



TECK GUAN PERDANA BHD
(307097-A)

ANNUAL REPORT



2016

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of the Members of the Company will be held at the Theobroma Conference Room, First Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Friday, 24 June 2016 at 9.00 a.m. to transact the following:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 January 2016 together with the Reports of the Directors and Auditors thereon. **(Refer to Explanatory Note A)** (Resolution 1)
2. To approve Directors' fees amounting to RM36,000 for the year ended 31 January 2016. (Resolution 2)
3. To re-elect Datuk Hong Ngit Ming who retires as a Director of the Company pursuant to Article 93 of the Company's Articles of Association. (Resolution 3)
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions respectively:-

5. **ORDINARY RESOLUTION**

CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – MR.THAM VUI VUN

(Resolution 5)

"THAT Mr. Tham Vui Vun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue his office as an independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance to the Malaysian Code on Corporate Governance 2012 "(Refer to Explanatory Note B)

6. **ORDINARY RESOLUTION**

APPROVAL FOR ISSUANCE OF NEW ORDINARY SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

(Resolution 6)

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING

7. ORDINARY RESOLUTION

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS

(Resolution 7)

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 3.2 (A) of the circular to shareholders dated 25 May 2016 [hereinafter referred to as "the Circular"] with the related parties mentioned therein be and is hereby renewed AND THAT mandate be and is hereby given to the Company to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 3.2 (B) of the Circular provided that:

- (a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (b) disclosure of the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year will be made in the annual report based on the following information:
 - (i) the type of recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

AND THAT the authority granted by such renewed mandate is subject to annual renewal and shall continue to be in force until :

- (i) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which the Proposed Renewal of Shareholders' Mandate for Existing and Additional Recurrent Related Party Transactions will be tabled;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting.

whichever is the earlier

AND THAT the Directors of the Company be and are hereby authorised to complete and do such acts and things to give full effect to the transactions contemplated and/or authorised by this resolution."

8. To transact any other business for which due notice has been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF ANNUAL GENERAL MEETING >>>

BY ORDER OF THE BOARD

CHAN KIN DAK @ TAN KIN DAK (MAICSA 7006379)
TAN GHEE KIAT (MICPA 811)
T.V. SEKHAR A/L T.G. VENKATESAN (MICPA 1371)
Company Secretaries

Tawau, Sabah.
Dated this 25 May 2016

EXPLANATORY NOTES:-

NOTE A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

NOTE B

Mr. Tham Vui Vun had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years. The Board holds the view that he remains objective and independent in carrying out his role and responsibility as a member of the Board and Board Committees. The length of his service does not interfere with his ability and exercise of independent judgment as Independent Director. Therefore, the Board has recommended that the approval of the shareholders be sought for him to continue to act as the Independent Non-Executive Director of the Company.

NOTES:-

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company. Provided that, having appointed a proxy or an attorney to attend in his stead, if such member personally attends the meeting, his proxy or attorney shall be precluded from attending such meeting.

Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

2. To be valid the duly completed proxy form must be deposited at the Registered office of the Company at 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah, not less than 48 hours before the time for holding the Meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1) (c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
6. A depositor shall not be regarded as a member entitled to attend this general meeting and to speak and vote thereat unless his/her name appears in the Register of Members and/or Record of Depositors as at 10 June 2016 (which is not less than 3 market days before the date of this meeting) issued by Bursa Malaysia Depository Sdn. Bhd ["Bursa Depository"] upon request by the Company in accordance with the rules of the Bursa Depository.

NOTICE OF ANNUAL GENERAL MEETING 

7. Explanatory Notes on Special Business

(i) Ordinary Resolution (Resolution 6)

The Ordinary Resolution proposed under Resolution 6 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. The Ordinary Resolution proposed is in line with the Company's expansion plan, which may involve the issuance of new shares (other than bonus or rights issues) for purposes of funding investments, working capital and /or acquisitions. Under the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issuance of new shares even though the number of shares involved is less than 10% of the issued capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek shareholders' approval for the Directors to issue shares (other than bonus or rights issues) in the Company up to an aggregate amount not exceeding 10% of the issued capital of the Company for the time being and also empower the Directors to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.

This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. As at the date of this notice, no new shares of the Company were issued pursuant to the mandate granted to the directors at the last Annual General Meeting held on 30 July 2015 and which will lapse at the conclusion of the forthcoming Annual General Meeting and the directors of the Company do not intend to raise funds from the general mandate sought last year.

(ii) Ordinary Resolution (Resolution 7)

The proposed resolution is in relation to Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Shareholders' Mandate for Additional Recurrent Related Party Transactions which are necessary for the day-to-day operations of the Company. If approved by the shareholders, it will empower the Company to conduct transactions of revenue or trading nature with the parties related to the Company. Please refer to the Circular to Shareholders dated 25 May 2016 for more information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING 

No individual is seeking election as a director at the 22nd Annual General Meeting.

CORPORATE INFORMATION

DIRECTORS	Tham Vui Vun (Chairman and Independent Non-Executive Director) Datuk Hong Ngit Ming (Managing Director) Fung Hiuk Bing (Independent Non-Executive Director) Wong Peng Mun (Independent Non-Executive Director)
AUDIT COMMITTEE	Tham Vui Vun (Chairman) Fung Hiuk Bing Wong Peng Mun
COMPANY SECRETARIES	Chan Kin Dak @ Tan Kin Dak (MAICSA 7006379) Tan Ghee Kiat (MICPA 811) T.V. Sekhar A/L T.G. Venkatesan (MICPA 1371)
REGISTERED OFFICE	318, Teck Guan Regency Jalan St. Patrick, Off Jalan Belunu 91000 Tawau, Sabah Tel : 6089 - 772 275 Fax : 6089 - 761 052 Email: majulahkoko@teckguan.com
AUDITORS	Ernst & Young Chartered Accountants
BANKERS	RHB Bank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad Hong Leong Bank Berhad
SOLICITOR	Ting, Rosen & Co Liew Hon Min & Co Alex Pang & Co Ho Chong Yong
REGISTRAR	Bina Management (M) Sdn Bhd Lot 10, The Highway Centre, Jalan 51/205 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia Tel : 603 - 7784 3922 Fax : 603 - 7784 1988
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad (Main Market)
STOCK SHORT NAME	Tecguan
STOCK CODE	7439
SECTOR	Industrial Products
WEBSITE	www.teckguan.com/tgp

FINANCIAL HIGHLIGHTS OF THE GROUP

	2016 RM'000	2015 RM'000
RESULTS OF OPERATIONS		
Revenue	210,573	264,052
Pre-tax Profit / (Loss)	12,295	(710)
After-tax Profit / (Loss)	8,308	(2,055)
Financial Position		
Working Capital	4,752	1,437
Net Assets	90,935	75,094
Total Tangible Assets	168,516	176,013
Paid-up Capital	40,097	40,097
Shareholders' Funds	90,935	75,094
Dividend		
Final (Paid)	0	0
Cover (Times)	0	0
Per Share (in Sen)		
Net Assets	226.8	187.3
Profit / (Loss) before tax*	30.7	(1.8)
Profit / (Loss) after tax*	20.7	(5.1)
Dividend – Final (gross)	0	0

* Calculated based on 40,096,902 (2015: 40,096,902) ordinary shares in issue throughout the financial year.

CORPORATE STRUCTURE

TECK GUAN PERDANA BERHAD

Company No. 307097-A

Tawau Cocoa Estate Sdn Bhd
(100 %)



Majulah Koko Tawau Sdn Bhd
(100 %)



Cacao Paramount Sdn Bhd
(100%)

DIRECTORS' PROFILES

MR. THAM VUI VUN

Age : 59

Nationality : Malaysian (Chinese)

Qualification :

Fellow Member of the Chartered Association of Certified Accountant, United Kingdom.
Chartered Accountant Malaysia (C.A.(M))

Position : Chairman and Independent Non-Executive Director

Working Experience :

He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 15 November 2001. He was appointed the new Chairman on 15 April 2013. He is also a Chartered Accountant, Malaysia having more than twenty years working experience in both accounting and auditing fields and currently heads his own practice as V.V. Tham & Co since 1998.

Occupation : Auditor

Date first appointed to the board : 15 November 2001

Details of any board committee appointment :

Audit Committee – Chairman
Remuneration Committee – Chairman
Nomination Committee – Chairman
Risk Management Committee – Member

Directorship of other public companies : NIL

Family relationship within any directors and/or major shareholder of the company : NIL

Conflict of interest with company : NIL

List of convictions for offences with the past 10 years other than traffic offence : NIL

Number of board meetings attended in the financial year : 4/4

DIRECTORS' PROFILES 

DATUK HONG NGIT MING

Age : 63

Nationality : Malaysian (Chinese)

Qualification :

Attended the Imperial College of Science, Technology and Medicine, University of London in 1976. Obtained Bachelor of Science (Honours) degree in Electrical Engineering and Associate of Electrical Engineering of City & Guilds Society. He is a Chartered Engineer of the Institute of Electrical Engineers, United Kingdom.

Position : Managing Director

Working Experience :

He was appointed the Deputy Executive Chairman of Teck Guan Perdana Bhd on 18 June 1996 and its Executive Chairman on 20 April 1998. He was appointed the new Managing Director following his cessation as Executive Chairman on 15 April 2013. He joined Teck Guan Holdings Sdn Bhd's Group of Companies on 1 October 1976 as a management trainee, based in the Agriculture Division. He was appointed a director in 1979 and in 1983, he became the Deputy Managing Director of the Teck Guan Holdings Group. He has in-depth exposure and practical experience in many fields and businesses including agriculture, processing, manufacturing, mining, milling, property development and international trade. Due to the foregoing and his strong scientific background, he has vast exposure of all aspects of the cocoa business from cultivation to processing to research. In addition, he has also contributed a great deal in the cocoa industry in Malaysia when he pioneered "The Zero-Shade Cocoa Planting", which revolutionised the entire cocoa cultivation industry. He has in the year 2002, published the second edition of his works entitled "Development History of Zero-Shade Cocoa And Its Theories-Let there be Light". Being deeply involved in all technical aspects of cocoa, he is in constant contact with both local and international cocoa researchers. He also has in-depth exposure and practical experience in oleochemical refinery of palm oil based fatty alcohol and fatty acid, oil palm cultivation and palm oil mills. He currently sits on the Board of Teck Guan Perdana Bhd's subsidiaries, and several other private companies within the Teck Guan Holdings Group.

Occupation : Director

Date first appointed to the board : 18 June 1996

Details of any board committee appointment : NIL

Directorship of other public companies : NIL

Family relationship within any directors and/or major shareholder of the company :

Datuk Hong Ngit Ming is deemed interested by virtue of his direct interest in shares in and being director of the holding company.

Conflict of interest with company : NIL

List of convictions for offences with the past 10 years other than traffic offence : NIL

Number of board meetings attended in the financial year : 2/4

DIRECTORS' PROFILES

MR. FUNG HIUK BING

Age : 47

Nationality : Malaysian (Chinese)

Qualification :

Bachelors of Business from Edith Cowan University, Australia
Fellow member of CPA Australia
Fellow member of Chartered Tax Institute of Malaysia (FCTIM)
Chartered Accountant of the Malaysian Institute of Accountants (MIA)
Licensed Company Auditors and a Section 153 Licensed Tax Agent.

Position : Independent Non-Executive Director

Working Experience :

He started his career in 1993 as an Audit Assistant with KPMG. In 1997, he joined Kao Yang (M) Sdn Bhd as an Accountant. In 2003, he started his practice in accounting. In 2007, he has obtained his Company Auditors' and Tax Agent licenses and auditing and tax services were added to his practice namely HB Fung & Co (Audit Firm No. AF 001919), Tawau, Sabah. He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 19 December 2013. He has more than 20 years of working experience in both accounting and auditing fields.

Occupation : Auditor

Date first appointed to the board : 19 December 2013

Details of any board committee appointment :

Risk Management Committee – Chairman
Audit Committee – Member
Remuneration Committee – Member
Nomination Committee – Member

Directorship of other public companies : NIL

Family relationship within any directors and/or major shareholder of the company : NIL

Conflict of interest with company : NIL

List of convictions for offences with the past 10 years other than traffic offence : NIL

Number of board meetings attended in the financial year : 3/4

DIRECTORS' PROFILES 

MR. WONG PENG MUN

Age : 56

Nationality : Malaysian (Chinese)

Qualification :

Bsc (Hons) in Physics, Diploma in management, Licenced Secretary (LS 003897)

Position : Independent Non-Executive Director

Working Experience :

He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 5 December 2008. He has more than 20 years of working experience in both secretarial and auditing fields. Worked as Audit Senior with Ernst & Young secretarial firm since 1998 till present under Konsep Bisnes.

Occupation : Director

Date first appointed to the board : 5 December 2008

Details of any board committee appointment :

Audit Committee – Member

Remuneration Committee – Member

Nomination Committee – Member

Risk Management Committee – Member

Directorship of other public companies : NIL

Family relationship within any directors and/or major shareholder of the company : NIL

Conflict of interest with company : NIL

List of convictions for offences with the past 10 years other than traffic offence : NIL

Number of board meetings attended in the financial year : 4/4

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN
RESPECT OF THE AUDITED FINANCIAL STATEMENTS**

The Board of Directors is required under Paragraph 15.26 (a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring the financial statements for the year ended 31 January 2016 are drawn up in accordance with the provisions of the Companies Act, 1965, the applicable Financial Reporting Standards in Malaysia and Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of accounting year and the results and cash flows for the year then ended.

The Directors consider that, in preparing those financial statements, the Group and Company have used appropriate accounting policies and applied them consistently and make judgement and estimates that are reasonable and prudent. The Directors also confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The Board has also ensured that the quarterly and annual financial statements of the Group and Company are released to the Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest development.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Teck Guan Perdana Bhd, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 January 2016.

Financial Performance

For the year ended 31 January 2016, the Group registered revenue of RM210.6 million, representing a decrease of 20.3% as compared to RM264.1 million in the preceding year. The lower revenue was mainly attributed to decrease in sales volume.

The Group registered a profit after tax of RM8.3 million as compared with a loss of RM2.1 million in the preceding year mainly due to the higher operating margin achieved.

Operations Review

(a) Oil Palm Products:

During the year under review, all planted areas under oil palm segment of the Group have attained maturity, with average crop age of 14 years. Fresh fruit bunches yield registered a decrease of approximately 3%. The sales volume for crude palm kernel oil had registered a decrease of approximately 21% while the sales volume for palm kernel expeller registered an increase of 10% as compared with preceding year.

The operating profit for palm oil products segment increased from RM2.8 million in the preceding year to RM14.3 million in the current year. The increase was mainly attributed to increase in operating margin for palm oil products.

(b) Cocoa Products:

The operating profit for cocoa products segment decreased from RM1.1 million in the preceding year to RM0.1 million in the current year. The decrease was mainly attributed to decrease in operating margin for cocoa products.

