ASTRAL ASIA BERHAD

Co. No. 374600-X

ANNUAL REPORT 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' HJ HUSEIN BIN AHMAD
Independent Non-Executive Chairman

DATO' LIM KANG POH
Deputy Executive Chairman

TUAN HAJI MD ADANAN BIN ABDUL MANAP
Deputy Chief Executive Officer

MR LIM GUAN SHIUN
Executive Director

MR TAN EN CHONG
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' HAJI WAN BAKRI BIN WAN ISMAIL
Non-Independent Non-Executive Director

MR NG KIM KEONG
Independent Non-Executive Director

COMPANY SECRETARIES

MR HOON HUI KIT (MIA)
MS CHIN POH LI (ACIS)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 12, Menara TSR
No. 12, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel No : 603-7717 5588
Fax No : 603-7717 5599
Website : www.astralasia.com

REGISTRAR

SECTRARS MANAGEMENT SDN BHD
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad,
Brickfields. 50470 Kuala Lumpur
Tel No : 603-2276 6138
Fax No : 603-2276 6131

AUDITORS

SJ GRANT THORNTON
(Member of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No : 603-2692 4022
Fax No : 603-2691 5229

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
PUBLIC BANK BERHAD
HONG LEONG BANK BERHAD
BANK MUAMALAT MALAYSIA BERHAD
CIMB BANK BERHAD
RHB BANK BERHAD

SOLICITORS

TG LEE & ASSOCIATES
MAH-KAMARIYAH & PHILIP KOH
MAHINDAR & CO.

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD
Main Market
Stock Code : 7054

GROUP CORPORATE STRUCTURE

Plantation

65% Syarikat Ladang LKPP Sdn Bhd

------ 100% SLKPP Management Sdn Bhd

Construction

100% Tasja Sdn Bhd

Property Development

100% Tasja Development Sdn Bhd

Other Investment

100% Tasja Properties Sdn Bhd

100% Astral Plantation Sdn Bhd

100% TAA Piling and Geotechnical Sdn Bhd

100% Woodland Water Sdn Bhd

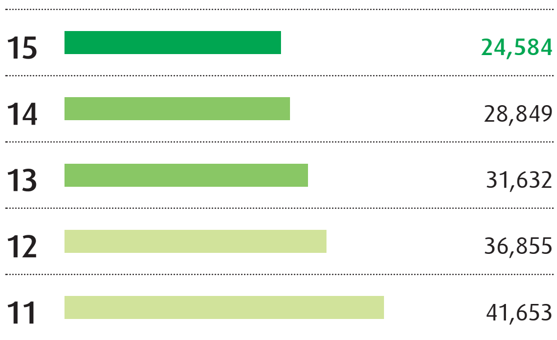
100% PTJ Concrete Products Sdn Bhd

------ 49% Johor Concrete Products Sdn Bhd

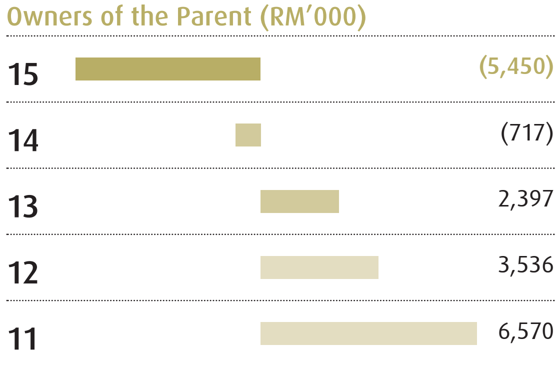
5-YEAR FINANCIAL HIGHLIGHTS

		2011	2012	2013	2014	2015
Revenue	RM'000	41,653	36,855	31,632	28,849	**24,584**
Profit / (Loss) Before Taxation	RM'000	18,483	12,599	9,586	5,296	**(2,931)**
Net Profit / (Loss) attributable to Owners of the Parent	RM'000	6,570	3,536	2,397	(717)	**(5,450)**
Paid-up Capital	RM'000	119,997	119,997	119,997	119,997	**23,999**
Shareholders' Funds	RM'000	151,879	154,318	156,895	205,614	**203,687**
Total number of shares in issue	'000	119,997	119,997	119,997	119,997	**119,997**
Earnings Per Share	Sen	5.48	2.95	2.00	(0.60)	**(4.54)**
Net Assets Per Share	RM	1.27	1.29	1.31	1.71	**1.70**
Fresh Fruit Bunches ("FFB") Production	m/t	51,955	52,415	57,698	49,918	**46,020**
Prices of Crude Palm Oil realised	RM per m/t	3,270	2,777	2,375	2,406	**2,149**

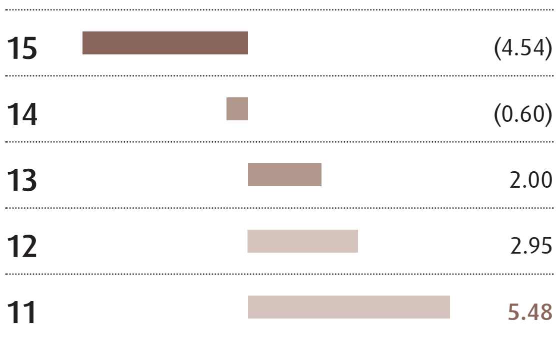
Revenue (RM'000)



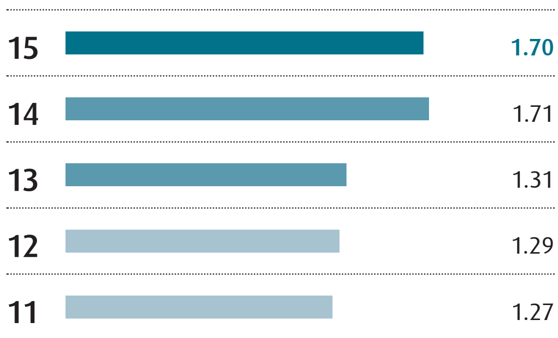
Net Profit/(Loss) Attributable to Owners of the Parent (RM'000)



Earnings Per Share (sen)



Net Asset Per Share (RM)



DIRECTORS' PROFILE

TAN SRI DATO' HJ HUSEIN BIN AHMAD
Independent Non-Executive Chairman

Aged 81, Malaysian. Tan Sri Dato' Hj Husein Bin Ahmad was appointed to the Board on 27 October 1997 and subsequently has been re-designated as Non-Independent Non-Executive Chairman on 1 December 2008 and as Independent Non-Executive Chairman on 2 December 2010. He started his career as a teacher in 1951. He was appointed as Chairman of Syarikat Kenderaaan Melayu Kelantan in 1975. He served as Deputy Chief Minister of Kelantan for 5 years between 1978-1982. He was appointed as a Senator in 1985 before being appointed as Deputy Minister of Housing and Local Development in 1988. Between 1982-1995, he was the Head of Information, UMNO. He had been the Chairman of Lembaga Pertanian Kemubu Negeri Kelantan (KADA) between 1990 and 2003. He is currently the Independent Non-Executive Chairman of Husa Networks Sdn Bhd (Radio Manis fm).

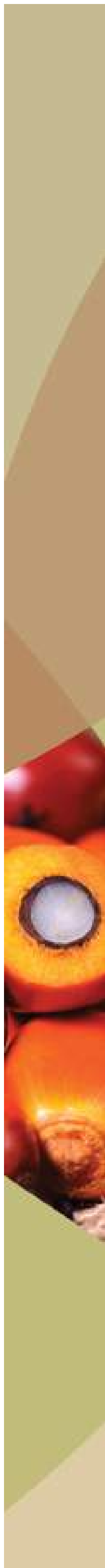
Tan Sri Dato' Hj Husein Bin Ahmad has attended four (4) of the five (5) Board meetings held in the financial year ended 31 December 2015. He has a direct shareholdings of 510,000 ordinary shares of RM0.20 each in the Company and does not have any family relationship with any director and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.

DATO' LIM KANG POH
Deputy Executive Chairman

Aged 59, Malaysian. Dato' Lim Kang Poh was appointed to the Board on 8 December 1995. He was subsequently appointed as Managing Director of Astral Asia Bhd on 27 October 1997 and he has been re-designated as Deputy Executive Chairman effective 1 December 2003. He is one of the founder members of Tasja Sdn Bhd. Dato' Lim started his career in the construction industry in 1976. He has been appointed as Managing Director of Syarikat Ladang LKPP Sendirian Berhad since April 2005. He is a director of several other private limited companies. His experience in the construction and plantation industries has strengthened the management of the Group.

Dato' Lim Kang Poh is a director of PLS Plantations Berhad.

Dato' Lim Kang Poh has attended four (4) of the five (5) Board meetings held in the financial year ended 31 December 2015. He has a direct shareholdings of 32,564,469 ordinary shares of RM0.20 each in the Company. His son, Mr Lim Guan Shiun is also a member of the Board. Save as disclosed, he does not have any family relationship with any director and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company other than those disclosed in the Related Party Disclosures presented in the Financial Statements in the Annual Report. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.



DIRECTORS' PROFILE

TUAN HAJI MD ADANAN BIN ABDUL MANAP
Deputy Chief Executive Officer

Aged 73, Malaysian. Tuan Haji Md Adanan Bin Abdul Manap was appointed to the Board of Astral Asia Berhad on 3 November 1997 and has been re-designated as Executive Director effective 3 September 2002. He is currently the Deputy Chief Executive Officer of the Company. He started his career as an Officer in the Accountant General office in 1970. In 1974, he was transferred to the Ministry of International Trade and Industry and was subsequently promoted to Higher Executive Officer in the Public Services Department in 1976. In 1984, he was transferred to the Ministry of Finance and served as Senior Executive Officer. In 1993 he joined the Ministry of Public Enterprise and retired optionally from service in 1996.

Tuan Haji Md Adanan Bin Abdul Manap has attended all the five (5) Board meetings in the financial year ended 31 December 2015. He does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.

MR TAN EN CHONG
Independent Non-Executive Director

Aged 66, Malaysian. Mr Tan En Chong was appointed to the Board of Directors on 1 July 2001. He serves as the Chairman of Remuneration Committee and also a member of Audit Committee and Nomination Committee. He graduated with a Bachelor of Science (Hons) from Royal Holloway College, University of London. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Upon graduation, he joined CHUBB Fire Security (UK) as Financial Assistant in 1976. He had served in various positions in construction, manufacturing, trading and property development companies. He is also a director of several other private limited companies.

Mr. Tan En Chong is also an Independent Non-Executive Director of TSR Capital Berhad.

Mr. Tan En Chong has attended all the five (5) Board meetings held in the financial year ended 31 December 2015. He has no direct or indirect shareholdings in the Company. He does not have any family relationship with any other director and/or major shareholders of the Group nor any conflict of interest other than those disclosed in the Related Party Disclosures presented in the Financial Statements in this Annual Report. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.

DIRECTORS' PROFILE

MR. LIM GUAN SHIUN

Executive Director

Aged 29, Malaysian. Mr Lim Guan Shiun was appointed to the Board as Executive Director on 15 April 2013. He graduated with a Bachelor of Engineering (Hons) in Civil Engineering and Master of Science in Management of Projects from University of Manchester. He is currently the Executive Director of Syarikat Ladang LKPP Sdn Bhd, a position he has held since 2011. He is currently also the General Manager of Tasja Development Sdn Bhd.

Mr Lim Guan Shiun has attended all the five (5) Board meetings held in the financial year ended 31 December 2015. He has no direct or indirect shareholdings in the Company. His father, Dato' Lim Kang Poh is the Deputy Executive Chairman and a major shareholder of the Company. Saved as disclosed, he does not have any family relationship with any other Directors and/ or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.

DATO' HAJI WAN BAKRI BIN WAN ISMAIL

Non-Independent Non-Executive Director

Aged 61, Malaysian. Dato' Haji Wan Bakri Bin Wan Ismail was appointed to the Board as Non-Independent Non-Executive Director on 1 April 2014. He graduated with a Bachelor of Social Science (Hons) majoring in Political Science from University Science of Malaysia in 1994. He started his career as the Supervisor of Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang ("LKPP") in 1980 and was a care taker of Social Project Department until June, 1994. He was promoted to the position of Executive Officer of Administration of LKPP in November, 1994. He was appointed as Manager of Administration in 2002 and as Manager of Finance in 2010. He assumed the position of Deputy General Manager of LKPP in 2011 until his promotion to the position of General Manager in 2014. Dato' Haji Wan Bakri is the representative from LKPP, a substantial shareholder of the Company.

Currently Dato' Haji Wan Bakri also sits on the Board of Far East Holdings Berhad as Non-Independent Non-Executive Director and as a Director of Tanah Makmur Berhad.

Dato' Haji Wan Bakri has attended three (3) of the five (5) Board meetings held in the financial year ended 31 December 2015. He does not hold any directorship on other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.

DIRECTORS' PROFILE

MR NG KIM KEONG
Independent Non-Executive Director

Aged 43, Malaysian. Mr Ng Kim Keong was appointed to the Board as Independent Non-Executive Director on 30 March 2015. He holds a MBA (Financial Studies) from the University of Nottingham and a Degree in Bachelor of Accounting from University Malaya. He is a member of the Malaysian Institute of Accountants. Upon graduation, he joined KPMG Malaysia as external auditor for 3 years. He had more than 15 years working experience in the financial and accounting division of private and public companies in Malaysia. Mr Ng currently is the Chief Financial Officer of TSR Capital Berhad.

Mr Ng Kim Keong has attended four (4) Board meetings held in the financial year ended 31 December 2015 since his appointment as Director of the Company. He does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 10 years, other than for traffic offences, if any.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Astral Asia Berhad,

I am pleased to present the Annual Report and Audited Financial Statements of Astral Asia Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2015.

