ASTRAL ASIA
BERHAD

ANNUAL 2018 REPORT

ASTRAL ASIA BERHAD

Co. No. 374600-X

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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

MR NG KIM KEONG
Independent Non-Executive Director

TUAN HAJI KHALIT BIN KASMOIN
Independent Non-Executive Director

COMPANY SECRETARIES

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTRAR

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

AUDITORS

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
PUBLIC BANK BERHAD
CIMB BANK BERHAD
RHB BANK BERHAD

SOLICITORS

BEN CHAN
RAJA AZHAR & HUSAIN SAFRI
TG LEE & ASSOCIATES

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD
Main Market
Stock Code: 7054

GROUP CORPORATE STRUCTURE

PLANTATION

65%
Astral Asia Plantation Sdn Bhd

CONSTRUCTION

100%
Tasja Sdn Bhd

PROPERTY DEVELOPMENT

100%
Tasja Development Sdn Bhd

OTHER INVESTMENTS

100%
Astral Plantation Sdn Bhd

100%
Woodland Water Sdn Bhd

100%
Tasja Properties Sdn Bhd

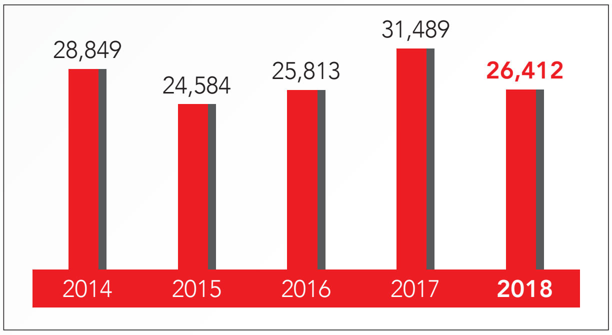
100%
PTJ Concrete Products Sdn Bhd

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

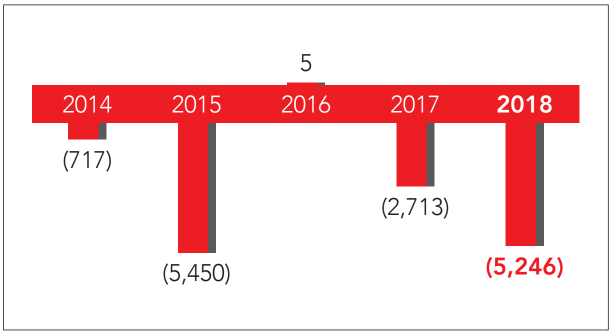
5-YEAR FINANCIAL HIGHLIGHTS

		2014	2015	2016	2017	2018
Revenue	RM'000	28,849	24,584	25,813	31,489	**26,412**
Profit / (Loss) Before Taxation	RM'000	5,296	(2,931)	2,065	2,625	**(5,370)**
Net Profit / (Loss) attributable to Owners of the Parent	RM'000	(717)	(5,450)	5	(2,713)	**(5,246)**
Paid-up Capital	RM'000	119,997	23,999	131,997	131,997	**131,997**
Shareholders' Funds	RM'000	205,614	203,687	204,962	202,250	**197,004**
Total number of shares in issue	'000	119,997	119,997	659,984	659,984	**659,984**
Earnings Per Share *	SEN	(0.11)	(0.83)	0.00	(0.41)	**(0.79)**
Net Assets Per Share *	RM	0.31	0.31	0.31	0 .31	**0 .30**
Fresh Fruit Bunches ("FFB") Production	Tonne	49,918	46,020	37,239	43,492	**40,872**
Prices of Crude Palm Oil realised	RM	2,406	2,149	2,643	2,761	**2,248**

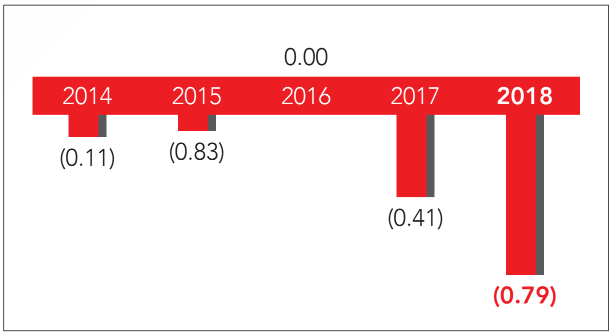
Revenue
(RM'000)



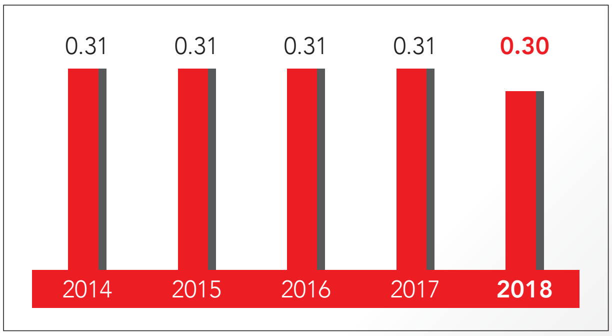
Net Profit / (Loss) attributable to Owners of the Parent
(RM'000)



Earnings Per Share *
(SEN)



Net Assets Per Share*
(RM)



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

DIRECTORS PROFILE

DATO' LIM KANG POH

Deputy Executive Chairman

Aged 62, 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, other than for traffic offences, if any.

Dato' Lim attended four (4) of the five (5) Board meetings held in the financial year ended 31 December 2018.

MR LIM GUAN SHIUN

Managing Director

Aged 32, Male, Malaysian

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

Mr Lim graduated with a Bachelor of Engineering (Hons) in Civil Engineering and Master of Science in Management of Projects from University of Manchester. He is currently an Executive Director of Astral Asia Plantation Sdn Bhd, a position he has held since 2011. He is currently also the General Manager of Tasja Development Sdn Bhd.

