities carried at amortised cost	215,590,688	219,337,983	22,662,406	21,947,840

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		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Staff costs				
Salaries, wages, bonus, overtime, allowances, annual leave pay and other related expenses	33,317,708	33,314,569	2,759,027	2,803,750
Employees Provident Fund contributions	1,821,214	1,752,586	237,733	234,224
	35,138,922	35,067,155	2,996,760	3,037,974

Included in staff costs of the Group and of the Company are remuneration of directors of the Company amounting to RM3,580,680 (2015 - RM3,259,928) and RM867,296 (2015 - RM810,336) respectively as further disclosed in Note 30.

30. Directors' emoluments

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	3,035,960	2,741,360	652,050	600,300
Employees Provident Fund contributions	354,720	326,568	78,246	72,036
Total executive directors' remuneration	3,390,680	3,067,928	730,296	672,336
Non-executive:				
Allowance	190,000	192,000	137,000	138,000
Total directors' remuneration	3,580,680	3,259,928	867,296	810,336
Directors of subsidiary companies				
Executive:				
Salaries and other emoluments	1,488,756	1,370,680	-	-
Employees Provident Fund contributions	38,347	36,018	-	-
Total executive directors' remuneration	1,527,103	1,406,698	-	-
Non-executive:				
Allowance	152,339	177,179	-	-
Total directors' remuneration	1,679,442	1,583,877	-	-

30. Directors' emoluments (cont'd)

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	
	2016	2015
Executive directors:		
RM1,650,001 – RM1,700,000	2	-
RM1,500,001 – RM1,550,000	-	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	
	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM		2016 RM	2015 RM
Revenue:													
External customers	20,102,423	11,614,494	279,936,404	239,854,324	39,379,534	48,063,784	1,679,062	1,556,314	-	-		341,097,423	301,088,916
Inter-segment	67,950,469	64,897,924	-	-	1,685,036	2,222,360	8,074,329	3,840,241	(77,709,834)	(70,960,525)	A	-	-
Total revenue	88,052,892	76,512,418	279,936,404	239,854,324	41,064,570	50,286,144	9,753,391	5,396,555	(77,709,834)	(70,960,525)		341,097,423	301,088,916
Results:													
Interest income	418,948	439,873	2,513,017	2,345,612	6,651,645	6,311,330	3,349,782	2,329,186	(5,629,137)	(4,594,087)		7,304,255	6,831,914
Depreciation and amortisation	4,047,911	4,081,856	5,270,033	5,258,889	753,583	1,000,763	738,281	657,168	4,748,459	5,003,149		15,558,267	16,001,825
Segment profit	31,505,354	23,201,485	3,596,777	7,742,816	11,468,523	5,824,107	5,486,623	14,659,481	(20,962,654)	(34,368,554)	B	31,094,623	17,059,335

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:

	2016 RM	2015 RM
Group		
Transactions with non-group enterprise:		
Rental of premises	48,000	48,000
Company		
Transactions with subsidiary companies:		
Interest receivable on advances	2,656	61,876
Rental income of equipment	89,605	78,101
Rental expenses of equipment	52,793	75,302
Sale of fresh fruit bunches	3,509,561	3,209,817
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 2016 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 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Salaries and other emoluments	5,494,608	5,595,361	349,498	324,431
Employees Provident Fund contributions	518,938	563,228	34,416	39,072
Total key management personnel's remuneration	6,013,546	6,158,589	383,914	363,503

33. Commitments

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
(a) Capital commitments				
Property, plant and equipment				
- Approved and contracted for	5,021,885	17,983,414	1,001,750	1,877,501
- Approved but not contracted for	6,014,180	18,672,750	-	-
(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 RM118,300,000 (2015 - RM118,300,000) 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 59% 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 Note 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 RM6.5 million (2015 - RM7.4 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)

	2016			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Borrowings	93,886,510	80,831,335	20,833,384	195,551,229
Hire purchase payables	943,952	837,535	-	1,781,487
Payables	40,034,711	-	-	40,034,711
Total undiscounted financial liabilities	134,865,173	81,668,870	20,833,384	237,367,427
Company				
Financial liabilities:				
Borrowings	18,214,599	1,900,068	-	20,114,667
Hire purchase payables	55,608	127,398	-	183,006
Payables	3,348,947	-	-	3,348,947
Total undiscounted financial liabilities	21,619,154	2,027,466	-	23,646,620