The cocoa products segment is viewed to remain uncertain and the management will adopt a cautious view in the operation of this segment.

Dividend

The Board did not recommend any dividend for the financial year ended 31 January 2016.

Prospects

While the Group is closely monitoring the global market on palm oil products, the management remains cautiously positive in the operation of the Group for the next financial year.

Appreciation

On behalf of the Board, I would like to express our thanks and appreciation to our valued customers as well as our business associates, suppliers and stakeholders for their continued support. I also wish to record my sincere appreciation to my fellow Board members, the management team and employees for their ongoing dedication and invaluable contribution to the Group over the years.

THAM VUI VUN
Chairman

REPORT OF THE AUDIT COMMITTEE

The Directors are pleased to present the Audit Committee Report of the Company in respect of the financial year ended 31 January 2016.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

CONSTITUTION

1. The Committee was established by the Board on 15 June 1996.

COMPOSITION

2. The members of the Audit Committee are as follows:

Chairman

Mr. Tham Vui Vun, MIA 3667

Independent Non-Executive Director

Committee members

Mr. Fung Hiuk Bing, MIA 11342

Independent Non-Executive Director

Mr. Wong Peng Mun

Independent Non-Executive Director

MEMBERSHIP

3. The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members. All members of the Committee must be non-executive directors, with a majority being independent directors. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967.
4. The Chairman of the Committee shall be an independent non-executive director appointed by the Board and the Secretary of the Committee shall be the Company Secretary.
5. If a member of the Committee resigns, dies, or for any reason ceases to be a member which results in the number of members being reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.
6. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference.

AUTHORITY

7. In accordance with procedures to be determined by the Board and at the cost of the Company, the Audit Committee shall
 - (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with external auditors and internal auditors, excluding the attendance of the executive board members, other directors and employees of the Group whenever deemed necessary.

Notwithstanding the above, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

REPORT OF THE AUDIT COMMITTEE

REPORTING OF BREACHES TO THE BURSA MALAYSIA SECURITIES BERHAD

8. Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements, the Audit Committee must promptly report such matter to the Bursa Malaysia Securities Berhad.

FUNCTIONS

9. The Audit Committee shall, amongst others, discharge the following functions:-

(1) review the following and report the same to the Board:-

(a) with regard to the external auditors:-

- (i) review their external audit plan, their evaluation of the systems of internal controls, their audit report and management letters, the major findings and management's responses, the assistance given by the employees of the Company to the external auditors;
- (ii) consider the appointment, resignation or termination of external auditors and their audit fee;
- (iii) prior to the commencement of audit, to discuss with the external auditors the nature and scope of audit;
- (iv) ensure that Management has in place an adequate system of risk management and internal control to safeguard shareholders' interests and the Company's assets.

(b) with regard to the internal audit function:-

- (i) review the adequacy of the scope, functions and competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (ii) review the internal audit programme, audit plan and results of the internal audit processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (iii) review any appraisal or assessment of the performance or members of the internal audit function;
- (iv) approve any appointment or termination of senior staff members of the internal audit function;
- (v) be informed of any resignations of internal audit staff members and provide the resigning staff an opportunity to submit his reasons for resigning;
- (vi) discuss any audit issues with the head of internal audit department separately without the presence of Management.

(c) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(d) ensure that Management has in place an adequate system of risk management and internal control to safeguard shareholders' interests and the Company's assets;

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

- (i) changes in or implementation of major accounting policy changes;
- (ii) significant and unusual events;
- (iii) compliance with accounting standards and other legal requirements;
- (iv) significant adjustments arising from the audit;
- (v) the going concern assumption.

10. The quorum for meetings of the Audit Committee shall be two and the majority of members present must be Independent Non-Executive Directors. Any decision shall be by a simple majority. The Chairman of the Committee shall report on each meeting to the Board.

11. Other Board members and employees shall attend Audit Committee meetings only at the invitation of the Committee. The external auditors are normally invited to attend meetings as and when necessary. However, twice a year, the Committee shall meet with the external auditors without the presence of any other directors and employees of the Company.

REPORT OF THE AUDIT COMMITTEE

PROCEEDINGS AT MEETINGS

12. If at any meeting the Chairman is not present within 10 minutes after the time appointed for holding the meeting, or is unwilling to act, the Members present may choose one of their numbers who is an Independent Non-Executive Director to be Chairman of the meeting.
13. Save as is otherwise provided, the Committee shall meet, adjourn or otherwise regulate its meetings and proceedings as it thinks fit. Questions arising at any meeting shall be agreed to by all the members present at the meeting, each member having one (1) vote. In the event of there being no unanimous decision, the matter concerned shall be referred to the Board of Directors.
14. A resolution signed by all members of the Audit Committee for the time being present in Malaysia shall be as effective as a resolution passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in the same form and each signed by one or more members of the Audit Committee.

FREQUENCY OF MEETINGS

15. Meetings shall be held not less than twice a year although additional meetings may be convened at any time at the discretion of the Chairman of the Committee. The external auditors and internal auditors may request for a meeting if they consider that it is necessary.

REPORTING PROCEDURES

16. The Secretary of the Committee shall give notice of the meeting including the agenda together with all relevant documents to all members of the Committee prior to the meeting. The draft minutes shall be circulated to the Committee for comment. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. Any persons who may be required to attend shall also be notified by the Secretary accordingly.

REPORT OF THE AUDIT COMMITTEE

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The activities of the Audit Committee in the discharge of its functions and duties in respect of the financial year under review included:

- (1) review of the quarterly reports prior to the submission to the Board for approval;
- (2) review the internal audit report with the internal auditors at its meetings;
- (3) review the related party transactions;
- (4) review the Group's annual financial statements prior to the submission to the Board for approval;
- (5) review the Company's Annual Report;
- (6) review the Audit Plan with the external auditors;
- (7) Re-assess and review the adequacy of the Company's internal audit functions;
- (8) Met once with the external auditors without the presence of management and the Executive Directors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

During the financial year under review, the internal audit in-house department has conducted audit work on comparison of prices of purchase of palm kernels from related companies, sales of fresh fruit bunches (FFB) and sales of crude palm kernel oil to related companies comparison of actual recurrent related party transactions against those transactions which are comprised in the Mandate approved by shareholders of the Group to ensure established procedures are strictly followed and adhered to including any variations of 10% of more. The internal audit in-house department has also participated in the year end physical stock take and the fixed assets stock take too. The findings and recommendations were discussed with the management and Audit Committee for remedial actions. No fee was incurred for the internal audit function during the financial year.

AUDIT COMMITTEE ATTENDANCE RECORD OF AUDIT COMMITTEE MEETINGS

A total of four (4) Audit Committee meetings were held during the financial year ended 31 January 2016. In the intervals between Audit Committee meetings, matters requiring urgent Audit Committee decision, approvals are sought via circular resolutions signed by all members, which are supported with sufficient information required to make an informed decision. The details of attendance of the Committee members are as follows:-

Name of Directors	Position	26 March 2015	26 June 2015	25 Sept 2015	21 Dec 2015	Total
Tham Vui Vun	Independent Non-Executive Chairman & Chairman of Audit Committee					4
Wong Peng Mun	Independent Non-Executive Director					4
Fung Hiuk Bing	Independent Non-Executive Director				-	3

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Teck Guan Perdana Berhad is committed to excellence in corporate governance standards at all times in conducting the business affairs of the Group with integrity, accountability and transparency which are key components to building a sustainable business. These will protect and enhance shareholders' investment and value and the financial performance of the Group. This Corporate Governance statement provides information about Teck Guan Perdana Berhad's corporate governance practices during the financial year. The Board is pleased to report on how the Company and the Group have applied the principles and the extent of compliance with the Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") issued by the Securities Commission.

(A) BOARD OF DIRECTORS

Board Charter

The Board has adopted a Board Charter which ensures all Board members in their discharge of duties are guided by it. It ensures all Board members collectively and individually are aware of their roles and responsibilities in conducting the business affairs of the Group.

The details of the Board Charter are published in the Company's website at www.teckguan.com/tgp.

Board Composition

During the financial year, the Board has five (5) members comprising an Independent Non-Executive Chairman, a Managing Director, one (1) Executive Director and two (2) Independent Non-Executive Directors. Following the retirement of Mr. Tang Amiy @ Tang Ah Mei on 4 March 2016, the number of directors was reduced to four (4) Directors.

The composition reflects more than one-third of its members who are independent. The present Board composition separates the positions of Chairman who is an Independent Non-Executive Director and Managing Director as recommended by the MCCG 2012. The Board is made up of Directors who are qualified and well experienced in various fields including engineering, agriculture and accountancy. The Board will continue to monitor and review the Board size and composition as may be needed. The profiles of the Directors are found in the Directors' profile of this Annual Report.

Sustainability on the Board Agenda

Sustainability is an integral part of the Board agenda. Fuller details are presented in the Sustainability Report of this Annual Report.

Role and Responsibilities of the Board

The Board takes full responsibility for the overall performance of the Company and the Group by setting the vision and objectives and by directing the policies, strategic action plans and stewardship of the Group's resources. With the vast experiences of the board members, the Board has discharged its duties and responsibilities competently. It focuses mainly on strategic direction, establishing goals, financial performance and critical business issues. The main responsibilities of the Board comprise the following:-

- (a) Reviewing and adopting, approving and monitoring the implementation of the strategic plan by management for the Company;
- (b) Overseeing that the conduct of the Company's business is being properly managed and sustained;
- (c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage these risks;
- (d) Ensuring appropriate succession planning programmes for senior management positions are in place;
- (e) Ensuring that the Group has a communications policy with its shareholders and other stakeholders;

CORPORATE GOVERNANCE STATEMENT

- (f) Reviewing the adequacy and the integrity of the management information and internal controls of the Company to ensure compliance on internal controls and regulatory compliance;
- (g) Appointing and approving the Board Committees and members, and its terms of reference;
- (h) Approving the recommendations from the Remuneration Committee concerning the remuneration packages of the Directors (both Executive and Non-executive) of the Company subject to shareholders' approval;
- (i) Approving the directors' fee/remuneration arrangements for Non-executive directors;
- (j) Approving the remuneration structure and policy for Managing Director and Executive Directors and senior management;
- (k) Reviewing and approving the reports and recommendations from the Audit Committee, the Risk Management Committee, the Nomination Committee and the Remuneration Committee;
- (l) Ensuring that board members observe and comply with the Code of Ethics at all times;
- (m) Approving the annual budget and significant capital expenditure;
- (n) Approving the quarterly announcement and quarterly financial statements to shareholders and the public, annual directors' report and statutory accounts;
- (o) Reviewing and approving delegated authority limits;
- (p) Assessing Company's performance against Board approved budgets, targets and strategies;
- (q) Protection of shareholders' interest/value and ensuring the Company's strategic direction provides value to its shareholders;
- (r) Maintain good corporate governance standards;
- (s) Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group ("Company and its subsidiaries") in this regard.

The positions of Chairman and Managing Director shall be held by different individuals, and the Chairman shall be an independent non-executive member of the Board. The responsibilities of the Chairman include leading the Board in the oversight of management, while the Managing Director focuses on the business and day-to-day management of the Company. There is a clear distinction between the roles and responsibilities of the Board, Chairman and Managing Director.

The Chairman plays a crucial leadership role in ensuring that the Board works effectively whilst the Managing Director is responsible to the Board for the day-to-day management of the Company and Group with all powers, discretions and delegations authorised from time to time by the Board.

The Managing Director is assisted in the management of the business by its Executive Directors and is primarily responsible for the implementation of the Board's policies and decisions overseeing the Group's operations and developing the Group's business strategies. Generally, the Executive Directors are responsible for the day-to-day management of the business.

The non-executive directors are independent of management and have no relationship that could materially interfere with the exercise of their independent judgement. The non-executive directors are actively involved in various Board committees. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, the Director concerned shall declare his interest and abstain from Board deliberations and voting.

Board Meetings

The Board met four (4) times during the financial year. Details of each Director's attendance at Board meetings are found in the Directors' profile of this Annual Report. Additional meetings are also convened as and when necessary to deliberate and decide on urgent matters. Upon invitation, management's representatives would be present at the Board meetings to provide additional insight into matters to be discussed during the Board meetings. All deliberations, discussions and decisions of the Board meetings were minuted and recorded accordingly. In intervals between Board meetings, certain matters requiring urgent Board decision, Board approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

CORPORATE GOVERNANCE STATEMENT

Supply of Information

All Board members are supplied with information in a timely manner. Prior to each Board meeting, all directors are provided with the agenda in sufficient time for their review and action. However, materials on certain items which are sensitive in nature are distributed only during the respective meetings. Minutes of the Board meetings are maintained by the Joint Company Secretaries.

The Joint Companies Secretaries support the Board in carrying out its roles and responsibilities by ensuring adherence to procedure and regulatory requirements, Board policies and procedures. Directors can seek independent professional advice, where necessary in appropriate circumstances at the Company's expense. Directors also have direct access to the advice and the services of the Joint Company Secretaries and other senior management within the Group in discharging their duties. Directors have unlimited access to the information pertaining to the Group. The Board is regularly updated by the Company Secretaries on any new changes to the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The appointment and removal of the Joint Companies Secretaries is a matter for the Board as a whole. The Board scrutinizes the management's performance and quality, reliability and transparency of information provided by management to facilitate sound decision-making.

Directors' Training

All directors have attended the Mandatory Accreditation Program (MAP) organised by the Bursa Malaysia Securities Berhad. The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

During the financial year, with the exception of Mr. Tang Amiy @ Tang Ah Mei, an Executive Director who has not attended any training courses due to work commitments during the financial year and has since retired on 4 March 2016, all the Directors attended seminars and conference on the following:

Title of Training	Type of Training	No of days spent
Pre Programme Advisory Committee (PAC) Field Excursion to Sarawak	-	4 days
35th Programme Advisory Committee (PAC) Meeting	-	5 days
Malaysian Private Reporting Standards (MPERS) – Application guidance and overview	Seminar	2 days
National Tax Conference 2015	Conference	2 days
Seminar Percukaian Kebangsaan 2015	Seminar	1 day
Suruhanjaya Syarikat Malaysia (SSM) Sarawak Seminar 2015	Seminar	1 day
Mastering GST Reporting – Ensuring Accurate GST – 03 returns	Seminar	1 day
Mastering GST Tax Codes – A Study of Customs Recommended Tax Codes	Seminar	1 day

CORPORATE GOVERNANCE STATEMENT

Re-election of Directors

Under the Articles of Association, at least one third of the Directors shall retire and be eligible for re-election by rotation at each Annual General Meeting. All directors (including the Managing Director) are to retire from office at least once in three years but shall be eligible for re-election. Directors over the age of seventy (70) years are subject to re-appointment annually in accordance to Section 129(6) of the Companies Act, 1965. Directors appointed by the board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

The tenure of an independent director should not exceed a cumulative term of nine years. Mr. Tham Vui Vun is an Independent Non-Executive Director of the Company who has served the Company for more than nine years. In line with the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed and the independence of Mr. Tham Vui Vun as defined in Bursa Securities Listing Requirements has not been compromised all these while. In fact, he has been bringing his independent and objective judgment to the board deliberations and decision making process. He has devoted sufficient time and attention to his responsibility and exercise due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director. The length of his service does not interfere with his ability and exercise of independent judgement as an Independent Director. To that, the Board recommends Mr. Tham Vui Vun to continue his office as an Independent Non-Executive Director once he is re-appointed according to the respective resolution put forth in the forthcoming Annual General Meeting.

