ASTRAL ASIA BERHAD

Co. No. 374600-X

ANNUAL REPORT 2016

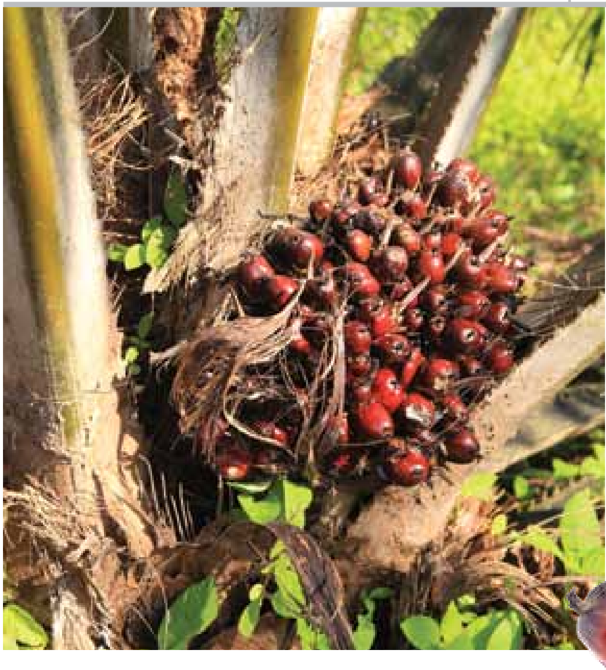
21st ANNUAL GENERAL MEETING

VENUE

Saga Room, Sri Damansara Club
Lot 23304, Persiaran Perdana
Bandar Sri Damansara
52200 Kuala Lumpur

TIME & DATE

Thursday,
25 May 2017
11.00am



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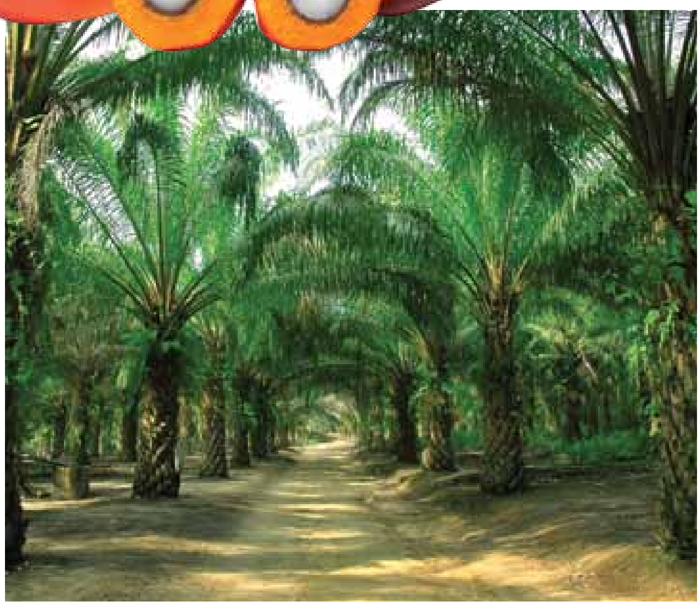


IDE

AT A GLANCE

TOTAL PLANTATION AREA

4,019
HECTARES

MATURED OIL PALM

3,127
HECTARES

IMMATURE PLANTINGS

535
HECTARES

REVENUE

RM25.8m

PROFIT AFTER TAX

RM2.4m

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' LIM KANG POH
Deputy Executive Chairman

MR LIM GUAN SHIUN
Managing Director

TUAN HAJI MD ADANAN BIN ABDUL MANAP
Deputy Managing 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
CIMB ISLAMIC BANK BERHAD

SOLICITORS

TG LEE & ASSOCIATES
MAH-KAMARIYAH & PHILIP KOH

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD
Main Market
Stock Code: 7054

GROUP CORPORATE STRUCTURE

Plantation

- 65% Astral Asia Plantation Sdn Bhd
  (formerly known as Syarikat Ladang LKPP Sendirian Berhad)
  - 100% Astral Asia Management Sdn Bhd
    (formerly known as 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

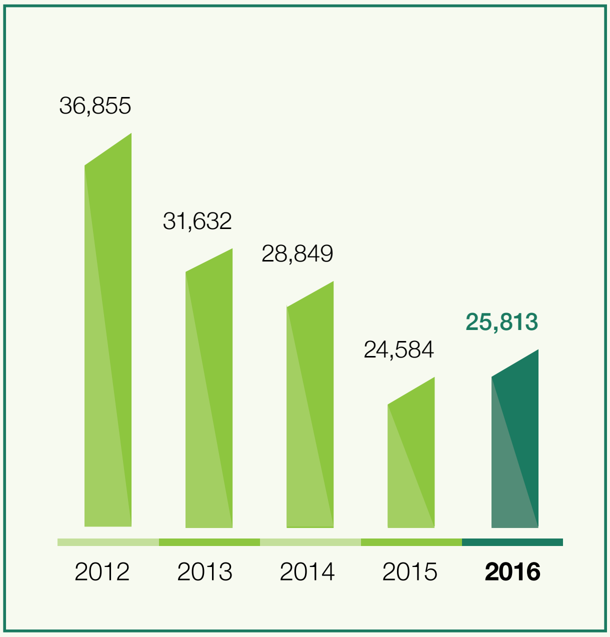
5-YEAR FINANCIAL HIGHLIGHTS

		2012	2013	2014	2015	2016
Revenue	RM'000	36,855	31,632	28,849	24,584	**25,813**
Profit / (Loss) Before Taxation	RM'000	12,599	9,586	5,296	(2,931)	**2,065**
Net Profit / (Loss) attributable to Owners of the Parent	RM'000	3,536	2,397	(717)	(5,450)	**5**
Paid-up Capital	RM'000	119,997	119,997	119,997	23,999	**131,997**
Shareholders' Funds	RM'000	154,318	156,895	205,614	203,687	**204,351**
Total number of shares in issue	'000	119,997	119,997	119,997	119,997	**659,984**
Earnings Per Share *	Sen	0.54	0.36	(0.11)	(0.83)	**0.00**
Net Assets Per Share *	RM	0.23	0.24	0.31	0.31	**0.31**
Fresh Fruit Bunches ("FFB") Production	Tonne	52,415	57,698	49,918	46,020	**37,239**
Prices of Crude Palm Oil realised	RM	2,777	2,375	2,406	2,149	**2,643**

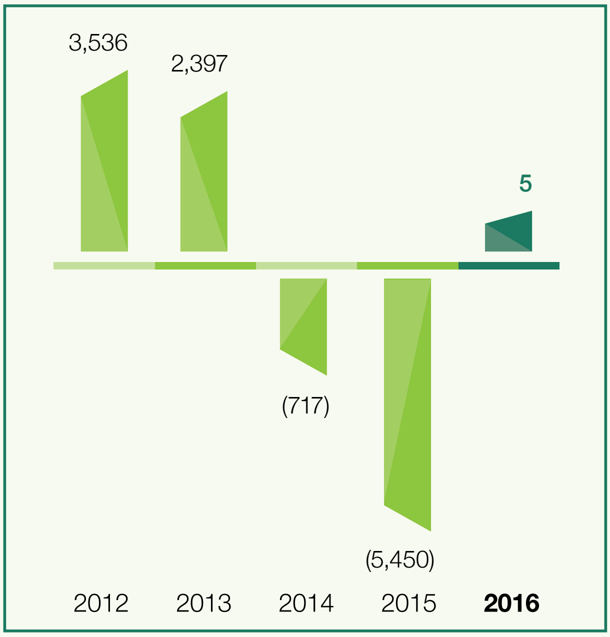
* The preceding years earnings per share and net assets per share were restated arising from the bonus issue.

5-YEAR FINANCIAL HIGHLIGHTS

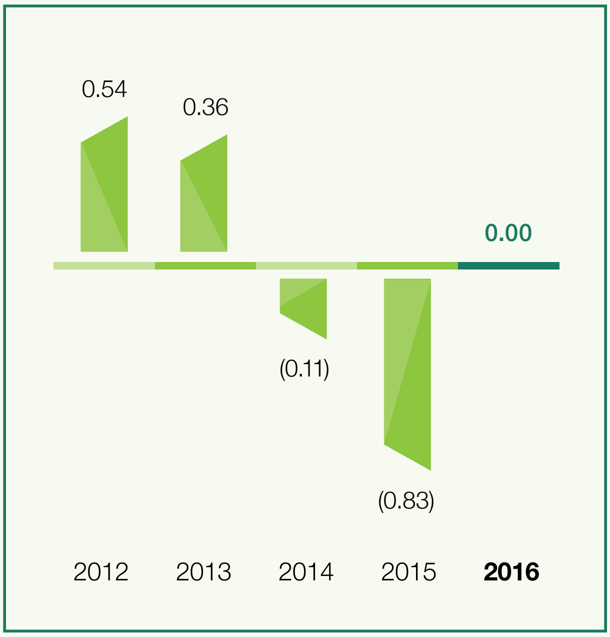
REVENUE
(RM'000)



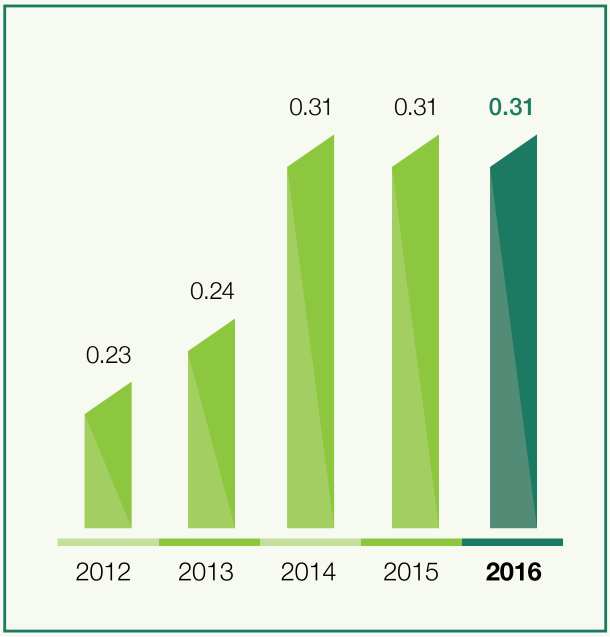
NET PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



EARNINGS PER SHARE*
(SEN)



NET ASSET PER SHARE*
(RM)



* The preceding years earnings per share and net assets per share were restated arising from the bonus issue.

DIRECTORS' PROFILE

TAN SRI DATO' HJ HUSEIN BIN AHMAD

Independent Non-Executive Chairman
Aged 82, Male, Malaysian

Tan Sri Dato' Hj Husein Bin Ahmad was appointed to the Board on 27 October 1997 and subsequently re-designated as Non-Independent Non-Executive Chairman on 1 December 2008 and as Independent Non-Executive Chairman on 2 December 2010. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Tan Sri Dato' Hj Husein 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 does not hold any directorship in other public companies. He has a direct shareholdings of 2,805,000 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 Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Tan Sri Dato' Hj Husein attended three (3) of the five (5) Board meetings held in the financial year ended 31 December 2016.

DATO' LIM KANG POH

Deputy Executive Chairman
Aged 60, Male, Malaysian

Dato' Lim Kang Poh was appointed to the Board on 8 December 1995. He was subsequently re-designated as Managing Director of Astral Asia Berhad on 27 October 1997 and Deputy Executive Chairman on 1 December 2003. He is the Chairman of the Risk Management Committee.

Dato' Lim is one of the founder members of Tasja Sdn Bhd and was appointed to the Board on 8 December 1995. He started his career in the construction industry in 1976. He has been appointed as Managing Director of Astral Asia Plantation Sdn Bhd (formerly known as 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.

Currently, Dato' Lim is a director of PLS Plantations Berhad.

Dato' Lim has a direct shareholdings of 179,104,578 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, Dato' Lim does not have any family relationship with any director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Dato' Lim attended three (3) of the five (5) Board meetings held in the financial year ended 31 December 2016.

DIRECTORS' PROFILE

TUAN HAJI MD ADANAN BIN ABDUL MANAP

Deputy Managing Director
Aged 74, Male, 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 and Deputy Managing Director on 2 November 2016.

Tuan Haji Md Adanan 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 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 Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Tuan Haji Md Adanan Bin Abdul Manap attended four (4) of the five (5) Board meetings in the financial year ended 31 December 2016.

MR TAN EN CHONG

Independent Non-Executive Director
Aged 67, Male, 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.

Mr Tan 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.

Currently, Mr Tan is also an Independent Non-Executive Director of TSR Capital Berhad.

Mr Tan 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 Company nor any conflict of interest the business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Mr Tan attended all the five (5) Board meetings held in the financial year ended 31 December 2016.

