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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Senior Independent Non-Executive Director

DATO' HAJI WAN BAKRI BIN WAN ISMAIL

Non-Independent Non-Executive Director

MR NG KIM KEONG

Independent Non-Executive Director

TUAN HAJI KHALIT BIN KASMOIN

Independent Non-Executive Director (Appointed on 1 March 2018)

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

GRANT THORNTON MALAYSIA

(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

SOLICITORS

TG LEE & ASSOCIATES BEN CHAN

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD

Main Market Stock Code: 7054



GROUP CORPORATE STRUCTURE

PLANTATION

65% Astral Asia Plantation Sdn Bhd

----- 100% Astral Asia Management Sdn Bhd



100% Tasja Sdn Bhd

PROPERTY DEVELOPMENT

100% Tasja Development Sdn Bhd

OTHER INVESTMENTS

100% Astral Plantation Sdn Bhd

100% Tasja Properties Sdn Bhd

100% Woodland Water Sdn Bhd

100% PTJ Concrete Products Sdn Bhd

---- 49% Johor Concrete Products Sdn Bhd





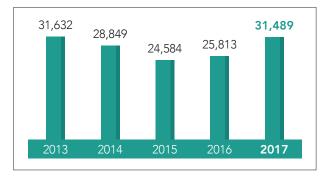




5-YEAR FINANCIAL HIGHLIGHTS

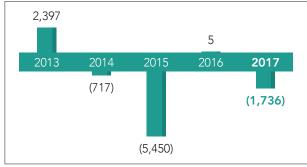
		2013	2014	2015	2016	2017
Revenue	RM'000	31,632	28,849	24,584	25,813	31,489
Profit / (Loss) Before Taxation	RM'000	9,586	5,296	(2,931)	2,065	4,576
Net Profit / (Loss) attributable to Owners of the Parent	RM'000	2,397	(717)	(5,450)	5	(1,736)
Paid-up Capital	RM'000	119,997	119,997	23,999	131,997	131,997
Shareholders' Funds	RM'000	156,895	205,614	203,687	204,351	205,836
Total number of shares in issue	'000	119,997	119,997	119,997	659,984	659,984
Earnings Per Share *	SEN	0.36	(0.11)	(0.83)	0.00	(0.26)
Net Assets Per Share *	RM	0.24	0.31	0.31	0.31	0 .31
Fresh Fruit Bunches ("FFB") Production	Tonne	57,698	49,918	46,020	37,239	43,492
Prices of Crude Palm Oil realised	RM	2,375	2,406	2,149	2,643	2,761

Revenue (RM'000)

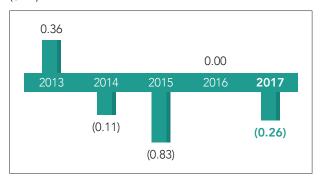


2,397

Net Profit / (Loss) attributable to Owners of the Parent

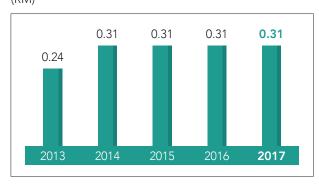


Earnings Per Share * (SEN)



Net Assets Per Share* (RM)

(RM'000)



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

DATO' LIM KANG POH

Deputy Executive Chairman

Aged 61, 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 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 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, 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 2017.

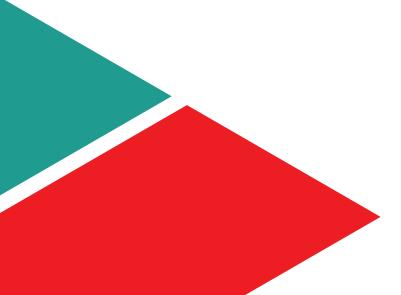


Mr Lim Guan Shiun was appointed to the Board as Executive Director on 15 April 2013 and re-designated as Managing Director on 2 November 2016.

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, 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

Mr Lim attended three, (3) of the five (5) Board meetings held in the financial year ended 31 December 2017.





TUAN HAJI MD ADANAN BIN ABDUL MANAP

Deputy Managing Director

Aged 75, Male, Malaysian

Tuan Haji Md Adanan Bin Abdul Manap was appointed to the Board of Astral Asia Berhad on 3 November 1997. He was re-designated as Executive Director on 3 September 2002 and as 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.

He does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any other director and/or major shareholders of the 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

Tuan Haji Md Adanan attended four (4) of the five (5) Board meetings in the financial year ended 31 December 2017.

DATO' HAJI WAN BAKRI BIN WAN ISMAIL

Non-Independent Non-Executive Director Aged 63, 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 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

Dato' Haji Wan Bakri attended three (3) of the five (5) Board meetings held in the financial year ended 31 December 2017.



MR TAN EN CHONG

Senior Independent Non-Executive Director Aged 68, Male, Malaysian

Mr Tan En Chong was appointed to the Board of Directors on 1 July 2001 and was re-designated as Senior Independent Non-Executive Director on 1 March 2018. 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

Mr Tan attended all the five (5) Board meetings held in the financial year ended 31 December 2017.



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. He is also a member of Remuneration 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 had 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, 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 2017.



TUAN HAJI KHALIT BIN KASMOIN

Independent Non-Executive Director Aged 60, Male, Malaysian

Tuan Haji Khalit Kasmoin was appointed to the Board on 1 March 2018. He was also appointed as a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Tuan Haji Khalit graduated with a Bachelor of Social Science, majoring in Anthropology and Sociology from University Science of Malaysia in 1992, Master in Sociology Industry from Universiti Kebangsaan Malaysia in 2000 and Master of Philosophy Anthropology Sociology Economy from Universiti Kebangsaan Malaysia in 2004.

He started his career as an Administrative Officer in 1993 at Pusat Khidmat Kontraktor (PKK),. From 1997 to 2008 he was involved in policy making at Ministry of Entrepreneur Development and Cooperative. In 2009 he was appointed as Diplomatic Administrative Officer (PTD) in the Ministry of Agriculture with a title of Head of Assistant Secretary until his retirement on 12 January 2018. He has a wide range of experience in developing and administrating the entrepreneurs and also the government policy maker.

Tuan Haji Khalit 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 and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

KEY SENIOR MANAGEMENT

MR LIM GUAN SHIUN

Managing Director

Aged 31, Male, Malaysian

For details of Mr Lim Guan Shiun's profile, please refer to page 5 of the Annual Report.

DATO' IR HOW POOI GEN

Project Director, Construction and Properties Development Segments

Aged 56, 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 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 Group nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.



KEY SENIOR MANAGEMENT



MR LEONARD HOON HUI KIT

Chief Financial Officer Aged 57, 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 and a member of the ASEAN Chartered Professional Accountant.

Mr Hoon has a direct shareholdings of 11,000 ordinary shares in the Company. He does not have any family relationship with any other Directors and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

DEPUTY 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 2017.

Operating Results

For the financial year under review, the Group recorded a 22.0 % increase in revenue from RM25.8 million in the previous financial year to RM31.5 million in this financial year, an increase of RM5.7 million. The increase in the Group's total revenue was mainly due to higher contribution from the plantation sector.

At the operations level, however, the Group made a lower profit after tax of RM1.0 million for the current financial year compared with a profit after tax of RM2.3 million in the previous financial year. This was mainly due to the reversal of a deferred tax charge of RM2.7 million in the previous financial year.

The financial performance and prospects of the Group are further explained in the ensuing 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

There are no corporate proposals that are pending completion.

Acknowledgements

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

On behalf of the Board, I would like to thank our former Chairman, Tan Sri Dato' Hj Husein Bin Ahmad who stepped down from the Board in December 2017 for his invaluable guidance and contributions to the Group for more than 20 years.

Lastly, I also would like to take this opportunity to welcome Tuan Haji Khalit Bin Kasmoin, who has been appointed as our Independent Non-Executive Director on 1 March 2018.

Dato' Lim Kang Poh



MANAGEMENT DISCUSSION

& ANALYSIS

FFB Production, Performance and Area Statement 2016 2012 2013 2014 2015 2017 Fresh Fruit Bunches ("FFB") Production (m/t) 49,918 37,238 52,415 57,698 46,020 43,491 Average mature area harvested (hectare) 3,274 3,274 3,274 3,274 3,127 3,314 Average yield m/t per hectare 16.0 17.6 15.2 14.1 11.9 13.1 Average prices of Crude Palm Oil realised RM per m/t 2,777 2,375 2,406 2,149 2,643 2,761 Average prices of Palm Kernel Oil realised RM per m/t 1,718 1,553 1,343 1,580 2,573 2,444 Plantation revenue RM'000 33,294 30,895 28,199 23,171 23,924 29,903 Plantation profit before tax RM'000 18,650 13,272 10,798 3,511 6,478 11,452

	Planted area as at 31.12.2017			FFB Production (m/t)		
Estate	Immature (ha)	Mature (ha)	Total (ha)	2015	2016	2017
Bukit Kuin 1 (BK 1)	346	365	711	3,417	3,777	5,514
Bukit Kuin 2 (BK 2)	-	191	191	4,320	4,023	4,308
Kertau	-	1,622	1,622	20,300	16,093	17,929
Pejing	-	1,143	1,143	17,983	13,346	15,740
	346	3,321	3,667			
Buildings, roads and others			352			
Total area (in hectare)			4,019			
Total FFB Production				46,020	37,239	43,491

Age profi	e of oil palm as at 31.12.2017	
Palm Age (Yrs)	Percentage	Area (Ha)
Immature Young & Prime (4-20 yrs) Old (21 yrs & above)	10% 26% 64%	364 955 2,348
	100.0%	3,667

MANAGEMENT DISCUSSION & ANALYSIS

Plantation Segment

For the financial year under review, the harvested fresh fruit bunches ("FFB") production of 43,491 m/t is 16.8 % higher compared with the harvested FFB in the previous financial year (2016: 37,238 m/t). The increase in FFB production was partly due to the absence of prolonged dry and warm weather condition (El-Nino effect) throughout the country in 2015 and 2016. The overall annual oil palm yield per hectare for the Group had increased by 10.0 % to 13.1 m/t per hectare during this financial year (2016:11.9 m/t per hectare). The higher yield was also attributed to BK 1 estate in which the replanted 187 hectares of oil palm attained maturity during the financial year. Similarly, both Kertau and Pejing estates achieved higher FFB production, with an increment of 11.4 % and 17.9 % respectively compared to the last financial year. It was encouraging to note that BK2 estate continues to register a higher annual average oil palm yield of 22.5 m/t per hectare during 2017.