Mr Lim has no direct or indirect shareholdings in the Company. His father, Dato' Lim Kang Poh, is the Deputy Executive Chairman and a major shareholder of the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years, other than for traffic offences, if any.

Mr Lim attended all the five (5) Board meetings held in the financial year ended 31 December 2018.

DIRECTORS PROFILE

TUAN HAJI MD ADANAN BIN ABDUL MANAP

Deputy Managing Director
Aged 76, 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, other than for traffic offences, if any.

Tuan Haji Md Adanan attended three (3) of the five (5) Board meetings in the financial year ended 31 December 2018.

MR TAN EN CHONG

Senior Independent Non-Executive Director
Aged 69, Male, Malaysian

Mr Tan En Chong was appointed to the Board of Directors on 1 July 2001 and was re-designated 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, other than for traffic offences, if any.

Mr Tan attended all the five (5) Board meetings held in the financial year ended 31 December 2018.

DIRECTORS PROFILE

MR NG KIM KEONG

Independent Non-Executive Director
Aged 46, Male, Malaysian

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

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, other than for traffic offences, if any.

Mr Ng attended all the five (5) of the Board meetings held in the financial year ended 31 December 2018.

TUAN HAJI KHALIT BIN KASMOIN

Independent Non-Executive Director
Aged 61, Male, Malaysian

Tuan Haji Khalit Kasmoin was appointed to the Board on 1 March 2018. He is 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, other than for traffic offences, if any.

Tuan Haji Khalit attended four (4) of the Board meetings held in the financial year ended 31 December 2018.

KEY SENIOR MANAGEMENT

MR LIM GUAN SHIUN

Managing Director
Aged 32, Male, Malaysian

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

DATO' IR HOW POOI GEN

Project Director, Construction and Properties Development Segments
Aged 57, 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 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, other than for traffic offences, if any.

MR LEONARD HOON HUI KIT

Chief Financial Officer
Aged 58, 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 Charted 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 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 ending 31 December 2018.

Operating Results

For the financial year under review, the Group recorded a 16.1 % decrease in revenue from RM31.5 million in the previous financial year to RM26.4 million in this financial year, a decrease of RM5.0 million. The decrease in the Group's total revenue was mainly due to lower contribution from the plantation segment.

At the operations level, the Group incurred a loss after tax of RM6.8 million for the current financial year compared to a loss after tax of RM 0.6 million (as restated) in the previous financial year. This was mainly due to the lower crude palm oil prices coupled with lower fresh fruit bunches production during the financial year under review.

The financial performance and prospects of the Group are further explained in the Management Discussion and Analysis section.

Dividend

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

Corporate Development

There are no corporate proposals that are pending completion.

Acknowledgements

On behalf of the Board, I would like to thank Dato' Indera Haji Wan Bakri Bin Wan Ismail who has resigned from the Board on 1 April 2019 due to the expiration of his service contract with Perbadanan Kemajuan Pertanian Negeri Pahang, for his invaluable contribution to the Group for the past five years.

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

Dato' Lim Kang Poh
Deputy Chairman

MANAGEMENT DISCUSSION & ANALYSIS

FFB Production, Performance and Area Statement

	2012	2013	2014	2015	2016	2017	2018
Fresh Fruit Bunches ("FFB") Production (m/t)	52,415	57,698	49,918	46,020	37,329	43,491	40,872
Average mature area harvested (hectare)	3,274	3,274	3,274	3,274	3,127	3,314	3,647
Average yield m/t per hectare	16.0	17.6	15.2	14.1	11.9	13.1	11.2
Average prices of Crude Palm Oil realised RM per m/t	2,777	2,375	2,406	2,149	2,643	2,761	2,248
Average prices of Palm Kernel Oil realised RM per m/t	1,553	1,343	1,718	1,580	2,573	2,444	1,791
Plantation revenue RM'000	33,294	30,895	28,199	23,171	23,924	29,903	19,285
Plantation profit / (loss) before tax RM'000	18,650	13,272	10,798	3,511	6,478	11,452	(3,746)

	Planted area as at 31.12.2018			FFB Production (m/t)		
Estate	Immature (ha)	Mature (ha)	Total (ha)	2016	2017	2018
Bukit Kuin 1 (BK 1)	15	696	711	3,777	5,514	7,777
Bukit Kuin 2 (BK 2)	-	191	191	4,023	4,308	4,278
Kertau	-	1,617	1,617	16,093	17,929	15,509
Pejing	-	1,143	1,143	13,346	15,740	15,308
	15	3,647	3,662			
Buildings, roads and others			357			
Total area (in hectare)			4,019			
Total FFB Production				37,239	43,491	40,872

Age profile of oil palm as at 31.12.2018		
Palm Age (Yrs)	Percentage	Area (Ha)
Immature	0.5%	15
Young & Prime (4-20 yrs)	24.2%	887
Old (21 yrs & above)	75.3%	2,760
	100.0%	3,662

MANAGEMENT DISCUSSION & ANALYSIS

Plantation Segment

The plantation arm of the Group is Astral Asia Plantation Sdn Bhd (previously known as Syarikat Ladang LKPP Sdn Bhd, hereinafter referred to as "AAP"). AAP currently owns and manages 4,019 hectares of mature oil palm plantation in the state of Pahang Darul Makmur.

For the financial year under review, the harvested fresh fruit bunches ("FFB") production of 40,872 m/t is 6.0 % lower compared with the harvested FFB in the previous financial year (2017: 43,492 m/t). The decrease in FFB production was due to the periodic fluctuation after the estates experienced high cropping season in 2017. The overall annual oil palm yield per hectare for the Group had decreased by 14.5 % to 11.2 m/t per hectare during this financial year (2017:13.1 m/t per hectare). BK 1 estate continued to register 41.0 % higher FFB harvest totaling 7,777 m/t (2017: 5,514 m/t) as oil palm attained further maturity during the financial year. It is again encouraging to note that during the financial year, BK 2 estate had maintained a high annual average FFB yield of 22.4 m/t per hectare (2017 : 22.5 m/t per hectare).