CHAIRMAN'S STATEMENT

OPERATING RESULTS

For the financial year under review, the Group recorded a 14.9 % decrease in revenue from RM28.8 million in the previous financial year to RM24.5 million, a decrease of RM4.3 million. The decrease in the Group's total revenue was mainly due to lower contribution from the plantation division. At the operations level, the Group incurred a loss after tax of RM5.1 million for the financial year 2015 compared with a profit after tax of RM2.1 million in the previous financial year.

DIVIDEND

The Board of Directors does not recommend any dividend payment in respect of the current financial year.

PLANTATION DIVISION

The plantation division's revenue decreased from RM28.2 million in the previous financial year to RM23.2 million in the current financial year. The Group recorded a lower fresh fruits bunches ("FFB") production of 46,020 m/t, representing a decrease of 7.8 % compared with a total production of 49,918 m/t in 2014. The lower FFB harvested was partly due to the severe monsoon and flood during the first quarter of 2015. The realised crude palm oil was lower at an average price of RM2,149 per m/t in this financial year compared with RM2,406 per m/t in the previous financial year. During the financial year under review, the Group incurred a further replanting cost of RM2.1 million (2014: RM1.6 million) in Bukit Kuin Estate 1 ("BKE1"). As of today, the entire BKE1 (planted in 1981) has been fully replanted. Overall, the plantation division's pre-tax profit had decreased 67.2 %, that is, from RM10.7 million in the 2014 financial year to RM3.5 million in the current financial year.

CONSTRUCTION AND PROPERTY DIVISION

For the financial year under review, the construction and property division's revenue increased 366 %, that is, from RM 76,000 recorded in the 2014 financial year to RM354,000 this year. This was mainly due to a new sub-contract work undertaken by Tasja Sdn Bhd. The construction and property division's loss before tax of RM4.6 million for the financial year under review was mainly due to the Group's head office operating overheads and further development costs incurred relating to the Kuantan Hi-Tech Park project ("KuHTP").

The Group continues to actively promote development opportunities of its Kuantan Hi-Tech Park, a 2,433 acres of industrial park located within the East Coast Economic Region. During the period under review, the Group acquired 18 plots of lands forming part of the main access road from Bukit Sagu main road to the KuHTP site. The construction of this access road is under way.

With regard to the Group's purchase of a freehold property measuring approximately 8,752 square feet located at Bangsar, Kuala Lumpur for a cash consideration of RM7.5 million, I am pleased to inform that the acquisition was completed in June 2015.The Group intends to develop this exclusive property into a commercial building.

CORPORATE DEVELOPMENT

I am pleased to note that on 26 January 2016, Astral Asia Berhad ("the Company") proposed to undertake a Bonus Issue of 539,986,500 new ordinary shares of RM0.20 each in the Company to be credited as fully paid-up on the basis of nine (9) bonus shares for each two (2) existing shares of the Company ("Proposed BI"). The Proposed BI is pending approval of Bursa Malaysia and the shareholders of the Company and is expected to be completed by the second (2nd) quarter of 2016. The main rationale for the Proposed BI is to reward the existing shareholders of the Company for their loyalty and continuing support to the Group.

PROSPECTS

The members of the Board of Directors and I are confident the results of the Group in 2016 financial year will improve as crude palm oil prices have recovered since September 2015 and are currently trading at around RM2,600 per m/t. Nonetheless the Group's performance is likely to be affected by its FFB production and the expected rise in its production and operating costs.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my deep appreciation to the management and staffs, business associates and shareholders of Astral Asia Berhad for their utmost commitment, contribution and support to the Group.

Tan Sri Dato' Hj Husein Bin Ahmad
Chairman

11 April 2016

CORPORATE GOVERNANCE STATEMENT

The Board of Directors supports the objective of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and also acknowledges its role to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders .

The Directors believe that good corporate governance results in quantifiable long-term success and creation of long-term shareholders' value. The Board of Directors of the Company has endeavoured to observe the best practices recommended by MCCG 2012 and will continue to review its compliance of the same to further strengthen and enhance corporate governance practices within the Group.

Set out below is the description of how the Company has applied the Principles and Recommendations of Corporate Governance as set out in the MCCG 2012 throughout the financial year ended 31 December 2015.

SECTION A – THE BOARD OF DIRECTORS

Composition of the Board

An experienced and effective Board consisting of members with a wide range of skill and experience from financial and business background leads and controls the Group.

The directors bring depth and diverse expertise to the leadership of the Group's plantation, construction and property investment and development businesses.

The Board continues to give close consideration to its size, composition and spread of experience and expertise. No individual or group of individuals dominates the Board's decision making processes and the number of independent directors reflects fairly the investment of the minority shareholders. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of stakeholders of the Company.

The Board comprises of an Independent Non-Executive Chairman, a Deputy Executive Chairman, a Deputy Chief Executive Officer, an Executive Director, a Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The Company complied with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") where at least one third (1/3) of the Board is Independent Non-Executive Directors. The Nomination Committee is of the opinion that the size and composition of the Board is balanced to reflect the interest of the shareholders in the Company.

Board responsibilities

The responsibilities of the Board of Directors of the Company are as follows:-

- Reviewing and adopting a strategic plan for the Group which will enhance the future growth and profitability of the Group;
- Overseeing the conduct of the Group's business and to evaluate whether the business is being properly managed;
- Determining the level of risk tolerance and identify, assess and monitor principal risks of the business and ensure implementation of appropriate systems to manage these risks; and
- Reviewing adequacy and effectiveness of the Group's risk management and internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Balance

The Board has formalized a Board Charter that sets out among others, the purpose of the Board, roles and responsibilities of the Board, clear distinction of responsibilities between the roles of the Deputy Executive Chairman and Deputy Chief Executive Officer to ensure the balance of power and authority. The Deputy Executive Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Deputy Chief Executive Officer is responsible for the overall operations of the business and the implementation of Board strategy and policy.

CORPORATE GOVERNANCE STATEMENT

SECTION A – THE BOARD OF DIRECTORS (CONT'D)

Board Balance (Cont'd)

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

Recommendation 3.2 of MCCG 2012 recommends that the tenure of an Independent Director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. The MCCG 2012 further recommended that the Board may justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

Mr Tan En Chong has served a cumulative term of more than nine (9) years on the Board as Independent Non-Executive Director. His long tenure has to this day not created any adverse effect on his independency and has no conflict of interest or undue influence from interested parties. Further, Mr Tan's intellectual honesty, bona fide commitment and vast knowledge in various areas of finance matters warrant his retention as Independent Non-Executive Director of the Company. Mr Tan does not involve in any operational matters of the Group nor having his own business which is in the same industry as the Group's.

Although the Board expects commitment of time by its members to the Company's affairs, it does not restrict its members from being appointed as a Director of other companies. All Directors should notify the Chairman of the Board before accepting a new directorship (in a listed or non-listed company) at least one (1) week prior to such appointment.

Board Meetings and Supply of Information to the Board

During the financial year ended 31 December 2015, five (5) meetings of the Board were held. Details of attendance at Board Meetings held in the financial year ended 31 December 2015 are as follows:

Name of Director	No. of Meetings attended
Tan Sri Dato' Hj Husein Bin Ahmad	4/5
Dato' Lim Kang Poh	4/5
Tuan Haji Md. Adanan Bin Abdul Manap	5/5
Mr Lim Guan Shiun	5/5
Mr Tan En Chong	5/5
Dato' Haji Wan Bakri Bin Wan Ismail	3/5
Mr Ng Kim Keong	4/4

The Deputy Chief Executive Officer of the Company undertakes the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed well before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making. Minutes of Board meetings are maintained.

All Directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and they could seek independent professional advice where necessary to discharge their duties.

The Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring the Board meeting procedures are followed and that applicable rules and regulations are complied with including the MCCG 2012 and the Main Market Listing Requirements. Non-Executive Directors also have the same right of access to all data including seeking independent professional advice as and when required at the Company's expenses.

The Board ensures that the Company Secretaries appointed have the relevant experiences and skills.

CORPORATE GOVERNANCE STATEMENT

SECTION A – THE BOARD OF DIRECTORS (CONT'D)

Appointment, Retirement and Re-Election of directors

Procedures relating to the appointment and re-election of Directors are contained in the Company's Articles of Association. New appointees will be considered and reviewed by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company shall ensure that all regulatory obligations are met.

New Directors are subject to re-election at the Annual General Meeting ("AGM"), following their first appointment. In addition, an election of Directors shall take place each year and all Directors shall retire from office every three (3) years but shall be eligible for election. This has been consistently practiced. This also provides an opportunity for shareholders to renew their mandate. The election of each Director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in the Group of each Director standing for election are furnished in this Annual Report. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Board through the Nomination Committee annually appraises the current composition size of the Board to be assured that it brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The Board has no immediate plans to implement a gender diversity policy or target as it is the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender.

Board Charter

The Board had established the Board Charter as a source of reference to the Board in the fulfillment of its authority, roles, functions, composition, duties and responsibilities which are in line with the principles of good corporate governance and provide a primary induction literature by providing insights to prospective Board members and Senior Management.

The Board will update the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislation and regulations. The Board will review the Board Charter periodically.

Code of Conduct

The Board has formalized a Code of Ethics to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

1. To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person; and

2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Board Charter and the Code of Conduct can be accessed on the Company's website at www.astralasia.com.

Strategies promoting

The Board views the importance of sustainable and responsible business practices in developing the corporate strategy of the Group. The Group's businesses are conducted in responsible, trustworthy and ethical manner while accepting accountability for impacts on environment, social and governance.

CORPORATE GOVERNANCE STATEMENT

SECTION A – THE BOARD OF DIRECTORS (CONT'D)

Nomination Committee

The Nomination Committee was established on 2 January 2002. The Nomination Committee is responsible for proposing and recommending new nominees to the Board and for assessing the performance of directors on an on-going basis. The actual decision as to who shall be appointed is the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Nomination Committee reviews the performance of members of the Board and assesses the effectiveness of the Board as a whole and the contribution of each individual director. The Nomination Committee will also review the required mix of skills and experience and other core competencies, which non-executive directors should bring to the Board.

The Nomination Committee comprises of the following directors:

Chairman: Mr Ng Kim Keong
Members: Tan Sri Dato' Hj Husein Bin Ahmad
Mr Tan En Chong

During the financial year under review, the Board, through its Nomination Committee had undertaken an assessment of its independent directors. This assessment is to ensure that the Independent Directors are able to continue to exercise their oversight responsibilities in the decision making of the Board independently and objectively. The Committee also recommends to the Board for the continuation (or not) in service of Directors who are due for retirement by rotation and Directors who had attained the age of 70 years old pursuant to Section 129(6) of the Companies Act, 1965.

During the assessment, the Board had also considered the tenure of Mr Tan En Chong, an Independent Non-Executive Director who had exceeded a cumulative term of nine (9) years as prescribed by MCCG 2012. The Board will be seeking shareholders' approval for the retention of Mr Tan En Chong as an Independent Director at the upcoming Annual General Meeting of the Company.

The Board recognized the importance of having succession plan and will ensure that appropriate plans are in place, including appointing, training for replacing Board members and Senior Management of the Group.

Directors Training

All Directors of the Company have attended the Mandatory Accreditation Programme and Continuous Education Programme prescribed by Bursa Securities. The Directors will continue to undergo other relevant training programmes on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements.

During the financial year ended 31 December 2015, all the Directors have attended a training programme conducted by an external training provider on the topic "2016 Tax Budget Briefing and Risk Management". Directors are encouraged to attend appropriate continuous training to keep abreast with new business development and changes in regulatory requirements.

Remuneration Committee

The Remuneration Committee was established on 2 January 2002. The Remuneration Committee reviews the performance of the Executive Directors and furnishes recommendations to the Board on specific adjustments in remuneration, including reward payments commensurate with the respective contributions of the Executive Directors for the year. In the case of Non-Executive Directors, the Board as a whole will determine the remuneration package. The level of remuneration reflects the level of experience and responsibilities undertaken and the individuals concerned are abstained from discussion and decision making.

CORPORATE GOVERNANCE STATEMENT

SECTION A – THE BOARD OF DIRECTORS (CONT'D)

Remuneration Committee (Cont'd)

The Remuneration Committee comprises of the following directors:

Chairman: Mr Tan En Chong
Members: Tan Sri Dato' Hj Husein Bin Ahmad
Mr Ng Kim Keong

Remuneration Policy and Procedures

The MCCG 2012 states that remuneration for Directors should be determined so as to ensure that the Company attracts and retains the Directors needed to manage the Company successfully. In Astral Asia Berhad, the remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, the quantum of remuneration reflects the level of experience and responsibilities undertaken by them during the period under review.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year are as shown as below:-

Category	Fees	Salary and Other Emoluments	Benefits In Kind
Executive Directors	320,000	1,708,154	-
Non-Executive Directors	124,000	49,700	-

The number of Directors of the Company whose total remuneration fall within the following bands:

Executive Directors Remuneration	**Number**
Below RM50,000	1
RM450,001 – RM500,000	1
RM1,100,001 – RM1,150,000	1

Non Executive Directors Remuneration	**Number**
Less than RM50,000	3
RM50,001 - RM100,000	1

The remuneration of the Directors of the Company includes the remuneration and fees paid by subsidiaries of the Company.

SECTION B – SHAREHOLDERS

Investors Relations and Shareholders Communications

The Board recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual report and the announcements made from time to time. Shareholders may obtain the Company's latest announcements from the Bursa Malaysia website. The Company also maintains its homepage that allows all shareholders and investor access to information about the Group at www.astralasia.com.

All shareholders including private investors have an opportunity to participate in discussion with the Board on matters relating to the Company's operation and performance at the Company's AGM. It is the principal forum for dialogue with shareholders. The management will take note of the shareholders' suggestions and comments for consideration.