At present, the Group's FFB sales are conducted through appointed agents and palm oil millers. The realised Crude Palm Oil ("CPO") and Palm Kernel Oil ("PK") prices are based on the Malaysian Palm Oil Board's ("MPOB") monthly average prices. The Group has yet to engage in the trading of commodities futures.

The generally higher FFB output experienced in 2017 was also recorded by other FFB producers in the region. MPOB had reported a 17.7 % higher annual average yield of 17.9 m/t per hectare in the state of Pahang in 2017 (2016: 15.2 m/t per hectare).

The Group had completed the entire replanting of BK1 estate in 2016. The total replanting expenditure incurred during the financial year under review amounted to RM 1,080,000 (2016: RM 828,000) and this expenditure had been charged to the income statement.

For the financial year under review, the Group's realised CPO was 4.5 % higher at an average price of RM2,761 per m/t (2016: RM 2,643 per m/t). However, the average realised palm kernel oil decreased by 5.0 % to RM2,444 per m/t (2016: RM 2,573 per m/t).

The plantation segment's pre-tax profit had increased by 76.7 %, that is, from RM6.5 million in the 2016 financial year to RM11.4 million in the current financial year. The higher pre-tax profit achieved were mainly attributable to the following factors:



- a) The higher harvested FFB production totalling 43,491 m/t:
- b) The favourable commodities prices during the financial year;
- c) The higher acreage of matured oil palm trees (BK 1 estate); and
- d) The more favourable FFB sale terms contracted with FFB buyers.

Apart from managing its own oil palm estates, Astral Asia Plantation Sdn Bhd also provided oil palm estate management services to third parties premised on "Prinsip Islam Al-Mudharabah", an Islamic profit sharing concept. The three estates under the management services had a total planted area of 1,316 hectares. The gross management fees earned for the financial year under review was RM1.63 million (2016: RM1.83 million). As mentioned in our last report, all the three estates had terminated the respective management agreements during the financial year under review. The termination of the management agreements will not have a material impact on the performance of the plantation segment.

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 has since December 2017 moved its Kuantan administration office to Mutiara Damansara Head Office in order to further improve its operation efficiency and effectiveness. This has rendered the existing three-storey shop office redundant and the Management has intention to dispose of this property at the right price.

MANAGEMENT DISCUSSION

& ANALYSIS

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 June 2017, Tasja secured a sub-contract for the construction of Rumah Kenangan main building works in Seremban, Negeri Sembilan for a contract sum of RM17.3 million. This sub-contract work is expected to be completed by December 2018. As at the end of the current financial year, no profit or loss had been recognised in the current financial statement as the Seremban project was still at its initial stage of construction.

With regard to the arbitration award between Tasja and Kementerian Kesihatan Malaysia ("KKM"), we wish to inform that Tasja had registered the arbitration award at the High Court of Kuala Lumpur. As at the date of this report, KKM has yet to settle the arbitration award.

Pahang, Malaysia A. Bukit Kuin Estates B. Kertau / Pejing Estates

Property Segment

Kuantan Hi-Tech Park

The Property Management team will continue its efforts to implement and promote Kuantan Hi-Tech Park amidst the current economic slowdown, volatile foreign exchange rate and weak industrial property climate. The Group is also exploring other innovative development concepts suitable for this property.

Bangsar Land

The Group has obtained a conditional development order for the construction of a three-storey commercial building with a basement carpark. The Group has received the approval from the authorities for the conversion of the land usage from residential to commercial purposes.

Prospects

Oil palm cultivation will remain the core business of Astral Asia Berhad in the near future. The Group's performance in 2018 will likely to be affected by crucial factors such as FFB output, higher production costs and lower commodities prices.

The CPO prices have been falling since it peaked at around RM2,820 per m/t in October 2017. As of the date of this report, the CPO prices are sustaining above RM2,400 per m/t. The Management anticipates the CPO prices to stabilise within the range of RM2,300 – RM2,600 per m/t for the remaining months of this financial year. The current weakening of the US Dollar against Malaysian Ringgit will have a negative impact on the prices of CPO.

In view of the anticipated lower commodities prices in 2018 and the nominal profit contribution from the other business segments, the Group expects a lower profit for the current financial year as compared to the previous financial year.

The Board of Directors supports the objective of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") 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 and guidance by MCCG 2017 and will continue to review its compliance of the same to further strengthen and enhance corporate governance practices within the Group.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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.

The Company is led by an experienced and dynamic Board. It has a balanced board composition with effective independent directors. The Board provides leadership and stewardship to the Group's strategic direction and operations and ultimately enhancing shareholders value. To fulfil this role, the Board is responsible for:-

- 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 quidelines.

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

The Board will update the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislation and regulations. The Board will review the Board Charter periodically. The Board Charter can be accessed at the Company's website at www.astralasia.com.

The Board is led by a Deputy 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 Deputy 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.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

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 its 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.

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.

The Board meets 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 2017, 5 meetings of the Board were held. Details of attendance at Board meetings held in the financial year ended 31 December 2017 are as follows:-

Name of Director	No. of Meetings attended
Tan Sri Dato' Hj Husein Bin Ahmad (resigned on 4 December 2017)	3/5
Dato' Lim Kang Poh	3/5
Tuan Haji Md. Adanan Bin Abdul Manap	4/5
Mr Lim Guan Shiun	3/5
Mr Tan En Chong	5/5
Dato' Haji Wan Bakri Bin Wan Ismail	3/5
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.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (cont'd)

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 2017 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 Company Secretaries 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.

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 Annual General Meeting ("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.

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 Composition

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.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

During the financial year under review, there was no significant 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 public services background is capable of leading the Group. The Board composition is assessed through the Nomination Committee.

The Board 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.

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.

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 twelve (12) 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 twelve (12) years to continue to serve on the Board without re-designation as Non-Independent Director. In line with the MCCG 2017, shareholders' approval will be sought through a two-tier voting process at the forthcoming 22nd AGM for Mr Tan En Chong to continue serving the Company as an Independent Director. Mr. Tan En Chong has been redesignated as Senior Independent Non-Executive Director since 1 March 2018.

The Nomination Committee comprises of the following directors:

Chairman: Mr Ng Kim Keong Members: Mr Tan En Chong

Tuan Haji Khalit Bin Kasmoin (Appointed on 1 March 2018)

Tan Sri Dato' Haji Hussein Bin Ahmad (Resigned on 4 December 2017)

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 22nd 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;

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

The Nomination Committee deliberated the following matters at its meetings (cont'd):-

- (e) Reviewed and recommended the appointment of Tuan Haji Khalit Bin Kasmoin as Independant Non-Executive Director; and
- (f) Reviewed and recommended the re-designation of Mr. Tan En Chong to Senior Independant Non-Executive Director.

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.

All Directors of the Company (except Tuan Haji Khalit Bin Kasmoin) 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 2017, all the Directors (except Tuan Haji Khalit Bin Kasmoin) have attended a training programme conducted by an external training provider on the topic "2018 Tax Budget Briefing". Directors are encouraged to attend appropriate continuous training to keep abreast with new business development and changes in regulatory requirements.

Remuneration

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: Mr Ng Kim Keong

Tuan Haji Khalit Bin Kasmoin (Appointed on 1 March 2018)

Tan Sri Dato' Haji Hussein Bin Ahmad (Resigned on 4 December 2017)

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.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (cont'd)

Details of the remuneration of the Directors for the financial year ended 31 December 2017 for the Group and the Company are as follows:-

	Group			Company		
	Fees (RM'000)	Salaries & Bonus (RM'000)	Others (RM'000)	Fees (RM'000)	Salaries & Bonus (RM'000)	Others (RM'000)
Executive Directors	, ,					
Dato' Lim Kang Poh	30.0	1,190.0	131.7	30.0	-	-
Mr Lim Guan Shiun	30.0	623.0	67.0	30.0	-	-
Tuan Haji Md Adanan Bin Abdul Manap	36.0	-	3.0	24.0	-	-
Non-Executive Directors						
Dato' Haji Wan Bakri Bin Wan Ismail	24.0	-	2.0	24.0	-	-
Mr Tan En Chong	24.0	-	-	24.0	-	-
Mr Ng Kim Keong	24.0	-	-	24.0	-	-
Tan Sri Dato' Haji Husein Bin Ahmad	27.5	-	42.4	27.5	-	42.4
Subtotal	195.5	1,813.0	246.1	183.5	-	42.4
Subsidiary Director	-	-	2.0	-	-	-
Total	195.5	1,813.0	248.1	183.5	-	42.4

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

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 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.

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.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit Committee (cont'd)

A Statement by Directors on their responsibility in preparing the Financial Statements is set out on page 29 of this Annual Report.

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	25,000	5,000	
Group	95,500	5,000	

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 Annual General Meeting 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.

Risk Management and Internal Control Framework

The Board has the ultimate responsibility for reviewing the Company's policy, approving the risk management framework policy and overseeing the Company's strategic risk management and internal control framework.

The Risk Management Committee assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Company.

The Board has established an independent internal audit function that reports to the Audit Committee. The summary of the work of the internal audit function during the financial year under review is provided in the Audit Committee Report set out in page 25.

In addition, the Group's Statement on Risk Management and Internal Control furnished on pages 27 and 28 of this Annual Report provides an overview on the state of risk management and internal control systems within the Group.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

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.