DIRECTORS' PROFILE

MR LIM GUAN SHIUN

Managing Director
Aged 30, Male, Malaysian

Mr Lim Guan Shiun was appointed to the Board as Executive Director on 15 April 2013 and re-designated as Managing Director on 2 November 2016.

Mr Lim 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 an Executive Director of Astral Asia Plantation Sdn Bhd (formerly known as Syarikat Ladang LKPP Sendirian Berhad), a position he has held since 2011. He is currently also the General Manager of Tasja Development Sdn Bhd.

Mr Lim 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. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company 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 5 years, other than for traffic offences, if any.

Mr Lim attended all the five (5) Board meetings held in the financial year ended 31 December 2016.

DATO' HAJI WAN BAKRI BIN WAN ISMAIL

Non-Independent Non-Executive Director
Aged 62, Male, Malaysian

Dato' Haji Wan Bakri Bin Wan Ismail was appointed to the Board as Non-Independent Non-Executive Director on 1 April 2014.

Dato' Haji Wan Bakri 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 Perbadanan Kemajuan Pertanian Negeri Pahang ("PKPP") 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 PKPP 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 PKPP in 2011 until his promotion to the position of Chief Executive Officer in 2014. Dato' Haji Wan Bakri is the representative from PKPP, a substantial shareholder of the Company.

Currently Dato' Haji Wan Bakri also sits on the Board of Far East Holdings Berhad and Tanah Makmur Berhad.

Dato' Haji Wan Bakri has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Dato' Haji Wan Bakri attended all the five (5) Board meetings held in the financial year ended 31 December 2016.

DIRECTORS' PROFILE

MR NG KIM KEONG

Independent Non-Executive Director
Aged 44, Male, Malaysian

Mr Ng Kim Keong was appointed to the Board as Independent Non-Executive Director on 30 March 2015. He serves as the Chairman of Audit Committee and Nomination Committee.

Mr Ng 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 has more than 15 years working experience in the financial and accounting division of private and public companies in Malaysia. He is currently the Chief Financial Officer of TSR Capital Berhad.

Mr Ng 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 Company nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Mr Ng attended all five (5) of the Board meetings held in the financial year ended 31 December 2016.

KEY SENIOR MANAGEMENT

Mr Lim Guan Shiun

Managing Director
Aged 30, Male, Malaysian

For details of Mr. Lim Guan Shiun's profile, please refer to page 8 of the Annual Report.

Dato' Ir How Pooi Gen

Project Director, Construction and Properties Development Segments
Aged 55, Male, Malaysian

Dato' Ir How Pooi Gen joined Astral Asia Berhad Group in 1995 as a General Manager, Construction.

Dato' Ir How graduated from University of Auckland, New Zealand with a Bachelor of Engineering (1st Class Hons) in 1985 and was subsequently admitted as a member of the Institution of Engineers in New Zealand and Malaysia. He is also a Professional Engineer registered with the Board of Engineers Malaysia. After graduation, he served for a year as Project Engineer in Ang Yoke Lin Construction Sdn Bhd. In 1987, he went to New Zealand and worked there for 4 years. He started as a Structural Engineer in a consulting firm for a year and later joined Auckland City Council from 1988 to 1991 where he was subsequently promoted to Project Manager. He returned to Malaysia in 1991 and joined Kiara Development Sdn Bhd as a Resident Manager cum Assistant Project Manager. In 1994 he joined Pembinaan Limbongan Setia Sdn Bhd, a civil engineering and construction company as Senior Manager prior to joining Astral Asia Berhad Group in 1995. He was an Executive Director of Astral Asia Plantation Sdn Bhd (formerly known as Syarikat Ladang LKPP Sendirian Berhad) from 2005 to 2008. He is currently the Project Director of Astral Asia Berhad Group overseeing the Construction and Properties Development Segments.

Dato' Ir How has no direct or indirect shareholdings in the Company. He does not have any family relationship with any other Directors and/or major shareholders of the Company 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 5 years, other than for traffic offences, if any.

KEY SENIOR MANAGEMENT

Mr Leonard Hoon Hui Kit

Chief Financial Officer
Aged 56, Male, Malaysian

Mr Leonard Hoon joined Astral Asia Berhad Group in 2005 as a Senior Manager, Corporate Finance.

In 1982, Mr Hoon started his accounting career as a trainee auditor with KPMG in Kuala Lumpur. He was an articled student with the Malaysian Institute of Certified Public Accountants (CPA) and obtained his CPA qualification in 1990. Mr Hoon has over 7 years of auditing experience gained from servicing clients involved in banking, construction, oil palm plantation, manufacturing and property development.

Mr Hoon pursued his accounting career in commercial sector in the second half of 1990. Over a span of 15 years, he held several finance positions in various companies and continued to acquire diverse knowledge and experience in accounting, finance and debt restructuring. In the course of works, Mr Hoon had been actively involved in a number of commercial litigation. Prior to joining AAB Group, he served as an Associate Director, Corporate Finance of Seloga Holdings Berhad, a construction and engineering group.

Mr Hoon is currently the Chief Financial Officer of AAB Group. Apart from his normal finance functions, he is also taking charge of the legal affairs of AAB Group. He is a member of the Malaysian Institute of Accountants.

Mr Hoon has a direct shareholdings of 11,000 ordinary shares of RM0.20 each in the Company. He does not have any family relationship with any other Directors and/or major shareholders of the Company 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 5 years, other than for traffic offences, if any.

CHAIRMAN'S STATEMENT

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 (hereinafter referred to as "the Group") for the financial year ended 31 December 2016.

> **"Astral Asia Berhad had Proposed a bonus issue of 539,986,500 new ordinary shares at RM0.20 each in the Company credited as fully paid-up shares on the basis of 9 bonus shares for every 2 existing shares of the Company."**

OPERATING RESULTS

For the financial year under review, the Group recorded a 5.0% increase in revenue from RM24.6 million in the previous financial year to RM25.8 million in this financial year, an increase of RM1.2 million. The increase in the Group's total revenue was mainly due to higher contribution from the plantation segment. At the operations level, the Group made a profit after tax of RM2.4 million for the current financial year compared with a loss after tax of RM5.1 million in the previous financial year.

The financial performance of the Group is now further explained in the Management Discussion and Analysis section.

DIVIDEND

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

CORPORATE DEVELOPMENT

As announced on 26 January 2016, Astral Asia Berhad had Proposed a bonus issue of 539,986,500 new ordinary shares at RM0.20 each in the Company credited as fully paid-up shares on the basis of nine (9) bonus shares for every two (2) existing shares of the Company. I am pleased to note that the bonus issue exercise had been completed and the new bonus shares were listed on the Main Market of Bursa Malaysia on 30 May 2016.

PROSPECTS

The members of the Board of Directors and I are confident the achievements of the Group in the 2017 financial year will improve as crude palm oil prices have recovered since September 2015 and they are currently trading at around RM2,700 per m/t.

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

RECORDED AN INCREASE IN REVENUE

RM1.2 M

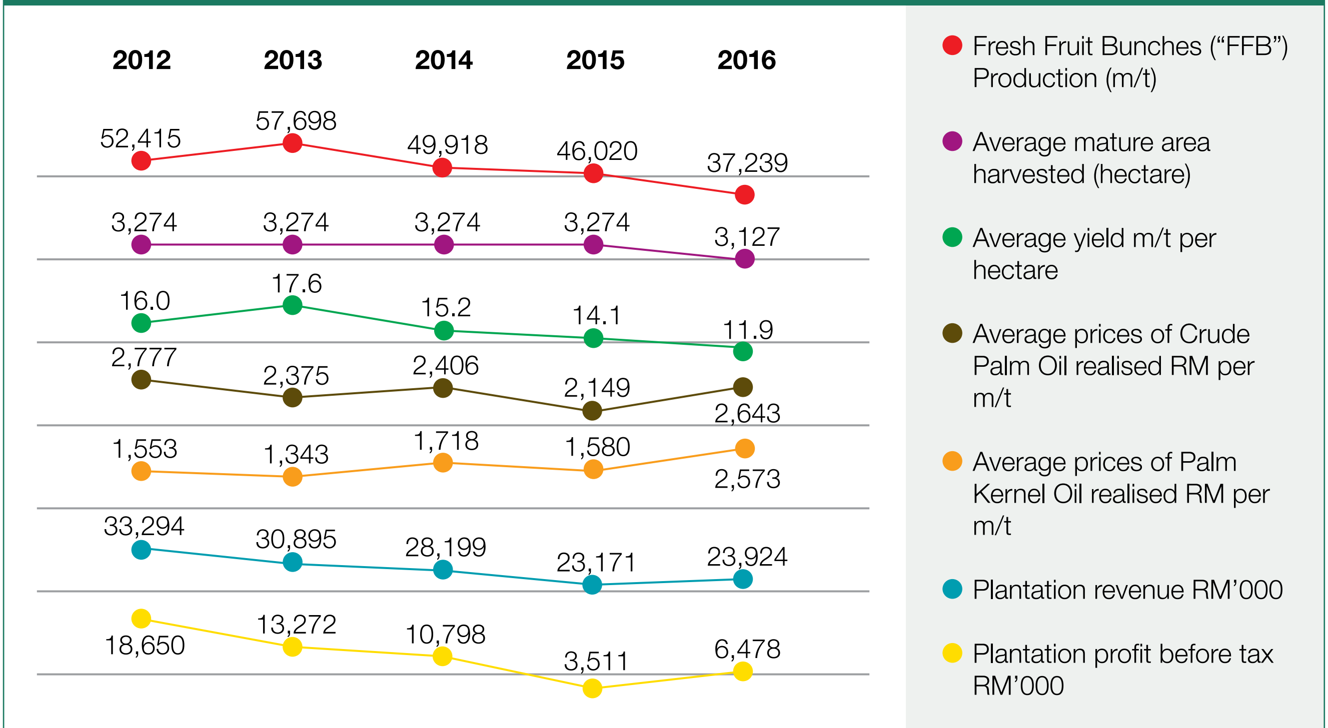
IN THIS FINANCIAL YEAR

5.0%

TOTAL REVENUE WAS MAINLY DUE TO HIGHER CONTRIBUTION FROM THE PLANTATION SEGMENT

MANAGEMENT DISCUSSION & ANALYSIS

FFB PRODUCTION, PERFORMANCE AND AREA STATEMENT



PLANTATION SEGMENT

Astral Asia Plantation Sdn Bhd (formerly known as Syarikat Ladang LKPP Sendirian Berhad) (hereinafter referred to as "AA Plantation") started the cultivation of oil palm at our 700 hectares Bukit Kuin 1 estate ("BK1") since 1981. Over the years, AA Plantation had established good plantation management practices intended to constantly improve oil palm operations efficiency and productivity.

Oil palm cultivation is currently the core business activity of the Group. The Group has four oil palm plantations and they are located in the state of Pahang. Geographically, both Kertau estate and Pejing estate are situated about 35 km east of Temerloh town whereas BK1

MANAGEMENT DISCUSSION & ANALYSIS

MALAYSIA
Pahang State Map

and Bukit Kuin 2 ("BK2") estates are situated about 25 km north west of Kuantan town. BK1 is adjacent to BK2 and both estates have been earmarked for a development known as Kuantan Hi-Tech Park ("KuHTP").

For the financial year under review, the harvested Fresh Fruits Bunches ("FFB") production of 37,239 m/t and is 19 % lower compared with the harvest in previous financial year (2015: 46,020 m/t). This drop in FFB production was partly due to the prolonged dry and warm weather condition (El-Nino effect) throughout the country in 2016. As a result, the overall annual oil palm yield per hectare for the Group had reduced by 15.6 % to 11.9 m/t per hectare (2015:14.1 m/t per hectare) during this financial year. Low yield performance was mainly attributed to both Kertau and Pejing estates. However, it was encouraging to note that both BK1 and BK2 continued to register an annual average oil palm yield of 19.9 m/t per hectare during 2016.

At the moment, the Group's FFB sales were done through appointed agents and palm oil millers. The realised Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices were based on Malaysian Palm Oil Board's ("MPOB") monthly average prices. The Group was not engaged in the trading of commodities future.

The generally lower FFB output experienced in 2016 was also recorded by other FFB producers in the region. MPOB had reported a lower annual average yield of 15.2 m/t per hectare in the state of Pahang in 2016 (2015: 18.4 m/t per hectare).

The Group had completed the entire replanting of BK1 in 2016. The total replanting expenditure incurred during the financial year under review amounted to RM828,000 (2015:RM 2,147,000) and this expenditure had been charged to the income statement. The Management did not expect further replanting programme in the near future for the Group. The BK1 replanting activities were carried out by reputable and responsible contractors who are familiar with regulations set by the Department of Environment. During the replanting programme, the Management had ensured that good clones are sourced for so as to attain optimal harvesting in the future.