	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	30,147,540	-	-	30,147,540
Total undiscounted financial liabilities	130,105,524	97,626,688	16,781,106	244,513,318
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

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 RM1,622,891 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

	2016 Carrying amount RM	Fair value RM	2015 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 5.45%.

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 2016				
Group				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	147,285	-	-	147,285
Trade and other receivables (Note 17) - Amount due from customer on service oncession	-	-	149,501,211	149,501,211

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 2016				
Company				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	137,852	-	-	137,852
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
Company				
Financial assets:				
Available-for-sale investments (Note 15) - Equity instruments (quoted in Malaysia)	113,884	-	-	113,884

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 2016 and 31 December 2015.

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 was fixed for trial from 1 August 2016 to 5 August 2016. On 8 December 2016, the trial of the Suit had been concluded. SBSB has filed its closing submissions on 3 February 2017 and Submissions in Reply to BESB's Written Submissions on 20 February 2017. The Suit is now fixed for ruling or clarification on 24 April 2017.

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 2016 and 31 December 2015.

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	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Hire purchase payables (Note 24)	1,653,948	2,147,957	163,459	115,681
Borrowings (Note 25)	173,634,979	186,775,436	19,150,000	19,450,000
Less: Cash and cash equivalents (Note 21)	(26,264,727)	(30,382,500)	(416,995)	(424,789)
Net debt	149,024,200	158,540,893	18,896,464	19,140,892
Capital:				
Equity attributable to owners of the parent	417,225,616	410,943,048	203,086,842	201,331,694
Capital and net debt	566,249,816	569,483,941	221,983,306	220,472,586
Gearing ratio	26%	28%	9%	9%

38. Significant events

(i) On 14 June 2016, a wholly-owned subsidiary of the Company, Suara Baru Sdn. Bhd. ("SBSB") has been served with a Writ of Summons issued in the High Court in Sabah and Sarawak at Sandakan.

SBSB is the sub-lessee of 33 lots of land totalling approximately 500 acres situated in Sungai Sekong in the District of Sandakan, Sabah with a lease term of 99 years from year 1997 to 2096 by Suwaya (1st Defendant). The said lands had been transferred to the 1st Defendant by their previous 33 owners, including Yuh @ Abdul Salleh Bin Pompulu ("Plaintiff"). The said lands was recognised as lease rental payable by the Group amounting to RM99,357.

The Plaintiff now, on his behalf and the other 32 previous owners, alleged that the transfer of the said lands to the 1st Defendant was through forged documents and therefore the said transfer is null and void and thus, the sublease to SBSB is likewise null and void.

The Board of Directors of the CGB is of the view that the suit will have no immediate material financial and operational impact on the Group and Company. The Company expects that pursuant to the facts of the case, the documents presently available and on the advice of its solicitors, the Company has a good defence against the Plaintiff's claim. The Company had filed their defence in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016.

On 1 December 2016, the High Court in Sabah and Sarawak dismissed the application on the ground that this was not a proper case to be disposed of by way of affidavit evidence.

On 28 December 2016, SBSB filed an appeal to the Court of Appeal against the decision of the High Court. The Court fixed the next mention on this case on 26 April 2017 for the parties to update the Court on the progress of the appeal.

(ii) On 3 May 2016, Carbon Asia Pacific Pty Ltd ("CAP"), a dormant subsidiary of Hikayat Anggun Sdn. Bhd., which is in turn a wholly-owned subsidiary of the CGB, was deregistered following an application to The Australian Securities and Investments Commission ("Deregistration").

CAP was incorporated on 20 January 2009 in Victoria, Australia with an authorised and paid up share capital of AUD$100 divided into 100 shares of AUD$1 each.

The Deregistration is not expected to result in any gain or loss or have any significant effect on the earnings or net assets per share of the Group for the financial year ended 31 December 2016.