Conduct of General Meetings

The Directors of the Company together with the Chairman of the Board Committees participate in the AGM to facilitate discussion on matters such as audit, nomination, remuneration and risk management.

Notice of AGM has been sent to all shareholders more than the statutory requirement of 21 days in advance to allow them sufficient time to prepare for the general meeting and raise meaningful questions during the meeting.

All resolutions tabled at general meetings will be carried out by way of poll. To facilitate greater shareholder participation, electronic voting had been used at the 21st AGM held last year.

This statement was approved by the Board of Directors on 22 March 2018.

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 2017, 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 Senior Independent Non-Executive Director	5
Tan Sri Dato' Hj Husein Bin Ahmad (Resigned on 4 Dec 2017) Independent Non-Executive Director	3
Tuan Haji Khalit Bin Kasmoin (Appointed on 1 March 2018) Independent Non-Executive Director	N/A

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
23 February 2017	Unaudited fourth quarter results for the period ended 31 December 2016
23 March 2017	Audited Financial Statements for the financial year ended 31 December 2016
25 May 2017	Unaudited first quarter results for the period ended 31 March 2017
29 August 2017	Unaudited second quarter results for the period ended 30 June 2017
24 November 2017	Unaudited third quarter results for the period ended 30 September 2017

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AC (CONT'D)

1. Financial Reporting (cont'd)

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 adjustments and recommendations arising from the audit;
- g. Going concern assumption;
- h. Major judgmental areas; and
- i. Related party transactions and conflict of interest situation.

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 reappointment 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 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 2017.

AUDIT COMMITTEE REPORT

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 2017, 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.

Related Parties Transactions

There were no related parties' transactions during the financial year under review except as disclosed in No. 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 2017 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 2017 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") 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 22 March 2018.

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, 2016 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 2017 and of the results and cash flows of the Group and Company for the financial year ended on that date.

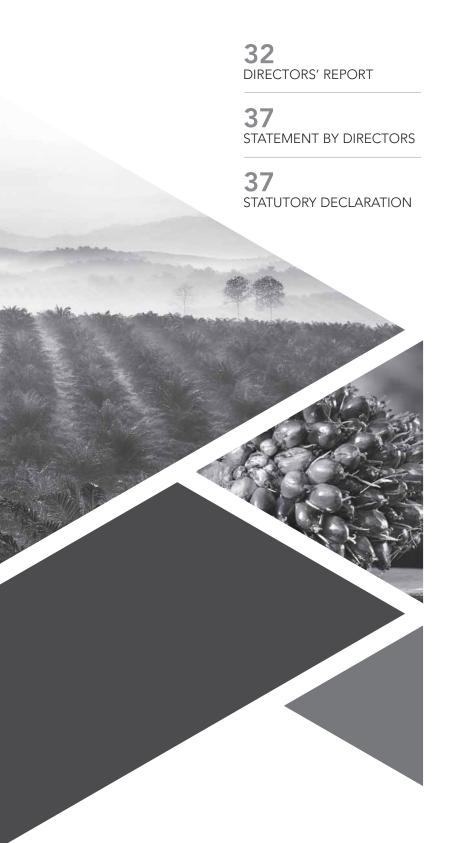
In the preparation of the financial statements, the Directors have taken the following steps:

- (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, 2016. 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.



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NOTES TO THE FINANCIAL STATEMENTS

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 2017.

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 except one of its subsidiaries has ceased operations and struck off during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	993,004	(11,073,188)
Attributable to:-		
Owners of the Company	(1,735,924)	
Non-controlling interest	2,728,928	
	993,004	

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 name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Dato' Lim Kang Poh (Deputy Executive Chairman)

Mr. Lim Guan Shiun (Managing Director)

Tuan Haji Md Adanan Bin Abdul Manap (Deputy Managing Director)

Dato' Haji Wan Bakri Bin Wan Ismail (Non-Independent and Non-Executive Director)

Mr. Tan En Chong (Senior Independent Non-Executive Director)

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

Tuan Haji Khalit Bin Kasmoin (Independent Non-Executive Director; appointed on 1.3.2018)

Tan Sri Dato' Hj Husein Bin Ahmad (Independent Non-Executive Chairman; resigned on 4.12.2017)

DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' salaries	-	1,543,829	1,543,829
Directors' fees	183,500	12,000	195,500
Directors' other benefits	42,350	474,960	517,310
	225,850	2,030,789	2,256,639

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, or debentures of, the Company or any other body corporate, other than the share options granted pursuant to the Employee Share Option Scheme.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the 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			
	At		At	
	1.1.2017	Bought	Sold	31.12.2017
Interests in the Company				
Direct interests				
Dato' Lim Kang Poh	179,104,578	-	-	179,104,578

By virtue of his interest in shares of the Company, Dato' Lim Kang Poh is also deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest under Section 59 of the Companies Act, 2016.

Other than the disclosed above, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year.

There was no issuance of 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 all known bad debts had been 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 the amounts written off for 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

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances (cont'd):-

- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:-

- (a) no contingent 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.

INDEMNITY AND INSURANCE FOR OFFICERS

There was no indemnity coverage and insurance premium paid for Officers of the Company during the financial year.

DIRECTORS' REPORT

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs Grant Thornton Malaysia, as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 December 2017 are RM25,000 and RM70,500 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors, Messrs Grant Thornton Malaysia 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.

)
DATO' LIM KANG POH)
))
))) directors
))
))
TUAN HAJI MD ADANAN BIN ABDUL MANAP)))

Kuala Lumpur 13 April 2018

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, 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

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

DATO' LIM KANG POH	TUAN HAJI MD ADANAN BIN
	ABDUL MANAP
Kuala Lumpur	

Kuala Lumpui 13 April 2018

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 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.

April 2018)	HOON HUI KIT
the Federal Territory this 13th day of)	
the abovenamed at Kuala Lumpur in)	
Subscribed and solemnly declared by)	

(MIA 6180)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths VALLIAMAH A/P PERIAN W594

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 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and 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 2017, 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, 2016 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 and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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

The risk

The Group has reported revenue of RM31,488,791 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.

Our response

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.

TO THE MEMBERS OF ASTRAL ASIA BERHAD

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

Key Audit Matters (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 RM318,783,578 as at 31 December 2017. 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.

Other receivables

The risk

Included in other receivable 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 receivable amount through verification of legal correspondences between the Company and the solicitors with regards to the settlement progress for the abovementioned award.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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, 2016 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.

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:-

- 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 material control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 Company 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.

TO THE MEMBERS OF ASTRAL ASIA BERHAD

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA

(NO. AF: 0737) CHARTERED ACCOUNTANTS

Kuala Lumpur 13 April 2018 LIAN TIAN KWEE (NO: 02943/05/2019 J) CHARTERED ACCOUNTANT

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		G	roup
	Note	2017 RM	2016 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	318,783,578	316,408,607
Biological assets	5	49,867,000	50,837,000
Investment properties	6	15,733,333	15,500,000
Investment in an associate	7	1,281,091	1,311,540
Total non-current assets		385,665,002	384,057,147
Current assets			
Inventories	8	269,992	352,711
Trade receivables	9	2,919,928	4,367,933
Other receivables	10	3,591,077	4,824,615
Fixed deposits with licensed financial institutions	11	-	516,339
Cash and bank balances		8,205,407	3,498,941
Total current assets		14,986,404	13,560,539
Total assets		400,651,406	397,617,686
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company:-	4.0	424 007 700	424.007.700
Share capital	12	131,996,700	131,996,700
Capital reserve	13	140 207 007	145.007.047
Revaluation reserve	14 15	148,307,986	145,086,946
Available-for-sale fair value reserve	15	(84,413,761)	(84,413,761)
Retained earnings		9,945,214	11,681,138
		205,836,139	204,351,023
Non-controlling interest		95,148,914	94,000,740
Total equity		300,985,053	298,351,763

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (CONT'D)

		Gr	oup
	Note	2017 RM	2016 RM
LIABILITIES			
Non-current liabilities			
Borrowings	16	12,609,134	13,584,726
Finance lease payables	17	296,002	654,026
Deferred taxation	18	75,131,613	73,381,752
Total non-current liabilities		88,036,749	87,620,504
Current liabilities			
Trade payables	19	2,010,432	1,213,674
Other payables	20	6,430,081	6,095,427
Amount due to an associate	21	565,195	565,195
Dividend payable		21	1,050,021
Borrowings	16	957,722	993,123
Finance lease payables	17	544,808	696,089
Tax payable		1,121,345	1,031,890
Total current liabilities		11,629,604	11,645,419
Total liabilities		99,666,353	99,265,923
Total equity and liabilities		400,651,406	397,617,686

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Com	ıpany
	Note	2017 RM	2016 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	-	-
Investment in subsidiaries	22	185,512,000	185,540,000
		185,512,000	185,540,000
Current assets			
Other receivables	10	1,000	1,000
Amount due from subsidiaries	23	2,931,104	10,220,784
Dividend receivable		-	1,950,000
Tax recoverable		39,571	39,571
Cash and bank balances		93,580	160,538
Total current assets		3,065,255	12,371,893
Total assets		188,577,255	197,911,893
EQUITY AND LIABILITIES EQUITY Equity attributable to owners of the Company:- Share capital Available-for-sale fair value reserve Accumulated losses	12 15	131,996,700 80,191,659 (27,683,503)	131,996,700 78,459,659 (16,610,315)
Total equity		184,504,856	193,846,044
LIABILITIES			
Current liabilities			
Other payables	20	72,378	65,828
Amount due to a subsidiary	24	4,000,000	4,000,000
Dividend payable		21	21
Total current liabilities		4,072,399	4,065,849
Total liabilities		4,072,399	4,065,849