For the financial year under review, the Group's realised CPO was 23 % higher at an average price of RM2,639 per m/t (2015: RM 2,149 per m/t). The average realised palm kernel oil also increased by 63 % to RM2,559 per m/t (2015: RM 1,626 per m/t).

The plantation segment pre-tax profit had increased 84.5 %, that is, from RM3.5 million in the 2015 financial year to RM6.5 million in the current financial year. The favourable commodities prices had helped to improve the profit margin of the oil palm operations.

Apart from managing its own oil palm estates, AA Plantation also provided oil palm estate management services to third parties premised on "Prinsip Islam Al-Mudharabah", an Islamic profit sharing concept. The three estates

MANAGEMENT DISCUSSION & ANALYSIS

PLANTED AREA AS AT 31 DECEMBER 2016			
ESTATE	IMMATURE (Ha)	MATURE (Ha)	TOTAL (Ha)
Bukit Kuin 1	522	178	**700**
Bukit Kuin 2	-	203	**203**
Kertau	13	1,603	**1,616**
Pejing	-	1,143	**1,143**
	535	3,127	**3,662**
Buildings, roads and others			**357**
Total area (in hectare)			**4,019**

AGE PROFILE FOR OIL PALM AS AT 31 DECEMBER 2016		
PALM AGE (Yrs)	PERCENTAGE	AREA (Ha)
Immature	14.6%	535
Young & Prime (4-20 yrs)	10.4%	381
Old (21 yrs & above)	75.0%	2,746
	100.0%	**3,662**

under the management services have a total planted area of 1,316 hectares. The gross management fees earned for the financial year under review was RM1.83 million (2015: RM1.60 million). We have been informed that all these three estates have intended to terminate the respective management agreements in line with their internal restructuring scheme.

The Management will continue to manage all risks inherent to oil palm operations. The Management will be managing key risks relating to shortage of foreign labour and escalating operation costs, including fertiliser cost. The Group is confident that the Management, which are supported by a team of qualified and experience personnel will be able to manage these risks effectively.

The CPO prices had recovered throughout 2016 and peaked at around RM3,200 per m/t in December 2016. However, the CPO prices starts to decrease since January 2017. Nevertheless, the Management anticipates the CPO prices to stabilise within the range of RM2,600 – RM2,800 per m/t for the remaining months of this financial year. Barring any adverse changes in the commodities prices, the Group expects the plantation segment to achieve a higher profit for the financial year 2017.

CONSTRUCTION SEGMENT

The construction arm of the Group is Tasja Sdn Bhd (hereinafter referred to as "Tasja"). Tasja was established in 1990 and registered with the Construction and Development Board as a Grade G7 contractor. It is also a registered "Class A" contractor with the Malaysian Government Contractor Services Centre ("Pusat Khidmat Kontraktor").

In April 2015, Tasja secured a sub-contract for the main infrastructure work at Gambang, Pahang for a contract sum of RM2.0 million. This sub-contract work was completed on time in November 2016 and had generated a gross profit of RM70,600. Apart from this Gambang project, Tasja was not engaged in other construction work during the financial year under review.

In June 2016, arising from the arbitration between Tasja and Kementerian Kesihatan Malaysia ("KKM"), the arbitrator awarded Tasja the sum of RM2,977,417 and agreed cost of RM35,000 with interest of 5% from the date of the award until settlement. This arbitration award relates to a hospital upgrading project which was completed by Tasja in June 2009. As at the date of this report, KKM had yet to pay the arbitration award.

PROPERTY SEGMENT

KuHTP

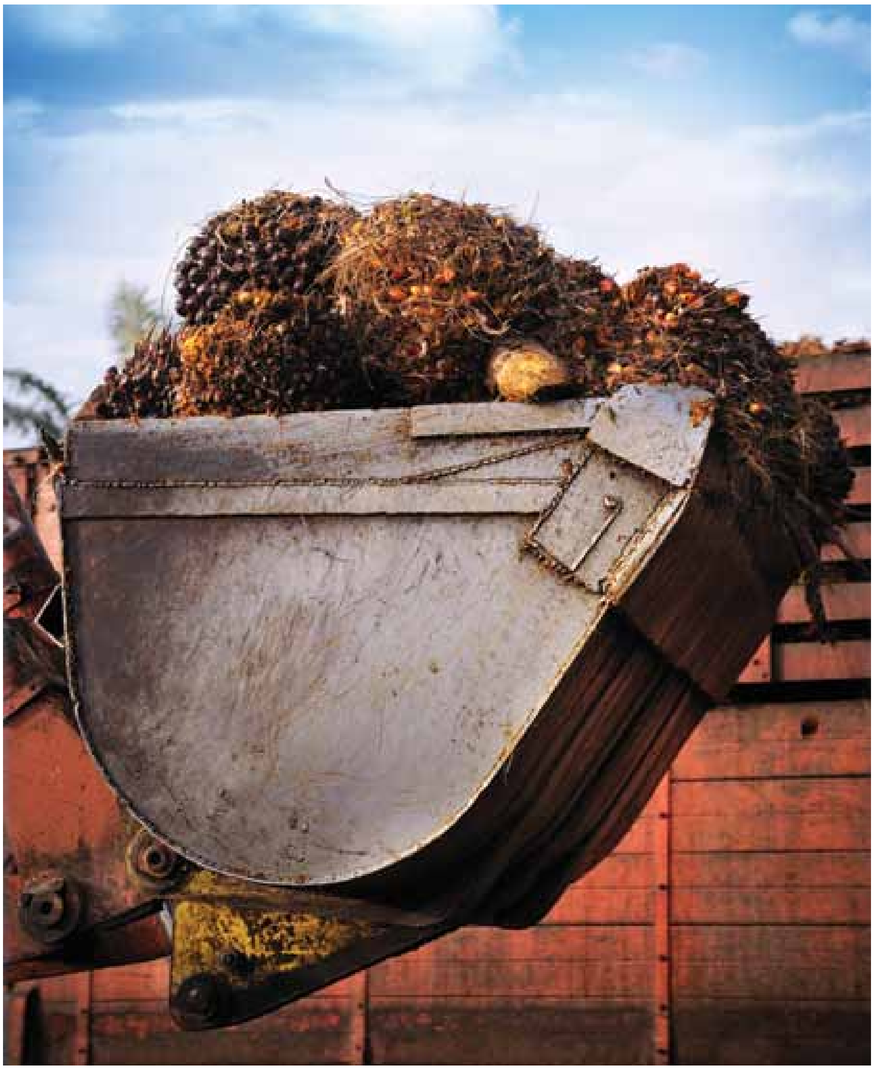
As mentioned earlier, BK1 and BK2 which are located at the outskirt of Kuantan town have been earmarked for the development known as Kuantan Hi-Tech Park ("KuHTP"). The Group has completed acquisition of the 18 plots of main access road lands during this financial year. The Property Management team will continue its efforts to implement and promote KuHTP amidst the current economic slowdown, adverse foreign exchange rate and weak industrial property climate.

Bangsar Land
In November 2014, the Group purchased a freehold land measuring approximately 8,752 square feet located at Bangsar, Kuala Lumpur for a cash consideration of RM7.5 million. The purchase was funded by a RM6.4 million bank loan and internal fund. The Group has obtained a conditional development order for the construction of a three-storey commercial building with a basement carpark and the building is expected to be completed at the end of 2018.

PROSPECTS

Oil palm cultivation will remain the core business activity of Astral Asia Berhad in the near future. The Group's performance in 2017 will likely to be affected by crucial factors such as FFB output, production cost and prices of commodities.

The Management recognises that the Group is a small-size plantation entity. However, armed with a wealth of 34 years of plantation management experience, the Group has targeted to become a mid-size plantation player and has spent considerable time and effort to evaluate quality oil palm plantation and land bank opportunities. The Group believes in the long term prospects of the oil palm industry and this is supported by the increasing demand for palm oil and related products internationally.



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 2016.

SECTION A – THE BOARD OF DIRECTORS

Composition of the Board

As at the date of this Statement, the Board comprises 7 members, 3 Executive Directors and 4 Non-Executive Directors, 3 of whom are Independent Directors. The Independent Directors make up more than 1/3 of the Board membership.

During the financial year under review, there was no change to the size and composition to the Board. The Board which consists of members with a wide range of skills and experiences from financial, business and public services background is capable of leading the Group. The Board composition is assessed through the Nomination Committee.

The Board will continues to give close consideration to its size, composition and spread of experience and expertise to the Group's plantation, construction and property investment and development businesses.

Board Responsibilities

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

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth and profitability of the Company;
- Overseeing the conduct of the Company'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 Company'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

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 Charter of the Company clearly sets out among others, the purpose of the Board, roles and responsibilities of the Board.

At its meeting held in 2016, the positions of an Executive Director and the Deputy Chief Executive Officer had been re-designated to Managing Director and Deputy Managing Director respectively by the Board, through its Nomination Committee.

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

Board Balance (cont'd)

The Board is led by an Independent Non-Executive Chairman. The distinction of responsibilities between the roles of the Chairman and Managing Director which is to ensure the balance of power and authority is also stated in the Board Charter. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall operations of the business and the implementation of Board strategy and policy.

The Managing Director leads the Management team to ensure high level of work efficiency and plans towards profitable growth and operation of the Group. Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.

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.

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.

Independent Directors

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 recommends that the Board may justify and seek shareholders' approval in the event a director is retained as an independent director, a person who has served in that capacity for more than nine (9) years.

During the financial year under review, the Nomination Committee and the Board, having evaluated the annual assessment of Mr Tan En Chong who has served a cumulative term of more than nine (9) years on the Board as Independent Non-Executive Director, satisfied that Mr Tan has fulfilled the criteria of Independent Director set by the Company. 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 an 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.

The Board recommends that Mr Tan En Chong who has served in the capacity of an Independent Director for more than 9 years to continue to serve on the Board without re-designation as Non-Independent Director. In line with the MCCG 2012, shareholders' approval will be sought at the forthcoming 21st Annual General Meeting ("AGM") for Mr Tan En Chong to continue serving the Company as an Independent Director.

Board Meetings and Supply of Information to the Board

The Board is scheduled to meet at least 5 times a year with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice.

During the financial year ended 31 December 2016, 5 meetings of the Board were held. Details of attendance at Board meetings held in the financial year ended 31 December 2016 are as follows:

CORPORATE GOVERNANCE STATEMENT

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

Board Meetings and Supply of Information to the Board (cont'd)

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

The Deputy Managing Director 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 7 days 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.

The Board's deliberation of the issues discussed and conclusions reached is duly recorded in the minutes of meetings which will be circulated to Board members and subsequently confirmed by the Chairman in the next meeting. Chairman of the respective Committees informs the Board at its meetings any salient matters raised at the Committee meetings which require the Board's approval.

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 advices 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 with the approval from the Board or the respective Committees.

Company Secretaries are qualified professionals and they support the Board in carrying out its roles and responsibilities. The Company Secretaries ensure that the Company complies with the relevant statutory and listing requirements.

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 ensures that all regulatory obligations are met.

New Directors are subject to re-election at the AGM, following their first appointment. In addition, re-election of Directors shall take place each year and all Directors shall retire from office every three (3) years but shall be eligible for re-election. This has been consistently practised. This also provides an opportunity for shareholders to renew their mandate. The re-election of each retiring 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 retiring Director standing for re-election are furnished in this Annual Report.

The Board after having evaluated the recommendation of the Nomination Committee decides on the proposed Director's re-election or re-appointment.

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

Appointment, Retirement and Re-Election of Directors (cont'd)

The Board has no immediate plans to implement a gender diversity policy or target as it is of 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 Charter was last reviewed on 23 November 2016 and can be accessed at the Company's website at www.astralasia.com.

The Board will continue to 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.

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 Code of Conduct can be accessed at 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.

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.

CORPORATE GOVERNANCE STATEMENT

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

Nomination Committee (cont'd)

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

The Nomination Committee deliberated the following matters at its meetings:-

(a) Assessed the effectiveness of the Board, Board Committees and the contributions of each individual Directors through a set of questionnaires;

(b) Reviewed the required mix of skills and experience and other core competencies, which Non-Executive Directors should bring to the Board;

(c) Reviewed the profile of Directors retiring at the 20th AGM and recommended the same for re-election by shareholders;

(d) Assessed the independence of Independent Directors based on the criteria of independence adopted by the Company;

(e) Discussed and recommended the re-designation of the Executive Director and the Deputy Chief Executive Officer to Managing Director and Deputy Managing Director respectively; and

(f) Reviewed and recommended the revision of the Board Charter.

The Board recognises 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 2016, all the Directors have attended a training programme conducted by an external training provider on the topic "2017 Tax Budget Briefing & Highlights of New Companies Act 2016". 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.

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

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

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	129,000	1,698,196	-
Non-Executive Directors	84,500	50,050	-

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

Executive Directors

Remuneration	Number
Below RM50,000	1
RM550,001 – RM600,000	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.