39. Comparative information

During the financial year, the directors have assessed that the short term deposits with licensed banks are not cash and cash equivalents.

The effects of this adjustment to the statement of cash flows of the Group for the prior periods are as follows:

	As previously stated RM	Adjustments RM	As restated RM
Group			
Financial year ended 31 December 2015:			
Placements of fixed deposits	(28,148)	(591,166)	(619,314)
Net cash flows used in investing activities	(28,866,856)	(591,166)	(29,458,022)
Net increase/(decrease) in cash and cash equivalents	2,923,266	(591,166)	2,332,100
Cash and cash equivalents at beginning of year	27,287,286	(1,379,989)	25,907,297
Cash and cash equivalents at end of year	30,382,500	(1,971,155)	28,411,345

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 29 March 2017.

41. 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 2016 and 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits 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	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total retained profits of the Company and its subsidiary companies				
- Realised	172,403,199	156,429,364	5,529,284	4,110,285
- Unrealised	26,936,895	23,748,643	919,892	597,126
	199,340,094	180,178,007	6,449,176	4,707,411
Less: Consolidation adjustments	16,459,631	29,465,598	-	-
Total retained profits as per audited financial statements	215,799,725	209,643,605	6,449,176	4,707,411

Statement of Shareholdings
as at 10.03.2017

Total Number of Issued Shares	:	196,543,970
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100	466	10.61	20,820	0.01
100 - 1,000	239	5.45	121,512	0.06
1,001 - 10,000	2,279	51.93	11,618,775	5.91
10,001 - 100,000	1,269	28.91	36,277,231	18.46
100,001 - 9,827,197(*)	133	3.03	58,885,412	29.96
9,827,198 and above (**)	1	0.02	89,188,024	45.38
Directors' Shareholdings	2	0.05	432,196	0.22
TOTAL	4,389	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 10 MARCH 2017

	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	7,593,314	3.86
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	Juwitawan Sdn Bhd	2,854,600	1.45
6	Tan Lai Kim (Holdings) Sdn Bhd	2,234,621	1.14
7	Ooi Ah Thin	1,905,888	0.97
8	Syarikat Majuperak Berhad	1,653,866	0.84
9	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Qwee Beng*	1,476,700	0.75
10	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee*	1,407,800	0.72
11	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Kiam Hsung*	1,106,832	0.56
12	Ngoi Eva	1,078,400	0.55
13	Menjelang Citarasa Sdn Bhd	1,000,000	0.51
14	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa*	728,800	0.37
15	Lee Choo Seong @ Lee Cho Seng	704,269	0.36
16	Leong Lai Ngan	619,186	0.32
17	TLK Capital Sdn Bhd	600,000	0.31
18	Wong Chee Boon	530,000	0.27

THIRTY LARGEST REGISTERED HOLDERS AS AT 10 MARCH 2017

	Name of Holder	Holdings	% of Issued Capital
19	Yeoh Kim Leng	513,800	0.26
20	Yaw Choong Yew	500,000	0.25
21	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Heng Chew*	466,666	0.24
22	Leong Siew Mun	428,000	0.22
23	Cheng Gek Hong	409,032	0.21
24	Ken Fruits Sdn Bhd	407,960	0.21
25	Gan Keng Wah	400,000	0.20
26	The Spastic Children's Association of Selangor and The FT	400,000	0.20
27	Lim Jit Hai	375,506	0.19
28	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Yuk Sang*	355,000	0.18
29	MKW Jaya Sdn Bhd	353,332	0.18
30	Dato' Seri Mah King Seng	338,948	0.17

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2017

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, 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 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 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 10 MARCH 2017

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' interests in the ordinary share capital 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 Mah King Thian	93,248	0.05	90,188,024 *	45.89	90,281,272	45.94
Chan Kam Leong	-	-	622,294 **	0.32	622,294	0.32
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 10.03.2017 (cont'd)

Class of Securities : Warrants
No. of Warrants Issued : 56,155,420
Voting Rights : 1 vote per warrant holder in respect of a meeting of warrant holders