The Board has should undertake an assessment of its independent directors annually. Directors should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment. The Board has assessed annually each individual Director of the Board and its Board Committee during the financial year. The Board has assessed and concluded that all the Independent Non-Executive Directors remain objective and independent.

The performance of those Directors who are subject to re-appointment and re-election at the next annual general meeting are assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment and re-election of the Directors concerned for shareholders' approval.

Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees, each entrusted with specific tasks:-

1. **Audit Committee** – Further details are presented in the Audit Committee Report of this Annual Report.
2. **Nomination Committee**

TERMS OF REFERENCE OF NOMINATION COMMITTEE

CONSTITUTION

1. The Committee was established by the Board on 31 March 2003.

COMPOSITION

2. The members of the Nomination Committee are as follows:

Chairman

Mr. Tham Vui Vun, MIA 3667

Independent Non-Executive Director

Committee members

Mr. Fung Hiuk Bing, MIA 11342

Independent Non-Executive Director

Mr. Wong Peng Mun

Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT

MEMBERSHIP

3. The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members. All members of the Committee must be Independent Non-Executive Directors.

If a member of the Committee resigns, dies, or for any reason ceases to be a member which results in the number of members being reduced to below 3, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members. The Chairman of the Committee shall be an Independent Non-Executive appointed by the Board.

FREQUENCY OF MEETINGS

4. Meetings are held as and when necessary. Other Board members and employees shall attend Committee meetings only at the invitation of the Committee.

QUORUM

5. The quorum of the meeting shall be two (2). If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting shall be dissolved.

PROCEEDINGS AT MEETINGS

6. (a) In the absence of the Chairman, the Nomination Committee shall appoint one of the Independent Non-Executive members present to chair the meeting.
- (b) Questions arising at any meeting shall be decided by a majority of vote of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.
- (c) A resolution signed by all members of the Nomination Committee for the time being present in Malaysia shall be as effective as a resolution passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in the same form and each signed by one or more members of the Nomination Committee.

DUTIES

7. (a) To nominate and recommend suitable candidates for appointment to the Board such that the required mix, skills, experience, independence and other qualities including core competencies, level of commitment, resources and time that the recommended Non-Executive Directors bring to the Board.
- (b) To nominate and recommend qualified Directors to be Audit Committee members and sit on Board Committee from time to time.
- (c) To consider candidates for directorships proposed by the Managing Director's office and within bounds of practicability by any other senior executive or any Director or shareholder.
- (d) To annually assess the effectiveness of the Board and contribution of each Director.
- (e) To recommend to the Board whether Directors who are retiring by rotation in accordance with its Articles of Association or re-appointment in accordance with the Companies Act, 1965 should be put forward for re-election/re-appointment at annual general meetings.
- (f) To ensure an appropriate framework and plan for Board and management succession.
- (g) To determine the appropriate board size and number of Non-Executive participation in order to comply with the Bursa Malaysia Securities Berhad.
- (h) On Boardroom diversity, the Nomination Committee should take steps to ensure that women candidates are sought as part of its recruitment exercise.
- (i) To ensure all the new Directors participate in the Directors' induction and training programmes as stipulated by the Bursa Malaysia Securities Berhad Listing Requirements.
- (j) To annually evaluate the performance of the board committees collectively as well as its members individually.

CORPORATE GOVERNANCE STATEMENT

LINE OF AUTHORITY

8. Nomination Committee does not have the delegated authority from the Board to implement the recommendations but is obliged to report its recommendation to the Board of Directors for its consideration and implementation. The actual decision as to who shall be nominated is the responsibility of the Board of Directors after considering the recommendations of the Committee.

REPORTING PROCEDURES

9. The Company Secretary shall be the Secretary of the Committee. The Secretary shall circulate the minutes of meetings of the Nomination Committee to all members of the Board.

The Committee's primary responsibility is making formal and transparent recommendations for any appointments to the Board including those of subsidiary companies. In making these recommendations, the Committee will consider the required mix of skills, experience, and independence; disclose his existing directorships and other qualities including core competences, level of commitment, resources and time that the recommended Non-Executive Directors bring to the Board. The performance of those Directors who are subject to re-appointment and re-election at the forthcoming Annual General Meeting are assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment and re-election of the Directors concerned for shareholders' approval. During the financial year, the Nomination Committee has assessed annually each individual Director of the Board and its Board Committee. The Committee will review the assessment criteria for its effectiveness. The Board will be setting its gender diversity policies and target in the near future. However, presently the Company has no female member on its Board.

3. Remuneration Committee

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

CONSTITUTION

1. The Committee was established by the Board on 31 March 2003.

COMPOSITION

2. The members of the Remuneration Committee are as follows:

Chairman

Mr. Tham Vui Vun, MIA 3667

Independent Non-Executive Director

Committee members

Mr. Fung Hiuk Bing, MIA 11342

Independent Non-Executive Director

Mr. Wong Peng Mun

Independent Non-Executive Director

MEMBERSHIP

3. The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members. All members of the Committee must be Independent Non-Executive Director.

If a member of the Committee resigns, dies, or for any reason ceases to be a member which results in the number of members being reduced to below 3, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members. The Chairman of the Committee shall be an Independent Non-Executive appointed by the Board.

FREQUENCY OF MEETINGS

4. Meetings are held as and when necessary. Other Board members and employees shall attend Committee meetings only at the invitation of the Committee.

CORPORATE GOVERNANCE STATEMENT

QUORUM

5. The quorum of the meeting shall be two (2). If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting shall be dissolved.

PROCEEDINGS AT MEETINGS

6. (a) In the absence of the Chairman, the Remuneration Committee shall appoint one of the Non-Executive members present to chair the meeting.
- (b) Questions arising at any meeting shall be decided by a majority of vote of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.
- (c) A resolution signed by all members of the Remuneration Committee for the time being present in Malaysia shall be as effective as a resolution passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in the same form and each signed by one or more members of the Remuneration Committee.

DUTIES

7. (a) To review the annual remuneration packages of each individual Director (both Executive and Non-Executive) such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully; and
- (b) To recommend to the Board the remuneration packages including bonuses and increments of the Directors (both Executive and Non-Executive) of the Company are reflective of the contribution and performance of each individual Director. Non-Executive Directors' fees are subject to the approval of the shareholders.
- (c) To consider any other matters as referred to the Committee by the Board.

INTEREST OF REMUNERATION COMMITTEE MEMBERS

8. Should not participate or be involved in the deliberations or discussions of their own remuneration.

REPORTING PROCEDURES

9. The Company Secretary shall be the Secretary of the Committee. The Secretary shall circulate the minutes of meetings of the Remuneration Committee to all members of the Board.

The primary responsibilities of the Committee are to develop for the Board, the Groups' remuneration policy and benefits for both Executive and Non-Executive Directors. Individual Directors play no part in deciding their own remunerations. There were no meetings held during the financial year. Fees payable to Non-Executive Directors are determined by the Board with the approval from shareholders at the Annual General Meeting.

4. Risk Management Committee

TERMS OF REFERENCE OF RISK MANAGEMENT COMMITTEE

CONSTITUTION

1. The Committee was established by the Board on 23 December 2003.

COMPOSITION

2. The members of the Risk Management Committee are as follows:

Chairman

Mr. Fung Hiuk Bing, MIA 11342

Independent Non-Executive Director

Committee members

Mr. Tham Vui Vun, MIA 3667

Independent Non-Executive Director

Mr. Wong Peng Mun

Independent Non-Executive Director

CORPORATE GOVERNANCE STATEMENT

MEMBERSHIP

3. The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members. All members of the Committee must be Independent Non-Executive Director.

If a member of the Committee resigns, dies, or for any reason ceases to be a member which results in the number of members being reduced to below 3, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

FREQUENCY OF MEETINGS

4. Meetings are held as and when necessary. The Managing Director and the Financial Controller and Head of accounting department, executive director(s), Head of operations and functional managers shall always be invited to attend meetings of the Committee. The Committee may also request counsels and external consultants to attend Committee meetings as necessary to carry out the Committee's duties and responsibilities.

QUORUM

5. The quorum of the meeting shall be two (2). If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting shall be dissolved.

PROCEEDINGS AT MEETINGS

6. (a) In the absence of the Chairman, the Committee shall appoint one of the members present to chair the meeting.
- (b) Questions arising at any meeting shall be decided by a majority of vote of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.
- (c) A resolution signed by all members of the Committee for the time being present in Malaysia shall be as effective as a resolution passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in the same form and each signed by one or more members of the Committee.

DUTIES AND RESPONSIBILITIES

7. (a) The Committee will formulate policies of the Group to eliminate or minimize corporate and operational risks of the Group and shall report all its recommendations to the Board for approval.
- (b) To ensure the overall effectiveness of the Company's risk management and internal control systems through establishing, directing and supervising the operation of a risk management framework, risk management strategies, risk tolerance and limits that adequately manages the various risks faced by the Company and its subsidiaries ("Group").
- (c) To develop the risk management policies and procedures which include:-
- Identification of risks;
 - Evaluate and prioritise risks;
 - Managing risks through control, sharing or transferring, avoidance, modification or acceptance.
- (d) To provide a forum to discuss and exchange ideas related to the major risks facing the Group and its impact.

In this respect, the Financial Controller and head of accounting, the Heads of the Operating Divisions and the corporate departments will be directed to identify, evaluate and prioritise the strategic risks that may affect the achievement of its objectives. Such risks and the mitigation strategies shall be presented for the consideration by the Committee. The Committee is then to report all its recommendations to the Board.

CORPORATE GOVERNANCE STATEMENT

- (e) To review the regular reports furnished on the key risks profile developed and signed off by the Financial Controller and head of accounting, head of operating units and functional managers. The adequacy of the internal control procedures in managing the key operational risks will be assessed and discussed at the Committee meeting.
- (f) To maintain a database or risk register on the major strategic and operational business risks identified through the risk assessment processes. The database risk record shall capture specific risk information, existing internal control procedures, the overall risk evaluation in terms of the likelihood of their occurrence and the severity of impact, management action plan and agreed timeline.
- (g) To periodically monitor and reassess the key business risks facing the Group and the effectiveness of the internal controls in managing such risks.

REPORTING PROCEDURES

- 8. The Company Secretary shall be the Secretary of the Committee. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.
- 9. There were no meetings held during the financial year.

(B) DIRECTORS' REMUNERATION

The Directors' remuneration is to attract and retain Directors of the caliber needed to run the Group successfully. Presently, the fees of Directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the company at the AGM.

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Directors' fees	-	36,000	-	36,000
Salaries & other emoluments	248,544	-	246,144	-
Defined contribution plan	25,572	-	25,416	-
Bonus	-	-	-	-
Social security contribution	-	-	-	-
Benefits-in-kind	16,096	-	16,096	-
Total	290,212	36,000	287,656	36,000

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands:

Director Remuneration	Executive Director(s)	Non-Executive Director(s)
Below RM50,000	-	3
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	-

The Company does not consider disclosure of details of remuneration of each Director to be appropriate.

CORPORATE GOVERNANCE STATEMENT

(C) RELATIONSHIP WITH SHAREHOLDERS

Relationship with Shareholders and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors. Shareholders are kept informed of all material business matters affecting the Group through timely disclosures to Bursa Malaysia Securities Berhad and publications in the company's website (www.teckguan.com/tgp). Shareholders and investors can access information on the Company's background, business activities, social responsibility, annual reports, financial performance and shareholders' rights in the Company's website. Dissemination of information includes distribution of Annual Report and relevant circulars.

In addition, the Company makes a timely release of the Group's quarterly results within two months from the close of a particular quarter, as stipulated by the Listing Requirements of Bursa Malaysia Securities Berhad. Members of the public can obtain the full financial results and the Company's announcements from Bursa Malaysia Securities Berhad's website and the company's website.

Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM")

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. The chairman shall inform shareholders of their right to demand a poll to vote for substantive resolutions at the commencement of the general meeting. At the AGM, shareholders have direct access to the Board and are encouraged to ask questions during the proceedings. The shareholders are given the opportunity to seek clarification on any matters pertaining to the business and financial performance of the Company. In an effort to encourage greater shareholders' participation at AGMs, the Board takes cognisance in serving longer than the required minimum notice for AGMs, where possible. The Chairman and the Board encourage shareholders to attend and participate in the AGM and EGM. The Board endeavors to ensure that all Board members, the external auditors and financial adviser are also present at the Company's AGMs to answer questions raised at the meeting. Extraordinary General Meetings ("EGMs") are held as and when required. The Board will evaluate the feasibility of employing electronic means for poll voting. However, the Board is of the view that with the current level of shareholders' attendance at AGM, voting by way of a show of hands continues to be efficient.

Any queries or concerns with regards to the Group may be addressed to the following person(s):

Tham Vui Yun, Chairman and Independent Non-Executive Director
Tel No: 6089-762062
Fax No: 6089-767359

CORPORATE GOVERNANCE STATEMENT

(D) ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a true and fair view and balanced and understandable assessment of the state of affairs of the Company and the Group. These financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia.

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending to the Board for approval.

Internal Control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Statement on Risk Management and Internal Control is explained in greater detail in this Annual Report and provides the overview of the internal control framework adopted by the Group during the financial year.

Relationship with the External Auditors

The Company has established a formal and transparent arrangement with the Company's auditors in seeking their professional advice thereby ensuring compliance with the accounting standards and other related regulatory requirements. The external auditors are invited to attend the Audit Committee meetings and annual general meetings. The Internal Audit Department communicates regularly with the members of the Audit Committee and attends all meetings of the Audit Committee. Further information on internal audit function is set out in the Audit Committee Report.

(E) CODES AND POLICIES

Code of Ethics and Conduct

The Board periodically reviews and amends this Company's Code of Ethics and Conduct ("the Code") which applies to Directors, officers and employees of the Group to reflect changes to the Company's policies and procedures. A summary of the Code has been published in the corporate website.