However, both Kertau and Pejing estates recorded lower FFB production, declining 13.5% and 15.5 % respectively compared to the last financial year.

The generally lower FFB output trend experienced in 2018 was also recorded by other FFB producers in the region. For the state of Pahang Darul Makmur in particular, Malaysian Palm Oil Board had reported a 5.4 % lower annual average yield of 16.9 m/t per hectare in 2018 (2017:17.9 m/t per hectare).

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 monthly average prices. The Group has yet to engage in the trading of commodity future but may do so in the near future in view of the high volatility of the prices of the commodities.

For the financial year under review, the Group's realised CPO was 18.5 % lower at an average price of RM2,248 per m/t (2017: RM 2,761 per m/t). The average realised price of PK decreased by 26.7 % to RM1,791 per m/t (2017: RM 2,444 per m/t).

The plantation segment had registered a loss after tax of RM4.5 million during the current financial year under review compared to a profit after tax of RM 6.2 million in the previous year. This was mainly attributable to the following factors:

a) The lower harvested FFB totaling 40,872 m/t (2017: 43,491 m/t) ;
b) The low commodity prices of CPO and PK during the financial year;
c) The less favourable FFB sale terms like oil extraction rates and oil processing cost contracted; and
d) General increase in wages and fertilisers costs.

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. To enhance best agriculture practices and environmental protection, the Group is supportive of the Malaysian Sustainable Palm Oil (MSPO) standard and is currently undergoing the accreditation process required by MSPO. The Group aims to achieve the MSPO certification by the end of 2019.

Pahang, Malaysia

A. Bukit Kuin Estates
B. Kertau / Pejing Estates

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 Malaysia").

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. Although this sub-contract work had reached 40 % completion stage, it has been mutually terminated during the financial year. The construction segment registered a nominal profit of RM6,000 from this project.

With regard to the arbitration award between Tasja and Kementerian Kesihatan Malaysia ("KKM"), the Management wishes to inform that Tasja has received the payment of the main arbitration award from KKM in March 2019.

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 political and economic uncertainty 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 revised conditional development order in December 2018 for the construction of a three-storey commercial building with a basement carpark. The estimated construction cost of the proposed building is RM5.6 million and the Group has obtained a construction loan of RM4.0 million for this development.

Prospects

Oil palm cultivation will remain the core business of Astral Asia Berhad in the near future. Going forward, the Group has been actively engaged in negotiation with various parties for the purposes of acquiring new land suitable for oil palm cultivation.
The CPO prices have been traded mostly lower throughout the financial year 2018. The highest traded CPO price was RM2,488 per m/t in February 2018 while the lowest traded CPO price was in December 2018 at RM1,794 per m/t. The trading prices of CPO in 2018 were influenced by factors such as high palm oil stocks, lower export demand, weaker world vegetable oil prices and concerns of a global recession. As of the date of this report, CPO prices are sustaining marginally above RM2,000 per m/t. The Management anticipates CPO prices to remain volatile within the range of RM1,800 – RM2,200 per m/t for the remaining months of this financial year. The current weak US Dollar against the Malaysian Ringgit will also have a negative impact on the prices of CPO.

In view of the anticipated significantly lower commodities prices in 2019 and in the absence of positive contributions from the Group's other business segments, the Group's operating results in 2019 will be less optimistic compared to the previous financial year.

SUSTAINABILITY REPORT

Astral Asia Berhad Group (AAB Group) is committed towards practicing sustainable management and creating the right conditions for enhancing the Economic, Environmental and Social (EES) values in our oil palm plantations.

ABOUT THIS REPORT

Scope: This report covers the core business of Astral Asia Berhad (AAB) and its oil palm plantation, of which AAB has direct control and holds a majority stake in Astral Asia Plantation Sdn Bhd (AAP).

Reporting Period: The reporting period spans from 1 January 2018 to 31 December 2018. Historical data from previous years were included to provide comparison.

Reporting Cycle: Annual

Reporting Guideline: Bursa Malaysia Sustainability Reporting Guide

Feedback: If you have any comments or suggestions regarding our Sustainability Report, please do not hesitate to contact us at: sustainability@astralasia.com

This is our first sustainability report, and we have prepared this report to convey transparency with regard to our sustainability management and activities to all our stakeholders.

For this report, we present threshold data and information, which serve as our foundation in introducing sustainability in our oil palm plantation business and operational activities. In turn, we will strategically carry out our Group's establishment rationale and move forward with the following objective:

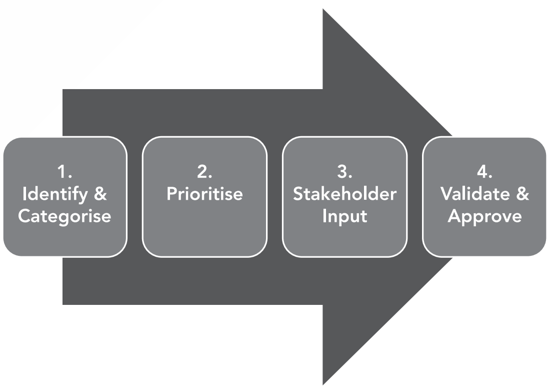
"To Achieve the Best in Oil Palm Plantation".

Materiality

We conducted our first materiality assessment to ensure that the content of our sustainability report reflects the EES themes that we considered most significant to our core business and stakeholders.

Materiality Assessment

We conducted our materiality assessment through the following process:



1. **Identify and Categorise:** We identified a comprehensive list of stakeholders and material themes which we deemed to directly impact the sustainability of our oil palm estates.

   Thereafter, we categorised each theme under EES topics and narrowed them down to avoid redundancy.

2. **Prioritise:** Each topic and stakeholder group were assessed and scored according to its importance and impact.