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

N	ote	Gro 2017 RM	oup 2016 RM	Com 2017 RM	pany 2016 RM
Revenue	25	31,488,791	25,812,953	5,850,000	3,900,000
Cost of sales	26	(13,642,235)	(13,164,663)	-	-
Gross profit		17,846,556	12,648,290	5,850,000	3,900,000
Other income		515,702	3,306,454	-	-
Administration expenses		(12,604,503)	(12,976,852)	(411,694)	(220,757)
Other expenses		(427,347)	(43,938)	(16,511,494)	(14,430,999)
Finance costs		(723,738)	(855,197)	-	-
Share of loss in associate		(30,449)	(14,059)	-	-
Profit/(Loss) before tax	27	4,576,221	2,064,698	(11,073,188)	(10,751,756)
Tax (expense)/income	28	(3,583,217)	325,934	-	-
Profit/(Loss) for the financial year		993,004	2,390,632	(11,073,188)	(10,751,756)
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 Income that will be reclassified subsequently to profit or loss Fair value changes of investment in subsidiaries		4,790,286 -	1,991,255 -	- 1,732,000	6,217,000
Other comprehensive income for the financial year		4,790,286	1,991,255	1,732,000	6,217,000
Total comprehensive income/(loss) for the financial year	ar	5,783,290	4,381,887	(9,341,188)	(4,534,756)
Profit/(Loss) for the financial year attributable to:- Owners of the Company Non-controlling interest		(1,735,924) 2,728,928	4,851 2,385,781	-	
		993,004	2,390,632	=	
Total comprehensive income attributable to:- Owners of the Company Non-controlling interest		1,485,116 4,298,174	1,140,146 3,241,741	_	
		5,783,290	4,381,887	=	
Basic loss per share attributable to owners of the Company (sen)	29	(0.26)	0.00	_	

STATEMENTS OF CHANGES IN EQUITY

	\		- Attributab	ole to owners	Attributable to owners of the Company	<u>}</u>	A		
	\		Non-distributable	utable		A			
					Available-	Retained		;	
	Share	Share	Capital	Revaluation	for-sale fair value	earnings/ (Accumulated	_	Non- controlling	Total
Group RM	capital RM	premium RM	reserve RM	reserve RM	reserve RM	losses) RM	Total RM	interest RM	equity
Balance at 1 January 2016	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)	ı	(84,413,761)	1	1	ı	ı
Share issuance expenses	ı	(476,018)	1	ı	ı	ı	(476,018)	1	(476,018)
Dividend paid to non-									
controlling interest	ı		1	1	1	ı	1	(2,100,000)	(2,100,000)
Total transactions with owners	107,997,300 (1,333,300) (22,726,257)	(1,333,300)	(22,726,257)		(84,413,761)	ı	(476,018)	(2,100,000)	(2,576,018)
Profit for the financial year	1	1	1	ı	1	4,851	4,851	2,385,781	2,390,632
Other comprehensive income									
for the financial year									
Revaluation of leasehold land									
and buildings and	ı	,	ı	1 135 205		ı	1 135 205	855 940	1 001 255
ממומו ממומונים ומא				0,1,000			0,1	000,1000	002/17//1
Total comprehensive income for the financial year	1	ı	1	1,135,295	,	4,851	1,140,146	3,241,741	4,381,887
Balance at 31 December 2016	131,996,700	ı	1	145,086,946	(84,413,761)	11,681,138	204,351,023	94,000,740	298,351,763
Transactions with owners:-									
controlling interest	1	1				1		(3,150,000)	(3,150,000)
Total transactions with owners		1						(3,150,000)	(3,150,000)
Loss for the financial year	1	ı	1	ı		(1,735,924)	(1,735,924)	2,728,928	993,004
Other comprehensive income for the financial year Revaluation of leasehold land									
biological assets, net of tax	ı	1	,	3,221,040	,	1	3,221,040	1,569,246	4,790,286
Total comprehensive income									
for the financial year	1		1	3,221,040	1	(1,735,924)	1,485,116	4,298,174	5,783,290
Balance at 31 December 2017	131,996,700			148,307,986	(84,413,761)	9,945,214	205,836,139	95,148,914	300,985,053

STATEMENTS OF CHANGES IN EQUITY

	←	Non-dis	tributable -	Available-	Distributable	
Company	Share capital RM	Share premium RM	Capital reserve RM	for-sale fair value reserve RM	Accumulated losses RM	Total RM
Balance at 1 January 2016	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		(0.55, 0.00)	(00 70 / 057)			
the financial year Share issuance expenses	107,997,300	(857,282) (476,018)	(22,726,257)	(84,413,761)	-	- (476,018)
Total transactions with owners	107,997,300		(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
Loss for the financial year	-	-	-	-	(11,073,188)	(11,073,188)
Other comprehensive income for the financial year Fair value changes of						
investment in subsidiaries	-	-	-	1,732,000	-	1,732,000
Total comprehensive loss for financial year	-	-	-	1,732,000	(11,073,188)	(9,341,188)
Balance at 31 December 2017	131,996,700	-	-	80,191,659	(27,683,503)	184,504,856

STATEMENT OF CASH FLOWS

		Gro	oup		(Com	pany
No		17 M	2016 RM		2017 RM		2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit/(Loss) before tax	4,57	76,221	2,064,6	598	(11,073,18	88)	(10,751,756)
Adjustments for:-							
Depreciation of property, plant and equipment	5,43	34,760	5,200,3	316		-	-
Bad debts written off	3	32,282		-		-	-
Waiver of debts from trade payables	(9	94,565)		-		-	-
Property, plant and equipment written off		254		-		-	-
Dividend income		-		-	(5,850,00	0)	(3,900,000)
Gain on disposal of property, plant and equipment		-	(162,0	069)		-	-
Fair value gain of investment properties	(23	33,333)		-		-	_
Interest expense	72	23,738	855,	197		_	-
Interest income	(12	21,394)	(46,	188)		_	_
Write off of amount due from a subsidiary		-		_		_	10,000,000
Impairment loss on other receivables	18	35,013	305,3	307		_	_
Impairment loss on investment in subsidiaries		-		_	1,760,00	0	1,447,000
Share of loss in associate	3	30,449	14,0)59		_	-
Impairment loss on amount due from subsidiaries		-		_	14,751,49	4	2,983,999
Reversal of impairment loss on trade receivables		(5,000)	(19,0	000)		-	-
Operating profit/(loss) before working capital changes	10,52	28,425	8,212,3	320	(411,69	94)	(220,757)
Changes in working capital:-							
Amount due from subsidiaries		-		-		-	(950,450)
Inventories	3	32,719	99,4			-	-
Receivables	2,46	59,248	(2,917,9	970)		-	975,000
Payables	1,22	25,977	(844,4	107)	6,55	0	(85,700)
Cash generated from/(used in) operations	14,30)6,369	4,549,3	396	(405,14	4)	(281,907)
Tax paid	(3,31	2,069)	(1,917,7	744)		-	_
Tax refund)5,443		-		-	-
Net cash from/(used in) operating activities	11,09	9,743	2,631,6	552	(405,14	4)	(281,907)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Gro	up	Com	pany
	Note	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		-	-	7,800,000	3,900,000
Interest received		121,394	46,188	-	-
Proceeds from disposal of property, plant and equipment		_	168,989	_	_
Purchase of property, plant and equipment	Α	(339,129)	(2,850,806)	-	_
Purchase of biological assets		(48,645)	(63,018)	_	_
Investment in a subsidiary		-	-	-	(4,000,000)
Net cash (used in)/from investing activities		(266,380)	(2,698,647)	7,800,000	(100,000)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interest		(4,200,000)	(2,625,000)	-	-
Interest paid		(723,738)	(855,197)	-	-
Repayment of finance lease payables		(708,505)	(765,666)	-	-
Repayment to a subsidiary		-	-	(7,461,814)	-
Repayment of term loan		(1,010,993)	(6,481,197)	-	-
Share issuance expenses		-	(476,018)	-	(476,018)
Net cash used in financing activities		(6,643,236)	(11,203,078)	(7,461,814)	(476,018)
CASH AND CASH EQUIVALENTS					
Net changes		4,190,127	(11,270,073)	(66,958)	(857,925)
Brought forward		4,015,280	15,285,353	160,538	1,018,463
Carried forward	В	8,205,407	4,015,280	93,580	160,538

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Gro	Group	
	2017 RM	2016 RM	
Property, plant and equipment were acquired by the following means:-			
Finance lease Cash payments	199,200 339,129	833,000 2,850,806	
	538,329	3,683,806	

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed deposits with licensed financial institutions Cash and bank balances	-	516,339	-	-
	8,205,407	3,498,941	93,580	160,538
	8,205,407	4,015,280	93,580	160,538

As disclosed in Note 11 to the Financial Statements, certain fixed deposits totalling RMNil (2016: RM2,500) have been pledged to financial institutions for guarantee facilities granted to subsidiaries and hence, are not available for general use

31 DECEMBER 2017

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 except one of its subsidiaries has ceased operations and struck off 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 2018.

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, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for 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.

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2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

The Group and the Company 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.

2.3 Functional and presentation currency

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

2.4 Adoption of Amendments/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 2017.

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

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The Company has applied these amendments for the first time in the current year. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The information is provided in Note 33. Consistent with the transition provisions of the amendments, and the Company has not disclosed comparative information for the prior period.

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2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the MASB but are not yet effective, and have not been adopted early by the Group and the Company.

Management anticipates that all relevant pronouncement will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of pronouncement. Information on new standards, amendments and interpretations that are expected to have impact on the Group's and the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's and the Company's financial statements.

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

The Group and the Company are currently assessing the impact of adoption of MFRS 1, First-time Adoption of Malaysian Financial Reporting Standard, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1.

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

(a) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

When the Group uses fair value in its opening MFRS statements of financial position as deemed cost for investment in subsidiaries, the revaluation gains and losses previously recognised will be reversed to retained earnings.