Corporate Disclosure Policy

The Company is committed to provide shareholders and investors with comprehensive, accurate and quality information on a timely and even basis. Timely and complete disclosure of material information is critical towards building and maintaining corporate credibility, investor trust and confidence. This policy establishes procedures to ensure that Directors and employees are aware of the Company's disclosure obligations and procedures, and have accountability for the Company's compliance with those obligations. The policy applies to all Company's Directors, management, officers and employees of the Group.

CORPORATE GOVERNANCE STATEMENT

ADDITIONAL COMPLIANCE INFORMATION IN ACCORDANCE WITH PARAGRAPH 9.25 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD AS SET OUT IN APPENDIX 9C.

1. Material Contracts

During the financial year under review, save as disclosed in the sections under Recurrent Related Party Transactions set out in this Annual Report, the Company and its subsidiaries do not have any material contracts involving the interests of its Directors and major shareholders. There were no contracts relating to loans entered by the Company and its subsidiary involving the directors and major shareholders' interests.

2. Share Buyback

The Company does not have a share buy-back program in place.

3. Options, or Convertible Securities

No options or convertible securities in the Company were issued or exercised during the financial year. The Company does not have these schemes in place during the financial year.

4. American Depositary Receipt ("ADR") or Global Depositary Receipt (GDR) Program

The Company does not have any ADR or GDR programme in place.

5. Imposition of Sanctions / Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

6. Non-Audit Fees

There was no amount paid or is payable to the external auditors, Messrs. Ernst & Young, for non-audit related works.

7. Profit Estimate, Forecast and Projections

The Company did not release any profit estimate, forecast or projections for the financial year.

8. Variation in Results

There is no variance of 10% or more between the audited results for the financial year and the unaudited results previously announced.

9. Profit Guarantee

There were no profit guarantees subsisting during the financial year.

CORPORATE GOVERNANCE STATEMENT

10. Revaluation Policy on Landed Properties

The accounting policy of the Company is to revalue its landed properties and biological assets at regular intervals whenever the fair value of the re-valued assets is expected to differ materially from their carrying amount.

11. Corporate Social Responsibility

During the financial year which has been challenging, the Company has not carried out any activity related to community projects though the Company made great effort to maintain employment of its staff and workforce.

12. Recurrent Related Party Transactions of a Revenue Nature

At the last Annual General Meeting of the Company held on 30 July 2015, the Company had obtained a Mandate from its shareholders to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading nature ("Recurrent Transactions"). In accordance with Paragraph 10.09(2)(b) of Bursa Securities Main Market Listing Requirements, details of the recurrent Transactions conducted during the financial year ended 31 January 2016 pursuant to the said Shareholders' Mandate were as follows:

Name of Companies	Related Parties	Nature of Recurrent Transactions	Aggregate Value of Transactions made During the Financial Year (RM)
Cacao Paramount Sdn Bhd	Evergreen Intermerge Sdn Bhd	Electricity and water charges paid	2,860,140
Cacao Paramount Sdn Bhd	Teck Guan Industries Sdn Bhd	Rental Paid	2,166,232
Cacao Paramount Sdn Bhd	Teck Guan (China) Ltd	Sale of crude palm kernel oil	128,243,009
Cacao Paramount Sdn Bhd	Atlantica Sdn Bhd	Purchase of palm kernel	8,998,146
Cacao Paramount Sdn Bhd	Brantian Palm Oil Sdn Bhd	Purchase of palm kernel	12,840,309
Cacao Paramount Sdn Bhd	Konsep Muktamad Sdn Bhd	Purchase of palm kernel	15,909,904
Cacao Paramount Sdn Bhd	Sungai Burung Industries Sdn Bhd	Purchase of palm kernel	19,039,148
Cacao Paramount Sdn Bhd	Prosperous Sebatik Sdn Bhd	Purchase of palm kernel	10,451,411
Tawau Cocoa Estate Sdn Bhd	Konsep Muktamad Sdn Bhd	Sales of oil palm FFB	1,526,163
Tawau Cocoa Estate Sdn Bhd	Sungai Burung Industries Sdn Bhd	Sales of oil palm FFB	5,105,294
Tawau Cocoa Estate Sdn Bhd	Teck Guan Trading Sdn Bhd	Purchase of fertilizers, chemical & parts	78,126
Tawau Cocoa Estate Sdn Bhd	Bestbricks (Sabah) Sdn Bhd	Purchase of fertilizers, chemical & parts	879,851
Tawau Cocoa Estate Sdn Bhd	Teck Guan Industries Sdn Bhd	Purchase of fertilizers, chemical & parts	48,068
Majulah Koko Tawau Sdn Bhd	Teck Guan Trading Sdn Bhd	Sales of cocoa and chocolate products	1,969,314

CORPORATE GOVERNANCE STATEMENT

Details on the Related Parties

1. Evergreen Intermerge Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG Holdings Sdn Bhd (HTG).
2. Teck Guan Industries Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
3. Teck Guan (China) Ltd is 100% owned by Teck Guan Harmony Sdn Bhd. Teck Guan Harmony Sdn Bhd is 95.24% owned by Teck Guan Holdings Sdn Bhd which is 100% owned by HTG.
4. Atlantica Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
5. Brantian Palm Oil Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
6. Konsep Muktamad Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
7. Sungai Burung Industries Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
8. Prosperous Sebatik Sdn Bhd is 26.6% owned by Teck Guan Holdings Sdn Bhd and 73.4% owned by HTG. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
9. Teck Guan Trading Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.
10. Bestbricks (Sabah) Sdn Bhd is 100% owned by Teck Guan Holdings Sdn Bhd. Teck Guan Holdings Sdn Bhd is 100% owned by HTG.

Datuk Hong Ngit Ming, by virtue of his directorship and indirect interest in shares of Teck Guan Perdana Bhd (TGP) and being Director of HTG which is the holding company of TGP, is deemed interested in the Recurrent Transactions. HTG is the holding company or ultimate holding company of the Related Parties and is therefore deemed a person connected to the Directors of TGP.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to provide the following Statement on Risk Management and Internal Control (“the Statement”) pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Main Market Listing Requirements”) which outlines the nature and state of risk management and internal control of the Group for the financial year ended 31 January 2016. The external auditors have reviewed this Statement as required under paragraph 15.23 of the Main Market Listing Requirements and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group.

Board Responsibilities

The Board affirms its overall responsibility for the establishment of the Group’s system of internal control and risk management practices for good corporate governance. The system of risk management and internal control will serve as a framework for identifying, evaluating and managing business risks faced by the Group and will assist the Group to achieve its corporate objectives. Because of the limitations that are inherent in any system of risk management and internal control, the Board recognises that the Group’s system of risk management and internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. However, this system only provides a reasonable but not absolute assurance against material errors, fraud or loss.

Risk Management Framework

The Board recognises risk management as an integral part of business operations. The risk management framework with its appropriate controls help to identify, evaluate and mitigate such risks faced by the Group. The Group has set up a Risk Management Committee which evaluates business risk profile and formulates action plans. The Risk Management Committee will review and submit recommendations to the Board for action to ensure adequacy and effectiveness of the system of risk management and internal control.

Internal Control System

Some key aspects of the Group’s system of internal control are as follows:-

- The Audit Committee monitors the effectiveness of the entire Group’s system of internal control. Audit Committee comprises all non-executive directors, majority of whom are independent and holds regular meetings throughout the financial year. The current composition of members, with at least one who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. Members have full and unrestricted access to both the internal and external auditors during the financial year.
- Audit Committee reviews and approves the yearly Audit Plan;
- Audit Committee members are briefed and updated on the matters of corporate governance practice, legal and regulatory matters. The Internal Audit Department reports directly to the Audit Committee on internal control issues identified. The Audit Committee then reports to the Board on the findings and makes recommendations on possible action plans to improve and tighten the system of internal control of the Group;
- Regular meetings are held to assess performance and controls on all areas of operations with recommendations for improvements;
- Executive directors and senior management make regular visits to the various operating units of the Group to enhance controls;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Clear lines of responsibilities and appropriate authority levels are in place for the Management and operating units including matters requiring Board's approval. Key functions within the group such as Sales and Marketing, Finance and Procurement are appropriately staffed by qualified staff in achieving business objectives;
- Regular and comprehensive information provided to the Management and the Board, encompassing financial and operational performance for monitoring and decision making. The Finance and Accounts Department adheres closely to the monthly closing and reporting period, timely transaction recording, full compliance to acceptable reporting standards, and ensuring proper cash flow and capital requirements;
- Purchasing procedures are documented and monitored;
- A set of documented internal policies and procedures in relation to matters on human resource is distributed to various sections for their execution and monitoring; and
- The quarterly financial results and yearly audited financial statements are reviewed by the Audit Committee prior to their approval by the Board.

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

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

SUSTAINABILITY REPORT >>>

The Board will ensure that sustainability programs are organized in all aspects of the Group's business which will impact the work place, communities, environment and stakeholders. The Board will ensure that our operations are carried out in an environmentally friendly manner and to ensure long term sustainability.

The Board is reporting an overview of some of its existing general sustainability practices as follow:

- The Board's governance structure is set out in the Corporate Governance Statement of this Annual Report.
- Providing good housing and amenities for both staff and estate workers;
- Upgrading road system and drainage with regular maintenance;
- Minimizing chemical usage on oil palm areas where necessary;
- Provide staff with regular training to develop and retain human capital;
- Provide safety measures and insurance cover to our workers;
- Install and operate environment protection measures as required in guidelines provided by Environment Protection Department (EPD);
- Continued protection of wild life species;
- Provide medical benefits to our workers.

STATEMENT OF SHAREHOLDINGS

As at 19 April 2016

Analysis of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	5	0.32	19	0.00
100 - 1,000	179	11.53	143,701	0.36
1,001 - 10,000	1,123	72.31	4,494,000	11.20
10,001 - 100,000	226	14.55	6,071,100	15.14
100,001 - 2,004,844*	19	1.23	5,411,100	13.50
2,004,845 and above**	1	0.06	23,976,982	59.80
TOTAL	1,553	100.00	40,096,902	100.00

REMARKS : * - Less than 5% of issued shares
 ** - 5% and above of issued shares

STATEMENT OF SHAREHOLDINGS

As at 19 April 2016

List of Top 30 Shareholders

No.	Name	No. of Shares held	% of Shareholdings
1.	HTG Holdings Sdn Bhd	23,976,982	59.80
2.	Teck Guan Development (Sabah) Sdn Bhd	2,001,200	4.99
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Phea Keat	688,500	1.72
4.	Tan Ah Lim	560,000	1.40
5.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Shiak Chai	323,000	0.81
6.	Chong Thin Tuck	158,000	0.39
7.	Siaw Teck Hwa	156,400	0.39
8.	Chew Thing Hue	155,000	0.39
9.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kian Hong	140,000	0.35
10.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Tian Chai	131,300	0.33
11.	Jimmy Pang Kia Lock	126,300	0.31
12.	UOBM Nominees (Asing) Sdn Bhd CBP Quilvest Trust Ltd for The Sipadan Trust	120,000	0.30
13.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Shah Bin Mustaffar	119,300	0.30
14.	Tan Kim Huat & Sons Motor Sdn Berhad	110,000	0.27
15.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Tian Sang @ Tan Tian Song	109,100	0.27
16.	Hong Kim Eng	108,000	0.27
17.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh Tong Hwa	102,900	0.26
18.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Retnarasa A/L Annarasa	101,000	0.25
19.	Tan Ah Baa	101,000	0.25
20.	Tang Tiong Sing	100,100	0.25
21.	Tan Kim Huat & Sons Holdings Sdn Bhd	100,000	0.25
22.	Teh Bee Gaik	100,000	0.25
23.	Ng Keng Khoon	90,000	0.22
24.	Public Invest Nominees (Asing) Sdn Bhd Exempt an for Phillip Securities Pte Ltd	84,000	0.21
25.	Tan Kim Kim	81,800	0.20
26.	Lembaga Tabung Amanah Warisan Negeri Terengganu	80,000	0.20
27.	Maybank Nominees (Tempatan) Sdn Bhd Lau Teong Huat	80,000	0.20
28.	Sin Bok Lan	80,000	0.20
29.	Ang Theng Leng	76,000	0.19
30.	Maybank Nominees (Tempatan) Sdn Bhd Ooi Hooi Hoon	72,800	0.18
		30,232,682	75.40

STATEMENT OF SHAREHOLDINGS

As at 19 April 2016

Substantial Shareholders

Name	No. of Shares Held	% of Shareholdings
HTG Holdings Sdn Bhd	23,976,982	59.80

Directors' Shareholdings in the Company

No.	Name	Direct Total Shareholdings	%	Indirect Total Shareholdings	%
1.	Datuk Hong Ngit Ming	-	-	23,976,982*	59.80
2.	Tham Vui Vun	-	-	-	-
3.	Wong Peng Mun	-	-	-	-
4.	Fung Hiuk Bing	-	-	-	-

*(Deemed interested by virtue of his indirect interests in shares held by HTG Holdings Sdn Bhd, its holding company)

Directors' Shareholdings in its related Company (HTG Holdings Sdn Bhd)

No.	Name	Direct No. of 10% Cumulative Preference shares of RM1 each	Indirect No. of 10% Cumulative Preference shares of RM1 each
1.	Datuk Hong Ngit Ming	100,000	-
2.	Tham Vui Vun	-	-
3.	Wong Peng Mun	-	-
4.	Fung Hiuk Bing	-	-

The directors of the Company do not hold any ordinary shares in HTG Holdings Sdn Bhd.