CORPORATE GOVERNANCE STATEMENT

SECTION B – SHAREHOLDERS (CONT'D)

Investors Relations and Shareholders Communications (Cont'd)

Whilst the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal regulatory framework governing the release of material and price-sensitive information. As such, corporate disclosure will take into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information, such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

The Board is of the view that the current level of shareholders' attendance at AGMs, voting by way of a show of hands continues to be efficient. Generally, resolutions tabled at general meeting will be carried out by show of hands except as requested by the Listing Requirements or if demanded by the shareholders in accordance with the Articles of Association of the Company.

SECTION C– ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results, the Directors aim to present a balanced, clear and understandable assessment of the Group's financial position and prospects. Each financial report and the information to be disclosed are reviewed by the Audit Committee and approved by the Board prior to its release to Bursa Securities and Securities Commission. Timely release of announcements on quarterly and full year financial reports reflects the Board's accountability to its shareholders.

A Statement by Directors on their responsibility in preparing the Financial Statements is set out on page 31 of this Annual Report.

Audit Committee

The Audit Committee comprises of three (3) Independent Non-Executive Directors, having explicit authority from the Board to investigate any matter and is given full responsibility within its term of reference and necessary resources which it needs to do so and has full access to information of the Group. The Audit Committee also meets once a year with the external auditors and the internal auditors without the presence of the Executive Board members.

Full details of the composition, activities, internal audit function and terms of reference of the Audit Committee is set out in the Audit Committee Report in this Annual Report.

Risk Management and Internal Control

The Group's Statement on Risk Management and Internal Control furnished on 22 and 23 of this Annual Report provides an overview on the state of risk management and internal control systems within the Group.

Relationship with external auditors

The Company maintains a transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The external auditors are given access to books and records of the Group at all times.

This statement was approved by the Board of Directors on 13 April 2016.

AUDIT
COMMITTEE REPORT

Mr Ng Kim Keong
(Chairman)
Independent Non-Executive Director

Tan Sri Dato' Hj Husein Bin Ahmad
(Member)
Independent Non-Executive Director

Mr Tan En Chong
(Member)
Independent Non-Executive Director

A. TERMS OF REFERENCE

1. Objectives

The principal objective of the Audit Committee ("Committee") is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The Committee also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility and integrity to the Company's shareholders.

2. Composition

The Committee shall consist of not less than three (3) members, a majority of whom are Independent Directors appointed by the Board. All members of the Audit Committee must consist of Non-Executive Directors. At least one (1) member of the Committee is a member of the Malaysian Institute of Accountants ("MIA") or alternatively a person who must have at least 3 years working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfils such other requirements as prescribed or approved by Bursa Malaysia.

No alternate director is to be appointed as a member of the Committee. 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 three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference. In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the vacancy must be filled within three (3) months.

3. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

4. Authority

The Committee is authorised by the Board to :

a) investigate any activity within the scope of the Committee's duties;
b) have the resources which are required to perform its terms of reference;

AUDIT COMMITTEE REPORT

A. TERMS OF REFERENCE (CONT'D)

4. Authority (Cont'd)

c) have full and unrestricted access to any information as required to perform their duties;
d) obtain any information it requires from any employee(s);
e) obtain outside legal or independent professional advice;
f) be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary;
g) have the authority to form management / sub-committee(s) if deemed necessary and fit; and
h) have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit.

5. Duties and Responsibilities

5.1 To review the following and report the same to the Board of Directors of the Company:-

a) with external auditors the audit plan;

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

c) with the external auditors, their management letter and the management's response;

d) with the external auditors, their audit report ;

e) the assistance given by the employees of the Company to the external auditors;

f) the nomination or re-appointment of the external auditors and their audit fees as well as matters pertaining to resignation or change of the external auditors;

g) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work ;

h) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

i) to review quarterly results, and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on :
- changes in or implementation of major accounting policy changes;
- significant and unusual events;
- compliance with approved accounting standards and other legal requirements;
- compliance with the Listing Requirements;
- significant adjustments arising from the audit;
- the going concern assumption; and
- major judgmental areas.

j) to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

k) to report its findings on the financial and management performance and other material matters to the Board;

l) to consider the major findings of internal investigations and management's response; and

m) any other matters as directed by the Board.

AUDIT COMMITTEE REPORT

A. TERMS OF REFERENCE (CONT'D)

5. Duties and Responsibilities (Cont'd)

5.2 The Committee shall establish an internal audit function which is independent of the activities it audits.

5.3 The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.

5.4 The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

5.5 All proposals by management regarding the appointment, transfer of dismissal of the internal auditor shall require the prior approval of the Committee.

5.6 The Committee shall prepare a report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's Annual Report.

5.7 The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Stock Exchange.

6. Meetings

a) The Committee shall meet at least four (4) times per financial year to discuss any matters raised by the Auditors in discharging their functions. The quorum for a meeting of the Audit Committee shall be two (2) of which the majority must be independent directors.

b) The Secretaries to the Audit Committee shall be the Company Secretaries of the Company or any other person appointed by the Committee. The Secretaries shall be responsible for the co-ordination of administrative details including calling the meetings, voting and keeping of minutes.

c) A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required.

d) The procedures of the meeting are as follows :-

- The members may regulate their meetings as they think fit;

- Every notice convening meetings shall specify the place, the day, the hour and the agenda of the meeting and shall be given to all members at least (1) one day before the meeting.

- Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have any casting vote including but not limiting to the case wherethe quorum is made up of only two (2) members;

- The Minutes of the meetings shall be kept at the registered office of the Company;

- The Audit Committee shall report on each meeting to the Board.

AUDIT COMMITTEE REPORT

B. MEETINGS

During the financial year ended 31 December 2015, the Audit Committee held a total of five (5) meetings:-

Name of Director	No. of Meetings attended
Mr Ng Kim Keong	4/4
Tan Sri Dato' Hj. Husein Bin Ahmad	4/5
Mr Tan En Chong	5/5

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2015, the following activities were undertaken by the Audit Committee:

a) reviewed the quarterly unaudited consolidated result before recommending them to the Board for their approval and announcement;
b) reviewed the internal audit plan and internal audit reports and considered the major finding of internal auditors and management's response;
c) reviewed and discussed the internal audit function, its authorities and scope of works and the internal audit report;
d) reviewed the results of the audit, the audit report and the management letter, including management's response;
e) evaluated the audit proposals for the Group;
f) reviewed related party transactions of the Group; and
g) evaluated the performance of the external auditors and recommended to the Board for re-appointment.

D. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is presently outsourced to a firm of Chartered Accountants to provide the Board and the Committee with assurance on the adequacy and effectiveness of the system of internal control of the Group. The internal auditors focus their review on significant and high risk areas of the Group's businesses. The internal audit function reports directly to the Committee.

During the financial year under review, the Internal Auditors had completed audit cycles with reviews being focused on revenue & collections cycles, purchase & payment cycles, inventory management cycle and other operational issues that have came across during their audit. Follow-up reviews were also being carried out to ascertain the extent of compliance with agreed implementation actions.

For the financial year ended 31 December 2015, the total costs incurred for the Internal Audit function are RM22,915.18.

ADDITIONAL COMPLIANCE INFORMATION

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 31 December 2015.

Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipt Programme.

Imposition of Sanctions/Penalties

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

Non Audit Fees

Non-audit fees paid to the external auditors for the financial year amounted to RM5,000.00.

Variation in Results for Profit Estimate, Forecast or Projection

The Company did not make any release on the profit estimate, forecast or projections for the financial year. The variance between the audited results (net profit after taxation) and the unaudited results announced to Bursa Securities is less than 10%.

Profit Guarantee

During the year, there were no profit guarantees given by the Company.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests for the financial year under review.

Contract Relating to Loans

There were no contracts relating to loans entered into by the Company in respect of the abovementioned item.

Related Parties Transactions

There were no related parties' transactions during the financial year under review except as disclosed in Note 31 to the Financial Statements.

Corporate Social Responsibility

The Company did not carry out specific activities in relation to Corporate Social Responsibility but generally, the Company endorsed only those actions and projects that would benefit the society at large.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Set out below is the Board of Director's Statement on Risk Management and Internal Control ("Statement") as a Group for the year ended 31 December 2015 in compliance with paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers which is issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia.

THE BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") recognises the importance of maintaining sound internal control systems and risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for reviewing the adequacy and integrity of the Group's system of risk management and internal control. However, as there are inherent limitations in any system of internal controls, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss to the Group.

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is aware that a sound risk management framework and internal control system should be capable of managing the principal risks of the Group and be embedded in the operations of the Group. To ensure that this is possible, the Group has established a risk management Committee which comprise of the Deputy Executive Chairman (DEC), Executive Director and Senior Managers to ensure communication of the Group's business objectives, operational and financial issues or risks through management meetings at various levels. In addition, the Board is of the opinion that it has experienced executive directors and qualified managers with relevant industry experience to run and manage the operations and businesses of the Group.

There are ad-hoc and scheduled meetings both at management and operational levels to deliberate and resolve business, financial and operational matters.

In addition, the current system of internal control in the Group has within it, the following key elements:

- The Group maintains a formal organisation structure which defines the reporting lines up to the Board level.

- The Group has documented policies and procedures for all significant processes for its active subsidiaries to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- The Board reviews and adopts the quarterly financial statements on a quarterly basis, in conjunction with the quarterly announcement of results of the Group to Bursa Malaysia.

- The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

- The internal audit function performs an independent assessment of the system of internal control and provides independent review of the risk management areas as well as identifies controls to mitigate these risks.

The Audit Committee ('AC') is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group's system of risk management and internal control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The AC has appointed a firm of Chartered Accountants to provide internal audit services on an outsourced basis.

The internal audit function provides the AC with reports, wherein it highlights observations and recommends to the Management where action plans necessary to be taken to improve the system of internal control.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia's Main Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report. Their review was performed in accordance with the Recommended Practice Guide 5 (RPG 5), Guidance for Auditors on the Review of Directors' Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and the integrity of the system of risk management and internal control for the Group.

THE BOARD'S COMMITMENT

The Board is of the view that the internal control system that has been in place throughout the Group is adequate to safeguard shareholders' investment and the Group's assets. The Board, however, recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives.

Assurance has been received by the Board from the Deputy Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognizing that the risk management and internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

To this end, the Board remains committed towards maintaining a sound system of risk management and internal control and therefore recognises that the system must continuously develop to support the growth and dynamics of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of risk management and internal control.

This statement was approved by the Board of Directors on 6 April 2016.

The Board of Directors
Astral Asia Berhad

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is primarily responsible for ensuring that the audited financial statements of the Group and the Company are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 and the 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 31 December 2015 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In the preparation of the financial statements, the Directors have taken the following steps:

(a) adopted suitable accounting policies and applied them consistently;

(b) made judgments and estimates that are prudent and reasonable;

(c) ensured the adoption of applicable approved accounting standards; and

(d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and are kept in accordance with the Companies Act, 1965. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(5,117,642)	(5,858,503)
Attributable to:-		
Owners of the Company	(5,449,807)	
Non-controlling interest	332,165	
	(5,117,642)	

DIVIDENDS

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

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are as follows:-

Tan Sri Dato' Hj Husein Bin Ahmad *(Independent Non-Executive Chairman)*
Dato' Lim Kang Poh *(Deputy Executive Chairman)*
Tuan Haji Md Adanan Bin Abdul Manap *(Deputy Chief Executive Officer)*
Mr. Lim Guan Shiun *(Executive Director)*
Dato' Haji Wan Bakri Bin Wan Ismail *(Non-Independent and Non-Executive Director)*
Mr. Tan En Chong *(Independent Non-Executive Director)*
Mr. Ng Kim Keong *(Independent Non-Executive Director)*

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY (CONT'D)

Dato' Haji Wan Bakri Bin Wan Ismail and Mr. Lim Guan Shiun will retire in accordance with Article 76 of the Company's Articles of Association at the forthcoming Annual General Meeting and being eligible offers themselves for re-election.

Tan Sri Dato' Hj Husein Bin Ahmad and Tuan Haji Md Adanan Bin Abdul Manap will retire in accordance with Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in the shares of the Company and its related corporations are as follows:-

	Number of ordinary shares of RM0.20 each			
	At 1.1.2015#	Bought	Sold	At 31.12.2015##
Interests in the Company				
Direct interests				
Dato' Lim Kang Poh	32,564,469	-	-	32,564,469
Tan Sri Dato' Hj Husein Bin Ahmad	510,000	-	-	510,000

Represent ordinary shares of RM1.00 each
Represent ordinary shares of RM0.20 each after the capital reduction during the financial year.

By virtue of their interest in shares of the Company, Tan Sri Dato' Hj Hussein Bin Ahmad and Dato' Lim Kang Poh are also deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest under Section 6A of the Companies Act 1965.

No other Directors at end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Notes 25 and 29 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the 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.

DIRECTORS' REPORT

REMUNERATION COMMITTEE

The members of the Remuneration Committee are:-

Mr. Tan En *Chong (Chairman/Independent Non-Executive Director)*
Tan Sri Dato' Hj Husein Bin Ahmad *(Member/Independent Non-Executive Director)*
Mr. Ng Kim Keong *(Member/Independent Non-Executive Director)*

The Remuneration Committee reviews the performance of the Executive Directors and furnishes recommendations to the Board of Directors on specific adjustments in remuneration, including reward payments commensurate with the respective contributions of the Executive Directors for the financial year. In the case of Non-Executive Directors, the Board of Directors as a whole will determine the remuneration package. The level of remuneration reflects the level of experience and responsibilities undertaken and the individuals concerned are abstained from discussion and decision making.

AUDIT COMMITTEE

The members of the Audit Committee are:-

Mr. Ng Kim Keong *(Chairman/Independent Non-Executive Director)*
Mr. Tan En Chong *(Member/Independent Non-Executive Director)*
Tan Sri Dato' Hj Husein Bin Ahmad *(Member/Independent Non-Executive Director)*

The functions of the Audit Committee are to review accounting policies, internal controls, financial results and annual financial statements of the Group and of the Company on behalf of the Board of Directors.