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2. BASIS OF PREPARATION (CONT'D)

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

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

The initial application of the standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:- (cont'd)

(a) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (cont'd)

The Group is also required to adopt the requirements of MFRS 141. The standard requires a change of accounting policy to capitalisation and amortisation method. Replanting expenditure charged as an expense in prior years are to be retrospectively added back as cost and amortised according to the useful lives of the biological asset. The transitional provision also allows the fair value of biological assets to be treated as deemed cost, and the balance in revaluation reserve is to be transferred to retained earnings at the date of transition. The produce growing on trees will be treated as a consumable biological asset. Agricultural produce harvested from the Group's biological asset shall be measured at fair value less cost to sell as the period of harvest. Gains and losses are recognised in profit or loss for the period in which it arises.

The quantitative impact to the financial statements in 2018 when the Group adopts MFRS 1 are disclosed in Note 2.5(d) below.

The changes above is a change in accounting policy and shall be applied retrospectively. MFRS 1 requires comparative information to be related as if the requirements of MFRSs effective for the first-time adopter's first MFRS reporting period have always been applied.

(b) MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instrument project: classification and measurement, impairment and hedge accounting. MFRS 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.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt MFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity. The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group will implement changes in classification of certain financial instruments.

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2. BASIS OF PREPARATION (CONT'D)

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

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

The initial application of the standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:- (cont'd)

(b) MFRS 9 Financial Instruments (cont'd)

i. Classification and measurement of financial assets

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9.

The equity shares in non-listed companies are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Group will apply the option to present fair value changes in OCI, and, therefore, believes the application of MFRS 9 would not have a significant impact.

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. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required and MFRS 9 will not have a significant impact on the Group's financial statements.

(c) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of MFRS 15, which was continued with a more detailed analysis completed in 2017.

The Group is in the business of providing estates management, operations of palm oil estates, civil engineering and building construction. The goods are sold both on their own in separate identified contracts with customers and together as a bundle package of goods and services.

i. Sale of goods

For contracts with customers in which the sale of fresh fruit bunches is generally expected to be the only performance obligation, adoption of MFRS 15 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

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2. BASIS OF PREPARATION (CONT'D)

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

The initial application of the standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for:- (cont'd)

(c) MFRS 15 Revenue from Contracts with Customers (cont'd)

ii. Construction Contracts

The revenue arising from construction contract are assessed as fulfilled the criteria of sales over the time under the MFRS 15. The revenue currently includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that they will result in revenue recognition and can be measured reliably. When a claim or variation is recognised, the measured of contract progress or contract price is revised and the cumulative percentage of completion is reassessed at each reporting date.

In applying MFRS 15 modified retrospective approach, the Group applied the following practical expedients:-

- for completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- for completed contracts that have variable consideration, transaction price at the date the contract was completed was used rather than estimating variable consideration amounts in the comparative reporting periods; and
- for all reporting periods presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligation and an explanation of when the entity expects to recognise that amounts as revenue is not disclosed.

Prior to 1 January 2017, there was no outstanding contract with customer where the Group has remaining performance obligation, i.e. all promised good or service are transferred for contracts entered prior to 31 December 2016. As such, there is no impact to the opening retained earnings of the Group arising from the adoption of MFRS 15.

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2. BASIS OF PREPARATION (CONT'D)

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

The initial application of the standards, amendments and interpretation are not expected to have any financial impacts to the financial statements, except for (cont'd):-

(d) In summary, the impact of the adoption of the above standard (a) is expected to be as follows:-

Group	As previously reported RM	Effects of MFRS 1 adoption RM	As restated RM
1.1.2017 Biological assets	50,837,000	(42 040 424)	4 074 574
Property, plant and equipment	316,408,607	(43,860,424) 50,837,000	6,976,576 367,245,607
Net impact on equity, including			
Retained earnings/ (Accumulated losses) AFS fair value reserve	11,681,138 (84,413,761)	(77,437,185) 84,413,761	(65,756,047) -
31.12.2017			
Biological assets	49,867,000	(43,895,309)	5,971,691
Property, plant and equipment Deferred taxation	318,783,578 75,131,613	49,867,000 488,035	368,650,578 75,619,648
Net impact on equity, including			
Retained earnings/ (Accumulated losses)	9,945,214	(80,475,550)	(70,530,336)
AFS fair value reserve	(84,413,761)	84,413,761	140.052.421
Revaluation reserve	148,307,986	1,545,445	149,853,431
Company			
<u>1.1.2017</u>			
Net impact on equity, including	70.450.750	(70.450.750)	
AFS fair value reserve Retained earnings	78,459,659 (16,610,315)	(78,459,659) 78,459,659	- 61,849,344
Notained carriings	(10,010,013)	70,107,007	01,017,011
31.12.2017			
Net impact on equity, including	00 101 /50	(00.101./50)	
AFS fair value reserve Retained earnings	80,191,659 (27,683,503)	(80,191,659) 80,191,659	52,508,156

The quantitative information disclosed in this note may be subject to further changes in 2018 when the Group adopts MFRS 1.

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2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements

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

2.6.1 Estimation uncertainty

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

Revaluation of property, plant and equipment and biological assets

The Group and the Company measure 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 2017.

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 2017, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. The carrying amounts are analysed in Note 4 to the Financial Statements.

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

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

Inventories

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

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 8 to the Financial Statements.

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2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Inventories (cont'd)

The 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.

2.6.2 Significant management judgement

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

Leases

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

Classification between investment properties and owner-occupied properties

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

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2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgement (cont'd)

Classification between investment properties and owner-occupied properties (cont'd)

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation(cont'd)

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements 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.

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.

Acquisition of subsidiary 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.

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 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.

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

3.2 Property, plant and equipment

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

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.

The 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Subsidiaries (cont'd)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Associate (cont'd)

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.

3.5 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments

3.7.1 Initial recognition and measurement

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

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

3.7.2 Financial assets - categorisation and subsequent measurement

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

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

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

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

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

As at the reporting date, the Group and the Company carried only loans and receivables 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

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

Loans and receivables (cont'd)

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.

3.7.3 Financial liabilities - categorisation and subsequent measurement

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

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

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

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

Other financial liabilities

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leases (cont'd)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

3.11 <u>Biological assets</u>

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Biological assets (cont'd)

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 <u>Impairment of assets</u>

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 and the Company 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 and the Company'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 trade receivable becomes uncollectible, it is written off against the allowance account.

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

3.12.2 Non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flow (cash generating units).

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (cont'd)

3.12.2 Non-financial assets (cont'd)

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

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

3.13 Revenue recognition

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

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

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

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

Dividend income is included in the profit or loss when the shareholder's right to receive has been established, which is generally when shareholders approve the dividend.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits (cont'd)

3.14.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Company 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 and the Company made such contributions to Employees Provident Fund ("EPF").

3.15 Cash and cash equivalents

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

3.16 Contingent liabilities

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

3.17 Equity, reserves and distributions to owners

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

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

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

3.20 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Related parties (cont'd)

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 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 entity.
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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Group	Freehold land RM	Lease lar	Buildings	Freehold land and building RM	Freehold land RM	Plant and machinery RM	Motor v vehicles RM		Road and t infrastructure RM	Capital Id work-in ture progress RM	ial in ess Total RM
Cost or valuation											
At 1 January 2016 Additions Revaluations Disposals Reclassification	8,100,000 907,500 (507,500)	305,303,596 - 3,618,846 -	8,869,023 421,270 (301,382)	4,504,207	65,000	8,703,755 1 17,860 - 14,228	10,055,935 943,899 - (1,297,939) 29,244	3,237,285 57,965 - (2,998)	1,330,400	1,040,180 4,912 - - (43,472)	349,878,981 3,683,806 2,809,964 (1,300,937)
At 31 December 2016 Additions Revaluations Written off Strike-off of subsidiary Reclassification	8,500,000	308,922,442 - 6,842,255	8,988,911 29,000 229,401 (24,651) 3,150	4,504,207	65,000	8,735,843 17,010 - (227,982) (2,393,001) (1,200)	9,731,139 199,200 - (356,220)	3,292,252 110,016 - (214,872) (11,740)	1,330,400 159,103 - -	1,001,620 24,000 - - - (3,150)	355,071,814 538,329 7,271,656 (823,725) (2,404,741)
At 31 December 2017	8,700,000	315,764,697	9,225,811	4,504,207	9 000'59	6,130,670	9,574,119	3,176,856	1,489,503	1,022,470	359,653,333
Accumulated depreciation											
At 1 January 2016 Charge for the financial year Disposals	1 1 1	13,088,406 3,828,644	2,532,183	164,047		8,582,044 84,645	7,320,748 958,251 (1,293,767)	2,890,001 69,434 (250)	1 1 1	179,479 199,454	34,756,908 5,200,316 (1,294,017)
At 31 December 2016 Charge for the financial year Written off Strike-off of subsidiary	1 1 1 1	16,917,050 4,109,053	2,592,071 130,422 (24,650)	164,047		8,666,689 18,984 (227,952) (2,393,001)	6,985,232 839,444 (356,200)	2,959,185 76,365 (214,669) (11,740)	56,398	378,933 204,094 -	38,663,207 5,434,760 (823,471) (2,404,741)
At 31 December 2017	1	21,026,103	2,697,843	164,047	1	6,064,720	7,468,476	2,809,141	26,398	583,027	40,869,755
Net carrying amount											
At 31 December 2017	8,700,000	294,738,594	6,527,968	4,340,160	92,000	65,950	2,105,643	367,715	1,433,105	439,443	318,783,578
At 31 December 2016	8,500,000	292,005,392	6,396,840	4,340,160	92,000	69,154	2,745,907	333,067	1,330,400	622,687	316,408,607

PROPERTY, PLANT AND EQUIPMENT

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

Company	Office equipment RM
Cost At 1 January 2016/31 December 2016/2017	5,330
Accumulated depreciation At 1 January 2016/31 December 2016/2017	(5,330)
Net carrying amount At 31 December 2016/2017	-

- (a) Buildings and leasehold land of the Group were revalued by First Pacific Valuers Property Consultants Sdn. Bhd. (2016: 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. (2016: 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 RM531,225 (2016: RM574,224).
- (d) Had the leasehold land been stated at historical cost less accumulated depreciation, the net carrying amount would have been RM34,617,390 (2016: RM34,987,680).
- (e) Had the freehold land and building been stated at cost less accumulated depreciation, the net carrying amount would have been RM6,596,312 (2016: RM6,760,359).
 - 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 (2016: RM8,407,500).
- (g) The net carrying amount of property, plant and equipment of the Group which are acquired under finance lease arrangements amounted RM1,198,172 (2016: RM1,406,242).
- (h) Leasehold land of the Group with a net carrying amount of RM199,547,000 (2016: 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 RM172,911,957 (2016: 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.