LIST OF PROPERTIES

As at 31 January 2016

Item No	Location	Tenure	Land Area /Build up Area sq.m	Existing use/ Description	Net Book Value As At 31 Jan 2016	Age of Building	Tenure of leasehold Land	Date of Revaluation / method of valuation	Open Market Valuation by independent valuer
1.	CL 105312703 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 28.12.2058)	4,028,645 / 6,745	Cocoa and Oil Palm estate and cocoa fermentation factory	38,445,009	21	42	23/12/2015 Investment Method	Land 10,248,000 Plantation 26,504,551 Development Expenditure
2.	CL 105334996 Brantian, Merotai Rd, Tawau, Sabah.	Leasehold (expiring on 31.12.2072)	1,211,629	Oil palm estate	10,106,861	-	56	22/12/2015 Investment Method	Land 3,250,000 Plantation 6,199,000 Development Expenditure
3.	CL 105339099 Brantian, Merotai Rd, Tawau, Sabah.	Leasehold (expiring on 31.12.2073)	400,234	Oil palm estate	2,912,780	-	57	22/12/2015 Investment Method	Land 1,270,000 Plantation 1,502,000 Development Expenditure
4.	CL 105347493 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2069)	81,261	Cocoa and oil palm estate	738,273	-	53	23/12/2015 Investment Method	Land 206,500 Plantation 526,145 Development Expenditure
5.	CL 105354050 Balung Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2073)	653,567	Oil palm estate	5,885,290	-	57	23/12/2015 Investment Method	Land 2,607,000 Plantation 3,263,000 Development Expenditure
6.	CL 105436299 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2079)	16,147	Cocoa and oil palm estate	173,618	-	63	23/12/2015 Investment Method	Land 41,000 Plantation 131,536 Development Expenditure
7.	CL 115316848 Tingkayu, Lahad Datu/ Tawau, Sabah.	Leasehold (expiring on 31.12.2071)	1,216,485 / 233	Cocoa and oil palm estate and cocoa fermentation factory	11,930,280	2	55	23/12/2015 Investment Method	Land 2,947,500 Plantation 8,364,000 Development Expenditure
8.	CL 105368607 Sebatik Island Tawau, Sabah	Leasehold (expiring on 31.12.2078)	513,946	Oil palm estate	3,200,746	-	62	30/12/2015 Investment Method	Land 444,000 Plantation 2,768,000 Development Expenditure
9.	CL 105339071 Mile 2 1/2 Tanjung Batu Laut Tawau, Sabah	Leasehold (expiring on 08.10.2902)	25,617 / 5,028	Cocoa processing factory and office	13,086,773	21	886	23/05/2015 Land - Comparison Method Building - Depreciated Replacement Cost Method	Land 7,540,000 Building 5,630,000
10.	CL 105339053 Mile 2 1/2 Tanjung Batu Laut Tawau, Sabah	Leasehold (expiring on 31.12.2902)	19,627 / 2,754	Cocoa processing factory and office	7,821,929	38	886	20/05/2015 Land - Comparison Method Building - Depreciated Replacement Cost Method	Land 5,760,000 Building 2,090,000

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2016.

Principal Activities

The principal activities of the Company are investment holding and provision of administrative services to its subsidiaries.

The principal activities of the subsidiaries are the manufacturing and sale of cocoa butter, cocoa powder and other cocoa products, trading of cocoa beans and crude palm kernel oil and the operation of kernel crushing plant, oil palm and cocoa plantations.

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

Results

	Group RM	Company RM
Profit/(loss) net of tax	<u>8,308,428</u>	<u>(38,797,834)</u>
Profit/(loss) attributable to: Owners of the Company	<u>8,308,428</u>	<u>(38,797,834)</u>

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

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

There were no dividends paid, declared or recommended since the end of the previous financial year.

Directors

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

Datuk Hong Ngit Ming – Managing Director
Tang Amiy @ Tang Ah Mei (Resigned on 4 March 2016)
Tham Vui Vun – Chairman and Independent Non-Executive Director
Wong Peng Mun
Fung Hiuk Bing

DIRECTORS' REPORT

Directors' Benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 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 26 to the financial statements.

Directors' Interests

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

Number of Ordinary Shares of RM1 each 1.2.2015 and 31.1.2016	
The Company	
Indirect Interest :	
Datuk Hong Ngit Ming	23,976,982

Number of 10% Cumulative Preference Shares of RM1 each 1.2.2015 and 31.1.2016	
Holding company	
- HTG Holdings Sdn. Bhd.	
Direct Interest :	
Datuk Hong Ngit Ming	100,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

Other Statutory Information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision 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 any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision 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 methods 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.

DIRECTORS' REPORT >>

Other Statutory Information (continued)

(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.

Holding Company

The holding company of the Company is HTG Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 May 2016.

Datuk Hong Ngit Ming

Tham Yui Yun

STATEMENT BY DIRECTORS

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

We, **Datuk Hong Ngit Ming** and **Tham Vui Yun**, being two of the directors of **Teck Guan Perdana Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 123 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 January 2016 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 32 to the financial statements has 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 5 May 2016.

Datuk Hong Ngit Ming

Tham Vui Yun

STATUTORY DECLARATION

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

I, **Chong Nyet Wui**, being the officer primarily responsible for the financial management of **Teck Guan Perdana Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 124 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
Chong Nyet Wui at Tawau
in the State of Sabah
on 5 May 2016

Chong Nyet Wui

Before me,

Voo Tsun Ping
S129
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Teck Guan Perdana Berhad

Report on the financial statements

We have audited the financial statements of **Teck Guan Perdana Berhad**, which comprise the statements of financial position as at 31 January 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 123.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Teck Guan Perdana Berhad (continued)

Opinion

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

Report on other legal and regulatory requirements

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Teck Guan Perdana Berhad (continued)

Other reporting responsibilities

The supplementary information set out in Note 32 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

Tawau, Malaysia
Date: 5 May 2016

AU YONG SWEE YIN
3101/02/18 (J)
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 January 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	4	210,572,520	264,052,389	756,000	756,000
Cost of sales	5	(180,051,464)	(245,568,285)	(1,015,207)	(1,163,973)
Gross profit/(loss)		30,521,056	18,484,104	(259,207)	(407,973)
Other item of income					
Other operating income	6	2,265,984	2,064,108	3,328,891	968,396
Other items of expense					
Administrative expenses		(16,890,045)	(17,237,369)	(185,867)	(184,138)
Other expenses		(2,622,385)	(737,300)	(39,363,473)	-
Finance costs	7	(979,433)	(3,283,958)	(1,773,204)	(19,001)
Profit/(loss) before tax	8	12,295,177	(710,415)	(38,252,860)	357,284
Income tax expense	11	(3,986,749)	(1,344,447)	(544,974)	(109,720)
Profit/(loss) net of tax		8,308,428	(2,054,862)	(38,797,834)	247,564
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) :					
Revaluation of land, buildings and biological assets		7,532,387	-	-	-
Other comprehensive income for the year, net of tax		7,532,387	-	-	-
Total comprehensive income/(loss) for the year		15,840,815	(2,054,862)	(38,797,834)	247,564
Profit/(loss) attributable to:					
Owners of the Company		8,308,428	(2,054,862)	(38,797,834)	247,564
Total comprehensive income/(loss) attributable to:					
Owners of the Company		15,840,815	(2,054,862)	(38,797,834)	247,564
Earnings/(loss) per share attributable to owners of the Company (sen per share):					
Basic	12	20.72	(5.12)		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Assets					
Non-current assets					
Property, plant and equipment	13	55,981,466	60,153,673	6	6
Biological assets	14	48,985,206	39,427,466	-	-
Investment in subsidiaries	15	-	-	30,064,430	30,064,430
Deferred tax assets	16	4,704	4,704	4,704	4,704
		104,971,376	99,585,843	30,069,140	30,069,140
Current assets					
Inventories	17	38,001,925	20,604,086	-	-
Trade and other receivables	18	6,263,511	28,342,358	3,519,336	51,099,276
Cash and bank balances	19	19,279,182	27,480,218	523,085	177,004
		63,544,618	76,426,662	4,042,421	51,276,280
Total assets		168,515,994	176,012,505	34,111,561	81,345,420
Equity and liabilities					
Current liabilities					
Derivatives	20	-	702,200	-	-
Loans and borrowings	21	46,184,009	32,863,156	-	-
Trade and other payables	22	10,441,224	40,847,390	28,319,899	37,152,623
Income tax payable		2,167,022	577,151	430,035	33,336
		58,792,255	74,989,897	28,749,934	37,185,959
Net current assets/(liabilities)		4,752,363	1,436,765	(24,707,513)	14,090,321

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 January 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Non-current liabilities					
Loans and borrowings	21	-	8,465,394	-	-
Deferred tax liabilities	16	18,788,869	17,463,159	-	-
		18,788,869	25,928,553	-	-
Total liabilities		77,581,124	100,918,450	28,749,934	37,185,959
Net assets		90,934,870	75,094,055	5,361,627	44,159,461
Equity attributable to owners of the Company					
Share capital	23	40,096,902	40,096,902	40,096,902	40,096,902
Share premium		7,000	7,000	7,000	7,000
Asset revaluation reserve (Accumulated losses)/ retained earnings	24	57,663,540 (6,832,572)	52,286,476 (17,296,323)	- (34,742,275)	- 4,055,559
Total equity		90,934,870	75,094,055	5,361,627	44,159,461
Total equity and liabilities		168,515,994	176,012,505	34,111,561	81,345,420

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2016

←..... Attributable to owners of the Company→
 ←..... Non-distributable→

	Equity, total RM	Share capital (Note 23) RM	Share premium RM	Asset revaluation reserve (Note 24) RM	Accumulated losses RM
Group					
Opening balance at 1 February 2015	75,094,055	40,096,902	7,000	52,286,476	(17,296,323)
Profit net of tax	8,308,428	-	-	-	8,308,428
Other comprehensive income	7,532,387	-	-	7,532,387	-
Total comprehensive income for the year	15,840,815	-	-	7,532,387	8,308,428
Asset revaluation realised upon depreciation charged	-	-	-	(2,155,323)	2,155,323
Closing balance at 31 January 2016	90,934,870	40,096,902	7,000	57,663,540	(6,832,572)
Opening balance at 1 February 2014	77,148,917	40,096,902	7,000	54,339,344	(17,294,329)
Loss net of tax	(2,054,862)	-	-	-	(2,054,862)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	(2,054,862)	-	-	-	(2,054,862)
Asset revaluation realised upon depreciation charged	-	-	-	(2,052,868)	2,052,868
Closing balance at 31 January 2015	75,094,055	40,096,902	7,000	52,286,476	(17,296,323)

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2016

	Equity, total RM	Share capital (Note 23) RM	Non- distributable Share premium RM	(Accumulated losses)/retained earnings RM
Company				
Opening balance at 1 February 2015	44,159,461	40,096,902	7,000	4,055,559
Loss net of tax, representing total comprehensive loss for the year	(38,797,834)	-	-	(38,797,834)
Closing balance at 31 January 2016	5,361,627	40,096,902	7,000	(34,742,275)
Opening balance at 1 February 2014	43,911,897	40,096,902	7,000	3,807,995
Profit net of tax, representing total comprehensive income for the year	247,564	-	-	247,564
Closing balance at 31 January 2015	44,159,461	40,096,902	7,000	4,055,559

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

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Operating activities					
Profit/(loss) profit before tax		12,295,177	(710,415)	(38,252,860)	357,284
<u>Adjustments for:</u>					
Amortisation of biological assets	8	2,831,144	2,716,267	-	-
Gain on disposal of plant and equipment	6	(463,533)	-	-	-
Depreciation of property, plant and equipment	8	1,985,145	2,017,662	-	-
Property, plant and equipment written off	8	90	625	-	-
Impairment loss on property, plant and equipment	8	43,170	-	-	-
Impairment loss on amount due from a subsidiary	8	-	-	39,363,473	-
Interest expense	7	979,433	3,283,958	1,773,204	19,001
Interest income	6	(328,447)	(310,457)	(3,313,941)	(968,396)
Impairment for slow-moving inventories	8	987,430	-	-	-
Net fair value (gain)/loss on derivatives	6/8	(702,200)	606,554	-	-
Unrealised loss on foreign exchange	8	3,552,037	3,339,674	-	-
Total adjustments		8,884,269	11,654,283	37,822,736	(949,395)
Operating cash flows before changes in working capital		21,179,446	10,943,868	(430,124)	(592,111)
<u>Changes in working capital:</u>					
(Increase)/decrease in inventories		(18,385,269)	9,586,784	-	-
Decrease/(increase) in trade and other receivables		22,078,847	(27,174,788)	8,216,467	(36,792,393)
(Decrease)/increase in trade and other payables		(33,958,203)	18,784,473	(8,832,724)	36,503,140
Total changes in working capital		(30,264,625)	1,196,469	(616,257)	(289,253)
Cash flows (used in)/ generated from operations		(9,085,179)	12,140,337	(1,046,381)	(881,364)
Interest paid		(979,433)	(3,283,958)	(1,773,204)	(19,001)
Interest received		328,447	310,457	3,313,941	968,396
Income tax paid		(3,449,817)	(1,484,665)	(148,275)	(111,107)
Net cash flows (used in)/ generated from operating activities		(13,185,982)	7,682,171	346,081	(43,076)

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 January 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Investing activities					
Proceeds from disposal of property, plant and equipment		557,200	-	-	-
Acquisition of property, plant and equipment	13	(387,457)	(1,099,530)	-	-
Acquisition of biological assets	14	(40,256)	-	-	-
Net cash flows generated from/ (used in) investing activities		129,487	(1,099,530)	-	-
Financing activities					
Drawdown of letter of credit		35,043,245	19,601,771	-	-
Repayment of letter of credit		(47,872,587)	-	-	-
Proceeds from bankers' acceptances		66,993,000	54,395,000	-	-
Repayment of bankers' acceptances		(41,034,000)	(56,892,000)	-	-
Repayment of revolving credit		-	(2,000,000)	-	-
Repayment of term loan		(8,928,710)	(8,835,150)	-	-
Net cash flows generated from financing activities		4,200,948	6,269,621	-	-
Net (decrease)/increase in cash and cash equivalents		(8,855,547)	12,852,262	346,081	(43,076)
Cash and cash equivalents at beginning of year		27,480,218	14,627,956	177,004	220,080
Cash and cash equivalents at end of year	19	18,624,671	27,480,218	523,085	177,004

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

NOTES TO THE FINANCIAL STATEMENTS 

31 January 2016

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is situated at No. 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah.

The principal activities of the Company are investment holding and the provision of administrative services to its subsidiaries. The principal activities of the subsidiaries are the manufacturing and sale of cocoa butter, cocoa powder and other cocoa products, trading of cocoa beans and crude palm kernel oil and operation of kernel crushing plant, oil palm and cocoa plantations. There have been no significant changes in the nature of the principal activities during the financial year.

The holding company is HTG Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and 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 1 February 2015 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, unless otherwise indicated in this summary of significant accounting policies.

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 February 2015, the Group and the Company adopted the following Amendments to FRSs and Annual Improvements.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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

The nature and impact of the Amendments to FRSs and Annual Improvements are described below:

Annual Improvements to FRSs 2010 – 2012 Cycle

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

FRS 3: Business Combinations

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

FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.

NOTES TO THE FINANCIAL STATEMENTS 

31 January 2016

2. Summary of significant accounting policies (continued)
- 2.2 Changes in accounting policies (continued)

Annual Improvements to FRSs 2010 – 2012 Cycle (continued)

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

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

FRS 124: Related Party Disclosures

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

Annual Improvements to FRSs 2011 – 2013 Cycle

The Annual Improvements to FRSs 2011 - 2013 Cycle include a number of amendments to various FRSs, which are summarised below:

FRS 3: Business Combinations

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

FRS 13: Fair Value Measurement

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual improvements to FRS 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: Investments Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
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 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

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 will not have any impact on the Group's and 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Admendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception (continued)

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

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 financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to FRSs 2012 – 2014 Cycle (continued)

FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements or 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.

Malaysian Financial Reporting Standards (MFRS Framework)

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

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture (MFRS 141) and IC Interpretation 15: Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. On 8 September 2015, MASB announced that adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2019. In presenting its first MFRS financial statements, the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards (MFRS Framework) (continued)

At the date of these financial statements, the Group and the Company have not completed their 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 January 2016 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 January 2019.