In performing its functions, the Committee reviewed the overall scope of external audit. It met with the Group's auditors to discuss the results of their examinations and their evaluation of the system of internal controls of the Group and of the Company. The Committee also reviewed the assistance given by the officers of the Group and of the Company to the auditors.

The Committee reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as of the auditors' report thereon.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has undertaken the following:-

(i) Reduced its authorised capital from RM150,000,000 comprising of 150,000,000 ordinary shares of RM1.00 each to RM150,000,000 comprising of 750,000,000 ordinary shares of RM0.20 each.

(ii) Reduced its issued and fully paid-up capital by the cancellation of RM0.80 of the par value of each existing ordinary share of RM1.00 each in the Company thereby reducing the issued and fully paid-up capital of the Company by RM95,997,600.

There were no debentures issued during the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of the provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render 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; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

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

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

In the opinion of the Directors:-

(a) 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 and of the Company to meet their obligations as and when they fall due;

(b) the results of 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; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

TAN SRI DATO' HJ HUSEIN BIN AHMAD	)	
	)	DIRECTORS
TUAN HAJI MD ADANAN BIN ABDUL MANAP	)	

Kuala Lumpur
13 April 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 34 to 86 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 87 has been compiled 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, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

TAN SRI DATO' HJ HUSEIN BIN AHMAD

TUAN HAJI MD ADANAN BIN ABDUL MANAP

Kuala Lumpur
13 April 2016

STATUTORY DECLARATION

I, Hoon Hui Kit, being the Officer primarily responsible for the financial management of Astral Asia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 34 to 86 and the supplementary information set out on page 87 are 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 at Kuala Lumpur in)
the Federal Territory this day of)
13 April 2016)

HOON HUI KIT

Before me:

Commissioner for Oaths
S. ARULSAMY
W490

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL ASIA BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Astral Asia Berhad, which comprise the statements of financial position as at 31 December 2015 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 for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as enumerated in Notes 1 to 36 and set out on pages 34 to 86.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the 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 the 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 Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial 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 accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL ASIA BERHAD

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 87 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.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

LIAN TIAN KWEE
(NO: 2943/05/17(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
13 April 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	315,122,073	318,157,565	-	-
Biological assets	5	50,837,000	50,839,970	-	-
Investment properties	6	15,500,000	-	-	-
Investment in subsidiaries	7	-	-	20,113,636	27,713,837
Investment in an associate	8	1,325,599	1,362,548	-	-
Total non-current assets		382,784,672	370,360,083	20,113,636	27,713,837
Current assets					
Inventories	9	452,164	350,033	-	-
Trade receivables	10	3,464,000	1,982,497	-	-
Other receivables	11	3,096,885	4,991,228	1,000	1,000
Amount due from subsidiaries	12	-	-	18,254,333	18,362,419
Dividend receivable		-	-	2,925,000	1,950,000
Tax recoverable		-	170,919	39,571	39,571
Fixed deposits with licensed financial institutions	13	1,016,339	1,534,515	-	-
Cash and bank balances		14,269,014	18,409,062	1,018,463	22,151
Total current assets		22,298,402	27,438,254	22,238,367	20,375,141
Total assets		405,083,074	397,798,337	42,352,003	48,088,978
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	14	23,999,400	119,997,000	23,999,400	119,997,000
Share premium		1,333,300	1,333,300	1,333,300	1,333,300
Capital reserve	15	22,726,257	-	22,726,257	-
Revaluation reserve	16	143,951,651	140,428,838	-	-
Accumulated losses		11,676,287	(56,145,249)	(5,858,503)	(73,271,343)
		203,686,895	205,613,889	42,200,454	48,058,957
Non-controlling interest		92,858,999	90,973,438	-	-
Total equity		296,545,894	296,587,327	42,200,454	48,058,957

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (CONT'D)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
LIABILITIES					
Non-current liabilities					
Borrowings	17	19,925,467	16,028,569	-	-
Finance lease payables	18	587,081	591,310	-	-
Deferred taxation	19	75,360,652	73,197,600	-	-
Total non-current liabilities		95,873,200	89,817,479	-	-
Current liabilities					
Trade payables	20	876,104	2,065,873	-	-
Other payables	21	7,284,364	6,165,809	151,528	30,000
Amount due to an associate	22	565,195	565,195	-	-
Dividend payable		1,575,021	1,050,021	21	21
Borrowings	17	1,133,579	809,130	-	-
Finance lease payables	18	695,700	569,304	-	-
Tax payable		534,017	168,199	-	-
Total current liabilities		12,663,980	11,393,531	151,549	30,021
Total liabilities		108,537,180	101,211,010	151,549	30,021
Total equity and liabilities		405,083,074	397,798,337	42,352,003	48,088,978

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	**2015 RM**	**2014 RM**	**2015 RM**	**2014 RM**
Revenue	23	24,584,113	28,848,726	3,900,000	7,800,000
Cost of sales	24	(18,080,048)	(17,155,288)	-	-
Gross profit		6,504,065	11,693,438	3,900,000	7,800,000
Other income		1,835,275	621,098	-	3,720,917
Administration expenses		(10,642,326)	(6,620,360)	(649,640)	(366,714)
Other expenses		(185,012)	(220,570)	(9,108,863)	(1,423,237)
Finance costs		(406,401)	(137,388)	-	-
Share of loss in associate		(36,949)	(40,381)	-	-
(Loss)/Profit before tax	25	(2,931,348)	5,295,837	(5,858,503)	9,730,966
Tax expense	26	(2,186,294)	(3,195,219)	-	-
(Loss)/Profit for the financial year		(5,117,642)	2,100,618	(5,858,503)	9,730,966
Other comprehensive income:-					
Income that will not be reclassified subsequently to profit or loss					
Revaluation of leasehold land and buildings and biological assets, net of tax		7,176,209	74,670,896	-	-
Reversal of revaluation reserve upon disposal of freehold land and building		-	2,043,564	-	-
Reversal of deferred tax liabilities upon disposal of freehold land and building		-	698,880	-	-
Total comprehensive income/(loss) for the financial year		2,058,567	79,513,958	(5,858,503)	9,730,966

		Group 2015 RM	Group 2014 RM
(Loss)/Profit for the financial year attributable to:-			
Owners of the Company		(5,449,807)	(716,882)
Non-controlling interest		332,165	2,817,500
		(5,117,642)	2,100,618
Total comprehensive (loss)/income attributable to:-			
Owners of the Company		(1,926,994)	53,162,635
Non-controlling interest		3,985,561	26,351,323
		2,058,567	79,513,958
Basic loss per share attributable to owners of the Company (Sen)	27	(4.54)	(0.60)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	← Attributable to owners of the Company					→		
		← Non-distributable		→				
Group	Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interest RM	Total equity RM
Balance at 1 January 2014	119,997,000	1,333,300	-	91,335,329	(55,770,871)	156,894,758	68,822,115	225,716,873
Transactions with owners:-								
Dividend (Note 28)	-	-	-	-	(2,399,940)	(2,399,940)	-	(2,399,940)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(4,200,000)	(4,200,000)
Total transactions with owners	-	-	-	-	(2,399,940)	(2,399,940)	(4,200,000)	(6,599,940)
Profit for the financial year	-	-	-	-	(716,882)	(716,882)	2,817,500	2,100,618
Other comprehensive income for the financial year								
Revaluation of leasehold land and buildings and biological assets, net of tax	-	-	-	51,137,073	-	51,137,073	23,533,823	74,670,896
Reversal of revaluation reserve upon disposal of freehold land and building	-	-	-	(2,043,564)	2,043,564	-	-	-
Reversal of deferred tax liabilities upon disposal of freehold land and building	-	-	-	-	698,880	698,880	-	698,880
Total comprehensive income for the financial year	-	-	-	49,093,509	2,025,562	51,119,071	26,351,323	77,470,394
Balance at 31 December 2014	119,997,000	1,333,300	-	140,428,838	(56,145,249)	205,613,889	90,973,438	296,587,327
Transactions with owners:-								
Par value reduction	(95,997,600)	-	22,726,257	-	73,271,343	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	(2,100,000)	(2,100,000)
Total transactions with owners	(95,997,600)	-	22,726,257	-	73,271,343	-	(2,100,000)	(2,100,000)
Loss for the financial year	-	-	-	-	(5,449,807)	(5,449,807)	332,165	(5,117,642)
Other comprehensive income for the financial year								
Revaluation of leasehold land and buildings and biological assets, net of tax	-	-	-	3,522,813	-	3,522,813	3,653,396	7,176,209
Total comprehensive income for the financial year	-	-	-	3,522,813	(5,449,807)	(1,926,994)	3,985,561	2,058,567
Balance at 31 December 2015	23,999,400	1,333,300	22,726,257	143,951,651	11,676,287	203,686,895	92,858,999	296,545,894

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Share capital RM	Share premium* RM	Capital reserves RM	Accumulated losses RM	Total equity RM
Company					
Balance at 1 January 2014	119,997,000	1,333,300	-	(80,602,369)	40,727,931
Transaction with owners:-					
Dividend (Note 28)	-	-	-	(2,399,940)	(2,399,940)
Total comprehensive income for the financial year	-	-	-	9,730,966	9,730,966
Balance at 31 December 2014	119,997,000	1,333,300	-	(73,271,343)	48,058,957
Transaction with owners:-					
Par value reduction (Note 15)	(95,997,600)	-	22,726,257	73,271,343	-
Total comprehensive loss for the financial year	-	-	-	(5,858,503)	(5,858,503)
Balance at 31 December 2015	23,999,400	1,333,300	22,726,257	(5,858,503)	42,200,454

* Non-distributable

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(2,931,348)	5,295,837	(5,858,503)	9,730,966
Adjustments for:-					
Bad debts written off		-	22,837	-	-
Depreciation of property, plant and equipment		5,181,959	2,397,357	-	-
Dividend income		-	-	(3,900,000)	(7,800,000)
Gain on disposal of property, plant and equipment		(24,000)	(299,306)	-	-
Fair value loss of investment properties		904,667	-	-	-
Interest expense		406,401	137,388	-	-
Interest income		(107,039)	(150,128)	-	-
Impairment loss on investment in subsidiaries		-	-	7,600,201	1,423,237
Impairment loss on investment in subsidiaries no longer required		-	-	-	(3,720,917)
Impairment losses on other receivable		-	185,014	-	-
Share of loss in associate		36,949	40,381	-	-
Impairment loss on amount due from subsidiaries		-	-	1,508,662	-
Reversal of impairment loss on trade receivables		(15,000)	(35,000)	-	-
Waiver of debts		-	(3,588)	-	-
Operating profit/(loss) before working capital changes		3,452,589	7,590,792	(649,640)	(366,714)
Changes in working capital:-					
Amount due from subsidiaries		-	-	(2,375,576)	(5,041,463)
Inventories		(102,131)	429,154	-	-
Receivables		427,840	(2,821,519)	-	-
Payables		(71,214)	(6,489,688)	121,528	(1,000)
Cash generated from/(used in) operations		3,707,084	(1,291,261)	(2,903,688)	(5,409,177)
Tax refund		-	137,894	-	-
Tax paid		(1,602,676)	(3,920,193)	-	(67,559)
Net cash from/(used in) operating activities		2,104,408	(5,073,560)	(2,903,688)	(5,476,736)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		-	-	3,900,000	7,800,000
Interest received		107,039	150,128	-	-
Proceeds from disposal of property, plant and equipment		24,000	4,263,750	-	-
Purchase of property, plant and equipment	A	(8,426,133)	(2,273,619)	-	-
Purchase of biological assets		(94,055)	(231,367)	-	-
Net cash (used in)/from investing activities		(8,389,149)	1,908,892	3,900,000	7,800,000

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		-	(2,399,940)	-	(2,399,940)
Dividend paid to non-controlling interest		(1,575,000)	(3,150,000)	-	-
Interest paid		(406,401)	(137,388)	-	-
Repayment of finance lease payables		(613,429)	(711,885)	-	-
Repayment of term loan		(2,153,653)	-	-	-
Drawndown of term loan		6,375,000	16,837,699	-	-
Net cash from/(used in) financing activities		1,626,517	10,438,486	-	(2,399,940)
CASH AND CASH EQUIVALENTS					
Net changes		(4,658,224)	7,273,818	996,312	(76,676)
Brought forward		19,943,577	12,669,759	22,151	98,827
Carried forward	B	15,285,353	19,943,577	1,018,463	22,151

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2015 RM	Group 2014 RM
Property, plant and equipment were acquired by the following means:-		
Finance lease	735,596	850,000
Cash payments	8,426,133	2,273,619
	9,161,729	3,123,619

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Fixed deposits with licensed financial institutions	1,016,339	1,534,515	-	-
Cash and bank balances	14,269,014	18,409,062	1,018,463	22,151
	15,285,353	19,943,577	1,018,463	22,151

As disclosed in Note 13 to the Financial Statements, certain fixed deposits totalling RM2,500 (2014: RM20,675) have been pledged to financial institutions for guarantee facilities granted to subsidiaries and hence, are not available for general use.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 April 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

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 market 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 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

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (Cont'd)

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

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

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

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

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Adoption of Amendments to FRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments to FRSs and IC Int which are mandatory for the financial periods beginning on or after 1 January 2015.

Initial application of the amendments to the standards and IC Int did not have material impact to the financial statements.