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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

	G	Group		
At valuation	2017 RM	2016 RM		
Brought forward Increase due to expenses capitalised Revaluation deficit	50,837,000 48,645 (1,018,645)	50,837,000 63,018 (63,018)		
Carried forward	49,867,000	50,837,000		

The biological assets were revalued by First Pacific Valuers Property Consultants Sdn. Bhd. (2016: 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 RM29,263,788 (2016: RM29,215,143).

The biological assets with a net carrying amount of RM33,101,782 (2016: RM33,735,023) were pledged as a security for overdraft facilities granted to a subsidiary.

6. INVESTMENT PROPERTIES

	Gr	oup
At valuation	2017 RM	2016 RM
Brought forward Change in fair value recognised in profit or loss	15,500,000 233,333	15,500,000
Carried forward	15,733,333	15,500,000

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

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.

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6. INVESTMENT 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

		Gro	oup
		2017 RM	2016 RM
Unquoted shares, at cost Share of post-acquisition loss		450,000 168,909)	2,450,000 (1,138,460)
	1,2	281,091	1,311,540

Details of the associate are as follows:-

Name of company	Place of incorporation		ctive erest	Principal activities
		2017 %	2016 %	
Johor Concrete Products Sdn. Bhd. (436690 - T) *	Malaysia	49	49	Dormant

^{*} Associate not audited by Grant Thornton Malaysia

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:-

	2017 RM	2016 RM
Financial position as at 31 December		
Non-current assets	3,096,595	3,170,655
Current assets	788,087	790,662
Current liabilities	(1,268,687)	(1,283,181)
Net assets	2,615,995	2,678,136
Summary of financial performance for the financial year ended 31 December		
Loss for the financial year/Total comprehensive loss for the financial year	62,141	28,692

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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):-

	2017 RM	2016 RM
Reconciliation of net assets to carrying amount as at 31 December Group's share of net assets Negative goodwill	1,304,017 (22,926)	1,334,466 (22,926)
Carrying amount in the statements of financial position	1,281,091	1,311,540
Group's share of results for the financial year ended 31 December Group's share of loss/total comprehensive loss	30,449	14,059

8. INVENTORIES

	Gı	roup
	2017	2016
	RM	RM
Materials and stores	269,992	352,711

9. TRADE RECEIVABLES

		Group
	2017 RM	2016 RM
Trade receivables Less: Impairment losses	3,731,765 (811,837)	5,184,770 (816,837)
Net trade receivables	2,919,928	4,367,933
The movement of impairment losses during the financia	l year is as follow:-	

	Gr	oup
	2017 RM	2016 RM
Brought forward Reversal during the financial year	816,837 (5,000)	835,837 (19,000)
Carried forward	811,837	816,837

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9. TRADE RECEIVABLES (CONT'D)

The normal credit terms granted by the Group to the trade receivables ranging from 30 to 60 (2016: 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.

10. OTHER RECEIVABLES

	Gro	oup	Comp	any
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-trade receivables	5,152,712	6,135,999	5,303	5,303
Deposits	309,403	207,581	1,000	1,000
Less: Impairment losses	(2,005,641)	(1,820,628)	(5,303)	(5,303)
	3,456,474	4,522,952	1,000	1,000
Prepayments	98,472	278,163	-	-
GST receivable	36,131	23,500	-	-
	3,591,077	4,824,615	1,000	1,000

The movement of impairment losses is as follows:-

,	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Brought forward Impairment loss recognised Impairment loss written off	1,820,628 185,013	1,518,657 305,307 (3,336)	5,303 - -	5,303 - -
Carried forward	2,005,641	1,820,628	5,303	5,303

11. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group

The fixed deposits with licensed financial institutions amounted to RMNil (2016: RM2,500) are pledged for the guarantee facilities granted to subsidiaries.

The interest rate of fixed deposits with licensed financial institutions range is Nil% (2016: 3.25%) per annum.

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12. SHARE CAPITAL

	Group and Company No. of ordinary shares		Group and Company Amount	
	2017	2016	2017 RM	2016 RM
Issued and fully paid:-				
Brought forward Bonus issued during the year	659,983,500 -	119,997,000 539,986,500	131,996,700	23,999,400 107,997,300
Carried forward	659,983,500	659,983,500	131,996,700	131,996,700

- (a) The new Companies Act, 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.
- (b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

13. CAPITAL RESERVE

	Group ar	Group and Company	
	2017	2016	
	RM	RM	
Brought forward	-	22,726,257	
Issuance of bonus shares during the financial year	-	(22,726,257)	
Carried forward	-	-	

14. REVALUATION RESERVE

	Group	
	2017 RM	2016 RM
Brought forward Arising from revaluation of leasehold land and buildings and biological assets	145,086,946 3,221,040	143,951,651 1,135,295
Carried forward	148,307,986	145,086,946

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.

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15. AVAILABLE-FOR-SALE FAIR VALUE RESERVE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Brought forward Arising from revaluation of	(84,413,761)	-	78,459,659	156,656,420
investment in subsidiaries	-	-	1,732,000	6,217,000
Issuance of bonus shares	-	(84,413,761)	-	(84,413,761)
Carried forward	(84,413,761)	(84,413,761)	80,191,659	78,459,659

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

	G	roup
	2017 RM	2016 RM
Secured:- Term loan 1 Term loan 2	13,566,856	14,481,509 96,340
	13,566,856	14,577,849

The term loan is repayable as follows:-

	Group	
	2017 RM	2016 RM
Within 1 year More than 1 year but less than 2 years More than 2 years but less than 5 years More than 5 years	957,722 977,355 3,262,998 8,368,781 12,609,134	993,123 957,722 3,238,801 9,388,203 13,584,726
	13,566,856	14,577,849

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16. BORROWINGS (CONT'D)

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

	Gre	oup
	2017 %	2016 %
Term loan	4.70 – 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

	G	iroup
2016	2017 RM	2016 RM
Minimum lease payments		
- not later than 1 year	588,856	748,165
- later than 1 year but not later than 2 years	275,786	691,818
- later than 2 years but not later than 5 years	32,364	-
	897,006	1,439,983
Less : Future finance charges	(56,196)	(89,868)
Present value of finance lease payables	840,810	1,350,115
- not later than 1 year	544,808	696,089
- later than 1 year but not later than 2 years	266,058	654,026
- later than 2 years but not later than 5 years	29,944	-
•	296,002	654,026
	840,810	1,350,115

The finance lease payables bear interest at rates ranging from 2.38% to 3.25% (2016: 2.39% to 3.20%) per annum.

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18. DEFERRED TAXATION

	Group	
	2017 RM	2016 RM
Deferred tax liabilities		
Brought forward Recognised in profit or loss Revaluation of leasehold land and buildings and biological assets	73,381,752 287,137 1,462,724	75,360,652 (2,734,591) 755,691
Carried forward	75,131,613	73,381,752
Carrying amount of qualifying property, plant and equipment in excess of their tax base Revaluation of leasehold land and buildings and biological assets	7,078,843 68,052,770	7,441,857 65,939,895
	75,131,613	73,381,752

<u>Deferred tax assets</u>

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

	G	Group	
	2017 RM	2016 RM	
Unabsorbed capital allowances Unutilised tax losses Carrying amount of qualifying property, plant and equipment	1,615,000 109,163,000	1,550,000 105,022,000	
in excess of their tax base	(260,000)	(341,000)	
	110,518,000	106,231,000	

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 RM115,314 (2016: RM336,282).

The normal credit terms granted by the trade payables range from 30 to 60 (2016: 30 to 60) days.

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20. OTHER PAYABLES AND ACCRUALS

	G	Group		pany
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-trade payables	1,372,344	1,828,749	-	-
Accrual of expenses	1,430,537	972,547	72,378	65,828
Deposit received	875,155	595,905	-	-
Amount due to a corporate shareholder	2,698,226	2,698,226	-	-
GST payable	53,819	-	-	-
	6,430,081	6,095,427	72,378	65,828

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..

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

	Group	
	2017 RM	2016 RM
Unquoted shares, at fair value	185,512,000	185,540,000

The particulars of the subsidiaries are as follows:-

	Name of company	Place of incorporation	Effective 2017 %	interest 2016 %	Principal activities
1.	Tasja Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
2.	TAA Piling and Geotechnical Sdn. Bhd.*	Malaysia	-	100	Dormant
3.	PTJ Concrete Products Sdn. Bhd.	Malaysia	100	100	Dormant
4.	Astral Plantation Sdn. Bhd.	Malaysia	100	100	Dormant

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22. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	Name of company	Place of incorporation	Effective 2017 %	interest 2016 %	Principal activities
5.	Tasja Development	Malaysia	100	100	Property development
6.	Woodland Water Sdn. Bhd.	Malaysia	100	100	Dormant
7.	Tasja Properties Sdn. Bhd.	Malaysia	100	100	Properties investment
8.	Astral Asia Plantation Sdn. Bhd.	Malaysia	65	65	Operations of oil palm estates and provision of estates management
Su	bsidiary of Astral Asia Plantation Sdn. Bhd.:-				
9.	Astral Asia Management Sdn. Bhd.	Malaysia	100	100	Dormant

^{*} The subsidiary has been struck off on 19 October 2017.

All subsidiaries are audited by Grant Thornton Malaysia.