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.

All resolutions tabled at general meetings will be carried out by way of poll.

CORPORATE GOVERNANCE STATEMENT

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 30 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 twice a year with the external auditors without the presence of the Executive Board members.

The specific responsibilities of the Audit Committee are set out in its terms of reference and are available at the Company's website at www.astralasia.com.

Risk Management and Internal Control

The Group's Statement on Risk Management and Internal Control furnished on pages 28 and 29 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 invited to attend at least 2 meetings of the Audit Committee a year without the presence of the Executive Directors and Management and are given access to books and records of the Group at all times.

A summary of the activities of the Audit Committee during the financial year end is set out in the Audit Committee Report of this Annual report.

During the financial year, the amount of non-audit fees paid to the external auditors by the Company and the Group respectively were as follows:-

	Audit Fee (RM)	Non-Audit Fee (RM)
Company	24,000.00	5,000.00
Group	95,000.00	5,000.00

The Audit Committee is empowered by the Board to review all issues in relation to the appointment and re-appointment, resignation or dismissal of external auditors. During the financial year, the Board, via the Audit Committee, had assessed and affirmed the independence and suitability of the external auditors to continue in office until close of the upcoming AGM and the Audit Committee had evaluated the external auditors based on review of performance and written assurances from the external auditors as well as discussion with Management on the independence of the external auditors.

The external auditors had confirmed, at an Audit Committee Meeting, that they are and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements.

This statement was approved by the Board of Directors on 23 March 2017.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of AAB was established on 12 February 1998. The principal objective of the AC is to assist the Board of Directors in discharging its duties and responsibilities in the areas of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The specific responsibilities of the AC are set out in its terms of reference and are available at the Company's website at www.astralasia.com.

COMPOSITION AND MEETINGS

The AC consists of three Independent Non-Executive Directors. Mr Ng Kim Keong, the Chairman of the AC is a member of the Malaysian Institute of Accountants ("MIA") whilst Mr Tan En Chong is a Fellow of the Association of Chartered Certified Accountants and also a member of the MIA.

During the financial year ended 31 December 2016, the AC held a total of five (5) meetings. The attendance of the AC members is set out below:-

Members	No. of meetings attended
Mr Ng Kim Keong (Chairman) *Independent Non-Executive Director*	5
Mr Tan En Chong *Independent Non-Executive Director*	5
Tan Sri Dato' Hj Husein bin Ahmad *Independent Non-Executive Director*	3

SUMMARY OF WORK OF THE AC

1. Financial Reporting

Reviewed the following Group financial statements and made recommendation to the Board for approval of the same:-

Date of AC Meetings	Quarterly Results / Financial Statements Reviewed
25 February 2016	Unaudited fourth quarter results for the period ended 31 December 2015
6 April 2016	Unaudited first quarter results for the period ended 31 March 2016
19 May 2016	Audited Financial Statements for the financial year ended 31 December 2015
18 August 2016	Unaudited second quarter results for the period ended 30 June 2016
23 November 2016	Unaudited third quarter results for the period ended 30 September 2016

At the meetings held, the AC reviewed the annual financial statements and quarterly interim results of AAB and the Group before submission to the Board for approval, focusing particularly on:-

(a) Changes in major accounting policies;
(b) Key audit matters;
(c) Significant and unusual events;
(d) Compliance with approved accounting standards and other legal requirements;
(e) Compliance with the Listing Requirements;
(f) Significant and recommendations arising from the audit;
(g) Going concern assumption; and
(h) Major judgmental areas.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AC (CONT'D)

2. External Audit

(a) Reviewed the audit scope, plan and report issued by the external auditors and their evaluation of the system of internal controls and followed up on the implementation of recommendation;

(b) Evaluated the performance of the external auditors and made recommendation to the Board the their re-appointment and audit fee; and

(c) Two private sessions were held with the external auditors without the presence of Management and Executive Directors.

3. Internal Audit

(a) Reviewed the internal audit plan issued by the Internal Auditors to ensure adequate scope and coverage on the activities of the Company and the Group;

(b) Reviewed and deliberated on the reports of audit conducted by the Internal Auditors; and

(c) Appraised the adequacy of actions and remedial measures taken by the Management in solving the audit issues reported and the improvements required.

4. Other Duties

Reviewed the Chairman's statement, Management Discussion and Analysis, AC Report, Statement on Risk Management and Internal Control and Corporate Governance Statement before submitting the same for the Board's approval and inclusion into the Company's Annual Report 2016.

SUMMARY OF WORK OF THE 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 AC 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 AC.

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 2016, the total costs incurred for the Internal Audit function were RM20,140.00.

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.

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 above mentioned 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 2016 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 has implemented a risk management framework to identify, evaluate and manage the significant risks affecting the Group's operations. The Group has also established a Risk Management Committee ("RMC") which comprise of the Deputy Executive Chairman (DEC), Managing 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.

The RMC meets twice a year in addition to the ad-hoc and scheduled meetings both at management and operational levels to deliberate and resolve business, financial and operational risks and/or 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 Managing Director and the 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 23 March 2017.

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 2016 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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 22 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
Profit/(Loss) for the financial year	2,390,632	(10,751,756)
Attributable to:-		
Owners of the Company	4,851	
Non-controlling interest	2,385,781	
	2,390,632	

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 Managing Director)*
Mr. Lim Guan Shiun *(Managing 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)*

Tan En Chong and Ng Kim Keong 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.

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 1.1.2016	**Bonus Issue**	**Sold**	**At 31.12.2016**
Interests in the Company				
Direct interests				
Dato' Lim Kang Poh	32,564,469	146,540,109	-	179,104,578
Tan Sri Dato' Hj Husein Bin Ahmad	510,000	2,295,000	-	2,805,000

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 27 and 30 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.

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.

DIRECTORS' REPORT

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

As approved by the shareholders at the Extraordinary General Meeting held on 28 April 2016, the issued and paid-up share capital of the Company increased from RM23,999,400 to RM131,996,700 during the financial year by the way of bonus issue of 539,986,500 new ordinary shares of RM0.20 each credited as fully paid-up to the shareholders of the Company on the basis of nine (9) bonus shares for every two (2) existing ordinary shares held through capitalisation of RM107,997,300 from the Company's share premium, capital reserve and available-for-sale fair value reserve arising from the revaluation of its investment in subsidiary companies. All the new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

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

OTHER STATUTORY INFORMATION (CONT'D)

(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 liability 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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 37 to the Financial Statements.

DIRECTORS' REPORT

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 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 101 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 102 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 2017

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 43 to 101 and the supplementary information set out on page 102 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 on this 13th day of)
April 2017)

HOON HUI KIT

Before me:

Commissioner for Oaths
S. ARULSAMY
W490

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Astral Asia Berhad, which comprise the statements of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, statements of changes of the Group and the Company in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 43 to 101.

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

Basis of Opinion

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

Independence

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

<u>The risk</u>
The Group has reported revenue of RM25,812,953 as disclosed in Note 25 to the Financial Statements. The revenue of the Group is mainly from the sales of crude palm oil and palm kernel oil extracted from the fresh fruit bunches which is measured at fair value of the consideration of income upon delivery of goods and customers' acceptance, net of discount and sales return. The key associate risk is the significant changes in the price per tonne of the crude palm oil and palm kernel as it fluctuates according to the prices released by the Malaysian Palm Oil Board.

<u>Our response</u>
We have evaluated the computation on the revenue recognised and also the accuracy of the inputs involved in the calculation by vouching to the invoices for total tonnes harvested, recalculation on the total sales of fresh fruit bunches harvested monthly and verifying the market price of crude palm oil and palm kernel to the prices released by the Malaysian Palm Oil Board. We have performed walkthrough on the revenue transactions and assessed the design effectiveness of the relevant control procedures. We have also performed other substantive procedures, transactions testing and analytical procedures to validate the recognition of revenue throughout the financial year.

Based on the procedures performed, we did not identify any material differences on the accuracy of the revenue recorded in the financial year.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (cont'd)

Property, plant and equipment

The risk
As described in Note 4 to the Financial Statements, the Group's carrying amount of property, plant and equipment is RM316,408,607 as at 31 December 2016. Property, plant and equipment measured at cost are depreciated on a straight-line basis over their useful life, in which 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. This estimation however may vary due to change in the expected level of usage, technological developments and environmental exposure. We focused on this area because of its large carrying amount on the face of the statements of financial position and also due the high subjectivity and estimation involved in estimating the useful lives of each assets.

Property, plant and equipment includes leasehold land and buildings which are measured at fair value. The leasehold land and buildings has been valued by an independent professional valuer. There is inherent subjectivity and estimation involved in the valuation process.

Our response
We have referred to companies in similar industry to compare the depreciation rates for each category of assets and recalculated the depreciation charges recognised for the financial year. Apart from that, we have also physically sighted on a sample of property, plant and equipment to ensure its existence and changes in physical conditions due to environmental changes. We have also verified to third party documents for additions and disposal of property, plant and equipment during the financial year. For the assets measured at fair value, we have assessed the qualification and expertise of the valuers and have also obtained independent confirmation from the valuers. The valuation report has been obtained from the valuer. We have performed arithmetic check and have discussed the inputs and assumptions involved in the calculation with the valuers.

Based on the procedures performed, we did not identify any material differences on the carrying amount of the property, plant and equipment recorded in the financial year.

Other income

The risk
Included in other income is an amount of RM3,012,417 arising from its subsidiary, Tasja Sdn. Bhd. with regards to a legal award for the won lawsuit against a third party pertaining to additional cost incurred on a hospital construction work and upgrading process. The key associate risk is the recoverability on the said amount which is recognised as part of other receivables balances in the Group.

Our responses
We have evaluated the recoverability of the other income amount through verification of legal correspondences between the Company and the solicitors with regards to the settlement progress for the abovementioned award.

As a result of our audit procedures, the other income has been appropriately recognised in the current financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

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

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

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 102 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: 02943/05/2019 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
13 April 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 31.12.2016 RM	Group 31.12.2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	316,408,607	315,122,073
Biological assets	5	50,837,000	50,837,000
Investment properties	6	15,500,000	15,500,000
Investment in an associate	7	1,311,540	1,325,599
Total non-current assets		384,057,147	382,784,672
Current assets			
Inventories	8	352,711	452,164
Trade receivables	9	4,367,933	3,464,000
Other receivables	10	4,824,615	3,096,885
Fixed deposits with licensed financial institutions	11	516,339	1,016,339
Cash and bank balances		3,498,941	14,269,014
Total current assets		13,560,539	22,298,402
Total assets		397,617,686	405,083,074
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company:			
Share capital	12	131,996,700	23,999,400
Share premium	12	-	1,333,300
Capital reserve	13	-	22,726,257
Revaluation reserve	14	145,086,946	143,951,651
Available-for-sale fair value reserve	15	(84,413,761)	-
Retained earnings		11,681,138	11,676,287
		204,351,023	203,686,895
Non-controlling interest		94,000,740	92,858,999
Total equity		298,351,763	296,545,894

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 (CONT'D)

	Note	Group 31.12.2016 RM	Group 31.12.2015 RM
LIABILITIES			
Non-current liabilities			
Borrowings	16	13,584,726	19,925,467
Finance lease payables	17	654,026	587,081
Deferred taxation	18	73,381,752	75,360,652
Total non-current liabilities		87,620,504	95,873,200
Current liabilities			
Trade payables	19	1,213,674	876,104
Other payables	20	6,095,427	7,284,364
Amount due to an associate	21	565,195	565,195
Dividend payable		1,050,021	1,575,021
Borrowings	16	993,123	1,133,579
Finance lease payables	17	696,089	695,700
Tax payable		1,031,890	534,017
Total current liabilities		11,645,419	12,663,980
Total liabilities		99,265,923	108,537,180
Total equity and liabilities		397,617,686	405,083,074

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (CONT'D)

	Note	Company 31.12.2016 RM	Company 31.12.2015 RM (Restated)	Company 1.1.2015 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	4	-	-	-
Investment in subsidiaries	22	185,540,000	176,770,000	180,401,000
Total non-current assets		185,540,000	176,770,000	180,401,000
Current assets				
Other receivables	10	1,000	1,000	1,000
Amount due from subsidiaries	23	10,220,784	18,254,333	18,362,419
Dividend receivable		1,950,000	2,925,000	1,950,000
Tax recoverable		39,571	39,571	39,571
Cash and bank balances		160,538	1,018,463	22,151
Total current assets		12,371,893	22,238,367	20,375,141
Total assets		197,911,893	199,008,367	200,776,141
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company:				
Share capital	12	131,996,700	23,999,400	119,997,000
Share premium		-	1,333,300	1,333,300
Capital reserve	13	-	22,726,257	-
Available-for-sale fair value reserve	15	78,459,659	156,656,420	154,194,689
Accumulated losses		(16,610,315)	(5,858,559)	(74,778,869)
Total equity		193,846,044	198,856,818	200,746,120
LIABILITIES				
Current liabilities				
Other payables	20	65,828	151,528	30,000
Amount due to a subsidiary	24	4,000,000	-	-
Dividend payable		21	21	21
Total current liabilities		4,065,849	151,549	30,021
Total liabilities		4,065,849	151,549	30,021
Total equity and liabilities		197,911,893	199,008,367	200,776,141