2.4 Basis of consolidation

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

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

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Business combinations (continued)

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

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

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

2.5 Subsidiaries

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

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

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

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(b) Foreign currency transactions

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

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

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

2.7 Property, plant and equipment, and depreciation

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

Leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment, and depreciation (continued)

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 offset 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 assets.

Leasehold land with an unexpired lease term of less than 50 years is classified as short term whilst those with unexpired lease terms in excess of 50 years are classified as long term.

Leasehold land is depreciated over the period of the respective leases. Construction-in-progress is not depreciated as these assets are not available for use. Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% to 10%
Tractors and motor vehicles	20%
Plant and machinery	5% to 10%
Equipment, furniture and fixtures	10% to 20%

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 applicable.

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.8 Biological assets

All expenses incurred in land preparation, planting and developing of oil palm plantations up to maturity are capitalised as biological assets. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity. All expenses subsequent to maturity are recognised in profit or loss. Oil palm planting expenditure incurred up to maturity is amortised over 25 years.

Biological assets are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated amortisation and impairment losses. The fair value of biological assets is determined by valuations performed by independent professional valuers using the discounted cash flow basis. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair value at the reporting date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Oil palm replanting expenditure is capitalised under biological assets in the year in which it is incurred until maturity.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

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.

2.10 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 18.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 January 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

(c) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provision of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

Initial recognition and measurement (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

Loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 21.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and demand deposits that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Inventories are valued on the weighted average method. The cost of raw materials comprises cost purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based normal operating capacity.

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

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.14 Provisions (continued)

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.

2.15 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.

2.16 Financial guarantee contracts

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

2.17 Employee benefits

(a) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.17 Employee benefits (continued)

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees' Provident Fund ("EPF").

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.19 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. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised net of sales taxes and upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Administration fee

Administration fee is recognised net of service taxes as and when the services are performed.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term.

(d) Dividend income

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

(e) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.20 Income taxes (continued)

(b) Deferred tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.20 Income taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

The net amount of sales tax and GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

2.21 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 Group 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 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

2. Summary of significant accounting policies (continued)

2.22 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.

2.23 Derivative financial instruments

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

2.24 Fair value measurements

The Group and the Company measure financial instruments, such as, derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 27.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of significant accounting policies (continued)

2.24 Fair value measurements (continued)

All assets and liabilities for which fair values are 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 measurements 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 and the Company determine 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.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

2.25 Contingencies

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

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

3. Significant accounting judgements and estimates

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

3.1 Judgement made in applying accounting policies

There were no critical judgements made by management in the process of applying the Group's accounting policies which may have significant effect on the amounts recognized in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' remaining useful lives. Management estimates the useful lives of these assets to be between 10 to 20 years. These are common life expectancies applied in the cocoa and oil palm planting and processing industries. Changes in the expected level of usage and technological development 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 13.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

(c) Impairment of land, buildings and biological assets

The Group's land, buildings and biological assets are stated at valuation. This is based on valuation by an independent valuer's assessment of the market value of the land, building and biological assets. Changes in the conditions of the land, building and biological assets could impact the market value of the assets.

(d) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be used. 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.

NOTES TO THE FINANCIAL STATEMENTS

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4. Revenue

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of plantation produce	9,184,875	10,676,036	-	-
Sale of cocoa products	8,256,062	6,741,427	-	-
Sale of dried cocoa beans	345,175	575,613	-	-
Sale of crude palm kernel oil	128,243,009	161,743,468	-	-
Sale of palm kernel expeller	16,590,083	19,116,517	-	-
Sale of refined palm oil and related products	47,953,316	65,199,328	-	-
Administrative fees from subsidiaries	-	-	756,000	756,000
	210,572,520	264,052,389	756,000	756,000

5. Cost of sales

Cost of goods sold	180,051,464	245,568,285	-	-
Cost of services rendered	-	-	1,015,207	1,163,973
	180,051,464	245,568,285	1,015,207	1,163,973

6. Other operating income

Interest income	328,447	310,457	3,313,941	968,396
Gain on disposal of property, plant and equipment	463,533	-	-	-
Realised gain on foreign exchange	34,294	38,975	-	-
Insurance claim	-	65,744	-	-
Rental income	171,000	171,000	-	-
Transport and handling charges received	-	965,303	-	-
Miscellaneous	215,560	512,629	14,950	-
Net fair value gain on derivatives	702,200	-	-	-
Realised gain on future commodities contract	350,950	-	-	-
	2,265,984	2,064,108	3,328,891	968,396

NOTES TO THE FINANCIAL STATEMENTS

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7. Finance costs

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
Bank overdrafts	7,155	8,590	-	-
Bankers' acceptances	588,823	351,176	-	-
Overdue accounts	5,116	2,360,158	1,773,204	19,001
Term loan and revolving credits	378,339	564,034	-	-
	979,433	3,283,958	1,773,204	19,001

8. Profit/(loss) before tax

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Employee benefits expense (Note 9)	5,391,009	5,629,831	925,335	1,093,085
Non-executive directors' remuneration (Note 10)	36,000	36,000	36,000	36,000
Amortisation of biological assets (Note 14)	2,831,144	2,716,267	-	-
Auditors' remuneration:				
- Statutory audits:				
- current year	71,000	74,000	35,000	35,000
- under/(over)provision in previous years	2,000	(620)	1,000	-
- Other services	1,950	3,250	-	1,400
Depreciation of property, plant and equipment (Note 13)	1,985,145	2,017,662	-	-
(Gain)/loss on foreign exchange:				
- realised	(963,947)	(1,245,772)	-	-
- unrealised	3,552,037	3,339,674	-	-
Impairment loss on property, plant and equipment (Note 13)	43,170	-	-	-
Net fair value loss on derivatives	-	606,554	-	-
Property, plant and equipment written off	90	625	-	-
Impairment for slow-moving inventories	987,430	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

8. Profit/(loss) before tax (continued)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Impairment loss on amount due from a subsidiary (Note 18)	-	-	39,363,473	-
Rental expense:				
- equipment	69,776	70,984	7,500	7,550
- land and factory	2,193,280	2,196,192	-	-
- office	45,960	46,800	25,200	25,200
Realised loss on future commodities contract	-	35,100	-	-

9. Employee benefits expense

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages and allowances	5,017,232	5,240,074	829,904	983,036
Contributions to defined contribution plan	340,312	356,976	92,952	107,570
Social security contributions	33,465	32,781	2,479	2,479
	5,391,009	5,629,831	925,335	1,093,085

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM274,116 (2015: RM363,075) and RM271,560 (2015: RM360,519) respectively, as further disclosed in Note 10 below.

NOTES TO THE FINANCIAL STATEMENTS

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10. Directors' remuneration

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive directors' remuneration: Other emoluments	274,116	363,075	271,560	360,519
Non-executive directors' remuneration: Fees (Note 8)	36,000	36,000	36,000	36,000
Total directors' remuneration	310,116	399,075	307,560	396,519
Estimated monetary value of benefits-in-kind	16,096	14,684	16,096	14,684
Total	326,212	413,759	323,656	411,203

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive:				
Salaries and other emoluments	248,544	311,663	246,144	309,263
Defined contribution plan	25,572	31,983	25,416	31,827
Bonus	-	19,429	-	19,429
Social security contribution	-	-	-	-
Total executive directors' remuneration (excluding benefits-in-kind)	274,116	363,075	271,560	360,519
Estimated monetary value of benefits-in-kind	16,096	14,684	16,096	14,684
Total executive directors' remuneration (including benefits-in-kind)	290,212	377,759	287,656	375,203
Non-executive:				
Fees (Note 8)	36,000	36,000	36,000	36,000
Total	326,212	413,759	323,656	411,203

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

10. Directors' remuneration (continued)

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

Executive directors:

- Less than RM50,000
- RM50,001 to RM100,000
- RM100,001 to RM150,000
- RM150,001 to RM200,000

Non-executive directors:

- Less than RM50,000

Number of directors	
2016	2015
-	-
1	1
-	-
1	1
3	3

11. Income tax expense

The major components of income tax expense for the financial years ended 31 January 2016 and 2015 are:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	5,004,417	1,645,404	540,035	109,525
- Under/(over)provision in respect of previous years	35,271	(7)	4,939	-
	5,039,688	1,645,397	544,974	109,525
Deferred income tax (Note 16):				
Origination and reversal of temporary differences	(791,812)	(294,002)	-	-
(Over)/under provision in respect of previous years	(261,127)	(6,948)	-	195
	(1,052,939)	(300,950)	-	195
Income tax expense recognised in profit or loss	3,986,749	1,344,447	544,974	109,720

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

11. Income tax expense (continued)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 January 2016 and 2015 are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Accounting profit/(loss) before tax	12,295,177	(710,415)	(38,252,860)	357,284
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	2,950,842	(177,604)	(9,180,686)	89,321
Adjustments:				
Non-deductible expenses	1,470,942	1,247,490	9,720,721	20,204
Income not subject to tax	(16,127)	-	-	-
Deferred tax assets not recognised in respect of unutilised tax losses	-	281,516	-	-
Utilisation of previously unrecognised tax losses	(193,052)	-	-	-
Under/(over)provision of income tax in respect of previous years	35,271	(7)	4,939	-
(Over)/under provision of deferred tax in respect of previous years	(261,127)	(6,948)	-	195
Income tax expense recognised in profit or loss	3,986,749	1,344,447	544,974	109,720

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

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12. Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the years ended 31 January 2016 and 2015:

	Group	
	2016	2015
Profit/(loss) net of tax, attributable to owners of the Company (RM)	8,308,428	(2,054,862)
Weighted average number of ordinary shares in issue	40,096,902	40,096,902
Basic earnings/(loss) per share (sen)	20.72	(5.12)

The Group does not have any instruments that could potentially dilute basic earnings per share in the future. Accordingly, the diluted earnings/(loss) per share is not presented.

NOTES TO THE FINANCIAL STATEMENTS

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13. Property, plant and equipment

	Land and buildings* RM	Tractors and motor vehicles RM	Plant and machinery RM	Equipment, furniture and fixtures RM	Construction -in-progress RM	Total RM
Group						
Cost or valuation:						
At 1 February 2014	55,202,608	1,538,274	38,321,165	1,428,970	53,820	96,544,837
Additions	557,000	13,000	507,185	22,345	-	1,099,530
Written off	-	-	-	(1,250)	-	(1,250)
Reclassifications	-	-	53,820	-	(53,820)	-
At 31 January 2015	55,759,608	1,551,274	38,882,170	1,450,065	-	97,643,117
Representing:						
At cost	9,072,608	1,551,274	38,882,170	1,450,065	-	50,956,117
At valuation	46,687,000	-	-	-	-	46,687,000
At 31 January 2015 and 1 February 2015	55,759,608	1,551,274	38,882,170	1,450,065	-	97,643,117
Additions	91,575	200,000	75,800	20,082	-	387,457
Disposals	-	(625,730)	-	(65,255)	-	(690,985)
Written off	-	-	-	(220)	-	(220)
Revaluation adjustment	(4,374,159)	-	-	-	-	(4,374,159)
At 31 January 2016	51,477,024	1,125,544	38,957,970	1,404,672	-	92,965,210
Representing:						
At cost	9,376,024	1,125,544	38,957,970	1,404,672	-	50,864,210
At valuation	42,101,000	-	-	-	-	42,101,000
At 31 January 2016	51,477,024	1,125,544	38,957,970	1,404,672	-	92,965,210

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

13. Property, plant and equipment (continued)

	Land and buildings* RM	Tractors and motor vehicles RM	Plant and machinery RM	Equipment, furniture and fixtures RM	Construction -in-progress RM	Total RM
Group						
Accumulated depreciation						
At 1 February 2014	4,903,820	1,067,861	28,749,540	751,186	-	35,472,407
Depreciation charge for the year (Note 8)	1,026,645	179,787	705,800	105,430	-	2,017,662
Written off	-	-	-	(625)	-	(625)
At 31 January 2015 and 1 February 2015	5,930,465	1,247,648	29,455,340	855,991	-	37,489,444
Depreciation charge for the year (Note 8)	1,013,413	147,542	722,204	101,986	-	1,985,145
Disposals	-	(532,064)	-	(65,254)	-	(597,318)
Elimination of accumulated depreciation on revaluation	(1,936,567)	-	-	-	-	(1,936,567)
Impairment (Note 8)	-	-	43,170	-	-	43,170
Written off	-	-	-	(130)	-	(130)
At 31 January 2016	5,007,311	863,126	30,220,714	892,593	-	36,983,744
Net carrying amount:						
At cost	4,749,726	303,626	9,426,830	594,074	-	15,074,256
At valuation	45,079,417	-	-	-	-	45,079,417
At 31 January 2015	49,829,143	303,626	9,426,830	594,074	-	60,153,673
Net carrying amount:						
At cost	4,516,010	262,418	8,737,256	512,079	-	14,027,763
At valuation	41,953,703	-	-	-	-	41,953,703
At 31 January 2016	46,469,713	262,418	8,737,256	512,079	-	55,981,466

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

13. Property, plant and equipment (continued)

* Land and buildings of the Group comprise:

	Long-term leasehold land RM	Short-term leasehold land RM	Plantation infrastructure RM	Buildings RM	Total RM
Cost or valuation:					
At 1 February 2014	24,274,300	14,928,700	3,333,257	12,666,351	55,202,608
Addition	-	-	-	557,000	557,000
At 31 January 2015	24,274,300	14,928,700	3,333,257	13,223,351	55,759,608
Representing:					
At cost	-	-	3,333,257	5,739,351	9,072,608
At valuation	24,274,300	14,928,700	-	7,484,000	46,687,000
At 31 January 2015 and 1 February 2015	24,274,300	14,928,700	3,333,257	13,223,351	55,759,608
Addition	-	-	-	91,575	91,575
Revaluation adjustments	(141,300)	(4,680,700)	-	447,841	(4,374,159)
At 31 January 2016	24,133,000	10,248,000	3,333,257	13,762,767	51,477,024
Representing:					
At cost	-	-	3,333,257	6,042,767	9,376,024
At valuation	24,133,000	10,248,000	-	7,720,000	42,101,000
At 31 January 2016	24,133,000	10,248,000	3,333,257	13,762,767	51,477,024

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

13. Property, plant and equipment (continued)

* Land and buildings of the Group comprise (continued):