23. AMOUNT DUE FROM SUBSIDIARIES

		Company		
	2017 RM	2016 RM		
Amount due from subsidiaries Less: Impairment losses	22,175,25 (19,244,15			
	2,931,10	10,220,784		

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23. AMOUNT DUE FROM SUBSIDIARIES (CONT'D)

The movement of impairment losses is as follows:-

	Con	npany
	2017	2016
	RM	RM
Brought forward	4,492,661	1,508,662
Impairment loss recognised	14,751,494	2,983,999
Carried forward	19,244,155	4,492,661

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

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Gross dividends from subsidiary Revenue from operations of oil palm estates	29,903,463	23,923,587	5,850,000	3,900,000
Contract revenue from civil engineering and building works	918,826	1,168,812		
Rental income	666,502	720,554	-	-
	31,488,791	25,812,953	5,850,000	3,900,000

26.COST OF SALES

	G	roup
	2017 RM	2016 RM
Cost of oil palm produce	12,487,372	11,690,576
Construction contract costs	804,533	1,121,448
Insurance	7,872	7,872
Maintenance	274,934	277,372
Quit rent & assessment	67,524	67,395
	13,642,235	13,164,663

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27.PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined:-

	Gr	oup	Com	Company	
	2017 RM	2016 RM	2017 RM	2016 RM	
After charging:-					
Auditors' remuneration					
- statutory	95,500	95,000	25,000	24,000	
- over provision in prior year	-	(500)	-	(500)	
- non-statutory	5,000	5,000	5,000	5,000	
Directors' remuneration (Note 30)					
Executive:-					
- fee	96,000	129,000	84,000	117,000	
- emoluments	2,018,789	1,698,196	-	-	
Non-executive:-					
- fee	99,500	84,500	99,500	84,500	
- emoluments	42,350	50,050	42,350	50,050	
Lease rental	375,791	375,791	-	-	
Rental of premises	242,784	242,784	965	668	
After crediting:-					
Rental income	(6,240)	(744,886)	-	-	
Dividend income	-	-	(5,850,000)	(3,900,000)	

28.TAX EXPENSE/(INCOME)

Profit/(Loss) before tax has been determined:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expenses:-				
- current year provision - over provision in prior year	3,509,478	2,449,427	-	-
	(213,398)	(40,770)	-	-
	3,296,080	2,408,657	-	-
Deferred taxation:-				
- current year	287,137	30,186	-	-
- over provision in prior year	-	(2,764,777)	-	-
	287,137	(2,734,591)	-	-
	3,583,217	(325,934)	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

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

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
	IXIVI	KIVI	IXIVI	IXIVI
Profit/(Loss) before tax	4,576,221	2,064,698	(11,073,188)	(10,751,756)
Taxation at Malaysian statutory tax rate of 24%	1,098,293	495,528	(2,657,565)	(2,580,421)
Tax effects in respect of:-				
Deferred tax assets not recognised	1,028,880	1,126,172	-	-
Expenses not deductible for tax purposes	1,742,978	4,025,126	4,061,565	3,516,421
Income not subject to tax	(73,536)	(3,167,213)	(1,404,000)	(936,000)
Over provision of taxation in prior year	(213,398)	(40,770)	-	-
Over provision of deferred taxation in prior year	-	(2,764,777)	-	-
Tax expense/(income)	3,583,217	(325,934)	-	-

The Group's unutilised tax losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM109,163,000 (2016: RM105,022,000) and RM1,615,000 (2016: RM1,550,000) respectively.

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

29.(LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per ordinary shares

Basic (loss)/earnings 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	
	2017 RM	2016 RM
(Loss)/Profit attributable to owners of the Company (RM)	(1,735,924)	4,851
Number of ordinary shares in issue:- Brought forward Effect of ordinary shares distributed during the financial year via bonus issue	659,983,500 -	119,997,000 539,986,500
Carried forward	659,983,500	659,983,500
Basic (loss)/earnings per ordinary shares (sen)	(0.26)	0.00

Diluted (loss)/earnings per ordinary shares

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

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30. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, bonuses and allowances	4,831,102	4,660,154	225,850	251,500
Defined contribution plan	487,744	427,016	-	-
Social security contributions	27,766	19,049	-	-
	5,346,612	5,106,219	225,850	251,500

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

	Gı	oup	Company		
	2017	2016	2017	2016	
	RM	RM	RM	RM	
<u>Executive</u>					
Salaries and other emoluments	1,543,829	1,273,526	-	-	
Defined contribution plan	197,960	147,670	-	-	
Bonus	277,000	277,000	-	-	
Fees	96,000	129,000	84,000	117,000	
	2,114,789	1,827,196	84,000	117,000	
Non-executive					
Fees	99,500	84,500	99,500	84,500	
Other emoluments	42,350	50,050	42,350	50,050	
	141,850	134,550	141,850	134,550	

31. RELATED PARTY DISCLOSURES

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

	G	roup	Company		
	2017 RM	2016 RM	2017 RM	2016 RM	
Dividend received from subsidiary Lease rental paid to a corporate shareholder Profit sharing from a corporate shareholder	- 375,791 289,825	375,791 807,353	5,850,000 - -	3,900,000	

- (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.

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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 ("OFL") measured at amortised cost:-

Group 2017	Carrying amount RM	L&R RM	OFL RM
Financial assets			
Trade receivables	2,919,928	2,919,928	-
Other receivables	3,456,474	3,456,474	-
Cash and bank balances	8,205,407	8,205,407	-
	14,581,809	14,581,809	-
Financial liabilities			
Trade payables	2,010,432	-	2,010,432
Other payables	6,376,262	-	6,376,262
Amount due to an associate	565,195	-	565,195
Finance lease payables	840,810	-	840,810
Borrowings	13,566,856	-	13,566,856
Dividend payable	21	-	21
	23,359,576	-	23,359,576
2016			
Financial assets			
Trade receivables	4,367,933	4,367,933	-
Other receivables	4,522,952	4,522,952	-
Fixed deposits with licensed financial institutions	516,339	516,339	-
Cash and bank balances	3,498,941	3,498,941	-
	12,906,165	12,906,165	-
Financial liabilities			
Trade payables	1,213,674	-	1,213,674
Other payables	6,095,427	-	6,095,427
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
	24,852,281	-	24,852,281

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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 ("OFL") measured at amortised cost (cont'd):-

Company 2017	Carrying amount RM	L&R RM	OFL RM
Financial assets			
Other receivables	1,000	1,000	-
Amount due from subsidiaries	2,931,104	2,931,104	-
Cash and bank balances	93,580	93,580	-
	3,025,684	3,025,684	-
Financial liabilities			
Other payables	72,378	-	72,378
Amount due to a subsidiary	4,000,000	-	4,000,000
Dividend payable	21	-	21
	4,072,399	-	4,072,399
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

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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 realisable losses incurred due to increased credit risk exposure. The Group and the Company provide services only to realisable 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.

(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 statements 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:-

	Individually					
Company 2017	Gross RM	impaired RM	Net RM			
Not past due	1,396,800	-	1,396,800			
Past due for 1-30 days	196,628	-	196,628			
Past due for 31-60 days	114,379	-	114,379			
Past due for 61-90 days	132,314	-	132,314			
Past due for more than 121 days	1,891,644	(811,837)	1,079,807			
	3,731,765	(811,837)	2,919,928			

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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):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

The ageing analysis of trade receivables of the Group is as follows (cont'd):-

Group 2016	Individually Gross impaired RM RM					
Not past due	2,482,651	-	2,482,651			
Past due for 1-30 days	-	-	-			
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			

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

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 December 2017, trade receivables of RM1,523,128 (2016: RM1,885,282) 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 82% (2016: 100%) of trade receivables consists of amount due from two (2016: 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.

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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):-

(a) Credit risk (cont'd)

(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.

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

Group 2017	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	2,010,432	2,010,432	2,010,432	-	-	-
Other payables	6,376,262	6,376,262	6,376,262	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	21	21	21			
	8,951,910	8,951,910	8,951,910	-	-	-
Secured						
Borrowings	13,566,856	17,083,027	1,552,943	1,517,420	4,552,261	9,460,403
Finance lease payables	840,810	897,006	588,856	275,786	32,364	-
	14,407,666	17,980,003	2,141,799	1,793,206	4,584,625	9,460,403
Total	23,359,576	26,931,943	11,093,709	1,793,206	4,584,625	9,460,403

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

Financial Risks (cont'd)

(b) Liquidity risk (cont'd)

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

Group (cont'd) 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	691,818	-	-
	15,927,964	20,618,746	2,459,863	2,307,176	4,846,074	11,005,633
Total	24,852,281	29,543,063	11,384,180	2,307,176	4,846,074	11,005,633
Company 2017	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	72,378	72,378	72,378	_	_	_
Amount due to a subsidiary	4,000,000	4,000,000	4,000,000	_	_	_
Dividend payable	21	21	21	-	-	-
Total	4,072,399	4,072,399	4,072,399	-	-	-
2016						
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 DECEMBER 2017

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

Financial Risks (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:-

	Group RM
2017	
Fixed rate instrument	
Financial liability	
Finance lease payables	840,810
Floating rate instrument	
Financial liability	
Borrowings	13,566,856
<u>2016</u>	
Fixed rate instrument	
<u>Financial asset</u>	
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

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.

31 DECEMBER 2017

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

Reconciliation of assets and liabilities arising from financing activities

	1 January 2017 RM	Cash flows RM	Others RM	31 December 2017 RM
Group Borrowings* ¹ Finance lease liabilities* ² Dividend payable* ³	14,577,849 1,350,115 1,050,021	(1,683,190) (760,046) (4,200,000)	672,197 250,741 3,150,000	13,566,856 840,810 21
	16,977,985	(6,643,236)	4,072,938	14,407,687
Company Amount due from subsidiary* ⁴	10,220,784	7,461,814	(14,751,494)	2,931,104

- *1 Being interest expense on borrowings amounting to RM672,197.
- *2 Being purchase of property, plant and equipment under finance lease liability amounting to RM199,200 and interest is suspense of RM51,541.
- *3 Being dividends declared to minority shareholder of Astral Asia Plantation Sdn. Bhd. during the year amounting to RM3,150,000.
- *4 Being provision for impairment loss on subsidiary amounting to RM14,751,494.