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 2016

		Group		Company	
	Note	**2016 RM**	**2015 RM**	**2016 RM**	**2015 RM (Restated)**
Revenue	25	25,812,953	24,584,113	3,900,000	3,900,000
Cost of sales	26	(17,050,466)	(18,080,048)	-	-
Gross profit		8,762,487	6,504,065	3,900,000	3,900,000
Other income		3,306,454	1,835,275	-	-
Administration expenses		(9,091,049)	(10,642,326)	(220,757)	(649,640)
Other expenses		(43,938)	(185,012)	(14,430,999)	(7,601,393)
Finance costs		(855,197)	(406,401)	-	-
Share of loss in associate		(14,059)	(36,949)	-	-
Profit/(Loss) before tax	27	2,064,698	(2,931,348)	(10,751,756)	(4,351,033)
Tax income/(expense)	28	325,934	(2,186,294)	-	-
Profit/(Loss) for the financial year		2,390,632	(5,117,642)	(10,751,756)	(4,351,033)
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		1,991,255	7,176,209	-	-
Income that will be reclassified subsequently to profit or loss					
Fair value changes of investment in subsidiaries		-	-	6,217,000	2,461,731
Other comprehensive income for the financial year		1,991,255	7,176,209	6,217,000	2,461,731
Total comprehensive income/(loss) for the financial year		4,381,887	2,058,567	(4,534,756)	(1,889,302)
Profit/(Loss) for the financial year attributable to:-					
Owners of the Company		4,851	(5,449,807)		
Non-controlling interest		2,385,781	332,165		
		2,390,632	(5,117,642)		
Total comprehensive income attributable to:-					
Owners of the Company		1,140,146	(1,926,994)		
Non-controlling interest		3,241,741	3,985,561		
		4,381,887	2,058,567		
Basic loss per share attributable to owners of the Company (sen)	29	0.00	(0.83)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Available-for-sales fair value reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interest RM	Total equity RM
	Attributable to owners of the Company								
	Non-distributable								
Balance at 1 January 2015	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)
Profit 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
Transactions with owners:-									
Issuance of bonus shares	107,997,300	(857,282)	(22,726,257)	-	(84,413,761)	-	-	-	-
Share issuance expenses	-	(476,018)	-	-	-	-	(476,018)	-	(476,018)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(2,100,000)	(2,100,000)
Total transactions with owners	107,997,300	(1,333,300)	(22,726,257)	-	(84,413,761)	-	(476,018)	(2,100,000)	(2,576,018)
Profit for the financial year	-	-	-	-	-	4,851	4,851	2,385,781	2,390,632
Other comprehensive income for the financial year									
Revaluation of leasehold land and buildings and biological assets, net of tax	-	-	-	1,135,295	-	-	1,135,295	855,960	1,991,255
Total comprehensive income for the financial year	-	-	-	1,135,295	-	4,851	1,140,146	3,241,741	4,381,887
Balance at 31 December 2016	131,996,700	-	-	145,086,946	(84,413,761)	11,681,138	204,351,023	94,000,740	298,351,763

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Share capital RM	Share premium RM	Capital reserves RM	Available for sales fair value reserve RM	Accumulated losses RM	Total RM
	← Non-distributable			→	Distributable	
Balance at 1 January 2015, as previously stated	119,997,000	1,333,300	-	-	(73,271,343)	48,058,957
Effect changes in accounting policies						
Fair value changes of investment in subsidiaries	-	-	-	154,194,689	(1,507,526)	152,687,163
Balance at 1 January 2015, restated	119,997,000	1,333,300	-	154,194,689	(74,778,869)	200,746,120
Transaction with owners:-						
Par value reduction	(95,997,600)	-	22,726,257	-	73,271,343	-
Loss for the financial year	-	-	-	-	(4,351,033)	(4,351,033)
Other comprehensive income for the financial year						
Fair value changes of investment in subsidiaries	-	-	-	2,461,731	-	2,461,731
Total comprehensive loss for financial year	**-**	**-**	**-**	**2,461,731**	**(4,351,033)**	**(1,889,302)**
Balance at 31 December 2015, restated	**23,999,400**	**1,333,300**	**22,726,257**	**156,656,420**	**(5,858,559)**	**198,856,818**
Transaction with owners:-						
Issuance of shares during the financial year	107,997,300	(857,282)	(22,726,257)	(84,413,761)	-	-
Share issuance expenses	-	(476,018)	-	-	-	(476,018)
Total transactions with owners	107,997,300	(1,333,300)	(22,726,257)	(84,413,761)	-	(476,018)
Loss for the financial year	-	-	-	-	(10,751,756)	(10,751,756)
Other comprehensive income for the financial year						
Fair value changes of investment in subsidiaries	-	-	-	6,217,000	-	6,217,000
Total comprehensive loss for financial year	-	-	-	6,217,000	(10,751,756)	(4,534,756)
Balance at 31 December 2016	131,996,700	-	-	78,459,659	(16,610,315)	193,846,044

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		2,064,698	(2,931,348)	(10,751,756)	(4,351,033)
Adjustments for:-					
Depreciation of property, plant and equipment		5,200,316	5,181,959	-	-
Dividend income		-	-	(3,900,000)	(3,900,000)
Gain on disposal of property, plant and equipment		(162,069)	(24,000)	-	-
Fair value loss of investment properties		-	904,667	-	-
Interest expense		855,197	406,401	-	-
Interest income		(46,188)	(107,039)	-	-
Write off of amount due from a subsidiary		-	-	10,000,000	-
Impairment loss on other receivables		305,307	-	-	-
Impairment loss on investment in subsidiaries		-	-	1,447,000	6,092,731
Share of loss in associate		14,059	36,949	-	-
Impairment loss on amount due from subsidiaries		-	-	2,983,999	1,508,662
Reversal of impairment loss on trade receivables		(19,000)	(15,000)	-	-
Operating profit/(loss) before working capital changes		8,212,320	3,452,589	(220,757)	(649,640)
Changes in working capital:-					
Amount due from subsidiaries		-	-	(950,450)	(2,375,576)
Inventories		99,453	(102,131)	-	-
Receivables		(2,917,970)	427,840	975,000	-
Payables		(844,407)	(71,214)	(85,700)	121,528
Cash generated from/(used in) operations		4,549,396	3,707,084	(281,907)	(2,903,688)
Tax paid		(1,917,744)	(1,602,676)	-	-
Net cash from/(used in) operating activities		2,631,652	2,104,408	(281,907)	(2,903,688)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		-	-	3,900,000	3,900,000
Interest received		46,188	107,039	-	-
Proceeds from disposal of property, plant and equipment		168,989	24,000	-	-
Purchase of property, plant and equipment	A	(2,850,806)	(8,426,133)	-	-
Purchase of biological assets		(63,018)	(94,055)	-	-
Investment in a subsidiary		-	-	(4,000,000)	-
Net cash (used in)/from investing activities		(2,698,647)	(8,389,149)	(100,000)	3,900,000

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interest		(2,625,000)	(1,575,000)	-	-
Interest paid		(855,197)	(406,401)	-	-
Repayment of finance lease payables		(765,666)	(613,429)	-	-
Repayment of term loan		(6,481,197)	(2,153,653)	-	-
Drawndown of term loan		-	6,375,000	-	-
Share issuance expenses		(476,018)	-	(476,018)	-
Net cash (used in)/from financing activities		(11,203,078)	1,626,517	(476,018)	-
CASH AND CASH EQUIVALENTS					
Net changes		(11,270,073)	(4,658,224)	(857,925)	996,312
Brought forward		15,285,353	19,943,577	1,018,463	22,151
Carried forward	B	4,015,280	15,285,353	160,538	1,018,463

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2016 RM	Group 2015 RM
Property, plant and equipment were acquired by the following means:-		
Finance lease	833,000	735,596
Cash payments	2,850,806	8,426,133
	3,683,806	9,161,729

B. CASH AND CASH EQUIVALENTS

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

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Fixed deposits with licensed financial institutions	516,339	1,016,339	-	-
Cash and bank balances	3,498,941	14,269,014	160,538	1,018,463
	4,015,280	15,285,353	160,538	1,018,463

As disclosed in Note 11 to the Financial Statements, certain fixed deposits totalling RM2,500 (2015: RM2,500) have been pledged to financial institutions for guarantee facilities granted to subsidiaries and hence, are not available for general use.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 22 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 2017.

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 Change in Accounting Policy

Prior to the change in accounting policy, the Company adopted the cost model to measure the investment in subsidiary. It is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sales or distribution. Upon the disposal of investment in a subsidiary, the difference between the net disposal and its carrying amount is included in profit or loss.

During the financial year, the Company changed its accounting policy to adopt the fair value model to measure its investment in subsidiary in accordance with FRS 139 Financial Instruments: Recognition and Measurement. FRS 127 Separate Financial Statements permits a holding company to measure its investment in subsidiary in the separate financial statements either at cost or at fair value. Under the fair value model, the investment in subsidiary is stated at fair value subsequent to the initial recognition.

Gains and losses are recognised in other comprehensive income and reported within the available-for-sale fair value reserve within equity, except for impairment losses which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

The impact of this voluntary change in accounting policy on the Company's separate financial statements is primarily on the increase of the carrying amount of investment in subsidiary and equity reserve in the Statement of Financial Position.

The change in accounting policy will result to a more fair, reliable and relevant financial statements. The fair value measurement of the investment in subsidiary will be more reflective of the market value of the subsidiary that could be exchanged between knowledgeable and willing parties in an arm's length transaction.

2. BASIS OF PREPARATION (CONT'D)

2.2 Change in Accounting Policy (cont'd)

The change in the accounting policy has been applied retrospectively and the impact on the current year and the comparative figures are disclosed in Note 36 to the Financial Statements.

The change in accounting policy does not have any financial impact to the consolidated financial statements.

2.3 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for investment in subsidiaries, certain properties and biological assets 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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

2.4 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. BASIS OF PREPARATION (CONT'D)

2.5 Adoption of Amendments/Improvements to FRSs

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/improvements to FRSs which are mandatory for the financial periods beginning on or after 1 January 2016.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements.

2.6 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 MASB but are not yet effective for the Group and the Company:

Amendments to FRS effective 1 January 2017:

Amendments to FRS 107 Statements of Cash Flows: Disclosure Initiatives
Amendments to FRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12 Disclosures of Interests in Other Entities (under Annual Improvements to FRS Standards 2014-2016 Cycle)

FRS, Amendments to FRS and IC Interpretation effective 1 January 2018:

Amendments to FRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
Amendments to FRS 4 Insurance Contracts: Applying FRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to FRS 140 Investment Property: Transfers of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to FRS 12 Disclosures of Interests in Other Entities)
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to FRSs - effective date deferred indefinitely

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

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. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards Issued But Not Yet Effective (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 (cont'd):

FRS 9 Financial Instruments (cont'd)

The Group plans to adopt the new standards on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of FRS 9. This preliminary assessment is based on currently available information and may subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its Statement of Financial Position and equity except of applying the impairment requirements of FRS 9.

i. Classification and measurement of financial assets

FRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

FRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Under FRS 9, derivative embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on the preliminary assessment, the Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of FRS 9. Listed securities, debentures and equity instruments currently held as available-for-sale with gains and losses recorded in other comprehensive income (OCI) will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The available-for-sales (AFS) reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under FRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of FRS 9 would not have a significant impact. If the Group was not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under FRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under FRS 9.

ii. Impairment of financial assets

FRS 9 replaces the 'incurred loss' model in MFRS 139 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards Issued But Not Yet Effective (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 (cont'd):

FRS 9 Financial Instruments (cont'd)

ii. Impairment of financial assets (cont'd)

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

FRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

iii. Classification of financial liabilities

FRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities.

However, under FRS 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under FRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and the Group has no current intention to do so. The Group's preliminary assessment did not indicate any material impact if FRS 9's requirements regarding the classification of financial liabilities is applied.

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards Issued But Not Yet Effective (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 (cont'd):

FRS 9 Financial Instruments (cont'd)

iv. Disclosures

FRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

v. Transition

Changes in accounting policies resulting from the adoption of FRS 9 will generally be applied retrospectively, except as described below:

- The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.
- New hedge accounting requirements should be applied prospectively.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

The designation of certain investments in equity instruments not held for trading as at FVOCI.