Nature and the impact of the amendments to FRS are:

<u>List of amendments of FRS effective for the financial period beginning on or after 1 January 2015:</u>

Amendments to FRS 119 Defined Benefit Plans: Employee Contribution
Annual Improvements 2010 – 2012 Cycle including:-

- FRS 2 Share-based Payment Definition of vesting condition
- FRS 3 Business Combination: Accounting for contingent consideration in a business combination
- FRS 8 Operating Segments: Aggregation of operating segments
- FRS 8 Operating Segments: Reconciliation of the total of the reportable segments' assets to the entity's asset
- FRS 13 Fair Value Measurement: Short-term receivables and payables
- FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets: Revaluation method – proportionate restatement of accumulated depreciation
- FRS 124 Related Party Disclosures: Key Management Personnel

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of Amendments to FRSs and IC Interpretations ("IC Int") (Cont'd)

Nature and the impact of the amendments to FRS are: (cont'd)

List of amendments of FRS effective for the financial period beginning on or after 1 January 2015: (Cont'd)

Annual Improvements 2011 – 2013 Cycle including:
- FRS 1 First-time Adoption of Malaysian Financial Reporting Standards: Meaning of "Effective FRSs"
- FRS 3 Business Combinations: Scope exceptions for joint ventures
- FRS 13 Fair Value Measurement: Scope of paragraph 52 (portfolio exception)
- FRS 140 Investment Property: Clarifying the interrelationship between FRS 3 and FRS 140 when classifying property as investment property or owner-occupied property

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

FRS and Amendments to FRSs effective 1 January 2016 :

FRS 14 Regulatory Deferral Accounts
Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture
Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 128 Investments in Associates and Joint Venture: Investment Entities – Applying the Consolidation Exception
Amendments to FRS 11 Joint Arrangements: Accounting for acquisitions of interests in joint operations
Amendments to FRS 101 Presentation of Financial Statements: Disclosure initiative
Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets : Clarification of acceptable methods of depreciation and amortisation
Amendments to FRS 116 Property, Plant and Equipment and FRS 141 Agriculture: Agriculture - Bearer Plants
Amendments to FRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statement

Annual Improvements to FRSs 2012 – 2014 Cycle, including the amendments to:
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
- FRS 7 Financial Instruments - Disclosures: Servicing contracts
- FRS 7 Financial Instruments - Disclosures: Applicability of the amendments to FRS 7 to condensed interim financial statements
- FRS 119 Employee Benefits: Discount rate – regional market issue
- FRS 134 Interim Financial Reporting: Disclosure of information "elsewhere in the interim financial report"

FRS and Amendments to FRS effective 1 January 2018 :

FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
Amendments to FRS 7 Financial Instruments – Disclosures: Mandatory effective date of FRS 9 and transitional disclosures

FRS 1, 2, 5, 14, 138 and 141 are not applicable to the Group's operations.

FRS 1, 2, 5, 10, 11, 138 and 141 are not applicable to the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective (Cont'd)

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company: (cont'd)

FRS and Amendments to FRS effective 1 January 2018 : (cont'd)

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:

FRS 9 Financial Instruments

FRS 9 replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous version of FRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of FRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of FRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group and the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of FRS 9 will result in a change in accounting policy. The Group and the Company is currently examining the financial impact of adopting FRS 9.

Malaysian Financial Reporting Standards (MFRSs)

To converge with IFRSs in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the MFRSs, which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC Interpretation 15, Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

On 2 September 2014, MASB has decided that transitioning Entities will be allowed to defer adoption of the new MFRSs. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2018.

The Company falls within the scope of definition of Transitioning Entities and has opted to defer the adoption of the new MFRS Framework. Accordingly, the Group and Company has opted to defer the adoption of the new MFRS Framework and will be required to prepare its first set of financial statements using the MFRS Framework for the financial year ending 31 December 2018.

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

The Group and Company has not completed its quantification of the financial effects of the differences between FRS and accounting standards under the MFRS Framework and is in the process of accessing the financial effects of the differences. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2015 could be different if prepared under the MFRS Framework.

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual result may differ from these estimates.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Revaluation of property, plant and equipment and biological assets

The Group and the Company measure its leasehold land and buildings and biological assets at revalued amount with changes in fair value being recognised in other comprehensive income. The Group and the Company engaged independent valuation specialists to determine fair values as at 31 December 2015.

The carrying amount of the leasehold land and buildings and biological assets at the end of the reporting period, and the relevant revaluation bases, are disclosed in Notes 4 and 5 to the Financial Statements.

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis over their useful life. Management estimates the useful lives of the property, plant and equipment to be within 3 to 99 years and reviews the useful lives of depreciable assets at each end of the reporting period. As at 31 December 2015, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts are analysed in Note 4 to the Financial Statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's and the Company's assets.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's and the Company's profit for the financial year.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 9 to the Financial Statements.

Management expects that the expected net realisable value of the inventories would not have material difference from the management's estimates and hence it would not result in material variance in the Group's profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.1 Estimation uncertainty (cont'd)

Impairment of loans and receivables

The Group and the Company assess at each end of the reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Notes 10, 11 and 12 to the Financial Statements.

Management expects that the expected useful lives of the loans and receivables would not have material difference from the management's estimates and hence it would not result in material variance in the Group and the Company profit for the financial year.

2.6.2 Significant management judgement

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:-

Leases

In applying the classification of leases in FRS 117, management considers some of its leases of leasehold land and motor vehicles as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with FRS 117, Leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a financial lease). If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (Cont'd)

2.6.2 Significant management judgement (cont'd)

Construction contract

Construction contract accounting requires reliable estimation of the costs to complete the contract and reliable estimate of the stage of contract completion. Using experience gained on each contract and taking into account of the expectation of the time and materials required to complete the contract, management uses budgeting tools to estimate the profitability of the contract at any time.

Construction contract accounting requires that variation, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company applied the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on the straight line method in order to write off the cost of each asset over its estimated useful lives. No depreciation is provided on freehold land.

Capital work-in-progress consists of buildings under construction for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to building under construction until the buildings are ready for their intended use. Assets under construction are not depreciated until it is completed and ready for their intended use.

Property, plant and equipment stated at valuation will be revalued at regular intervals of at least once in every five years by an independent valuer on an open market value basis. Where market conditions indicate that the carrying values of the revalued assets differ materially from the market values, the Directors will consider revaluation in those intervening years. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised revaluation surplus previously recognised in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

The annual depreciation rates used are as follows:-

Leasehold land	Over the lease term from 59 to 99 years
Buildings	2% - 15%
Plant and machinery	10% - 20%
Furniture, fittings and office equipment	10% - 33%
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (Cont'd)

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3.3 Subsidiaries

A subsidiary is an entity, including structured entity, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.4 Associate

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, investment in an associate or a joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligations or guaranteed obligations or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Associate (Cont'd)

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associates are stated 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.

3.5 Inventories

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

Cost is determined on a first-in-first-out method. The costs of material and stores comprise costs of purchase.

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.

3.6 Investments properties

Investment properties consist of shoplots held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are stated at fair value, which reflects market conditions at the reporting date by external valuers. Changes in the fair values of investments properties are included in the profit or loss in the financial year in which they arise.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments

3.7.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.7.2 Financial Assets- Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) Loans and receivables;
(b) Financial assets at fair value through profit or loss;
(c) Held to maturity investments; and
(d) Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assume) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

As at the reporting date, the Group and the Company carried only loans and receivables on its statements of financial position.

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 recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.3 Financial Liabilities- Categorisation and Subsequent Measurement

After the initial recognition, financial liabilities are classified as:-

(a) Financial liabilities at fair value through profit or loss;
(b) Other financial liabilities measure at amortised cost using the effective interest method; and
(c) Financial guarantee contracts.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

As at the reporting date, the Group and the Company carried only other financial liabilities on its statements of financial position.

Other financial liabilities

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Other financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.8.1 Finance leases

Lease of property, plant and equipment acquired under finance lease arrangements which transferred substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligation due under finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on finance lease arrangements are allocated to profit or loss over the period of the respective agreements.

3.8.2 Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the year in which they incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the survey of work performed for each contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the year in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts under current liabilities.

3.10 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.10.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3.10.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unutilised tax losses and unabsorbed capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax expense (Cont'd)

3.10.2 Deferred tax (cont'd)

Current and deferred tax are recognised as expenses in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

3.11 Biological assets

Biological assets comprise plantation development expenditure incurred in respect of newly planted areas up to the time of commercial harvesting. This new planting expenditure is capitalised and is not amortised. Replanting expenditure incurred on planted areas is charged to the profit or loss in the year in which the expenditure incurred.

Biological assets stated at valuation will be revalued annually by an independent valuer on an open market value basis. Where market conditions indicate that the carrying values of the revalued assets differ materially from the market values, the Directors will consider revaluation in those intervening years. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is recognised in the profit or loss to the extent of the decrease previously recognised.

A revaluation decrease is first offset against an increase on unutilised revaluation surplus previously recognised in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

3.12 Impairment of assets

3.12.1 Financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial assets is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio or receivables could include the Group's past experience on collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

3.12.1 Financial assets (cont'd)

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

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

3.12.2 Non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost 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 identified cash flow (cash generating units).

In assessing value-in-use, the estimated future cash flows 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.

An impairment loss is recognised as an expense in the profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.13 Revenue recognition

Revenue from sale of goods is recognised as income upon delivery of goods and customers' acceptance, net of discount and sales return.

Revenue from construction contracts are accounted for under the percentage of completion method. The stage of completion is measured by reference to the survey work performed for each contract. Any anticipated loss will be recognised in full.

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

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

Dividend income is included in the profit or loss when the shareholder's right to receive has been established.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits

3.14.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by employees of the Group. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

3.14.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution 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 expenses in the profit or loss as incurred. As required by law, the Group made such contributions to Employees Provident Fund ("EPF").

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed financial institutions and short-term demand deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.16 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs and such outflow is probable and can be measured reliably, they will then be recognised as a provision.

3.17 Equity, reserves and distributions to owners

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.

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment and biological assets.

Retained earnings include all current and prior period retained profits.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Equity, reserves and distributions to owners (Cont'd)

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group and the Company review the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group and the Company settle the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to makes strategic decisions.

3.19 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Company paid on purchases of business inputs can be deducted from output GST.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

A party is related to an entity if:-

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group; or
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity.
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation				At cost					
Group	Freehold land RM	Leasehold land RM	Buildings RM	Freehold land and building RM	Freehold land RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost or valuation										
At 1 January 2014	-	147,703,147	5,229,534	4,379,200	65,000	8,638,303	8,387,348	2,960,864	20,147,160	197,510,556
Additions	-	-	-	-	-	5,246	1,516,940	151,609	1,449,824	3,123,619
Transferred from investment properties	-	1,541,000	-	-	-	-	-	-	-	1,541,000
Revaluations	-	147,145,755	3,450,587	-	-	-	-	-	-	150,596,342
Disposals	-	-	-	(4,379,200)	-	-	(372,234)	-	-	(4,751,434)
Written off	-	-	-	-	-	-	(60,115)	-	-	(60,115)
Reclassification	-	-	-	21,197,160	-	-	-	-	(21,197,160)	-
At 31 December 2014	-	296,389,902	8,680,121	21,197,160	65,000	8,643,549	9,471,939	3,112,473	399,824	347,959,968
Additions	7,500,000	-	24,905	-	-	55,057	816,599	124,812	640,356	9,161,729
Transferred to investment properties	-	-	-	(16,404,667)	-	-	-	-	-	(16,404,667)
Revaluations	600,000	8,913,694	163,997	(288,286)	-	-	-	-	-	9,389,405
Disposals	-	-	-	-	-	-	(232,603)	-	-	(232,603)
At 31 December 2015	8,100,000	305,303,596	8,869,023	4,504,207	65,000	8,698,606	10,055,935	3,237,285	1,040,180	349,873,832
Accumulated depreciation										
At 1 January 2014	-	7,922,159	2,373,284	379,200	-	8,510,213	6,325,285	2,742,010	-	28,252,151
Charge for the financial year	-	1,444,724	69,997	35,556	-	31,875	749,811	65,394	-	2,397,357
Disposals	-	-	-	(414,756)	-	-	(372,234)	-	-	(786,990)
Written off	-	-	-	-	-	-	(60,115)	-	-	(60,115)
At 31 December 2014	-	9,366,883	2,443,281	-	-	8,542,088	6,642,747	2,807,404	-	29,802,403
Charge for the financial year	-	3,721,523	88,902	164,047	-	34,807	910,604	82,597	179,479	5,181,959
Disposals	-	-	-	-	-	-	(232,603)	-	-	(232,603)
At 31 December 2015	-	13,088,406	2,532,183	164,047	-	8,576,895	7,320,748	2,890,001	179,479	34,751,759
Net carrying amount										
At 31 December 2015	8,100,000	292,215,190	6,336,840	4,340,160	65,000	121,711	2,735,187	347,284	860,701	315,122,073
At 31 December 2014	-	287,023,019	6,236,840	21,197, 160	65,000	101,461	2,829,192	305,069	399,824	318,157,565

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment RM
Cost	
At 1 January 2014/31 December 2014/2015	5,330
Accumulated depreciation	
At 1 January 2014/31 December 2014/2015	(5,330)
Net carrying amount	
At 31 December 2014/2015	-

(a) Buildings and leasehold land of the Group were revalued in the financial year 2015 by First Pacific Valuers Property Consultants Sdn. Bhd., (2014: Appraisal (Malaysia) Sdn. Bhd.), a registered valuer. The comparison method was adopted in arriving at the market value of the buildings and leasehold land.

(b) The freehold land and building of the Group were revalued in the financial year 2015 by First Pacific Valuers Property Consultants Sdn. Bhd., (2014: Appraisal (Malaysia) Sdn. Bhd.), a registered valuer. The comparison method was adopted in arriving at the market value of the freehold land and building.

(c) Had the buildings been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM617,223 (2014: RM803,527).

(d) Had the leasehold land been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM35,357,920 (2014: RM35,773,210).

(e) Had the freehold land and building been stated at cost less accumulated depreciation, the net carrying amount would have been RM6,924,406 (2014: RM21,197,160)

The Directors are of the opinion that unreasonable expenses would be incurred in segregating the costs of the freehold land and building separately.

(f) Had the freehold land been stated at cost less accumulated depreciation, the net carrying amount would have been RM7,500,000 (2014: RMNil).