	Long-term leasehold land RM	Short-term leasehold land RM	Plantation infrastructure RM	Buildings RM	Total RM
Accumulated depreciation					
At 1 February 2014	211,112	331,136	441,590	3,919,982	4,903,820
Depreciation charge for the year	211,112	331,136	58,192	426,205	1,026,645
At 31 January 2015 and 1 February 2015	422,224	662,272	499,782	4,346,187	5,930,465
Depreciation charge for the year	211,151	323,794	58,192	420,276	1,013,413
Elimination of accumulated depreciation on revaluation	(607,637)	(965,812)	-	(363,118)	(1,936,567)
At 31 January 2016	25,738	20,254	557,974	4,403,345	5,007,311
Net carrying amount:					
At cost	-	-	2,833,475	1,916,251	4,749,726
At valuation	23,852,076	14,266,428	-	6,960,913	45,079,417
At 31 January 2015	23,852,076	14,266,428	2,833,475	8,877,164	49,829,143
Net carrying amount:					
At cost	-	-	2,775,283	1,740,727	4,516,010
At valuation	24,107,262	10,227,746	-	7,618,695	41,953,703
At 31 January 2016	24,107,262	10,227,746	2,775,283	9,359,422	46,469,713

NOTES TO THE FINANCIAL STATEMENTS

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13. Property, plant and equipment (continued)

	Equipment, furniture and fixtures RM
Company	
At 31 January 2016	
Cost	
At 1 February 2015 and 31 January 2016	16,258
Accumulated depreciation	
At 1 February 2015 and 31 January 2016	16,252
Net carrying amount	6
At 31 January 2015	
Cost	
At 1 February 2014 and 31 January 2015	16,258
Accumulated depreciation	
At 1 February 2014 and 31 January 2015	16,252
Net carrying amount	6

Certain leasehold land and buildings of the Group were revalued on 20 May 2015 and 23 December 2015 by Jurunilai & Perunding Hartanah Sabah, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

13. Property, plant and equipment (continued)

Had the revalued land and buildings been carried under the cost model, the carrying amounts of each class of land and buildings that would have been included in the financial statements of the Group as at 31 January 2016 and 2015 would be as follows:

	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
Group				
At 31 January 2016				
Cost	3,978,479	5,013	8,185,673	12,169,165
Accumulated depreciation	(188,538)	(1,944)	(3,736,555)	(3,927,037)
Net carrying amount	3,789,941	3,069	4,449,118	8,242,128
At 31 January 2015				
Cost	3,978,479	5,013	8,185,673	12,169,165
Accumulated depreciation	(176,720)	(1,832)	(3,502,098)	(3,680,650)
Net carrying amount	3,801,759	3,181	4,683,575	8,488,515

14. Biological assets

	2016 RM	2015 RM
Group		
Cost or valuation		
At beginning of year	44,860,000	44,860,000
Addition	40,256	-
Revaluation surplus	4,426,183	-
At end of year	49,326,439	44,860,000
Representing:		
At valuation	49,326,439	44,860,000
Accumulated amortisation		
At beginning of year	5,432,534	2,716,267
Amortisation for the year (Note 8)	2,831,144	2,716,267
Elimination of accumulated depreciation on revaluation	(7,922,445)	-
At end of year	341,233	5,432,534
Net carrying amount		
At valuation	48,985,206	39,427,466

NOTES TO THE FINANCIAL STATEMENTS

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14. Biological assets (continued)

Biological assets were revalued on 23 December 2015 by Jurunilai & Perunding Hartanah Sabah, an independent professional valuer. The fair value was determined using the discounted cash flow basis.

At 31 January 2016, had the revalued biological assets of the Group been carried under the cost model, the net carrying amount would have been RM2,456,237 (2015: RM2,912,666).

15. Investment in subsidiaries

Unquoted shares, at cost
Accumulated impairment losses

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	37,563,852	37,563,852
Accumulated impairment losses	(7,499,422)	(7,499,422)
	30,064,430	30,064,430

Details of the subsidiaries, which are all incorporated and domiciled in Malaysia, are as follows:

Name of subsidiaries	Proportion of ownership interest		Principal activities
	2016	2015	
Cacao Paramount Sdn. Bhd.	100%	100%	Processing of cocoa products, trading of crude palm kernel oil and operation of palm kernel crushing plant and oil palm plantations
Majulah Koko Tawau Sdn. Bhd.	100%	100%	Processing and sale of cocoa butter, cocoa powder and other cocoa products, and trading and export of cocoa beans
Tawau Cocoa Estate Sdn. Bhd.	100%	100%	Operation of oil palm and cocoa plantations

All of the above subsidiary companies are audited by Ernst & Young, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

16. Deferred tax (assets)/liabilities

Deferred income tax as at reporting date relates to the following:

	As at 1 February 2014 RM	Recognised in profit or loss RM	As at 31 January 2015 RM	Recognised in profit or loss RM	Recognised in equity RM	As at 31 January 2016 RM
Group						
Deferred tax liabilities:						
Property, plant and equipment	12,370,610	(209,237)	12,161,373	(758,086)	(585,022)	10,818,265
Biological assets	10,134,494	(671,905)	9,462,589	(675,597)	2,963,671	11,750,663
	22,505,104	(881,142)	21,623,962	(1,433,683)	2,378,649	22,568,928
Deferred tax assets:						
Unutilised tax losses	(2,195,734)	713,839	(1,481,895)	294,364	-	(1,187,531)
Unabsorbed capital allowances	(2,523,848)	54,276	(2,469,572)	(61,734)	-	(2,531,306)
Others	(26,117)	(187,923)	(214,040)	148,114	-	(65,926)
	(4,745,699)	580,192	(4,165,507)	380,744	-	(3,784,763)
	17,759,405	(300,950)	17,458,455	(1,052,939)	2,378,649	18,784,165
Company						
Deferred tax liabilities:						
Property, plant and equipment	3	(2)	1	-	-	1
Deferred tax assets:						
Unabsorbed capital allowances	(4,902)	197	(4,705)	-	-	(4,705)
	(4,899)	195	(4,704)	-	-	(4,704)

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

16. Deferred tax (assets)/liabilities (continued)

Presented as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deferred tax assets	(4,704)	(4,704)	(4,704)	(4,704)
Deferred tax liabilities	18,788,869	17,463,159	-	-
	18,784,165	17,458,455	(4,704)	(4,704)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 RM	2015 RM
Unutilised tax losses	32,280,017	33,084,399

No deferred tax assets were recognised for the above unutilised tax losses in 2015 and 2016 due to uncertainty of their recoverability. The availability of unutilised tax losses for offsetting against future taxable profits of the Group is subject to the guidelines issued by the tax authority under the Income Tax Act, 1967 and guidelines issued by the tax authority.

17. Inventories

	Group	
	2016 RM	2015 RM
Cost		
Trading goods	1,198,787	3,361,160
Raw materials	283,030	498,874
Stores and supplies	2,569,317	1,910,400
Finished goods	35,209,850	15,105,281
	39,260,984	20,875,715
Less: Impairment for slow-moving inventories	(1,259,059)	(271,629)
	38,001,925	20,604,086

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM165,714,808 (2015: RM230,020,651).

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18. Trade and other receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current				
Trade receivables				
Third parties	2,549,090	24,905,433	-	-
Other receivables				
Amounts due from related parties:				
Holding company	52,425	-	52,425	-
Subsidiaries	-	-	42,811,000	51,079,892
Related companies	34,759	140,284	-	-
	87,184	140,284	42,863,425	51,079,892
Less: Impairment on amount due from a subsidiary (Note 8)	-	-	(39,363,473)	-
	87,184	140,284	3,499,952	51,079,892
Deposits	230,175	230,175	1,050	1,050
Prepayments	167,470	2,554,968	18,334	18,334
Sundry receivables	3,229,592	511,498	-	-
	3,714,421	3,436,925	3,519,336	51,099,276
Total trade and other receivables	6,263,511	28,342,358	3,519,336	51,099,276
Add: Cash and bank balances (Note 19)	19,279,182	27,480,218	523,085	177,004
Less: Prepayments	(167,470)	(2,554,968)	(18,334)	(18,334)
Total loans and receivables	25,375,223	53,267,608	4,024,087	51,257,946

(a) Trade receivables

Trade receivables are generally on 30 to 60 days (2015: 30 to 60 days) terms. Trade receivables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

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

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	2,410,620	24,898,210
1 to 30 days past due not impaired	4,118	-
31 to 60 days past due not impaired	6,228	-
61 to 90 days past due not impaired	32,533	-
91 to 120 days past due not impaired	-	694
More than 121 days past due not impaired	95,591	6,529
	138,470	7,223
	2,549,090	24,905,433

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM138,470 (2015: RM7,223) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

(b) Amounts due from holding company and related companies

Related companies comprise companies within the HTG Holdings Sdn. Bhd. group of companies.

The amounts are unsecured, non-interest bearing and are to be settled in cash.

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, earn interest at the rate of 6.85% (2015 : 6.60%) per annum and are repayable on demand.

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18. Trade and other receivables (continued)

(d) Sundry receivables

The amounts are unsecured, non-interest bearing and are to be settled in cash.

19. Cash and bank balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash at banks and on hand	13,350,182	19,380,218	523,085	177,004
Short-term deposits with licensed banks	5,929,000	8,100,000	-	-
	19,279,182	27,480,218	523,085	177,004

Certain amounts of cash at bank earn interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods of between one day and three days (2015: one day and seven days) depending on the immediate cash requirements of the Group and the Company and earn interest at the respective short-term deposits rates. The weighted average effective rates per annum for deposits at the end of the financial year are:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Licensed banks	2.38	2.75	-	-

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	19,279,182	27,480,218	523,085	177,004
Less: Bank overdrafts (Note 21)	(654,511)	-	-	-
Cash and cash equivalents	18,624,671	27,480,218	523,085	177,004

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20. Derivatives

Group	2016		2015	
	Contract/ notional amount RM	Liabilities RM	Contract/ notional amount RM	Liabilities RM
Non-hedging derivatives:				
Forward currency contracts	-	-	7,279,400	(702,200)

The Group uses forward currency contracts to manage some of the transaction exposures. These contracts are not designated as cash flows nor fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

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

During the financial year, the Group recognised a gain of RM702,200 (2015 : a loss of RM606,554) arising from fair value changes of derivative liabilities. The fair value changes attributable to changes in foreign exchange rates.

The method and assumptions applied in determining the fair values of derivative are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

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21. Loans and borrowings

Current

Secured:
Bankers' acceptances
Letters of credit
Term loan

Unsecured:
Bank overdrafts

Non-current

Secured:
Term loan

Total loans and borrowings

Bankers' acceptances
Bank overdrafts
Letters of credit
Term loan

	Group	
	2016 RM	2015 RM
Secured:		
Bankers' acceptances	29,062,000	3,103,000
Letters of credit	6,772,429	19,601,771
Term loan	9,695,069	10,158,385
	45,529,498	32,863,156
Unsecured:		
Bank overdrafts	654,511	-
	46,184,009	32,863,156
Non-current		
Secured:		
Term loan	-	8,465,394
Total loans and borrowings		
Bankers' acceptances	29,062,000	3,103,000
Bank overdrafts	654,511	-
Letters of credit	6,772,429	19,601,771
Term loan	9,695,069	18,623,779
	46,184,009	41,328,550

The remaining maturities of the loans and borrowings as at reporting date are as follows:

On demand or within one year
More than 1 year and
less than 2 years

	Group	
	2016 RM	2015 RM
On demand or within one year	46,184,009	32,863,156
More than 1 year and less than 2 years	-	8,465,394
	46,184,009	41,328,550

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

21. Loans and borrowings (continued)

The effective interest rates at the reporting date for the loans and borrowings were as follows:

	Group	
	2016 %	2015 %
Bank overdrafts	7.25	-
Bankers' acceptances	3.88	3.90
Term loan	2.55	2.35
Letters of credit	0.10	0.12

The bankers' acceptances, letters of credit and term loan as stated above are secured of corporate guarantees provided by the Company.

22. Trade and other payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current				
Trade payables				
Third parties	4,295,814	6,772,040	-	-
Amounts due to related companies	3,770,083	12,691,006	-	-
	8,065,897	19,463,046	-	-
Other payables				
Amounts due to related parties:				
Holding company	-	16,748,539	-	16,748,539
Subsidiaries	-	-	28,175,301	19,953,641
Related companies	603,225	2,088,206	4,483	216,035
	603,225	18,836,745	28,179,784	36,918,215
Accruals	690,466	1,506,078	140,115	234,408
Advances	685,589	249,244	-	-
Deposits	1,150	1,150	-	-
Sundry payables	394,897	791,127	-	-
	2,375,327	21,384,344	28,319,899	37,152,623
Total trade and other payables	10,441,224	40,847,390	28,319,899	37,152,623
Add: Loans and borrowings (Note 21)	46,184,009	41,328,550	-	-
Total financial liabilities carried at amortised cost	56,625,233	82,175,940	28,319,899	37,152,623

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

22. Trade and other payables (continued)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2015: 30 to 60 days).

(b) Amounts due to subsidiaries

The amounts due to subsidiaries bear interest at the rate of 6.85% (2015 : 6.6% to 6.85%) per annum and are repayable on demand. These amounts are unsecured and are to be settled in cash.

(c) Amounts due to related companies (other payables)

These amounts are non-interest bearing and have no fixed terms of repayment.

(d) Amount due to holding company

The amount due to holding company bore interest at rates ranging between 6.6% to 6.85% per annum and was repayable on demand. This amount was unsecured and was to be settled in cash.

(e) Sundry payables and advances

These amounts are non-interest bearing and have no fixed terms of repayment.

23. Share capital

	Number of ordinary shares of RMI each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised				
At beginning and end of year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At beginning and end of year	40,096,902	40,096,902	40,096,902	40,096,902

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 restriction and rank equally with regard to the Company's residual assets.

24. Asset revaluation reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of biological assets, leasehold land and buildings above their cost.

NOTES TO THE FINANCIAL STATEMENTS

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25. Commitments

Operating lease commitments - as lessee

The Group has entered into operating lease agreement for the use of buildings. The non-cancellable lease has a life of 3 years with no renewal or purchase option included in the contract.

Future minimum lease payments under the operating lease contracted at the reporting date are as follows:

	Group	
	2016 RM	2015 RM
Not later than 1 year	2,166,240	2,166,232
Later than 1 year but not later than 5 years	2,346,760	4,513,000
	4,513,000	6,679,232

26. Related party disclosures

(a) Sale and purchase of goods and services

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:

	Note	2016 RM	2015 RM
Group			
Holding company:			
Interest expense	(iii)	1,135	1,562,764
Related companies:			
Commission paid	(ii)	5,866	106,433
Electricity and water charges paid	(ii)	2,950,769	3,706,844
Freight and handling charges received	(iv)	-	512,629
Interest income	(iii)	-	70,895
Interest expense	(iii)	2,466	797,362
Rental of computer paid	(ii)	69,776	70,984
Rental income	(i)	170,400	170,400
Rental expense	(ii)	2,239,240	2,196,192
Insurance expense	(ii)	28,051	151,290
Sale of property, plant and equipment	(i)	97,200	-
Sale of crude palm kernel oil	(i)	128,243,009	121,934,406
Sale of oil palm fresh fruit bunches (FFB)	(i)	7,588,311	8,700,900
Sale of chocolate products	(i)	1,533,889	1,089,954
Sale of cocoa powder	(i)	435,425	693,026
Purchase of goods	(ii)	1,228,172	2,138,964
Purchase of palm kernel	(ii)	67,238,917	78,199,921
Freight and handling charges paid to an associated of the holding company	(iv)	9,031	39,930

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26. Related party disclosures (continued)

(a) Sale and purchase of goods and services (continued)

Company	Note	2016 RM	2015 RM
Subsidiaries:			
Administrative fees received	(v)	756,000	756,000
Interest received	(iii)	3,312,908	968,396
Related companies:			
Rental of computer	(ii)	7,500	7,500

Related companies are companies within the HTG Holdings Sdn. Bhd. Group.