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 the Company have 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.

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards Issued But Not Yet Effective (cont'd)

Malaysian Financial Reporting Standards (MFRSs) (cont'd)

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

The Group and the Company have not completed their 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 2016 could be different if prepared under the MFRS Framework.

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

2.7 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.

2.7.1 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 their 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 2016.

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 2016, 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.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant Accounting Estimates and Judgements (cont'd)

2.7.1 Estimation uncertainty (cont'd)

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 as at the reporting date is disclosed in Note 8 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.

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 9, 10 and 23 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's and the Company's profit for the financial year.

2.7.2 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.

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant Accounting Estimates and Judgements (cont'd)

2.7.2 Significant management judgement (cont'd)

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.

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, unless otherwise stated.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

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.

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 unutilised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment (cont'd)

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%
Road and infrastructure	2%

The residual values, useful lives 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 fair value in the Company's financial position.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

In the prior years, the Company adopted the cost model to measure the investment in subsidiary, as stated in Note 2.2 to the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 decrease 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Investment 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 investment 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.

3.7 Financial Instruments

3.7.1 <u>Initial recognition and measurement</u>

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 <u>Financial assets - categorisation and subsequent measurement</u>

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial assets - categorisation and subsequent measurement (cont'd)

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 and available-for-sale investments 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.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated to this category or do not inclusion in any of other categories of financial assets. The Group's available-for-sale investments comprises investment in unquoted shares.

Available-for-sale investments are measured at fair value subsequent to the initial recognition. Gains and losses are recognised in other comprehensive income and reported to available-for-sale fair value reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Investment in equity instruments are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.3 Financial liabilities - categorisation and subsequent measurement (cont'd)

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, amount due to an associate, finance lease payables and borrowings.

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.

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 as at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Construction Contracts (cont'd)

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 or 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 asset 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of Assets (cont'd)

3.12.1 Financial assets (cont'd)

Available-for-sale financial assets

For available-for-sale financial assets, the Group and the Company assess at each reporting period whether there is objective evidence that an investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss.

Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

The available-for-sale fair value reserve within equity comprises gains and losses due to the valuation of investment in subsidiaries.

Retained earnings include all current and prior period retained profits.

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.

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) the entity is an associate or joint venture of the Group.
(iii) both the Group and the entity are joint ventures of the same third party.
(iv) the Group is a joint venture of a third entity and the other entity is an associate of the same 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 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

Group	At valuation Freehold land RM	Leasehold land RM	Buildings RM	Freehold land and building RM	At cost Freehold land RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Road and infrastructure RM	Capital work-in-progress RM	Total RM
Cost or valuation											
At 1 January 2015	-	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 from 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
Additions	907,500	-	421,270	-	-	17,860	943,899	57,965	1,330,400	4,912	3,683,806
Revaluations	(507,500)	3,618,846	(301,382)	-	-	-	-	-	-	-	2,809,964
Disposals	-	-	-	-	-	-	(1,297,939)	(2,998)	-	-	(1,300,937)
Reclassification	-	-	-	-	-	14,228	29,244	-	-	(43,472)	-
At 31 December 2016	8,500,000	308,922,442	8,988,911	4,504,207	65,000	8,730,694	9,731,139	3,292,252	1,330,400	1,001,620	355,066,665
Accumulated depreciation											
At 1 January 2015	-	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
Charge for the financial year	-	3,828,644	59,888	-	-	84,645	958,251	69,434	-	199,454	5,200,316
Disposals	-	-	-	-	-	-	(1,293,767)	(250)	-	-	(1,294,017)
At 31 December 2016	-	16,917,050	2,592,071	164,047	-	8,661,540	6,985,232	2,959,185	-	378,933	38,658,058
Net carrying amount											
At 31 December 2016	8,500,000	292,005,392	6,396,840	4,340,160	65,000	69,154	2,745,907	333,067	1,330,400	622,687	316,408,607
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

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

Company	**Office equipment RM**
Cost	
At 1 January 2015/31 December 2015/2016	5,330
Accumulated depreciation	
At 1 January 2015/31 December 2015/2016	(5,330)
Net carrying amount	
At 31 December 2015/2016	-

(a) Buildings and leasehold land of the Group were revalued by First Pacific Valuers Property Consultants Sdn. Bhd. (31.12.2015: First Pacific Valuers Property Consultants 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 by First Pacific Valuers Property Consultants Sdn. Bhd. (31.12.2015: First Pacific Valuers Property Consultants 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 RM574,224 (31.12.2015: RM617,223).

(d) Had the leasehold land been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM34,987,680 (31.12.2015: RM35,357,920).

(e) Had the freehold land and building been stated at cost less accumulated depreciation, the net carrying amount would have been RM6,760,359 (31.12.2015: RM6,924,406).

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 RM8,407,500 (31.12.2015: RM7,500,000).

(g) The net carrying amount of property, plant and equipment of the Group which are acquired under finance lease arrangements amounted to RM1,406,242 (31.12.2015: RM2,228,688).

(h) Leasehold land of the Group with a net carrying amount of RM198,830,000 (31.12.2015: RM198,830,000) 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 (31.12.2015: RM172,325,680) 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.

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	
	31.12.2016	31.12.2015
At valuation	RM	RM
Brought forward	50,837,000	50,839,970
Increase due to expenses capitalised	63,018	94,055
Revaluation deficit	(63,018)	(97,025)
Carried forward	50,837,000	50,837,000

The biological assets were revalued by First Pacific Valuers Property Consultants Sdn. Bhd. (31.12.2015: First Pacific Valuers Property Consultants 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 RM29,215,143 (31.12.2015: RM29,152,125).

The biological assets with a net carrying amount of RM33,735,023 (31.12.2015: RM33,735,023) were pledged as a security for overdraft facilities granted to a subsidiary.

6. INVESTMENT PROPERTIES

	Group	
	31.12.2016	31.12.2015
At valuation	RM	RM
Brought forward	15,500,000	-
Revaluation deficit	-	(904,667)
Transferred from property, plant and equipment	-	16,404,667
Carried forward	15,500,000	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. (31.12.2015: First Pacific Valuers Property Consultants Sdn. Bhd.), a registered valuer using comparison method in arriving at the market value.

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

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

6. INVESTMENTS PROPERTIES (CONT'D)

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 AN ASSOCIATE

	Group	
	31.12.2016 RM	**31.12.2015 RM**
Unquoted shares, at cost	2,450,000	2,450,000
Share of post-acquisition loss	(1,138,460)	(1,124,401)
	1,311,540	1,325,599

Details of the associate are as follows:-

Name of company	Place of incorporation	Effective interest 31.12.2016 %	Effective interest 31.12.2015 %	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:-

	31.12.2016 RM	**31.12.2015 RM**
Financial position as at 31 December		
Non-current assets	3,170,655	3,244,715
Current assets	790,662	787,998
Current liabilities	(1,283,181)	(1,325,885)
Net assets	2,678,136	2,706,828
Summary of financial performance for the financial year ended 31 December		
Loss for the financial year/Total comprehensive loss for the financial year	28,692	75,407

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

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 (cont'd):-

	31.12.2016 RM	31.12.2015 RM
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	1,334,466	1,348,525
Negative goodwill	(22,926)	(22,926)
Carrying amount in the statement of financial position	1,311,540	1,325,599
Group's share of results for the financial year ended 31 December		
Group's share of loss/total comprehensive loss	14,059	36,949

8. INVENTORIES

	Group 31.12.2016 RM	 31.12.2015 RM
Materials and stores	352,711	452,164

9. TRADE RECEIVABLES

	Group 31.12.2016 RM	 31.12.2015 RM
Trade receivables	5,184,770	4,299,837
Less: Impairment losses	(816,837)	(835,837)
	4,367,933	3,464,000

The movement of impairment losses is as follow:-

	Group 31.12.2016 RM	 31.12.2015 RM
Brought forward	835,837	850,837
Reversal during the financial year	(19,000)	(15,000)
Carried forward	816,837	835,837

The normal credit terms granted by the Group to the trade receivables range from 30 to 60 (31.12.2015: 30 to 60) days.

The impairment loss on trade receivables was reversed during the financial year as a result of subsequent receipts of the amount.

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10. OTHER RECEIVABLES

	Group		Company		
	31.12.2016 RM	31.12.2015 RM	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Non-trade receivables	6,159,499	3,312,104	5,303	5,303	5,303
Deposits	207,581	262,262	1,000	1,000	1,000
Less: Impairment losses	(1,820,628)	(1,518,657)	(5,303)	(5,303)	(5,303)
	4,546,452	2,055,709	1,000	1,000	1,000
Prepayments	278,163	1,041,176	-	-	-
	4,824,615	3,096,885	1,000	1,000	1,000

Included in prepayment is an amount of RMNil (31.12.2015: RM1,041,176) 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		
	31.12.2016 RM	31.12.2015 RM	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Brought forward	1,518,657	1,518,657	5,303	5,303	5,303
Impairment loss recognised	305,307	-	-	-	-
Impairment loss written off	(3,336)	-	-	-	-
Carried forward	1,820,628	1,518,657	5,303	5,303	5,303

11. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group

The fixed deposits with licensed financial institutions amounted to RM2,500 (31.12.2015: RM2,500) are pledged for the guarantee facilities granted to subsidiaries.

The interest rate of fixed deposits with licensed financial institutions range is 3.25% (31.12.2015: 3.15%) per annum.

12. SHARE CAPITAL

	Group and Company		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 # RM
Authorised:-			
750,000,000 ordinary shares of RM0.20 each	150,000,000	150,000,000	150,000,000

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12. SHARE CAPITAL (CONT'D)

	Group and Company No. of ordinary shares of RM0.20 each			Group and Company Amount		
	31.12.2016	31.12.2015	1.1.2015 #	31.12.2016	31.12.2015	1.1.2015 #
Issued and fully paid:-						
Brought forward	119,997,000	119,997,000	119,997,000	23,999,400	119,997,000	119,997,000
Par value reduction	-	-	-	-	(95,997,600)	-
Bonus issued during the year	539,986,500	-	-	107,997,300	-	-
Carried forward	659,983,500	119,997,000	119,997,000	131,996,700	23,999,400	119,997,000

Represent ordinary shares of RM1 each.

In the previous 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.

During the financial year, the Company via its shareholders at the Extraordinary General Meeting approved the issued and paid-up share capital of the Company increased from RM23,999,400 to RM131,996,700 by the way of bonus issue of 539,986,500 new ordinary shares of RM0.20 each credited as fully paid-up to the shareholders of the Company on the basis of nine (9) bonus shares for every two (2) existing ordinary shares held through capitalisation of RM107,997,300 from the Company's share premium, capital reserve and available-for-sale fair value reserve arising from the revaluation of its subsidiary companies. All the new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

13. CAPITAL RESERVE

	Group and Company		
	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Brought forward	22,726,257	-	-
Arising from capital reduction	-	22,726,257	-
Issuance of bonus shares during the financial year	(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 existing ordinary shares of RM1.00 each to RM0.20 each in the Company.

14. REVALUATION RESERVE

	Group	
	31.12.2016 RM	31.12.2015 RM
Brought forward	143,951,651	140,428,838
Arising from revaluation of leasehold land and buildings and biological assets	1,135,295	3,522,813
Carried forward	145,086,946	143,951,651

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.

15. AVAILABLE-FOR-SALE FAIR VALUE RESERVE

	Group		Company		
	31.12.2016 RM	31.12.2015 RM	31.12.2016 RM	31.12.2015 RM (Restated)	1.1.2015 RM (Restated)
Brought forward	-	-	156,656,420	154,194,689	-
Arising from revaluation of investment in subsidiaries	-	-	6,217,000	2,461,731	154,194,689
Issuance of bonus shares	(84,413,761)	-	(84,413,761)	-	-
Carried forward	(84,413,761)	-	78,459,659	156,656,420	154,194,689

Available-for-sale fair value reserve represents the cumulative fair value changes of available-for-sale equity instruments until they are disposed or impaired.

16. BORROWINGS

	Group	
	31.12.2016 RM	31.12.2015 RM
Secured:		
Term loan 1	14,481,509	15,404,975
Term loan 2	96,340	5,654,071
	14,577,849	21,059,046

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16. BORROWINGS (CONT'D)

The term loan is repayable as follows:

	Group 31.12.2016 RM	Group 31.12.2015 RM
Within 1 year	993,123	1,133,579
More than 1 year but less than 2 years	957,722	1,194,519
More than 2 years but less than 5 years	3,238,801	3,949,192
More than 5 years	9,388,203	14,781,756
	13,584,726	19,925,467
	14,577,849	21,059,046

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

	Group 31.12.2016 %	Group 31.12.2015 %
Term loan	4.60 – 8.85	4.60 – 8.85

Term loan 1 is repayable over 180 monthly installments of RM137,465 each commencing after 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.