ANALYSIS OF WARRANT HOLDINGS AS AT 10 MARCH 2017

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	622	21.07	16,363	0.03
100 - 1,000	835	28.29	684,867	1.22
1,001 - 10,000	1,159	39.26	5,195,848	9.25
10,001 - 100,000	286	9.69	9,273,592	16.51
100,001 - 2,807,770 (*)	47	1.59	15,378,793	27.39
2,807,771 and Above(**)	1	0.03	25,482,473	45.38
Directors' Shareholdings	2	0.07	123,484	0.22
TOTAL	2,952	100.00	56,155,420	100.00

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

DIRECTORS' INTERESTS AS AT 10 MARCH 2017

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 Mah King Thian	26,642	0.05	26,482,473 *	47.16
Chan Kam Leong	-	-	888 **	0.01
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.

Statement of Shareholdings
as at 10.03.2017 (cont'd)

30 LARGEST WARRANT HOLDERS AS AT 10 MARCH 2017

No.	Name	Holdings	% of Issued Capital
1	Dato Mah Pooi Soo Realty Sdn Bhd	25,482,473	45.38
2	Lok Wei Seong	2,433,240	4.33
3	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt AN for UOB Kay Hian Pte Ltd*	2,042,000	3.64
4	Reg Board Of Trustees of Dato Mah Pooi Soo Benevolent Fund	1,173,733	2.09
5	Menjelang Citarasa Sdn Bhd	1,000,000	1.78
6	Tai Soo Aun	632,000	1.13
7	Mohd Jeffry Hew Bin Abdullah	600,000	1.07
8	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sher Khan Bin Khan Mohamad*	523,000	0.93
9	Koo Hang Eng @ Koo Hang Chong	478,400	0.85
10	Syarikat Majuperak Berhad	472,533	0.84
11	Wong Xun Kuan	449,800	0.80
12	Hew Soon Wee	400,000	0.71
13	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohamad Nazri Bin Jamaludin*	382,500	0.68
14	Maybank Nominees (Tempatan) Sdn Bhd *Woon Chou Hong*	305,000	0.54
15	Loh Chee Kong	304,000	0.54
16	Chan Tian Onn	300,000	0.53
17	Ng Boon Seong	270,000	0.48
18	Maybank Nominees (Tempatan) Sdn Bhd *Ruzawa Bin Hassan*	268,200	0.48
19	Mohd Zahari Bin Jusoh	255,000	0.45
20	Yong Yu Sin	250,000	0.45
21	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kon Chean Fatt*	234,000	0.42
22	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lu Lip Lai*	210,500	0.37
23	Leong Kong Yoi	201,200	0.36
24	Kooi Peng Keong	200,000	0.36
25	Lee Chun Wei	166,000	0.30
26	Sim Nyuk Khee	163,800	0.29
27	Lean Jun Meng	153,300	0.27
28	Chia Siang Nyak	150,000	0.27
29	Chin Nyeok Yoon	150,000	0.27
30	Loh Yoke Cheng	150,000	0.27

MHC Plantations Bhd
4060-V
(Incorporated in Malaysia)

Form of Proxy

No. of Shares Held	
CDS Account No.	
Telephone No.	

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-Seventh Annual General Meeting ("AGM") of the Company to be held on 18 May 2017 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Resolution No.	**Ordinary Business**	For	Against
1	The payment of a Final Dividend.		
2	The payment of Directors' benefits.		
	The re-election of the following Directors:		
3	4.1 Dato' Seri Mah King Seng		
4	4.2 Mr. Heng Beng Fatt		
5	The re-appointment of Mr. Chan Kam Leong.		
6	The re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
7	Ordinary Resolution – Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act, 2016.		

Please indicate with (✓) or (X)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:

____
Signature of Shareholder

NOTES:

1. Only members whose names appear on the Record of Depositors as at 8 May 2017 shall be entitled to attend the AGM 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.
2. 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/her. A proxy may but need not be a member of the Company.
3. 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.
4. 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.
5. 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.
6. The instrument appointing a proxy must be deposited with the Company Secretaries at 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. Faxed or emailed copies are not acceptable.

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80 SEN STAMP
(within Malaysia)

The Company 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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