(g) The net carrying amount of property, plant and equipment of the Group which are acquired under finance lease arrangements amounted to RM2,228,688 (2014: RM2,473,847).

(h) Leasehold land of the Group with a net carrying amount of RM198,830,000 (2014: RM192,266,714) is registered in the name of a shareholder, Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang.

(i) Leasehold land of the Group with a net carrying amount of RM172,325,680 (2014: RM166,697,940) are pledged to financial institutions for overdraft facilities granted to a subsidiary.

(j) Freehold and leasehold land and buildings at valuation are categorised at Level 2 fair value.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Level 2 Fair Value

Level 2 fair values of leasehold land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. BIOLOGICAL ASSETS

	Group	
	2015	2014
At valuation	RM	RM
At 1 January	50,839,970	101,643,750
Increase due to expenses capitalised	94,055	231,367
Revaluation deficit	(97,025)	(51,035,147)
At 31 December	50,837,000	50,839,970

The biological assets were revalued in the financial year 2015 by First Pacific Valuers Property Consultants Sdn. Bhd., (2014: Appraisal (Malaysia) Sdn. Bhd.), a registered valuer using comparison method in arriving at the market value.

Had the biological assets been stated at historical cost, the net carrying amount would have been RM29,152,125 (2014: RM29,058,070).

The biological assets with a net carrying amount of RM33,735,023 (2014: RM37,736,137) were pledged as a security for overdraft facilities granted to a subsidiary.

6. INVESTMENTS PROPERTIES

	Group	
	2015	2014
At valuation	RM	RM
Brought forward	-	1,541,000
Revaluation deficit	(904,667)	-
Transferred to property, plant and equipment	-	(1,541,000)
Transferred from property, plant and equipment	16,404,667	-
Carried forward	15,500,000	-

Investment properties are stated at fair value, which have been determined based on valuation performed by First Pacific Valuers Property Consultants Sdn. Bhd., a registered valuer using comparison method in arriving at the market value in year 2015.

The comparison method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustments for any differences noted.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS PROPERTIES (CONT'D)

Investment properties at valuation are categorised at Level 2 fair value.

Level 2 Fair Value

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

7. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM	2014 RM
Unquoted shares, at cost	50,203,772	50,203,772
Less : Impairment losses		
Brought forward	22,489,935	24,787,615
Recognised	7,600,201	1,423,237
Reversal	-	(3,720,917)
Carried forward	30,090,136	22,489,935
	20,113,636	27,713,837

The particulars of the subsidiaries are as follows:-

Name of company	Place of incorporation	Effective interest 2015 %	2014 %	Principal activities
1. Tasja Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
2. TAA Piling and Geotechnical Sdn. Bhd.	Malaysia	100	100	Dormant
3. PTJ Concrete Products Sdn. Bhd.	Malaysia	100	100	Dormant
4. Astral Plantation Sdn. Bhd.	Malaysia	100	100	Dormant
5. Tasja Development Sdn. Bhd.	Malaysia	100	100	Property development
6. Woodland Water Sdn. Bhd.	Malaysia	100	100	Dormant
7. Tasja Properties Sdn. Bhd.	Malaysia	100	100	Properties investment
8. Syarikat Ladang LKPP Sendirian Berhad	Malaysia	65	65	Operations of oil palm estates and provision of estates management
Subsidiary of Syarikat Ladang LKPP Sendirian Berhad:-				
9. SLKPP Management Sdn. Bhd.	Malaysia	100	100	Dormant

All subsidiaries are audited by SJ Grant Thornton.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN AN ASSOCIATE

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	2,450,000	2,450,000
Share of post-acquisition loss	(1,124,401)	(1,087,452)
	1,325,599	1,362,548

Details of the associate are as follows:-

Name of company	Place of incorporation	Effective interest 2015 %	Effective interest 2014 %	Principal activities
Johor Concrete Products Sdn. Bhd. (436690 - T) *	Malaysia	49	49	Dormant

* Associate not audited by SJ Grant Thornton

The following table summarised the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:-

	2015 RM	2014 RM
Financial position as at 31 December		
Non-current assets	3,244,715	3,318,775
Current assets	787,998	797,876
Current liabilities	(1,325,885)	(1,334,416)
Net assets	2,706,828	2,782,235
Summary of financial performance for the financial year ended 31 December		
Loss for the financial year	75,407	82,410
Other comprehensive income	-	-
Total comprehensive income	75,407	82,410
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	1,348,525	1,385,474
Negative goodwill	(22,926)	(22,926)
Carrying amount in the statement of financial position	1,325,599	1,362,548
Group's share of results for the financial year ended 31 December		
Group's share of loss	36,949	40,381
Group's share of other comprehensive income	-	-
Group's share of total comprehensive loss	36,949	40,381

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES

	Group	
	2015	2014
	RM	RM
Materials and stores	452,164	350,033

10. TRADE RECEIVABLES

	Group	
	2015	2014
	RM	RM
Trade receivables	4,299,837	2,833,334
Less: Impairment losses	(835,837)	(850,837)
	3,464,000	1,982,497

The movement of impairment losses is as follow:-

	Company	
	2015	2014
	RM	RM
Brought forward	850,837	885,837
Reversal during the financial year	(15,000)	(35,000)
Carried forward	835,837	850,837

The normal credit terms granted by the Group to the trade receivables range from 30 to 60 (2014: 30 to 60) days.

11. OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-trade receivables	3,312,104	4,739,081	5,303	5,303
Deposits	262,262	945,441	1,000	1,000
Less: Impairment losses	(1,518,657)	(1,518,657)	(5,303)	(5,303)
	2,055,709	4,165,865	1,000	1,000
Prepayments	1,041,176	825,363	-	-
	3,096,885	4,991,228	1,000	1,000

Included in non-trade receivables is an amount of RMNil (2014: RM2,515,650) being receivable from a third party for the disposal of the land and building which has been received subsequent to financial year end.

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER RECEIVABLES (CONT'D)

Included in deposit is an amount of RMNil (2014: RM750,000) being 10% deposit paid to purchase a property by a subsidiary.

Included in prepayment is an amount of RM1,041,176 (2014: RM782,519) being payment to a State Authority for the application to purchase lands by a subsidiary.

The movement of impairment losses is as follows:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Brought forward	1,518,657	1,333,643	5,303	5,303
Impairment loss recognised	-	185,014	-	-
Carried forward	1,518,657	1,518,657	5,303	5,303

12. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2015	**2014**
	RM	**RM**
Amount due from subsidiaries	19,762,995	18,362,419
Less: Impairment losses	(1,508,662)	-
	18,254,333	18,362,419

The movement of impairment losses is as follows:-

	Company	
	2015	**2014**
	RM	**RM**
Brought forward	-	-
Impairment loss recognised	1,508,662	-
Carried forward	1,508,662	-

The amount due from subsidiaries arising from trade and non-trade transactions is unsecured, bears no interest and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group

The fixed deposits with licensed financial institutions amounted to RM2,500 (2014: RM20,675) are pledged for the guarantee facilities granted to subsidiaries.

The interest rates of fixed deposits with licensed financial institutions range is 3.15% (2014: 3.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

14. SHARE CAPITAL

	Group and Company 2015 RM	2014 RM
Authorised:-		
750,000,000 ordinary shares of RM0.20 each (2014: 150,000,000 ordinary shares of RM1.00 each)	150,000,000	150,000,000
Issued and fully paid:-		
At beginning of year		
119,997,000 ordinary shares of RM1.00 each	119,997,000	119,997,000
Par value reduction	(95,997,600)	-
At end of year		
119,997,000 ordinary shares of RM0.20 each (2014: RM1.00 each)	23,999,400	119,997,000

During the financial year, the Company has undertaken the following:

(i) Reduced its authorised capital from RM150,000,000 comprising of 150,000,000 ordinary shares of RM1.00 each to RM150,000,000 comprising 750,000,000 ordinary shares of RM0.20 each.

(ii) Reduced its issued and fully paid-up capital by the cancellation of RM0.80 of the par value of each existing ordinary share of RM1.00 each in the Company thereby reducing the issued and fully paid-up capital of the Company by RM95,997,600. The resulting capital reduction enabled the Company to eliminate RM73,271,343 of its accumulated losses and resulted capital reserve of RM22,726,257.

15. CAPITAL RESERVE

	Group 2015 RM	2014 RM
Brought forward	-	-
Arising from capital reduction	22,726,257	-
Carried forward	22,726,257	-

The capital reserve was in respect of the reduction in issued and paid-up share capital through the cancellation of RM0.80 of the par value of each exiting ordinary shares of RM1.00 each to RM0.20 each in the Company.

NOTES TO THE FINANCIAL STATEMENTS

16. REVALUATION RESERVE

	Group 2015 RM	Group 2014 RM
Brought forward	140,428,838	91,335,329
Arising from revaluation of leasehold land and buildings and biological assets	3,522,813	51,137,073
Reversal of revaluation reserve upon disposal of freehold land and building	-	(2,043,564)
Carried forward	143,951,651	140,428,838

The revaluation reserve was in respect of the revaluation surplus of leasehold land, buildings and biological assets and is not available for distribution as dividends.

17. BORROWINGS

	Group 2015 RM	Group 2014 RM
Secured:		
Term loan 1	15,404,975	16,837,699
Term loan 2	5,654,071	-
The term loan is repayable as follows:	21,059,046	16,837,699
Within 1 year	1,133,579	809,130
More than 1 year but less than 2 years	1,194,519	870,069
More than 2 years but less than 5 years	3,949,192	931,008
More than 5 years	14,781,756	14,227,492
	19,925,467	16,028,569
	21,059,046	16,837,699

Term loan 1 and 2 are secured by legal charge against the Group's freehold land and building and guaranteed by the Company.

	2015 %	2014 %
Term loan	4.60 – 8.85	4.60

Term loan 1 is repayable over 180 monthly installments of RM137,465 each commencing from one month from the date of full disbursement.

Term loan 2 is repayable over 180 monthly installments of RM49,259 each commencing from the date of full disbursement.

NOTES TO THE FINANCIAL STATEMENTS

18. FINANCE LEASE PAYABLES

	Group 2015 RM	2014 RM
Minimum lease payments		
- not later than 1 year	750,533	625,067
- later than 1 year but not later than 2 years	430,857	503,575
- later than 2 year but not later than 5 years	194,750	119,962
	1,376,140	1,248,604
Less : Future finance charges on finance lease	(93,359)	(87,990)
Present value of finance lease payables	1,282,781	1,160,614
- not later than 1 year	695,700	569,304
- later than 1 year but not later than 2 years	446,814	591,310
- later than 2 year but not later than 5 years	140,267	-
	587,081	591,310
	1,282,781	1,160,614

The finance lease payables bear interest at rates ranging from 2.38% to 3.25% (2014: 2.38% to 3.25%) per annum.

19. DEFERRED TAXATION

	Group 2015 RM	2014 RM
Deferred tax liabilities		
Brought forward	73,197,600	48,921,346
Recognised in profit or loss	264,000	84,835
Revaluation of leasehold land and buildings and biological assets	1,899,052	24,890,299
Reversal upon disposal of the freehold land and building	-	(698,880)
Carried forward	75,360,652	73,197,600
Carrying amount of qualifying property, plant and equipment in excess of their tax base	6,845,519	7,280,399
Revaluation of leasehold land and buildings and biological assets	68,515,133	65,917,201
	75,360,652	73,197,600

NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED TAXATION (CONT'D)

Deferred tax assets

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of its recoverability:-

	Group	
	2015 RM	2014 RM
Unabsorbed capital allowances	1,467,000	1,401,000
Unutilised tax losses	97,042,000	91,801,000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(353,000)	(688,000)
	98,156,000	92,514,000

The potential deferred tax assets of the Group has not been recognised in respect of these items as they may not be used to offset taxable profit of the subsidiaries as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

20. TRADE PAYABLES

Group

Included in trade payables is retention sums on contracts amounted to RM336,282 (2014: RM1,342,117).

The normal credit terms granted by the trade payables range from 30 to 60 (2014: 30 to 60) days.

21. OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-trade payables	2,080,271	1,421,006	-	30,000
Accrual of expenses	1,529,568	1,413,287	151,528	-
Deposit received	599,236	632,090	-	-
Amount due to a corporate shareholder	3,075,289	2,699,426	-	-
	7,284,364	6,165,809	151,528	30,000

Corporate shareholder refers to Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang, who is a shareholder of the Company and a minority shareholder of a subsidiary, Syarikat Ladang LKPP Sendirian Berhad.

The amount due to a corporate shareholder arising from non-trade transactions are unsecured, bears no interest and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

22. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate arising from non-trade transactions are unsecured, bears no interest and repayable on demand.

23. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Gross dividends from subsidiary	-	-	3,900,000	7,800,000
Revenue from operations of oil palm estates	23,170,790	28,199,011	-	-
Contract revenue from civil engineering and building works	353,713	75,760	-	-
Rental income	1,059,610	573,955	-	-
	24,584,113	28,848,726	3,900,000	7,800,000

24. COST OF SALES

	Group	
	2015 RM	2014 RM
Cost of oil palm produce	13,461,977	13,649,334
Construction contract costs	4,249,080	3,332,584
Insurance	7,872	5,907
Maintenance	293,724	133,356
Quit rent & assessment	67,395	34,107
	18,080,048	17,155,288

25. PROFIT BEFORE TAX

Profit before tax has been determined:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After charging:-				
Auditors' remuneration				
- statutory	93,000	89,000	22,500	22,000
- non-statutory	5,000	5,000	5,000	5,000
Bad debts written off	-	22,837	-	-
Depreciation of property, plant and equipment	5,181,959	2,397,357	-	-
Director's remuneration (Note 29)				
Executive:				
- fee	320,000	354,000	108,000	102,000
- emoluments	1,708,154	1,613,376	-	-

25. PROFIT BEFORE TAX (CONT'D)

Profit before tax has been determined (cont'd):-

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
After charging:-				
Director's remuneration (Note 29) (cont'd)				
Non-executive:				
- fee	124,000	127,500	74,000	67,500
- emoluments	49,700	53,700	46,200	46,200
Interest expense				
- finance lease	58,895	59,136	-	-
- bank overdraft	164,800	16,698	-	-
- term loan	182,706	61,554	-	-
Lease rental	375,791	375,791	-	-
Impairment loss on investment in subsidiaries	-	-	7,600,201	1,423,237
Impairment losses on other receivables	-	185,014	-	-
Impairment losses on amount due from subsidiaries	-	-	1,508,662	-
Fair value loss of investment properties	904,667	-	-	-
Share of loss in associate	36,949	40,381	-	-
Rental of premises	222,552	69,992	-	-
And crediting:-				
Gain on disposal of property, plant and equipment	(24,000)	(299,306)	-	-
Interest income				
- fixed deposits	(4,604)	(144,269)	-	-
- others	(102,435)	(5,859)	-	-
Rental income	(1,117,110)	(52,000)	-	-
Dividend income	-	-	(3,900,000)	(7,800,000)
Impairment loss on investment in subsidiary no longer required	-	-	-	(3,720,917)
Reversal of impairment loss on trade receivables	(15,000)	(35,000)	-	-
Waiver of debts from trade payable	-	(3,588)	-	-

26. TAX EXPENSE

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Current year's provision	1,937,138	3,108,079	-	-
(Over)/Under provision in prior years	(14,844)	2,305	-	-
Transferred from deferred taxation	264,000	84,835	-	-
	2,186,294	3,195,219	-	-

Malaysian income tax is calculated at the statutory tax rate of 25% of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

26. TAX EXPENSE (CONT'D)

A reconciliation of income tax expense of statutory tax rate to effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
(Loss)/Profit before tax	(2,931,348)	5,295,837	(5,858,503)	9,730,966
Taxation at Malaysian statutory tax rate of 25%	(732,837)	1,323,959	(1,464,626)	2,432,742
Tax effects in respect of:-				
Deferred tax assets not recognised	1,354,151	957,500	-	-
Expenses not deductible for tax purposes	1,740,438	1,936,426	2,498,211	447,487
Income not subject to tax	(425,772)	(1,024,971)	(975,000)	(2,880,229)
(Over)/Under provision in prior years	(14,844)	2,305	-	-
Effect of changes in tax rate	265,158	-	(58,585)	-
Tax expense	2,186,294	3,195,219	-	-

The Group's unutilised tax losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM97,402,000 (2014: RM91,801,000) and RM1,467,000 (2014: RM1,401,000) respectively.

However, the above amount is subject to the approval of the Inland Revenue Board of Malaysia.

27. LOSS PER SHARE

The basic loss per share have been calculated based on the loss attributable to owners of the Company and the number of shares in issue during the financial year.

	Group	
	2015	2014
	RM	RM
Loss attributable to owners of the Company	(5,449,807)	(716,882)
Number of ordinary shares in issue	119,997,000	119,997,000

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares outstanding during the financial year.

28. DIVIDEND

	Group and Company	
	2015	2014
	RM	RM
Interim dividend in respect of financial year ended 31 December 2014 of 2.0 sen per ordinary share single tier tax exempt dividend	-	2,399,940

NOTES TO THE FINANCIAL STATEMENTS

29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, bonuses and allowances	5,199,181	5,287,730	228,200	215,700
Defined contribution plan	534,980	528,445	-	-
Social security contributions	15,500	16,132	-	-
	5,749,661	5,832,307	228,200	215,700

Included in employee benefits expense is directors' remuneration as below:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive				
Salaries and other emoluments	1,153,864	1,105,150	-	-
Defined contribution plan	170,290	147,826	-	-
Bonus	384,000	360,400	-	-
Fees	320,000	354,000	108,000	102,000
	2,028,154	1,967,376	108,000	102,000
Non-executive				
Fees	124,000	127,500	74,000	67,500
Other emoluments	49,700	53,700	46,200	46,200
	173,700	181,200	120,200	113,700

30. CAPITAL COMMITMENT

Capital expenditure in respect of the following are not provided for in the financial statements:-

	Group	
	2015 RM	2014 RM
Approved and contracted for:		
- Properties, plant and equipment	-	6,750,000

NOTES TO THE FINANCIAL STATEMENTS

31. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:-

	Group 2015 RM	Group 2014 RM
Dividend received from subsidiary	3,900,000	3,900,000
Lease rental paid to a corporate shareholder	375,791	375,791
Profit sharing from a corporate shareholder	721,131	889,041

(b) The Group and the Company have no other members of key management personnel apart from the Board of Directors.

(c) The outstanding balances arising from related party transactions as at reporting date are disclosed in Notes 12 and 22 to the Financial Statements.

32. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and other financial liabilities measured at amortised cost ("AC"):-

Group 2015	Carrying amount RM	L&R RM	AC RM
Financial assets			
Trade receivables	3,464,000	3,464,000	-
Other receivables	2,055,709	2,055,709	-
Fixed deposits with licensed financial institutions	1,016,339	1,016,339	-
Cash and bank balances	14,269,014	14,269,014	-
	20,805,062	20,805,062	-
Financial liabilities			
Trade payables	876,104	-	876,104
Other payables	7,284,364	-	7,284,364
Amount due to an associate	565,195	-	565,195
Finance lease payables	1,282,781	-	1,282,781
Borrowings	21,059,046	-	21,059,046
Dividend payable	1,575,021	-	1,575,021
	32,642,511	-	32,642,511
2014			
Financial assets			
Trade receivables	1,982,497	1,982,497	-
Other receivables	4,165,865	4,165,865	-
Fixed deposits with licensed financial institutions	1,534,515	1,534,515	-
Cash and bank balances	18,409,062	18,409,062	-
	26,091,939	26,091,939	-

NOTES TO THE FINANCIAL STATEMENTS

32. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R") and other financial liabilities measured at amortised cost ("AC") (cont'd):-

Group **2014**	**Carrying amount** **RM**	**L&R** **RM**	**AC** **RM**
Financial liabilities			
Trade payables	2,065,873	-	2,065,873
Other payables	6,165,809	-	6,165,809
Amount due to an associate	565,195	-	565,195
Finance lease payables	1,160,614	-	1,160,614
Borrowings	16,837,699	-	16,837,699
Dividend payable	1,050,021	-	1,050,021
	27,845,211	-	27,845,211
Company			
2015			
Financial assets			
Other receivables	1,000	1,000	-
Amount due from subsidiaries	18,254,333	18,254,333	-
Dividend receivable	2,925,000	2,925,000	-
Cash and bank balances	1,018,463	1,018,463	-
	22,198,796	22,198,796	-
Financial liabilities			
Other payables	151,528	-	151,528
Dividend payable	21	-	21
	151,549	-	151,549
2014			
Financial assets			
Other receivables	1,000	1,000	-
Amount due from subsidiaries	18,362,419	18,362,419	-
Dividend receivable	1,950,000	1,950,000	-
Cash and bank balances	22,151	22,151	-
	20,335,570	20,335,570	-
Financial liabilities			
Other payables	30,000	-	30,000
Dividend payable	21	-	21
	30,021	-	30,021

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risks

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Company's exposure to credit risk arises primarily from receivables. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company provide services only to recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms is subject to credit verifications procedures.

Following are the areas where the Group and Company are exposed to credit risk:-

(i) Receivables

As at end of the reporting period, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statement of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

(i) Receivables (cont'd)

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

	Gross RM	Individually impaired RM	Net RM
2015			
Not past due	1,945,350	-	1,945,350
Past due for 1-30 days	218,970	-	218,970
Past due for 31-60 days	462,236	-	462,236
Past due for 61-90 days	345,093	-	345,093
Past due for more than 121 days	1,290,938	(798,587)	492,351
	4,262,587	(798,587)	3,464,000
2014			
Not past due	1,982,497	-	1,982,497
Past due for more than 121 days	850,837	(850,837)	-
	2,833,334	(850,837)	1,982,497

The net carrying amount of trade receivables is considered a reasonable approximate of fair values. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables that are neither past due nor impaired are creditworthy receivables 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.

As at 31 December 2015, trade receivables of RM1,518,650 (2014: RMNil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

In respect of trade receivables, the Group is not exposed to any significant credit risk to any single counterparty or any group of counterparties having similar characteristics other than 95% (2014: 52%) of trade receivables consists of amount due from five (2014: one) customer.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

(i) Receivables (cont'd)

The Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Trade receivables consist of various backgrounds. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

(ii) Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors their results regulary.

(b) Liquidity risk

Liquidity risk is a risk that the Group and the Company will not be able to meet its financial obligations as they fall due as a result of shortage of funds.

In managing its exposure risk arises from payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by management to ensure that it will have sufficient liquidity to meet their obligations when they fall due.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (Cont'd)

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:

Group 2015	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 year RM	2 to 5 years RM	More than 5 year RM
Unsecured						
Trade payables	876,104	876,104	876,104	-	-	-
Other payables	7,284,364	7,284,364	7,284,364	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	1,575,021	1,575,021	1,575,021	-	-	-
	10,300,684	10,300,684	10,300,684	-	-	-
Secured						
Borrowings	21,059,046	26,942,400	1,939,444	1,939,444	5,818,332	17,245,180
Finance lease payables	1,282,781	1,376,140	750,533	430,857	194,750	-
Total	32,642,511	38,619,224	12,990,661	2,370,301	6,013,082	17,245,180

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (Cont'd)

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):

Group 2014	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 year RM	2 to 5 years RM	More than 5 years RM
Unsecured						
Trade payables	2,065,873	2,065,873	2,065,873	-	-	-
Other payables	6,165,809	6,165,809	6,165,809	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	1,050,021	1,050,021	1,050,021	-	-	-
	9,846,898	9,846,898	9,846,898	-	-	-
Secured						
Borrowings	16,837,699	23,061,122	1,649,584	1,649,584	4,948,751	14,813,203
Finance lease payables	1,160,614	1,248,604	625,067	503,575	119,962	-
Total	27,845,211	34,156,624	12,121,549	2,153,159	5,068,713	14,813,203
Gompany						
2015						
Unsecured						
Other payables	151,528	151,528	151,528	-	-	-
Dividend payable	21	21	21	-	-	-
Total	151,549	151,549	151,549	-	-	-
2014						
Unsecured						
Other payables	30,000	30,000	30,000	-	-	-
Dividend payable	21	21	21	-	-	-
Total	30,021	30,021	30,021	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Interest rate risk

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

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows:-

	RM
2015	
Fixed rate instrument	
Financial asset	
Fixed deposits with licensed financial institutions	1,016,339
Fixed rate instrument	
Financial liability	
Finance lease payables	1,282,781
Floating rate instrument	
Financial liability	
Borrowings	21,059,046
2014	
Fixed rate instrument	
Financial asset	
Fixed deposits with licensed financial institutions	1,534,515
Fixed rate instrument	
Financial liability	
Finance lease payables	1,160,614
Floating rate instrument	
Financial liability	
Borrowings	16,837,699

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

Fair value of financial instruments

The carrying amounts of short term receivables and payables and cash and cash equivalents approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital. The Company has complied with this requirement.

35. OPERATING SEGMENTS

(a) Business segments

Management currently identifies the Group's operating segment into the following:-

Business segments	Business activities
Investment	Investment holding
Property development and construction	Development and civil engineering and building construction
Plantation	Operations of oil palm estates and provision of estates management

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.

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

35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (Cont'd)

2015	Note	Investment RM	Property development and construction RM	Plantation RM	Others RM	Eliminations RM	Total RM
Revenue							
External revenue		1,059,610	353,713	23,170,790	-	-	24,584,113
Intersegment revenue	(i)	3,900,000	-	-	-	(3,900,000)	-
Total revenue		4,959,610	353,713	23,170,790	-	(3,900,000)	24,584,113
Results							
Interest income		9,841	92,594	4,604	-	-	107,039
Finance cost		(182,706)	(198,035)	(25,660)	-	-	(406,401)
Depreciation of property, plant and equipment		(346,728)	(581,849)	(4,043,460)	(124)	(209,798)	(5,181,959)
Share of loss in associate		-	(36,949)	-	-	-	(36,949)
Tax expense		(129,925)	13,792	(2,070,161)	-	-	(2,186,294)
Other non-cash (expenses)/income	(ii)	(2,456,752)	4,000	35,000	-	1,552,085	(865,667)
Segment (loss)/profit		(6,909,446)	(4,642,038)	1,440,790	(6,015)	4,999,067	(5,117,642)
Assets							
Investment in associate		-	1,326,346	-	-	(747)	1,325,599
Additions to non-current assets	(iii)	601,558	7,752,913	901,313	-	-	9,255,784
Segment assets		83,935,846	30,081,021	356,850,532	21,947	(65,806,272)	405,083,074
Liabilities							
Segment liabilities		33,993,675	31,023,728	90,495,199	25,990	(47,001,412)	108,537,180

NOTES TO THE FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (Cont'd)

2014	Note	Investment RM	Property development and construction RM	Plantation RM	Others RM	Eliminations RM	Total RM
Revenue							
External revenue		573,955	75,760	28,199,011	-	-	28,848,726
Intersegment revenue	(i)	7,800,000	-	-	-	(7,800,000)	-
Total revenue		8,373,955	75,760	28,199,011	-	(7,800,000)	28,848,726
Results							
Interest income		5,859	103,874	40,395	-	-	150,128
Finance cost		(61,554)	(43,082)	(32,752)	-	-	(137,388)
Depreciation of property, plant and equipment		-	(333,128)	(2,064,105)	(124)	-	(2,397,357)
Share of loss in associate		-	(40,381)	-	-	-	(40,381)
Tax expense		(33,439)	-	(3,161,780)	-	-	(3,195,219)
Other non-cash (expenses)/income	(ii)	(1,423,237)	(143,263)	273,306	-	1,423,237	130,043
Segment profit/(loss)		9,856,027	(5,284,028)	7,636,577	(5,128)	(10,102,830)	2,100,618
Assets							
Investment in associate		-	1,363,295	-	-	(747)	1,362,548
Additions to non-current assets	(iii)	1,446,361	1,576,643	331,982	-	-	3,354,986
Segment assets		88,890,155	32,940,342	344,049,329	27,612	(68,109,101)	397,798,337
Liabilities							
Segment liabilities		37,867,557	26,198,042	83,688,112	25,640	(46,568,341)	101,211,010

NOTES TO THE FINANCIAL STATEMENTS

35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (Cont'd)

(i) Inter-segment revenue are eliminated on consolidation.