17. FINANCE LEASE PAYABLES

	Group 31.12.2016 RM	Group 31.12.2015 RM
Minimum lease payments		
- not later than 1 year	748,165	750,533
- later than 1 year but not later than 2 years	691,818	430,857
- later than 2 years but not later than 5 years	-	194,750
	1,439,983	1,376,140
Less : Future finance charges on finance lease	(89,868)	(93,359)
Present value of finance lease payables	1,350,115	1,282,781
- not later than 1 year	696,089	695,700
- later than 1 year but not later than 2 years	654,026	446,814
- later than 2 years but not later than 5 years	-	140,267
	654,026	587,081
	1,350,115	1,282,781

The finance lease payables bear interest at rates ranging from 2.39% to 3.20% (31.12.2015: 2.38% to 3.25%) per annum.

18. DEFERRED TAXATION

	Group	
	31.12.2016 RM	31.12.2015 RM
Deferred tax liabilities		
Brought forward	75,360,652	73,197,600
Recognised in profit or loss	(2,734,591)	264,000
Revaluation of leasehold land and buildings and biological assets	755,691	1,899,052
Carried forward	73,381,752	75,360,652
Carrying amount of qualifying property, plant and equipment in excess of their tax base	7,441,857	6,845,519
Revaluation of leasehold land and buildings and biological assets	65,939,895	68,515,133
	73,381,752	75,360,652

Deferred tax assets

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

	Group	
	31.12.2016 RM	31.12.2015 RM
Unabsorbed capital allowances	1,555,000	1,467,000
Unutilised tax losses	105,217,000	100,641,000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(323,000)	(353,000)
	106,449,000	101,755,000

The potential deferred tax assets of the Group have 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.

19. TRADE PAYABLES

Group

Included in trade payables is retention sums on contracts amounted to RM336,282 (31.12.2015: RM336,282).

The normal credit terms granted by the trade payables range from 30 to 60 (31.12.2015: 30 to 60) days.

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20. OTHER PAYABLES

	Group		Company		
	31.12.2016 RM	31.12.2015 RM	31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Non-trade payables	1,828,749	2,080,271	-	-	30,000
Accrual of expenses	972,547	1,529,568	65,828	151,528	-
Deposit received	595,905	599,236	-	-	-
Amount due to a corporate shareholder	2,698,226	3,075,289	-	-	-
	6,095,427	7,284,364	65,828	151,528	30,000

Corporate shareholder refers to Perbadanan Kemajuan Pertanian Negeri Pahang, who is a shareholder of the Company and a minority shareholder of a subsidiary, Astral Asia Plantation Sdn. Bhd. (formerly known as Syarikat Ladang LKPP Sendirian Berhad).

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

21. AMOUNT DUE TO AN ASSOCIATE

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

22. INVESTMENT IN SUBSIDIARIES

	Company		
	31.12.2016 RM	31.12.2015 RM (Restated)	1.1.2015 RM (Restated)
Unquoted shares, at fair value	185,540,000	176,770,000	180,401,000

The particulars of the subsidiaries are as follows:-

Name of company	Place of incorporation	Effective interest 31.12.2016 %	Effective interest 31.12.2015 %	Effective interest 1.1.2015 %	Principal activities
1. Tasja Sdn. Bhd.	Malaysia	100	100	100	Civil engineering and building construction
2. TAA Piling and Geotechnical Sdn. Bhd.	Malaysia	100	100	100	Dormant
3. PTJ Concrete Products Sdn. Bhd.	Malaysia	100	100	100	Dormant
4. Astral Plantation Sdn. Bhd.	Malaysia	100	100	100	Dormant
5. Tasja Development Sdn. Bhd.	Malaysia	100	100	100	Property development

22. INVESTMENT IN SUBSIDIARIES (CONT'D)

The particulars of the subsidiaries are as follows (cont'd):-

Name of company	Place of incorporation	Effective interest 31.12.2016 %	31.12.2015 %	1.1.2015 %	Principal activities
6. Woodland Water Sdn. Bhd.	Malaysia	100	100	100	Dormant
7. Tasja Properties Sdn. Bhd.	Malaysia	100	100	100	Properties investment
8. Astral Asia Plantation Sdn. Bhd. (formerly known as Syarikat Ladang LKPP Sendirian Berhad)	Malaysia	65	65	65	Operations of oil palm estates and provision of estates management
Subsidiary of Astral Asia Plantation Sdn. Bhd. (Formerly known as Syarikat Ladang LKPP Sendirian Berhad)**:-**					
9. Astral Asia Management Sdn. Bhd. (formerly known as SLKPP Management Sdn. Bhd.)	Malaysia	100	100	100	Dormant

All subsidiaries are audited by SJ Grant Thornton.

23. AMOUNT DUE FROM SUBSIDIARIES

	Company 31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Amount due from subsidiaries	14,713,445	19,762,995	18,362,419
Less: Impairment losses	(4,492,661)	(1,508,662)	-
	10,220,784	18,254,333	18,362,419

The movement of impairment losses is as follows:-

	Company 31.12.2016 RM	31.12.2015 RM	1.1.2015 RM
Brought forward	1,508,662	-	-
Impairment loss recognised	2,983,999	1,508,662	-
Carried forward	4,492,661	1,508,662	-

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

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24. AMOUNT DUE TO A SUBSIDIARY

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

25. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Gross dividends from subsidiary	-	-	3,900,000	3,900,000
Revenue from operations of oil palm estates	23,923,587	23,170,790	-	-
Contract revenue from civil engineering and building works	1,168,812	353,713	-	-
Rental income	720,554	1,059,610	-	-
	25,812,953	24,584,113	3,900,000	3,900,000

26. COST OF SALES

	Group	
	2016 RM	2015 RM
Cost of oil palm produce	11,690,576	13,461,977
Construction contract costs	5,007,251	4,249,080
Insurance	7,872	7,872
Maintenance	277,372	293,724
Quit rent & assessment	67,395	67,395
	17,050,466	18,080,048

27. PROFIT BEFORE TAX

Profit before tax has been determined:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM (Restated)
After charging:-				
Auditors' remuneration				
- statutory	95,000	93,000	24,000	22,500
- over provision in prior year	(500)	-	(500)	-
- non-statutory	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	5,200,316	5,181,959	-	-
Directors' remuneration (Note 30)				
Executive:				
- fee	129,000	320,000	117,000	108,000
- emoluments	1,698,196	1,708,154	-	-

27. PROFIT BEFORE TAX (CONT'D)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM (Restated)
After charging (cont'd):-				
Non-executive:				
- fee	84,500	124,000	84,500	74,000
- emoluments	50,050	49,700	50,050	46,200
Interest expense				
- finance lease	67,821	58,895	-	-
- bank overdraft	127,401	164,800	-	-
- term loan	659,975	182,706	-	-
Lease rental	375,791	375,791	-	-
Impairment loss on other receivables	305,307	-	-	-
Impairment loss on investment in subsidiaries	-	-	1,447,000	6,092,731
Impairment losses on amount due from subsidiaries	-	-	2,983,999	1,508,662
Fair value loss of investment properties	-	904,667	-	-
Share of loss in associate	14,059	36,949	-	-
Rental of premises	242,784	222,552	668	-
Write off of amount due from a subsidiary	-	-	10,000,000	-
After crediting:-				
Gain on disposal of property, plant and equipment	(162,069)	(24,000)	-	-
Interest income				
- fixed deposits	(21,689)	(4,604)	-	-
- others	(24,499)	(102,435)	-	-
Rental income	(744,886)	(1,117,110)	-	-
Dividend income	-	-	(3,900,000)	(3,900,000)
Reversal of impairment loss on trade receivables	(19,000)	(15,000)	-	-

28. TAX (INCOME)/EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Tax expenses:				
- current year provision	2,449,427	1,937,138	-	-
- over provision in prior year	(40,770)	(14,844)	-	-
	2,408,657	1,922,294	-	-
Deferred taxation:				
- current year	30,186	264,000	-	-
- over provision in prior year	(2,764,777)	-	-	-
	(2,734,591)	264,000	-	-
	(325,934)	2,186,294	-	-

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

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28. TAX (INCOME)/EXPENSE (CONT'D)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before tax	2,064,698	(2,931,348)	(10,751,756)	(4,351,033)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	495,528	(732,837)	(2,580,421)	(1,087,758)
Tax effects in respect of:-				
Deferred tax assets not recognised	1,126,172	1,354,151	-	-
Expenses not deductible for tax purposes	4,025,126	1,740,438	3,516,421	2,121,343
Income not subject to tax	(3,167,213)	(425,772)	(936,000)	(975,000)
Over provision in prior year	(40,770)	(14,844)	-	-
Over provision of deferred taxation in prior year	(2,764,777)	-	-	-
Effect of changes in tax rate	-	265,158	-	(58,585)
Tax (income)/expense	(325,934)	2,186,294	-	-

The Group's unutilised tax losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM105,217,000 (2015: RM100,641,000) and RM1,555,000 (2015: RM1,467,000) respectively.

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

29. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary shares

Basic earnings/(loss) per share are calculated based on the profit/(loss) of the financial year attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the financial year.

	Group	
	31.12.2016	31.12.2015
Profit/(Loss) attributable to owners of the Company (RM)	4,851	(5,449,807)
Number of ordinary shares in issue:		
Brought forward	119,997,000	119,997,000
Effect of ordinary shares distributed during the financial year via bonus issue	539,986,500	539,986,500
Carried forward	659,983,500	659,983,500
Basic earnings/(loss) per ordinary shares (sen)	0.00	(0.83)

29. EARNINGS/(LOSS) PER SHARE (CONT'D)

The previous year's loss per ordinary share has been restated to reflect the bonus issue implemented during the financial year.

Diluted earnings/(loss) per ordinary shares

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

30. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, bonuses and allowances	4,660,154	5,199,181	251,500	228,200
Defined contribution plan	427,016	534,980	-	-
Social security contributions	19,049	15,500	-	-
	5,106,219	5,749,661	251,500	228,200

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Executive				
Salaries and other emoluments	1,273,526	1,153,864	-	-
Defined contribution plan	147,670	170,290	-	-
Bonus	277,000	384,000	-	-
Fees	129,000	320,000	117,000	108,000
	1,827,196	2,028,154	117,000	108,000
Non-executive				
Fees	84,500	124,000	84,500	74,000
Other emoluments	50,050	49,700	50,050	46,200
	134,550	173,700	134,550	120,200

31. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Dividend received from subsidiary	-	-	3,900,000	3,900,000

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31. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions during the financial year are as follows (cont'd):

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Lease rental paid to a corporate shareholder	375,791	375,791	-	-
Profit sharing from a corporate shareholder	807,353	721,131	-	-

(b) The Group and the Company have no other members of key management personnel apart from the Board of Directors. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

(c) The outstanding balances arising from related party transactions as at reporting date are disclosed in Notes 20, 21, 23 and 24 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 31.12.2016	Carrying amount RM	L&R RM	AC RM
Financial assets			
Trade receivables	4,367,933	4,367,933	-
Other receivables	4,519,110	4,519,110	-
Fixed deposits with licensed financial institutions	516,339	516,339	-
Cash and bank balances	3,498,941	3,498,941	-
	12,902,323	12,902,323	-
Financial liabilities			
Trade payables	1,213,674	-	1,213,674
Other payables	6,001,391	-	6,001,391
Amount due to an associate	565,195	-	565,195
Finance lease payables	1,350,115	-	1,350,115
Borrowings	14,577,849	-	14,577,849
Dividend payable	1,050,021	-	1,050,021
	24,758,245	-	24,758,245
31.12.2015			
Financial assets			
Trade receivables	3,464,000	3,464,000	-
Other receivables	2,025,346	2,025,346	-
Fixed deposits with licensed financial institutions	1,016,339	1,016,339	-
Cash and bank balances	14,269,014	14,269,014	-
	20,774,699	20,774,699	-

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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 (cont'd) **31.12.2015**	**Carrying amount** **RM**	**L&R** **RM**	**AC** **RM**
Financial liabilities			
Trade payables	876,104	-	876,104
Other payables	7,249,074	-	7,249,074
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
	32,607,221	-	32,607,221
Company			
31.12.2016			
Financial assets			
Other receivables	1,000	1,000	-
Amount due from subsidiaries	10,220,784	10,220,784	-
Dividend receivable	1,950,000	1,950,000	-
Cash and bank balances	160,538	160,538	-
	12,332,322	12,332,322	-
Financial liabilities			
Other payables	65,828	-	65,828
Amount due to a subsidiary	4,000,000	-	4,000,000
Dividend payable	21	-	21
	4,065,849	-	4,065,849
31.12.2015			
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

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):-

Company (cont'd) 1.1.2015	Carrying amount RM	L&R RM	AC RM
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

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 arise 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 are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company provide services only to recognise 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.