3. **Stakeholder Input:** To ensure a balanced matrix, the identified stakeholder groups were sought and requested to score the themes according to importance.

4. **Validate & Approve:** The matrix was reviewed by the Management and subsequently validated and approved by the Board of Directors of AAB.

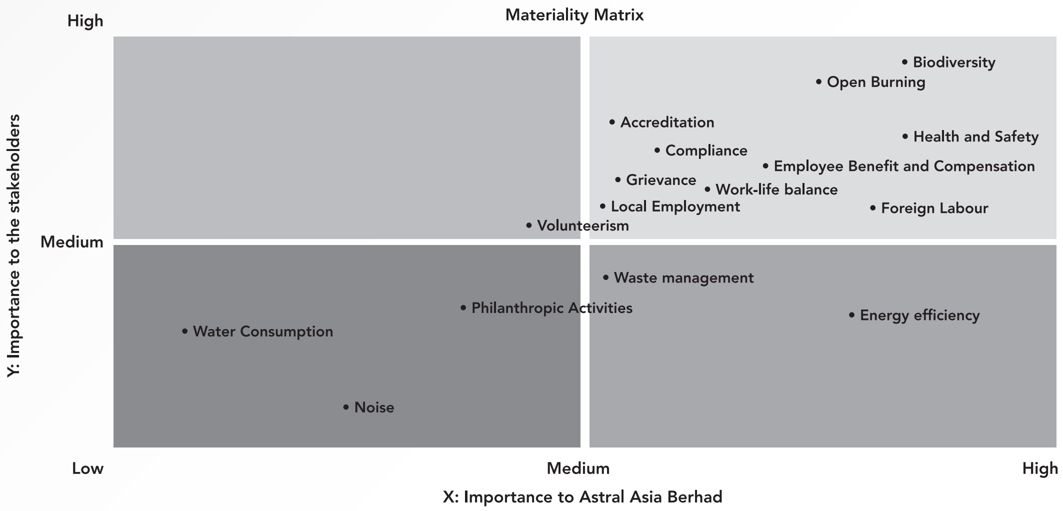
SUSTAINABILITY REPORT

Materiality Matrix

The sustainability matrix shown below presents the result of our assessment. The Y-axis represents the decisions or matters that are important to the stakeholders, whereas the X-axis denotes the EES items and matters that are significant to the Group's core business.

The matters situated on the top right of the matrix are the themes considered to be of the highest significance to our Group and stakeholders.

The issues considered most important by stakeholders and the Company are as follows:



Stakeholder Engagement

We communicate with our stakeholders throughout the year to ascertain their expectations and respond to their latest concerns. We believe that engaging with our stakeholders and identifying their issues allow us to cater to their needs more effectively and foster better relationships.

Stakeholders	Issue	Response
Community	Road access Local Employment	Grant the community access to Company built road. Priority recruitment from local community
NGOs	Accreditation	Undergoing MSPO accreditation
Investors	Information	Updated investor information in the Company website
Employees	Health and Safety Remuneration and Benefits Clear Policy	Comply with OSHA and conduct trainings Performance Review / Government compliance Establish Policies and communicate the Policies to all employees
Customers	Quality of FFB	Need training from MPOB about ripeness standard.
Government	MSPO Accreditation Biodiversity Water and Soil Protection	Currently under process Engage with the Department of Wildlife and Natural Parks Engage with the Department of Agriculture
Suppliers	Payment Pricing Time Delivery	Follow terms and conditions of payment. Deal, negotiate or tender approach. Deal between two parties.

SUSTAINABILITY REPORT

Sustainability Governance

The Board

Our AAP Board is tasked with the paramount duty of developing a sustainable strategic direction and formulating leadership and corporate strategies for managing our oil palm plantations. The Board regularly reviews our sustainable approaches, makes informed decisions, and applies current sustainability trends that may influence our strategic direction.

The Management

The Board of AAB appointed a Managing Director to manage all sustainability matters with the support of the Heads of Departments. The Managing Director is responsible for implementing, addressing, monitoring, and delivering EES growth and progress. He must also ensure that our sustainability strategies are aligned and guarantee that our goals are achieved whilst enhancing stakeholder value. In addition, the Managing Director must keep the Board well-informed of the current position of AAB's sustainability issues.

Ethics and Transparency

Our Code of Conduct upholds the spirit of social responsibility in accordance with the relevant legislation, regulation, and guidelines. It also guides our relationships with our various stakeholders, including Employees, Creditors, Shareholder and Customers.

Risk Management

Our EES sustainability risk management is compliant with applicable laws, regulation, and employment of foreign workers. Our Management will continue to manage all risks inherent to oil palm operations, strive for continuous sustainable improvement, and enact appropriate action plans, as we work towards realising maximum sustainability in oil palm plantation.

Social: Supply Chain

We subscribe to high ethical and moral standards. Thus, we have built our relationships with suppliers on the basis of professionalism, trust, transparency and fair dealings.

Supplier Ethics and Transparency

Our Company provides equal opportunities to all suppliers and contractors. As part of our purchasing policy, we direct our suppliers to follow the necessary protocol. A tender process is announced through published advertisements in leading newspapers. Then, interested suppliers meet with the Management for interviews during which compliant suppliers and contractors are shortlisted and prices are negotiated.

The review and approval of suppliers and contractors are conscientiously performed by AAP's Managing Director, the Executive Director and the General Manager in-Charge.

Environmental Consideration

Pesticides are an essential agricultural tool for crop protection. However, we understand that pesticides could pose potential health and environmental risks. Therefore, we guarantee that the purchase of pesticides complies with the Ministry of Agriculture's (MOA) environmental regulations and is in accordance with the Malaysia pesticide legislative framework.

We expect our suppliers to act in line with the Pesticide Act 1974 as well as other related legislation concerning the labelling, importation and sale of controlled pesticides, amongst others.