(ii) Other non-cash (expenses)/income consist of the following items as presented in the notes to the financial statements:-

	Group	
	2015 RM	2014 RM
Bad debts written off	-	(22,837)
Fair value loss of investment properties	(904,667)	-
Impairment loss on other receivables	-	(185,014)
Gain on disposal of property, plant and equipment	24,000	299,306
Reversal impairment loss on trade receivables	15,000	35,000
Waiver of debts	-	3,588
	(865,667)	130,043

(iii) Additions to non-current assets consist of:-

	Group	
	2015 RM	2014 RM
Biological assets	94,055	231,367
Property, plant and equipment	9,161,729	3,123,619
	9,255,784	3,354,986

(b) Geographical segment

No geographical segmental information being presented as the Group operates principally within Malaysia.

36. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(i) On 3 April 2015, the Company proposes to undertake a reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act,1965 involving the cancellation of RM0.80 of the par value of each ordinary share of RM1.00 each in the Company and amendment to the memorandum of association of the Company to facilitate the change in par value of each ordinary share in the Company from RM1.00 to RM0.20 arising from the Proposed Par Value Reduction ("Amendment").

On 18 June 2015, the Par Value Reduction and Amendment of the Company have been approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

36. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR (CONT'D)

(i) On 28 July 2015, the High Court of Malaya granted an order confirming the Par Value Reduction which will subsequently be lodged with the Companies Commission of Malaysia.

On 4 August 2015, the order was lodged with the Companies Commission of Malaysia upon which the Par Value Reduction and Amendments shall take effect and deemed completed.

(ii) On 26 January 2016, the Company proposed to undertake a Bonus Issue of 539,986,500 new ordinary share of RM0.20 each in the Company to be credited as fully paid-up on the basis of nine (9) bonus shares for every two (2) existing shares of the Company ("Proposed Bonus Issue").

The Proposed Bonus Issue is subject to the approval of Bursa Securities Malaysia Berhad, the shareholders of the Company, and any other parties and/or relevant authorities, if required.

On 1 March 2016, the application of the Proposed Bonus Issue has been submitted to Bursa Malaysia Securities Berhad for their approval.

NOTES TO THE FINANCIAL STATEMENTS

DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad has on 25 March 2010 and on 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of retained earnings or accumulated losses into realised and unrealised on Group and Company basis in the annual audited financial statements.

The breakdown of accumulated losses as at the reporting date which has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(13,863,784)	(71,282,418)	(5,858,503)	(73,271,343)
- Unrealised	(6,845,576)	(6,581,576)	-	-
	(20,709,360)	(77,863,994)	(5,858,503)	(73,271,343)
Total accumulated losses of the associate				
- Realised	(1,124,401)	(1,087,452)	-	-
	(21,833,761)	(78,951,446)	(5,858,503)	(73,271,343)
Consolidation adjustments	33,510,048	22,806,197	-	-
Total Group accumulated losses as per consolidated financial statements	11,676,287	(56,145,249)	(5,858,503)	(73,271,343)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

ANALYSIS OF SHAREHOLDINGS
AS AT 21 MARCH 2016

SHARE CAPITAL

Authorized capital	:	RM150,000,000
Issued and fully paid-up	:	RM23,999,400
Class of shares	:	Ordinary shares of RM0.20 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholder	%	No. of shareholdings	%
Less than 100	68	6.37	4,274	0.00
100 – 1,000	168	15.73	129,382	0.11
1001 - 10,000	705	66.01	3,058,858	2.55
10,001 – 100,000	104	9.74	2,679,898	2.23
100,001 – less than 5% of issued shares	20	1.87	42,744,700	35.62
5% and above issued shares	3	0.28	71,379,888	59.49
TOTAL	1,068	100.00	119,997,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
1. Dato' Lim Kang Poh	32,564,469	27.14	-	-
2. Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	32,294,999	26.91	432,700	0.36
3. Agur Tegap Sdn Bhd	10,520,420	8.77	-	-

DIRECTORS SHAREHOLDINGS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
1. Tan Sri Dato' Hj Husein Bin Ahmad	510,000	0.43	-	-
2. Dato' Lim Kang Poh	32,564,469	27.14	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 21 MARCH 2016

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shareholdings	%
1.	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang	32,294,999	26.91
2.	Dato' Lim Kang Poh	28,564,469	23.80
3	Agur Tegap Sdn Bhd	10,520,420	8.77
4.	Terusan Al-Maju Sdn Bhd	5,895,000	4.91
5.	Kencang Kuasa Sdn Bhd	5,815,900	4.85
6.	Wong Chooi Lin	4,466,200	3.72
7.	Wan Ah Keow	4,446,700	3.71
8.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Lim Kang Poh	4,000,000	3.33
9.	Wong Chooi Fah	3,950,300	3.29
10.	Ngai Sok Tien	3,595,700	3.00
11.	Lim Hai	2,935,500	2.45
12.	Yap Kong Wooi	1,852,500	1.54
13.	Rahaimi Bin Abdul Rahman	1,823,400	1.52
14.	Lee Hun Kheng	1,032,000	0.86
15.	Lim Kang Swee	900,000	0.75
16.	Tan Sri Dato' Husein Bin Ahmad	510,000	0.43
17.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for LKPP Corporation Sdn Bhd	432,700	0.36
18.	Chan Ling Lee	338,500	0.28
19.	Tiong Sheue Yng	220,000	0.18
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kon Sing @ Liew Kong	190,000	0.16
21.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kim Yong	127,500	0.11
22.	Ang Ah Bah	109,500	0.09
23	Mohd Saini Bin Kariman	103,300	0.09
24.	Loo Chor Mei	100,000	0.08
25	Maybank Nominees (Tempatan) Sdn Bhd Tan Eng Hong	100,000	0.08
26.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lee Keen	85,000	0.07
27.	Wong Ooi Pean	80,000	0.07
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Tiong Lek	75,000	0.06
29	Koh Chen Khoon @ Koh Chean Khoon	60,000	0.05
30.	Kek Geok Tin	50,000	0.04
TOTAL		114,674,588	95.56

GROUP'S PROPERTIES

	Address/Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Revalued/ Acquired
1.	HS (D) 28295 PT 86317 HS (D) 38537 PT 104729 HS (D) 38538 PT 104730 Mukim of Kuala Kuantan District of Kuantan Pahang	Oil palm estate	2,433 acres	-	Leasehold expiring in between years 2090 and 2106	-	101,000,000	2015
2.	HS(D) 853 PT 631 HS(D) 854 PT 632 HS(D) 406 PT 608 Mukim of Kertau HS(D) 609 PT 5616 HS(D) 852 PT 6566 Mukim of Luit HS(D) 610 PT 11316 HS(D) 611 PT 11317 HS(D) 612 PT 11318 HS(D) 849 PT 21456 HS(D) 850 PT 21457 HS(D) 851 PT 21458 Mukim of Chenor District of Maran Pahang	Oil palm estate	7,449 acres	-	Leasehold expiring between years 2094 and 2101	-	239,000,000	2015
3.	HSM 61911 (PT 85592) to HSM 61961 (PT 85642) Mukim of Kuala Kuantan District of Kuantan Pahang	51 Units Vacant Shoplot	6,886 square metres	-	Leasehold year 2104	Vacant	2,140,000	2015
4.	B28, Lorong Tun Ismail 11 Jalan Tun Ismail 25000 Kuantan	3-storey Corner Shop Office	184 square metres	954 square metres	Freehold	12 Years	1,600,000	2015

GROUP'S PROPERTIES

	Address/Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Revalued/ Acquired
5.	HS (D) 2820 PT 6156 HS (D) 2821 PT 6157 HS (D) 2854 PT 6190 HS (D) 2855 PT 6191 HS (D) 2856 PT 6192 HS (D) 3096 PT 6422 HS (D) 3088 PT 6430 Mukim Bernam Timur Daereh Batang Padang Perak	Bungalow Lots	8,925 square metres	-	Leasehold expiring in year 2095	Vacant	1,400,000	2015
6.	Lot 67319 Mukim Sungai Buloh District of Petaling Selangor	3 levels Office Lot Mutiara Damansara	4,417 square metres	2,875 square metres	Freehold	2 Years	23,250,000	2015
7.	Lot 212 Seksyen 96 Bandar Kuala Lumpur District of Kuala Lumpur State of Wilayah Persekutuan	Vacant Land	813 square metres	-	Freehold	-	8,100,000	2015

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at Kiara Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Tuesday, 24 May 2016 at 11.00 a.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. **PLEASE REFER TO EXPLANATORY NOTE (1)**

2. To approve the payment of Directors' fees for the year ended 31 December 2015. **RESOLUTION 1**

3. To re-elect Dato' Haji Wan Bakri Bin Wan Ismail who is retiring by rotation pursuant to Article 76 of the Company's Articles of Association who being eligible, offered himself for re-election. **RESOLUTION 2**

4. To re-elect Mr. Lim Guan Shiun who retires pursuant to Article 76 of the Company's Articles of Association who being eligible, offered himself for re-election. **RESOLUTION 3**

5. To re-appoint Messrs. SJ Grant Thornton, as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **RESOLUTION 4**

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

6. **RE-APPOINTMENT OF DIRECTORS OVER SEVENTY (70) YEARS OF AGE**

   "**THAT** Tan Sri Dato' Hj Husien Bin Ahmad, retiring pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting". **RESOLUTION 5**

   "**THAT** Tuan Haji Md Adanan Bin Abdul Manap, retiring pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting". **RESOLUTION 6**

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "**THAT** authority be and is hereby given to Mr. Tan En Chong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **RESOLUTION 7**

8. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.**

   "**THAT** pursuant to Section 132D of the Companies Act 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the **RESOLUTION 8**

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

9. To transact any other business of which due notices shall be given in accordance with the Company's Article of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD,

HOON HUI KIT, MIA
CHIN POH LI, ACIS
Company Secretaries

Selangor Darul Ehsan
28 April 2016

Notes :
1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 18 May 2016 ("General Meeting Record of Depositors") shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or more (subject to a maximum of three (3) proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy/proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting.

EXPLANATORY NOTES

1. The Item 1 of the Agenda 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. Hence this Agenda item is not put forward for voting.

Special Business

2. Resolutions 5 & 6
   These Proposed Resolutions, if passed, Tan Sri' Dato' Hj Husien Bin Ahmad (an Independent Non-Executive Chairman of the Company) and Tuan Haji Md Adanan Bin Abdul Manap (a Deputy Chief Executive Officer of the Company) who both are over seventy (70) years of age, will be re-appointed as Directors of the Company pursuant to Section 129 of the Companies Act, 1965 and will hold office until the conclusion of the next Annual General Meeting.

3. Resolutions 7
   The Proposed Resolution 7, if passed, will re-appoint Mr Tan En Chong who served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as Independent Non-Executive Director of the Company. The Nomination Committee and Boards of Directors have carried an evaluation and assessment and concluded that Mr Tan En Chong stays independent and objective in board deliberations and decision making, and is able to act in the best interests of the Company.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

4. Resolution 8

   The Proposed Resolution 8, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 24 June 2014 and which will lapse at the conclusion of the Nineteenth Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment (s), working capital and/or acquisitions and to avoid incurring any costs or delay in convening a general meeting.

PROXY FORM

ASTRAL ASIA BERHAD
Co. No. 374600-X

I/We (full name in capital letters) ______________________________

NRIC/Company No. ______________ of (full address) ______________________________

______________________________ being a member of Astral Asia Berhad, do hereby

appoint (full name in capital letters) ______________________ NRIC/Company No. ______________ of

(full address) ______________________________

or failing him/her, (full name in capital letters) ______________________________

NRIC/Company No. ______________ of (full address) ______________________________

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the 20th Annual General Meeting of the Company to be held on Tuesday, 24 May 2016 at 11.00 a.m, at Kiara Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur and at any adjournment thereof.

*My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X"

ORDINARY BUSINESS 1. To receive and consider the Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.			
	RESOLUTIONS	FOR	AGAINST
2. To approve the payment of Directors' fees for the year ended 31 December 2015	1		
3. Re-elect Dato' Dato' Haji Wan Bakri Bin Wan Ismail as a Director (Article 76)	2		
4. Re-elect Mr. Lim Guan Shiun as a Director (Article 76)	3		
5. Re-appoint Messrs. SJ Grant Thornton as Auditors and to authorise the Directors to fix their remuneration	4		
SPECIAL BUSINESS 6. Re-Appointment of the following Directors who are over seventy (70) years of age - Tan Sri' Dato' Hj Husien Bin Ahmad - Tuan Haji Md Adanan Bin Abdul Manap	 5 6		
7. Continuing in office of the following Director as Independent Non-Executive Director - Mr. Tan En Chong	7		
8. Authority for Directors to issue shares	8		

** Strike out whichever not applicable*

Dated this ______________ day of ______________________ 2016

No. of Shares held	
CDS Account No.	

____
Signature of Shareholder(s)

Notes :

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 18 May 2016 ("General Meeting Record of Depositors") shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
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AFFIX
STAMP

The Company Secretaries
ASTRAL ASIA BERHAD (374600-X)
Level 12, Menara TSR
No. 12, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

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www.astralasia.com

ASTRAL ASIA BERHAD
Co. No. 374600-X

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