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.

31 DECEMBER 2017

35. OPERATING SEGMENTS

(a) Business segments

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

<u>Business segments</u> <u>Business activities</u>

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.

Property development and

			and				
2017	Note	Investment RM	contruction RM	Plantation RM	Others RM	Eliminations RM	Total RM
Revenue							
External revenue		666,502	918,826	29,903,463	-	-	31,488,791
Intersegment revenue	(i)	5,850,000	-	-	-	(5,850,000)	-
Total revenue		6,516,502	918,826	29,903,463	-	(5,850,000)	31,488,791
Results							
Interest income		1,340	88,080	31,974	-	-	121,394
Finance cost		(629,795)	(78,416)	(15,527)	-	-	(723,738)
Depreciation of property,							
plant and equipment		(199,012)	(602,463)	(4,369,949)	-	(263,336)	(5,434,760)
Share of loss in associate		-	(30,449)	-	-	-	(30,449)
Tax (expense)/income		(84,000)	35,415	(3,562,632)	-	28,000	(3,583,217)
Other non-cash							
expenses	(ii)	(350,000)	(185,013)	(27,536)	-	116,667	(445,882)
Segment (loss)/profit		(11,788,398)	(5,411,794)	7,889,252	(5,547)	10,309,491	993,004
Assets							
Investment in associate		-	1,281,838	-	-	(747)	1,281,091
Additions to non-current							
assets	(iii)	-	34,436	552,538	-	-	586,974
Segment assets		216,161,934	31,123,708	359,187,500	17,645	(205,839,381)	400,651,406
Liabilities							
Segment liabilities		31,642,400	26,580,868	86,315,304	4,450	(44,876,669)	99,666,353

31 DECEMBER 2017

35. OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

Property development

and 2016 Note Investment contruction Plantation Others **Eliminations Total** RM RM RM RM RM RM Revenue 720,554 1,168,812 23,923,587 25,812,953 External revenue 3,900,000 Intersegment revenue (i) (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 (163,011) (855, 197)(659,975)(32,211)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)325,934 Tax (expense)/income (9,015)334,949 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 20,742 Segment assets 225,303,033 31,366,570 356,371,386 (215,444,045) 397,617,686 Liabilities 30,727,101 86,872,003 2,000 Segment liabilities 21,815,008 (40, 150, 189)99,265,923

31 DECEMBER 2017

35. OPERATING SEGMENTS (CONT'D)

- (a) Business segments (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		
	2017 RM	2016 RM	
Fair value gain of investment properties Bad debts written off	(233,333) (32,282)	-	
Impairment loss on other receivables Gain on disposal of property, plant and equipment	(185,013)	(305,307) 162,069	
Reversal impairment loss on trade receivables Property, plant and equipment written off	5,000 (254)	19,000	
	(445,882)	(124,238)	

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

	G	iroup	
	2017 RM	2016 RM	
Biological assets Property, plant and equipment	48,645 538,329	63,018 3,683,806	
	586,974	3,746,824	

(b) Geographical segment

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

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MARCH 2018

SHARE CAPITAL

Issued and fully paid-up : RM131,996,700

Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholder	%	No. of shareholdings	%
Less than 100	30	2.47	1,297	0.00
100 – 1,000	98	8.06	45,988	0.01
1001 - 10,000	252	20.74	1,459,007	0.22
10,001 – 100,000	741	60.99	22,153,767	3.36
100,001 – less than 5% of issued shares	91	7.49	243,733,994	36.93
5% and above issued shares	3	0.25	392,589,447	59.48
TOTAL	1,215	100.00	659,983,500	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
 Dato' Lim Kang Poh Perbadanan Kemajuan Pertanian Negeri Pahang 	179,104,578 177,622,559	27.14 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	%
Dato' Lim Kang Poh	179,104,578	27.14	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MARCH 2018

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	32,150,750	4.87
6.	Amsec Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account – AmBank (M) Berhad for Dato' Lim Kang Poh	22,000,000	3.33
7.	Wan Ah Keow	21,601,150	3.27
8.	Wong Chooi Fah	20,388,500	3.09
9.	Ngai Sok Tien	19,776,350	3.00
10.	Wong Chooi Lin	19,335,450	2.93
11.	Lim Hai	16,145,250	2.45
12.	Yap Kong Wooi	9,693,900	1.47
13.	Rahaimi Bin Abdul Rahman	9,539,600	1.45
14.	Lee Hun Kheng	5,676,000	0.86
15.	Lim Kang Swee	4,950,000	0.75
16.	Maybank Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Liew Kon Sing @ Liew Kong	2,848,700	0.43
17.	Tan Sri Dato' Husein Bin Ahmad	2,805,000	0.43
18.	Maybank Nominees (Tempatan) Sdn Bhd		
	Nomura Singapore Limited for Lim Lian Hock	2,685,000	0.41
19.	TA Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for LKPP Corporation Sdn Bhd	2,379,850	0.36
20.	Chan Ling Lee	1,861,750	0.28
21.	Tiong Sheue Yng	1,083,500	0.16
22.	Mohd Saini Bin Kariman	839,050	0.13
23.	Ang Ah Bah	792,250	0.12
24.	AllianceGroup Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Chin Kim Yong	701,250	0.11
25.	Chiang Siew Eng @ Le Yu Ak Ee	679,500	0.10
26.	Su Ming Keat	550,000	0.08
27.	Yap Siow Kim	518,000	0.08
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Tan Lee Keen	467,500	0.07
29.	UOB Kay Hian Nominees (Asing) Sdn Bhd		
	Exempt An for UOB Kay Hian Pte Ltd (A/C Client)	453,744	0.07
30.	Wong Ooi Pean	440,000	0.07
	TOTAL	625,373,991	94.76

GROUP'S PROPERTIES

AS AT 31 DECEMBER 2017

	Address /Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Acquired Revalued/
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	-	103,000,000	2017
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	2017
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	2017
4.	B28, Lorong Tun Ismail 11 Jalan Tun Ismail 25000 Kuantan	3-storey Corner Shop Office	184 square metres	954 square metres	Freehold	14 Years	1,700,000	2017
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	2017



GROUP'S PROPERTIES AS AT 31 DECEMBER 2017

	Address /Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Acquired Revalued/
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	4 Years	23,600,000	2017
7.	Lot 212 Seksyen 96 Bandar Kuala Lumpur District of Kuala Lumpur State of Wilayah Persekutuan	Vacant Land	813 square metres	-	Freehold	-	8,700,000	2017

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Second Annual General Meeting of the Company will be held at Kiara Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 7 June 2018 at 11.00 a.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2017 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 2017. [RESOLUTION 1]

3. To re-elect Dato' Lim Kang Poh who is retiring pursuant to Article 76 of the Company's Articles of Association. [RESOLUTION 2]

To re-elect Dato' Haji Wan Bakri Bin Wan Ismail who is retiring pursuant to Article 76
of the Company's Articles of Association.

[RESOLUTION 3]

5. To re-elect Tuan Haji Khalit Bin Kasmoin who is retiring pursuant to Article 83 of the company's Articles of Association. [RESOLUTION 4]

6. To re-appoint Messrs. Grant Thornton Malaysia, as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. [RESOLUTION 5]

SPECIAL BUSINESS

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

7. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT 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 twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

[RESOLUTION 6]

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

[RESOLUTION 7]

"THAT pursuant to Sections 75 and 76 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."

9. 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 27 April 2018

Notes:

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 1 June 2018 ("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 TWENTY SECOND ANNUAL GENERAL MEETING

EXPLANATORY NOTES

1. The Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Companies Act, 2016 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. Resolution 6

The Proposed Resolution 6, 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 twelve (12) years, to continue to act as Independent Non-Executive Director of the Company. The Nomination Committee and Board of Directors have carried out 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 7

The Proposed Resolution 7, 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 25 May 2017 and which will lapse at the conclusion of the Twenty Second Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment (s), working capital and/or acquisitions and to avoid incurring any costs or delay in convening a general meeting.

PROXY FORM



I/We (full name in capital letters)	
NRIC/Company No of (full	l 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	l address)
or failing him/her, the CHAIRMAN OF THE MEETIN	G as *my/our proxy to attend and vote for *me/us and on *my/our
behalf at the 22nd Annual General Meeting of the C	ompany to be held on Thursday, 7 June 2018 at 11.00 a.m, at Kiara
Room, Sri Damansara Club, Lot 23304, Persiaran I	Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur and at any
adjournment thereof.	
*My/Our proxy is to vote on a poll as indicated below	v with an "X".
ORDINARY BUSINESS 1. To receive and consider the Audited Financial Statement together with the Reports of the Directors and Au	· · · · · · · · · · · · · · · · · · ·
	RESOLUTIONS FOR AGAINST
To approve the payment of Directors' fees for the year ended 31 December 2017.	1
3. Re-elect Dato' Lim Kang Poh as a Director (Article	2 2
 Re-elect Dato' Haji Wan Bakri Bin Wan Ismail as a Director (Article 76) 	3
5. Re-elect Tuan Haji Khalit Bin Kasmoin as a Directo	or (Article 83) 4
6. Re-appoint Messrs. Grant Thornton Malaysia as A to authorise the Directors to fix their remuneratio	
SPECIAL BUSINESS 7. Continuing in Office of the following Director as Independent Non-Executive Director - Mr Tan En	Chong 6
8. Authority for Directors to issue shares	7
* Strike out whichever not applicable	
Dated thisday_ of20	No. of Shares held
	CDS Account No.

Notes :

Signature of Shareholder(s)

- 1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 1 June 2018 ("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

Then fold here



Level 12, Menara TSR No.12, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor.

Tel: 03-7717 5588 Fax: 03-7717 5599