SUSTAINABILITY REPORT

Supplier Monitoring

We continually evaluate and monitor our supply chain to ensure compliance with our policies.

The monitoring activity encompasses cost, pricing, and quality. We ensure that our quality and lead time delivery over the government criteria. Non-compliant suppliers are given reminders, issued memoranda, invited to discussions and ultimately penalized should they fail to comply with the set criteria.

Environment

Our Approach: Ensure the effective use of natural resources

We recognise that our operations may potentially affect biodiversity and ecosystem services. Thus, we seek to understand, evaluate and minimise these environmental impacts, as we endeavour to foster environmental protection and care whilst conducting our operations.

Pest and Pesticide Management

We have adopted high-standard pest management programmes and minimised the frequency and use of synthetic pesticides. AAP has implemented the Integrated Pest Management (IPM) to realise the sustainable management of oil palm pests.

Compliance

We strictly comply with the government regulations imposed on the controlled pesticides used in our operations. We guarantee that all the controlled pesticides that we use have been applied for and approved by the relevant government regulatory body.

Biological Control

To reduce the use of pesticides and pests within our plantation sites and to utilise barn owls as a natural biological rodent control.

Year	Number of Barn Owls
2016	7
2017	9
2018	5

No Open Burning Policy

Another policy firmly implemented by AAP to protect biodiversity is the 'No Open Burning Policy'. AAP considers the importance of the health, safety, welfare, property and living conditions of the nearby communities from any fire hazards, environmental degradation and air pollution caused by open burning practices.

SUSTAINABILITY REPORT

Soil Management

To address the issues of soil erosion, AAP launched several activities, such as terracing and the planting of cover crops in erosion-prone areas. Contour terraces and platforms were constructed in steeps and slopes to diminish run-off and soil erosion.

We plant Leguminous Cover Crops (LCC) in our estates to prevent weed onset and to deter cattle and insects. LCC also increases the fertility of the surface soil, conserves water and hinders soil erosion.

Leguminous Cover Crops

Biodiversity

We are aware that our operations may potentially affect biodiversity and ecosystem services. For this reason, we seek to understand, evaluate and minimise these environmental impacts, as we strive to foster environmental protection and care whilst conducting our operations.

Wildlife Protection

Collaboration with the Department of Wildlife and National Parks

Bukit Kuin 2 estate is located 3 km from a forest reserve, and thus wild animals occasionally encroach into our plantation. When a wildlife is spotted by our CCTV cameras or workers within the boundaries of the plantation, we immediately coordinate with the Department of Wildlife and National Parks, so that they can translocate the animals back to the forest reserve or the sanctuary.

Contour Terraces

Buffer Zones and Demarcation Points

In our plantation estates, we primarily aim to protect biodiversity. To address biodiversity loss, we have initiated various programmes, such as establishing a buffer zone and instituting the reserve jungle. The buffer zone, which was created in 2006, is a 20 m wide area located near the river with a distance of approximately 13 km from the nearest community. No activities are conducted in the buffer zone, and no negative impact on the community and biodiversity have been recorded.

Environment Training

Inculcating Environmental Values

It is paramount that we cultivate environmental awareness and pro-activeness amongst our employees in any environmental activity and situation.

Our workforces are continually educated through informal trainings particularly on the subjects related to their job scopes. In this way, our workers are equipped with proper knowledge and skills needed to accomplish their tasks whilst upholding proper environmental management.

SUSTAINABILITY REPORT

Our daily environmental awareness reminders consist of the following:

- Wildlife Spotting
- Pesticide Handling
- Barn Owl Protection
- Energy Monitoring
- Water Management
- Waste Management

Water Management

Water is a shared resource that must be conserved for our sustainable future. AAP implements monitoring programmes to ensure that our water usage is consistent with the best environmental practices.

Our Pejing and Bukit Kuin Estates draw water supply from local waterways or surface water, whereas Kertau Estate draws supply from the tube well. We have considerably invested in water treatment facilities that can treat our used water and and make it available for reuse. The treated water is tested by the Ministry of Health to certify the safety of our people. In addition, a rain-harvesting equipment collects water for use within our operations.

These activities enable us to mitigate any potential negative impacts as well as to ensure good water quality and availability.

Water Consumption (m^3)	2016	2017	2018
Kertau Estate – Underground / Tube well	1,111	1,316	1,115
Sg Pejing - Surface water	933	869	580
Bukit Kuin Estates - Surface water	251	400	438
Total Water Consumption	2,295	2,585	2,133

Energy Management

Greenhouse gas (GHG) emission is one of the main contributors to climate change and one of the most serious threats faced by the society. It requires a global action, especially by companies across the world.

We continually endeavour to reduce our GHG emission in our operations. Apart from keeping a record of our energy consumption, we also report to the electrical consultant should any abnormalities in energy use occur. We also regularly check for any leakage that could hamper efficiency.

Energy Usage by Estate

ESTATE	YEAR	DIESEL/Litres		PETROL/Litres
		Electricity	Transportation	Transportation
KERTAU	2016	64,270	111,294	6,016
	2017	86,532	80,697	9,623
	2018	91,381	69,130	5,745
PEJING	2016	10,771	31,865	263
	2017	11,783	21,956.	327
	2018	9,554	27,640	311
BUKIT KUIN	2016	N/A	32,700	3,400
	2017	N/A	32,700	3,400
	2018	N/A	38,55	5,470

Waste Management

Our main business activity is fresh fruit bunch (FFB) production. As such, we do not produce palm oil mill effluents (POME).

Composting

When palm trees reached the end of their lifecycle and are no longer productive, the trees are felled to make way for new trees to be planted. The short trunk of the palm trees is left to decompose on their own and wood chips from the tree trunk are used for composting.

SUSTAINABILITY REPORT

Spills

To ensure that any spill, regardless of amount, is well mitigated and properly managed, we have implemented safe pesticide handling and training programmes. Our use of diesel and lubricants during liquid transfer and/or leaking results in a negligible spill volume.