- (i) The sale of products and rendering of services to subsidiaries and related companies were made according to the published prices and conditions offered to the major customers of the Group and the Company, except that a longer credit period is normally granted.

Information on significant sale transactions with related companies is as follows:

(a) Sales of crude palm kernel oil

These are in respect of crude palm kernel oil sold to Teck Guan (China) Ltd.

(b) Sales of oil palm FFB

Oil palm FFB were sold to the following related companies:

- Sungai Burung Industries Sdn. Bhd.
- Tri-Grow Sdn. Bhd.
- Konsep Muktamad Sdn. Bhd.
- Prosperous Sebatik Sdn. Bhd.

(c) Sales of chocolate products and cocoa powder

These are in respect of chocolate products and cocoa powder sold to Teck Guan Trading Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

26. Related party disclosures (continued)

(a) Sale and purchase of goods and services (continued)

- (i) The sale of products and rendering of services to subsidiaries and related companies were made according to the published prices and conditions offered to the major customers of the Group and the Company, except that a longer credit period is normally granted. (continued)

Information on significant sale transactions with related companies is as follows: (continued)

(d) Sales of property, plant and equipment

Property, plant and equipment were sold to the following related companies:

- Stellar Energy Sdn. Bhd.
- Sungai Burung Industries Sdn. Bhd.
- Ladang Subur Sdn. Bhd.
- Branko Sdn. Bhd.
- Teck Guan Plantations Sdn. Bhd.

(e) Rental income

Rental income was changed to the following related companies:

- Konsep Muktamad Sdn. Bhd.
- Atlantica Sdn. Bhd.
- Brantian Palm Oil Sdn. Bhd.
- Sungai Burung Industries Sdn. Bhd.
- Teck Guan Sdn. Bhd.
- Prosperous Sebatik Sdn. Bhd.

- (ii) The purchase of products and services from related companies were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period is normally granted.

Information on significant purchase of products and services from related companies is as follows:

(a) Purchase of palm kernel

Palm kernel were purchased from the following related companies:

- Atlantica Sdn. Bhd.
- Brantian Palm Oil Sdn. Bhd.
- Konsep Muktamad Sdn. Bhd.
- Sungai Burung Industries Sdn. Bhd.
- Prosperous Sebatik Sdn. Bhd.

(b) Rental paid

Rental expenses including rental of computer were paid to the following related companies:

- Jolly Land Sdn. Bhd.
- Teck Guan Industries Sdn. Bhd.
- Teck Guan Plantations Sdn. Bhd.
- Hoko Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

26. Related party disclosures (continued)

(a) Sale and purchase of goods and services (continued)

- (ii) The purchase of products and services from related companies were made according to the published prices and conditions offered by these related parties to their major customers, except that a longer credit period is normally granted. (continued)

Information on significant purchase of products and services from related companies is as follows: (continued)

(c) Purchase of goods

Goods were purchased from the following related companies:

- Teck Guan Trading Sdn. Bhd. (Chemicals)
- Teck Guan Sdn. Bhd. (Diesel and lubricants)
- Bestbricks (Sabah) Sdn. Bhd. (Fertilizer)
- Teck Guan Industries Sdn. Bhd. (Fertilizer)

(d) Electricity and water charges

Electricity and water charges were paid to the following related companies:

- Jolly Land Sdn. Bhd.
- Evergreen Intermerge Sdn. Bhd.

(e) Insurance paid

Insurance were paid to the following related companies:

- Teck Guan Holdings Sdn. Bhd.
- Teck Guan Development (Sabah) Sdn. Bhd.

- (iii) The interest income and interest expense arose from the amounts due from/(to) holding company, subsidiaries and related company, Teck Guan Holdings Sdn. Bhd.
- (iv) The directors consider that the freight and handling charges paid to Crystal Tower Shipping Sdn. Bhd. were made according to the published prices and conditions similar to those offered to the major customers of the related parties.
- (v) The administrative fees received were according to the monthly rate agreed between both parties for the services rendered.

Information regarding outstanding balances arising from related party transactions as at 31 January 2016 is disclosed in Note 18 and Note 22.



NOTES TO THE FINANCIAL STATEMENTS

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26. Related party disclosures (continued)

(b) Compensation of key management personnel

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	300,640	381,776	298,240	379,376
Post-employment benefits:				
Defined contribution plan	25,572	31,983	25,416	31,827
Total directors' remuneration (Note 10)	326,212	413,759	323,656	411,203

27. Fair value measurements

(a) Fair value hierarchy

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

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

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned in Note 27(b), are as follows:

Financial assets and liabilities	Methods and assumptions
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

27. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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

Quantitative disclosures fair value measurement hierarchy as at 31 January 2016 and 31 January 2015 were as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Financial liabilities				
Derivatives				
- Forward currency contracts	-	-	-	-
2015				
Financial liabilities				
Derivatives				
- Forward currency contracts	-	702,200	-	702,200

There have been no transfers between Level 1, 2, and 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

27. Fair value measurements (continued)

(b) Determination of fair value

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

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

	<u>Note</u>
Trade and other receivables (current)	18
Cash and bank balances	19
Loans and borrowings (current and non-current)	21
Trade and other payables (current)	22

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature.

(ii) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

(iii) Amounts due from/to related parties

The carrying values of the amounts due from/to related parties approximate their fair values due to the short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(iv) Loans and borrowings

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

(v) Financial guarantees

Fair value is determined based on the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

28. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Head of Accounts and Finance. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

The Group's and the Company's maximum exposure to credit risk for the components of the statements of financial position at 31 January 2016 and 2015 are the carrying amounts as disclosed in Note 18 except for financial guarantees of the Company and derivative financial instruments of the Group. The maximum exposure relating to financial guarantees of the Company and financial derivative instruments of the Group are shown in the liquidity table disclosed in Note 28(b).

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

28. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2016		2015	
	RM	% of total	RM	% of total
By country:				
Korea	62,325	2	-	-
Lebanon	-	-	1,977	-
Philippines	-	-	130,608	1
Malaysia	139,263	5	143,883	1
Peoples' Republic of China	296,179	12	14,483,066	58
Singapore	2,051,323	81	10,145,899	40
	2,549,090	100	24,905,433	100

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. 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 nor impaired is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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 amounts:

	2016		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	10,441,224	-	10,441,224
Loans and borrowings	46,391,948	-	46,391,948
Total undiscounted financial liabilities	56,833,172	-	56,833,172

	2015		
	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Derivatives	702,200	-	702,200
Trade and other payables	41,952,794	-	41,952,794
Loans and borrowings	33,190,702	8,556,380	41,747,082
Total undiscounted financial liabilities	75,845,696	8,556,380	84,402,076

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31 January 2016

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	2016		
	On demand or within one year RM	One to five years RM	Total RM
Company			
Financial liabilities:			
Trade and other payables	30,250,214	-	30,250,214
Financial guarantee contracts*	199,770,000	-	199,770,000
Total undiscounted financial liabilities	230,020,214	-	230,020,214

	2015		
	On demand or within one year RM	One to five years RM	Total RM
Company			
Financial liabilities:			
Trade and other payables	39,589,225	-	39,589,225
Financial guarantee contracts*	183,887,000	-	183,887,000
Total undiscounted financial liabilities	223,476,225	-	223,476,225

* Based on the maximum amount that can be called for under the financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

28. Financial risk management objectives and policies (continued)

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings and loans at floating rates to or from related parties.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been basis 25 points lower/higher, with all other variables held constant, the Group's profit (2015: loss) net of tax would have been RM35,371 (2015: RM110,908) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, and higher/lower interest income and expense on floating rates loan to or from related parties. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than in RM. The foreign currency in which the transactions are denominated are mainly US Dollars ("USD").

Approximately 93% (2015: 80%) of the Group's sales are denominated in foreign currencies and 71% (2015: 73%) of cost of sales are denominated in RM. 94% (2015: 99%) of the Group's trade receivables and 19% (2015: 27%) of the Group's trade payables balances as at the reporting date are denominated in foreign currencies .

The Group has also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM12,206,186 (2015: RM12,272,513) for the Group.

The Group requires all of its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.



NOTES TO THE FINANCIAL STATEMENTS 

31 January 2016

28. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group entities, with all other variables held constant.

Group	Profit / (loss) net of tax	
	2016	2015
RM/USD - strengthened 5%	5,365,556	5,444,039
- weakened 5%	(5,365,556)	(5,444,039)

(e) Market price risk

The Group is exposed to market price risk arising from its operations. The market price of plantation produce, cocoa beans, palm kernel oil and palm kernel expeller is determined by the supply, pricing and demand for competing vegetable oils. These factors can result in fluctuations in the market price.

29. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, business strategies and future commitments on a continuous basis. To achieve this objective, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2016 and 31 January 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

29. Capital management (continued)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Loans and borrowings	21	46,184,009	41,328,550	-	-
Trade and other payables	22	10,441,224	40,847,390	28,319,899	37,152,623
Less: Cash and bank balances	19	(19,279,182)	(27,480,218)	(523,085)	(177,004)
Net debt		37,346,051	54,695,722	27,796,814	36,975,619
Equity attributable to owners of the Company		90,934,870	75,094,055	5,361,627	44,159,461
Total capital		90,934,870	75,094,055	5,361,627	44,159,461
Capital and net debt		128,280,921	129,789,777	33,158,441	81,135,080
Gearing ratio		29%	42%	84%	46%

30. Segment information

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

- (i) Cocoa products segment – manufacturing and sale of cocoa products and trading and sale of dried cocoa beans.
- (ii) Oil palm products segment – Operation of oil palm plantations, operation of kernel crushing plant;
- (iii) Corporate segment – Group-level corporate service and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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.

Segment analysis by geographical location has not been prepared as the Group's operations are predominantly conducted in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

30. Segment information (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Cocoa products		Oil palm products		Corporate		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
Revenue:											
External customers	8,601,237	7,317,040	201,971,283	256,735,349	-	-	-	-		210,572,520	264,052,389
Inter-segment	40,962	49,738	-	-	-	-	(40,962)	(49,738)	A	-	-
	8,642,199	7,366,778	201,971,283	256,735,349	-	-	(40,962)	(49,738)		210,572,520	264,052,389
Results:											
Interest income	19,514	12,618	2,079,969	1,890,434	3,313,941	968,396	(5,084,977)	(2,560,991)	A	328,447	310,457
Depreciation and amortisation	300,091	308,197	4,516,198	4,425,732	-	-	-	-		4,816,289	4,733,929
Segment profit/ (loss)	1,007,596	177,571	12,473,807	460,125	(1,186,226)	(1,348,111)	-	-		12,295,177	(710,415)
Assets:											
Additions to non-current assets	72,800	-	354,913	1,099,530	-	-	-	-	B	427,713	1,099,530
Segment assets	26,682,092	27,325,797	141,234,299	148,485,610	594,899	196,394	4,704	4,704	C	168,515,994	176,012,505
Liabilities:											
Segment liabilities	3,023,992	17,225,718	7,272,633	23,873,429	144,599	450,443	67,139,900	59,368,860	D	77,581,124	100,918,450

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

30. Segment information (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Additions of non-current assets consist of:

	2016 RM	2015 RM
Biological assets	40,256	-
Property, plant and equipment	387,457	1,099,530
	427,713	1,099,530

C The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Deferred tax assets	4,704	4,704

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Deferred tax liabilities	18,788,869	17,463,159
Borrowings	46,184,009	41,328,550
Income tax payable	2,167,022	577,151
	67,139,900	59,368,860

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2016 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 May 2016.

SUPPLEMENTARY INFORMATION

31 January 2016

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

The breakdown of the (accumulated losses)/retained earnings of the Group and of the Company as at 31 January 2016 into realised and unrealised profits/(losses) 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.

	2016	
	Group RM	Company RM
Total accumulated losses of the Company and its subsidiaries		
- Realised	(32,865,502)	(34,746,979)
- Unrealised	(18,793,573)	4,704
	(51,659,075)	(34,742,275)
Less: Consolidation adjustments	44,826,503	-
Accumulated losses as per financial statements	(6,832,572)	(34,742,275)

	2015	
	Group RM	Company RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	5,625,162	4,050,855
- Unrealised	(17,458,455)	4,704
	(11,833,293)	4,055,559
Less: Consolidation adjustments	(5,463,030)	-
(Accumulated losses)/retained earnings as per financial statements	(17,296,323)	4,055,559



TECK GUAN PERDANA BERHAD

(Company No. 307097-A)

(Incorporated in Malaysia)

Registered Office: 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah.

Number of Shares

Form of Proxy

I/We, _____
(Please use block letters)

of _____
(Full address)

being a member/members of TECK GUAN PERDANA BERHAD hereby appoint _____
of _____

or failing him/her _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company, to be held at Theobroma Conference Room, First Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Friday, 24 June 2016 at 9.00 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the year ended 31 January 2016 together with the Reports of the Directors and Auditors thereon.		
2.	To approve Directors' fees amounting to RM 36,000.00 for the year ended 31 January 2016.		
3.	To re-elect Datuk Hong Ngit Ming who retires as a Director of the Company pursuant to Article 93 of the Company's Articles of Association.		
4.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	Special Business: - Continuation in office for Mr. Tham Vui Vun as Independent Non-Executive Director.		
6.	Special Business: - Approval to issue new ordinary shares pursuant to Section 132D of the Companies Act, 1965.		
7.	Special Business:- Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Shareholders' Mandate for Additional Recurrent Related Party Transactions.		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.)

Dated this _____ day of _____ 2016.

Signature of Shareholder(s)

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company. Provided that, having appointed a proxy or an attorney to attend in his stead, if such member personally attends the meeting, his proxy or attorney shall be precluded from attending such meeting.
2. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. To be valid the duly completed proxy form must be deposited at the Registered office of the Company at 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah, not less than 48 hours before the time for holding the Meeting.
4. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1) (c) of the Companies Act, 1965 are complied with.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

TECK GUAN PERDANA BERHAD
(Incorporated in Malaysia) Company No. 307097-A

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