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)

Following are the areas where the Group and the 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 on-going 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.

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

	Gross RM	Individually impaired RM	Net RM
31.12.2016			
Not past due	2,482,651	-	2,482,651
Past due for 31-60 days	112,685	-	112,685
Past due for 61-90 days	213,154	-	213,154
Past due for more than 121 days	2,376,280	(816,837)	1,559,443
	5,184,770	(816,837)	4,367,933
31.12.2015			
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	1,328,188	(835,837)	492,351
	4,299,837	(835,837)	3,464,000

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.

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)

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 2016, trade receivables of RM1,885,282 (31.12.2015: RM1,518,650) 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 100% (31.12.2015: 95%) of trade receivables consists of amount due from five (31.12.2015: five) customers.

The Group 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 regularly.

(b) Liquidity risk

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

In managing their 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 as and when they fall due.

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):-

(b) Liquidity risk (cont'd)

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

Group (cont'd) 31.12.2016	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
Unsecured						
Trade payables	1,213,674	1,213,674	1,213,674	-	-	-
Other payables	6,095,427	6,095,427	6,095,427	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	1,050,021	1,050,021	1,050,021	-	-	-
	8,924,317	8,924,317	8,924,317	-	-	-
Secured						
Borrowings	14,577,849	19,178,763	1,711,698	1,615,358	4,846,074	11,005,633
Finance lease payables	1,350,115	1,439,983	748,165	498,662	193,156	-
	15,927,964	20,618,746	2,459,863	2,114,020	5,039,230	11,005,633
Total	24,852,281	29,543,063	11,384,180	2,114,020	5,039,230	11,005,633

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):-

(b) Liquidity risk (cont'd)

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

Group (cont'd) 31.12.2015	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years 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	-
	22,341,827	28,318,540	2,689,977	2,370,301	6,013,082	17,245,180
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)

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):-

(b) Liquidity risk (cont'd)

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

Company 31.12.2016	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
Unsecured						
Other payables	65,828	65,828	65,828	-	-	-
Amount due to a subsidiary	4,000,000	4,000,000	4,000,000	-	-	-
Dividend payable	21	21	21	-	-	-
Total	4,065,849	4,065,849	4,065,849	-	-	-
31.12.2015						
Unsecured						
Other payables	151,528	151,528	151,528	-	-	-
Dividend payable	21	21	21	-	-	-
Total	151,549	151,549	151,549	-	-	-
1.1.2015						
Unsecured						
Other payables	30,000	30,000	30,000	-	-	-
Dividend payable	21	21	21	-	-	-
Total	30,021	30,021	30,021	-	-	-

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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
31.12.2016	
Fixed rate instrument	
Financial asset	
Fixed deposits with licensed financial institutions	516,339
Fixed rate instrument	
Financial liability	
Finance lease payables	1,350,115
Floating rate instrument	
Financial liability	
Borrowings	14,577,849
31.12.2015	
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

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 as at the end of the reporting period would not affect profit or loss.

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 shareholders' 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)

31.12.2016	Note	Investment RM	Property development and construction RM	Plantation RM	Others RM	Eliminations RM	Total RM
Revenue							
External revenue		720,554	1,168,812	23,923,587	-	-	25,812,953
Intersegment revenue	(i)	3,900,000	-	-	-	(3,900,000)	-
Total revenue		4,620,554	1,168,812	23,923,587	-	(3,900,000)	25,812,953
Results							
Interest income		20,362	-	25,826	-	-	46,188
Finance cost		(659,975)	(163,011)	(32,211)	-	-	(855,197)
Depreciation of property, plant and equipment		(199,013)	(608,302)	(4,183,184)	(19)	(209,798)	(5,200,316)
Share of loss in associate		-	(14,059)	-	-	-	(14,059)
Tax (expense)/income		(9,015)	-	334,949	-	-	325,934
Other non-cash (expenses)/income	(ii)	-	(147,738)	19,000	4,500	-	(124,238)
Segment (loss)/profit		(8,731,470)	6,948,613	6,813,502	22,785	(2,662,798)	2,390,632
Assets							
Investment in associate		-	1,312,287	-	-	(747)	1,311,540
Additions to non-current assets	(iii)	-	1,846,014	1,900,810	-	-	3,746,824
Segment assets		225,303,033	31,366,570	356,371,386	20,742	(215,444,045)	397,617,686
Liabilities							
Segment liabilities		30,727,101	21,815,008	86,872,003	2,000	(40,150,189)	99,265,923

35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (cont'd)

31.12.2015	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)/income		(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

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	
	2016 RM	2015 RM
Fair value loss of investment properties	-	(904,667)
Impairment loss on other receivables	(305,307)	-
Gain on disposal of property, plant and equipment	162,069	24,000
Reversal impairment loss on trade receivables	19,000	15,000
	(124,238)	(865,667)

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

	Group	
	31.12.2016 RM	31.12.2015 RM
Biological assets	63,018	94,055
Property, plant and equipment	3,683,806	9,161,729
	3,746,824	9,255,784

(b) Geographical segment

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

36. RESTATEMENT CHANGE IN ACCOUNTING POLICY

As stated in Note 2.2 to the Financial Statements, the Company changed its accounting policy to adopt fair value model to measure its investment in subsidiaries in accordance with FRS 139 Financial Instruments.

36. RESTATEMENT CHANGE IN ACCOUNTING POLICY (CONT'D)

The impact on each line item of the primary financial statements since the Company's adoption of new accounting policy is shown in the table below:

Company	As previously reported RM	Adjustments RM	Restated RM
1.1.2015			
Statements of financial position			
Investment in subsidiaries (Note 22)	27,713,837	152,687,163	180,401,000
Available-for-sale fair value reserve (Note 15)	-	154,194,689	154,194,689
Accumulated losses	(73,271,343)	(1,507,526)	(74,778,869)
Statements of changes in equity			
Available-for-sale fair value reserve (Note 15)	-	154,194,689	154,194,689
Accumulated losses	(73,271,343)	(1,507,526)	(74,778,869)
31.12.2015			
Statements of financial position			
Investment in subsidiaries (Note 22)	20,113,636	156,656,364	176,770,000
Available-for-sale fair value reserve (Note 15)	-	156,656,420	156,656,420
Accumulated losses	(5,858,503)	(56)	(5,858,559)
Statements of profit or loss and other comprehensive income			
Loss for the financial year	(5,858,503)	1,507,470	(4,351,033)
Other comprehensive income for the financial year	-	2,461,731	2,461,731
Total comprehensive loss for the financial year	(5,858,503)	3,969,201	(1,889,302)
Statements of changes in equity			
Available-for-sale fair value reserve (Note 15)	-	156,656,420	156,656,420
Accumulated losses	(5,858,503)	(56)	(5,858,559)

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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.

On 12 April 2016, Bursa Securities Malaysia Berhad approved the Proposed Bonus Issue.

On 28 April 2016, the Company via the shareholders at the Extraordinary General Meeting approved the Proposed Bonus Issue.

The Proposed Bonus Issue was completed on 30 May 2016.

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	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(17,764,223)	(13,863,784)	(16,610,315)	(5,858,559)
- Unrealised	(6,875,762)	(6,845,576)	-	-
	(24,639,985)	(20,709,360)	(16,610,315)	(5,858,559)
Total accumulated losses of the associate				
- Realised	(1,138,460)	(1,124,401)	-	-
	(25,778,445)	(21,833,761)	(16,610,315)	(5,858,559)
Consolidation adjustments	37,459,583	33,510,048	-	-
Total Group retained earnings/(accumulated losses) as per consolidated financial statements	11,681,138	11,676,287	(16,610,315)	(5,858,559)

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 20 MARCH 2017

SHARE CAPITAL

Authorised capital	: RM150,000.000
Issued and fully paid-up	: RM131,996,700
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	27	2.16	1,153	0.00
100 – 1,000	99	7.93	50,150	0.01
1001 - 10,000	248	19.86	1,457,645	0.22
10,001 – 100,000	785	62.85	23,096,167	3.50
100,001 – less than 5% of issued shares	87	6.96	242,788,938	36.79
5% and above issued shares	3	0.24	392,589,447	59.48
TOTAL	1,249	100.00	659,983,500	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
1. Dato' Lim Kang Poh	179,104,578	27.14	-	-
2. Perbadanan Kemajuan Pertanian Negeri Pahang	177,622,559	26.91	2,379,850	0.36
3. Agur Tegap Sdn Bhd	57,862,310	8.77	-	-

DIRECTORS SHAREHOLDINGS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
1. Tan Sri Dato' Hj Husein Bin Ahmad	2,805,000	0.43	-	-
2. Dato' Lim Kang Poh	179,104,578	27.14	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 20 MARCH 2017

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shareholdings	%
1.	Perbadanan Kemajuan Pertanian Negeri Pahang	177,622,559	26.91
2.	Dato' Lim Kang Poh	157,104,578	23.80
3	Agur Tegap Sdn Bhd	57,862,310	8.77
4.	Terusan Al-Maju Sdn Bhd	32,422,500	4.91
5.	Kencang Kuasa Sdn Bhd	31,997,450	4.85
6.	Wan Ah Keow	25,651,750	3.89
7.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Lim Kang Poh	22,000,000	3.33
8.	Wong Chooi Fah	20,388,500	3.09
9.	Ngai Sok Tien	19,776,350	3.00
10.	Wong Chooi Lin	19,467,950	2.95
11.	Lim Hai	16,145,250	2.45
12.	Rahaimi Bin Abdul Rahman	10,001,600	1.52
13.	Yap Kong Wooi	9,705,100	1.47
14.	Lee Hun Kheng	5,676,000	0.86
15.	Lim Kang Swee	4,950,000	0.75
16.	Tan Sri Dato' Hj Husein Bin Ahmad	2,805,000	0.43
17.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for LKPP Corporation Sdn Bhd	2,379,850	0.36
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kon Sing @ Liew Kong	2,064,000	0.31
19.	Chan Ling Lee	1,861,750	0.28
20.	Tiong Sheue Yng	1,083,500	0.16
21.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kim Yong	701,250	0.11
22.	Mohd Saini Bin Kariman	678,150	0.10
23	Kek Geok Tin	550,000	0.08
24.	Su Ming Keat	550,000	0.08
25	Ang Ah Bah	492,250	0.07
26.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lee Keen	467,500	0.07
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Client)	453,744	0.07
28.	Wong Ooi Pean	440,000	0.07
29	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Tiong Lek	412,500	0.06
30.	Choy Chak Ho	330,000	0.05
	TOTAL	626,041,391	94.85

GROUP'S PROPERTIES

AS AT 31 DECEMBER 2016

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	985 hectares	-	Leasehold expiring in between years 2090 and 2106	-	101,000,000	2016
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	3,034 hectares	-	Leasehold expiring between years 2094 and 2101	-	239,000,000	2016
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	2016
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	1,660,000	2016

GROUP'S PROPERTIES
AS AT 31 DECEMBER 2016

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	2016
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	2016
7. Lot 212 Seksyen 96 Bandar Kuala Lumpur District of Kuala Lumpur State of Wilayah Persekutuan	Vacant Land	813 square metres	-	Freehold	-	8,500,000	2016

NOTICE OF THE 21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of the Company will be held at Saga Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 25 May 2017 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 2016 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 2016. **[RESOLUTION 1]**

3. To re-elect Mr Tan En Chong 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 Ng Kim Keong 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 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. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **[RESOLUTION 5]**

   "**THAT** subject to the passing of Ordinary Resolution 2, approval 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."

NOTICE OF THE 21ST ANNUAL GENERAL MEETING

7. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016.** **[RESOLUTION 6]**

   "**THAT** pursuant to Section 75 of the Companies Act, 2016, 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 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."

8. To transact any other business of which due notices shall be given.

BY ORDER OF THE BOARD,

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

Selangor Darul Ehsan
28 April 2017

Notes :

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 19 May 2017 ("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.

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.

NOTICE OF THE 21ST ANNUAL GENERAL 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
   The Proposed Resolution 5, 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.

3. Resolution 6
   The Proposed Resolution 6, 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 May 2016 and which will lapse at the conclusion of the Twenty-First 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.

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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 21st Annual General Meeting of the Company to be held on Thursday, 25 May 2017 at 11.00 a.m, at Saga 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 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 2016 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 2016.	1		
3. Re-elect Mr Tan En Chong as a Director (Article 76)	2		
4. Re-elect Mr Ng Kim Keong 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. Continuing in Office of the following Director as Independent Non-Executive Director - Mr Tan En Chong	5		
7. Authority for Directors to issue shares	6		

** Strike out whichever not applicable*

Dated this _____________ day of _____________ 2017

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 19 May 2017 ("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.
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.

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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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