Social: Employees

Our Approach: We uphold a policy that promotes professionalism and improves the competencies of the management and the employees by fostering a safe and productive working environment.

Work-life Balance

Work–Life Balance of Field Employees

In view of the scarcity of local employees, foreign workers comprise a significant share of our field workforce. As is typical of plantation and manufacturing sectors, foreign workers play a crucial role in our operations. We ensure the effective management of our foreign workers in terms of recruitment, training, living conditions, health management, and proper repatriation.

Recreational and Social Activities

We promote physical and mental wellness of our foreign workers by providing recreational facilities at our plantation site such as sepak takraw, volleyball and table tennis, amongst others.

Sports Day

All field employees look forward to the yearly sports day, during which all workers from different sites get the opportunity to meet and socialise. At the sports day, workers from different estates hold friendly competition in various sports events.

Surau at the Bukit Kuin Estate for the spiritual and religious nourishment of our employees.

The Blue team from Bukit Kuin Estate

The Pink Team from Sg Pejing Estate

Volleyball: Bukit Kuin Estate vs Sg Pejing Estate

Table Tennis: Kertau Estate vs Sg Pejing Estate

SUSTAINABILITY REPORT

Employee Benefit

Our core set of benefits consists of compulsory and non-compulsory benefits. Compulsory benefits are mandatory employee benefits that all employers are legally required to provide, such as Employee's Provident Fund (EPF) and SOCSO.

We go beyond the basic coverage by addressing our employees' immediate needs. Our compulsory benefits include bonuses, medical fees, free hospitalisation, and leaves (i.e. annual, medical, maternity, paternity, marriage, and compassionate leaves).

Talent Management

Training and Development

Our training programmes are geared towards specific knowledge or skills for improving performance and capability. We have designed two types of programmes: office-based and plantation-based.

Office-based Training			
Programmes	**Number of Hours**	**Number of Attendees**	**Objectives**
SST Customs Training	8	1	To enlighten the management about the proper SST procedures/processes
Training on ISO 9001:2005	4	5	To understand the importance and requirements of a quality management system
Green Financing Forum	4	1	To educate on the importance of funding green projects through the Islamic Market

Plantation-based trainings are mainly capability and competency on the job programmes that are aimed towards equipping our field workers with the necessary skills and knowledge that would make them adept in accomplishing their tasks in line with their job scope.

Performance Appraisal

We believe in the necessity to acknowledge employee accomplishment in jointly planning for their improved performance.

Plantation-based Training			
Training Topics	**Number of attendees**	**Hours of Training**	**Objectives**
Durian Training Course	18	1	To facilitate training on the proper nurturing and planting of durian
Tractor Driver Training	8	5	To facilitate training on the safe driving of a tractor, pre-use maintenance, safety checks and recognition of controls and instruments
Manuring and Spraying Training	4	8	To educate on the importance of the proper manuring and spraying of the plantation for achieving sustainable production
Harvester Training	6	8	To facilitate training on the proper handling and harvesting of palm oil products

We implement an evaluation process in which we conduct an annual appraisal of our employees' performance by assessing their personality and presentation, loyalty and responsibility, diligence and efficiency, cooperation and teamwork, as well as their potential.

SUSTAINABILITY REPORT

Diversity

Our Company aims to ensure equal opportunities for our employees and maximise their individual potential whilst recognising and commending their abilities and accomplishments. We value diversity and cultivate a workplace that respects all employees regardless of age, ethnicity, gender, and nationality.

We actively pursue and develop leaders from diverse backgrounds and who possess a wide array of skills, expertise, knowledge, and perspectives. We are confident that such individualities facilitate the Company's innovation and success. At the management level, women represent approximately 13.5% of the workforce in 2016, which increased to a female representation of 19.0% in 2017.

Ethnic Composition of Workers in the Plantation

Ethnicity	2018
Malay	31
Chinese	12
Foreign workers	222
Total	**265**

Number of Women in the Workforce

	2016	2017	2018
Male	48	35	30
Female	17	17	13
Total	**65**	**52**	**44**

Position	2016			2017			2018		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board of Directors	4	1	5	4	1	5	4	1	5
Managers	12	1	13	11	1	12	11	0	11
Executives	29	5	34	18	6	24	17	4	21

Total Number of Employees in the Operation

Office	2016	2017	2018
Employee turnover	6	5	6
Number of newly hired	10	11	7
Number of resignations	4	16	13

	Office			Plantation		
	2016	2017	2018	2016	2017	2018
Number of employees	64	52	41	317	257	265

Social: Health and Safety

Our Approach: 'Ensure adequate safety measures and deliver proper protection to workers and employees at the workplace'. *(AAB Group's Code of Conduct)*

Health and Safety ranks high amongst our sustainability issues and our commitment to the Health and Safety of our employees is enshrined in our Code of Conduct. AAP practices stringent measures and strictly adheres to the Occupational Safety and Health Committee Regulations 1996.

We dutifully and consistently organise Occupational Safety and Health (OSH) trainings for our employees. Prior to their job commencement, all employees must undergo OSH training and strictly comply with the standard operating procedures of the Company.

This endeavour ensures that our employees fully comprehend the importance of Prevention and Protection Equipment ("PPE") and the safety work practices of our Company.

In addition, signage that displays safety precautions are posted around the workplace so that workers would observe safety and health practices at all times.

SUSTAINABILITY REPORT

SAFETY AND HEALTH EDUCATION

Enhancing safety awareness and competency amongst our employees has been a key factor in reducing accident occurrences in our operations. Aside from receiving informal trainings from their direct supervisors, our employees also undergo proper trainings, particularly in plantation estates, in order for them to aptly perform their job.

Head Office			
Programme	**Objective**	**Man-hours**	**Number of Attendees**
Fire Drill	To prepare employees to effectively and safely respond to workplace fires	3	18

Ad Hoc Training Programmes

Topics	Objective
Induction	Familiarisation of duties and SOP
PPE	Familiarisation with all of the fundamental aspects of PPE

Risk Assessment and Monitoring

We recognise that our employees, especially those working in the plantation sector, are at risk of chemical exposure to fertilisers and pesticides. Despite our best efforts, mishap incidents occasionally happen. Upon the occurrence of an injury, our H&S team conducts an investigation and determines the root cause of the incident. We also issue appropriate advices to workers, such as suspending operations if necessary. The assessment process enables us to strengthen and improve our safety and health programmes and consequently guarantee the safety of our workers.

Performance

Building on our safety performance over the past several years, we are pleased to report that are no fatalities occurred during the fiscal year 2018. However, we have recorded a number of lost time injuries in our Kertau and Bukit Kuin Estates with six instances each. Our Company will continue to strive to provide a safe workplace for our employees.

Lost Work Day

	Kertau Estate			Peijing Estate			Bukit Kuin Estates		
	2016	**2017**	**2018**	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**
Number of workers	67	83	78	56	73	64	47	73	68
Number of sick notes	238	297	197	219	156	83	58	70	54
Total working hours/years	1,904	2,376	1,576	1,752	1,248	664	464	560	432

SUSTAINABILITY REPORT

Lost Time Injury

	Kertau Estate			Peijing Estate			Bukit Kuin Estates		
	2016	**2017**	**2018**	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**
Number of SH	0	57	6	0	22	0	0	0	6
Total lost hours/years	0	456	48	0	176	0	0	0	48

OSHA Rate

	Kertau Estate			Peijing Estate			Bukit Kuin Estates		
	2016	**2017**	**2018**	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**
Number of cases	0	2	0	1	1	0	0	0	0
Total	0	2	0	1	1	0	0	0	0

Social: Community

Our Approach: 'Ensure that the activities and operation of the Company do not impair the interest and wellbeing of society as a whole'.

Developing Local Potential

Local Hiring

We are committed in fostering community involvement by prioritising local hiring. We believe that this initiative is an empowering program that can concretely address community needs and yield long-term results.

Local Purchasing

We are dedicated to promote local empowerment by purchasing local products and services. In addition to the advantages gained, such as saved time, reduced cost, and timely delivery of maintenance and equipment, we provide the local community with opportunities to stimulate businesses.

'Developing local potential is a mutually advantageous and sustainable partnership"

SUSTAINABILITY REPORT

Access to Infrastructure

AAP built roads for transporting the harvested FFB. The road is used not only to transfer the harvest but also to conceive routes to establish connectivity and mobility as well as to link communities socially and economically.

Moreover, given that parts of the roads are community-owned land, AAP compensates and shoulders the repair and maintenance costs during the reporting period.

Description	Cost per year (RM)
Road maintenance	32,063.54
Compensation for land use	10,000.00

"The road that binds."

Community Engagement

To anticipate any issues that could potentiality impact the community, we strive to be well-informed of the goings-on in our neighbourhood. We actively facilitate communication with various individuals and organisations where we operate.

Preserving Socio-Cultural Activities

'Sustain and safeguard the natives or Orang Asli's cultural practices and rights to nomadic existence'.

The intersection of business and cultural practices and rights is typical in rural areas, and AAP recognises that corporations and communities significantly influence each other.

Aside from the Malay, Chinese and Indian communities living near our plantations, minority tribes or the Orang Asli also inhabit the nearby forest reserve.

Our stance is to sustain and safeguard the Orang Asli's cultural practices and rights to nomadic existence. We understand and do not dispute their anthropological notion of culture as a way of life. We do not hinder them from fishing or hunting in our plantation.

Engagement with MPSO

To push forward the Malaysian palm oil industry and enhance good agricultural practices and environmental protection, AAP is undergoing an accreditation process in accordance with the Malaysian Sustainable Palm Oil (MSPO) standard. Our Company has engaged a consultant to assist us applying for the MSPO accreditation.

MSPO

Engagement with Nearby Plantations

Information exchange and interactions between the neighbouring plantation and small holders are conducted informally. We attend each other's festive celebrations. We meet one another at public spaces and attend the same functions. We share news and exchange information regarding employees, operational concerns and other general activities in the community.

Engagement with the Penghulu (village headman)

For Bukit Kuin Estates, we have informal discussions with penghulu of the nearby village to discuss issues that affect the estate and the village. Additionally, the villagers also invite us to their ceremonies and gatherings such as "Kenduri Kahwin" and other activities held at their village., thereby fostering relationship between us.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 guidelines.

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 has 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 updates 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 reviews 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 2018, 5 meetings of the Board were held. Details of attendance at Board meetings held in the financial year ended 31 December 2018 are as follows:

Name of Director	No. of Meetings attended
Dato' Lim Kang Poh	4/5
Mr Lim Guan Shiun	5/5
Tuan Haji Md. Adanan Bin Abdul Manap	3/5
Mr Tan En Chong	5/5
Dato' Indera Haji Wan Bakri Bin Wan Ismail	3/5
Mr Ng Kim Keong	5/5
Tuan Haji Khalit bin Kasmoin (Appointed on 1 March 2018)	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Responsibilities (cont'd)

The Deputy Managing Director of the Company undertakes the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed 7 days before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making.

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

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

The Directors have access to the advices and services of the Company Secretaries who are responsible for ensuring the Board meeting procedures are followed and that applicable rules and regulations are complied with including the MCCG 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Composition

As at the date of this Statement, the Board comprises 6 members, 3 Executive Directors and 3 Non-Executive Directors all of whom are Independent Directors.

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

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

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 thirteen (13) 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 thirteen (13) 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 23rd AGM for Mr Tan En Chong to continue serving the Company as an Independent Director. Mr Tan En Chong has been re-designated 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Composition (cont'd)

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 23rd 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;

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 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 2018, all the Directors have attended a training programme conducted by an external training provider on the topic "Sustainability". 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Remuneration (cont'd)

The Remuneration Committee comprises of the following directors:

Chairman : Mr Tan En Chong
Members : Mr Ng Kim Keong
Tuan Haji Khalit bin Kasmoin

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.

Details of the remuneration of the Directors for the financial year ended 31 December 2018 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	1,543.0	154.4	30.0	-	-
Mr Lim Guan Shiun	30.0	846.0	83.3	30.0	-	-
Tuan Haji Md Adanan bin Abdul Manap	47.0	-	3.0	36.0	-	-
Non-Executive Directors						
Dato' Indera Haji Wan Bakri bin Wan Ismail	24.0	50.0	2.0	24.0	-	-
Mr Tan En Chong	24.0	-	-	24.0	-	-
Mr Ng Kim Keong	24.0	-	-	24.0	-	-
Tuan Haji Khalit bin Kasmoin	20.0	50.0	-	20.0	-	-
Subtotal	199.0	2,489.0	242.7	188.0	-	-
Subsidiary Director	-	281.0	27.3	-	-	-
Total	199.0	2,770.0	270.0	188.0	-	-

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Audit Committee (cont'd)

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. Timely release of announcements on quarterly and full year financial reports reflects the Board's accountability to its shareholders.

A Statement by Directors on their responsibility in preparing the Financial Statements is set out on page 39 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	27,000	5,000
Group	98,000	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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Risk Management and Internal Control Framework (cont'd)

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 pages 35.

In addition, the Group's Statement on Risk Management and Internal Control furnished on pages 37 & 38 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 recommended practice of 28 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 22nd AGM held last year.

This statement was approved by the Board of Directors on 12 April 2019.

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 2018, the AC held a total of five (5) meetings. The attendance of the AC members is set out below:-

Members	No. of meetings attended
Mr Ng Kim Keong (Chairman) *Independent Non-Executive Director*	5
Mr Tan En Chong *Independent Non-Executive Director*	5
Tuan Haji Khalit bin Kasmoin (Appointed on 1 March 2018) *Independent Non-Executive Director*	4

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
27 February 2018	Unaudited fourth quarter results for the period ended 31 December 2017
22 March 2018	Audited Financial Statements for the financial year ended 31 December 2017
28 May 2018	Unaudited first quarter results fpr the period ended 31 March 2017
29 August 2018	Unaudited second quarter results for the period ended 30 June 2018
29 November 2018	Unaudited third quarter results for the period ended 30 September 2018

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 re-appointment and audit fee; and

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

3. **Internal Audit**

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

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

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

4. **Other Duties**

   Reviewed the 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 2018.

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 cycle and inventory management, payroll, corporate governance issues 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 2018, the total costs incurred for the Internal Audit function were RM19,000.

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 2018 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 12 April 2019.

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 Malaysian 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 2018 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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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 a subsidiary has ceased operations and struck off during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
(Loss) for the financial year	(6,814,543)	(10,480,551)
Attributable to:-		
Owners of the Company	(5,245,821)	
Non-controlling interest	(1,568,722)	
	(6,814,543)	

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' REPORT

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)
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)
Dato' Haji Wan Bakri Bin Wan Ismail (Non-Independent and Non-Executive Director) (Resigned on 1 April 2019)

The Directors who held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:-

Dato' Sri Haji Shahiruddin Bin Ab. Moin
Ms. Lim Hai
Mr. Lim Kuan Hwang

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	-	2,577,000	2,577,000
Directors' fees	188,000	11,000	199,000
Directors' other benefits	-	462,683	462,683
	188,000	3,050,683	3,238,683

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.

DIRECTORS' REPORT

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 1.1.2018	Bonus Issue	Sold	At 31.12.2018
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 there were no bad debts to be written off and that adequate provision had been made for doubtful debts; and

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) which would render it necessary to write off any bad debts or which would render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

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

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

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

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

In the opinion of the Directors:-

(a) no contingent 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 DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for Directors and 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 2018 are amounted to RM27,000 and RM98,000 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
12 April 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 52 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2018 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
12 April 2019

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 52 to 123 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
12 April 2019)

HOON HUI KIT
(MIA 6180)
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths
VALLIAMAH A/P PERIAN
W594

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Astral Asia Berhad, which comprise the statements of financial position as at 31 December 2018, 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 52 to 123.

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 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for 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.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment (Note 4 to the Financial Statements) As described in Note 4 to the Financial Statements, the Group's carrying amount of property, plant and equipment is RM355,302,428 as at 31 December 2018. 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	Our audit procedures in relation to impairment review of these assets included:- • Obtaining an understanding of - how the Group identifies impairment indicators; and - how the Group makes the accounting estimates for impairment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

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

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matter
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 statement of financial position and also due to high subjectivity and estimation involved in estimating the useful lives of each assets. We have identified impairment of property, plant and equipment as key audit matter because the determination of whether or not an impairment charge for these assets was necessary involved management judgements and estimation uncertainty in order to ensure the assets are recoverable at their carrying amounts.	Our audit procedures in relation to impairment review of these assets included:- • Obtaining an understanding of - how the Group identifies impairment indicators; and - how the Group makes the accounting estimates for impairment. • Performing physical sighting of property, plant and equipment and estate visits on sampling basis to ensure the property, plant and equipment and estates are in good working condition. • Referring to companies in similar industry to compare the depreciation rates for each category of assets and recalculating the depreciation charges recognised for the financial year.
Fair value on bearer biological assets (Note 8 to the Financial Statements) The value of bearer biological assets of the Group is RM676,956. The fair value of biological assets was subject to the life to maturity, mortality rate, production quantity, selling prices and variable costs and profit margin. We have identified the fair value on biological assets as a key audit matter because of the significant judgement and estimates involved in applying the valuation method on the biological assets.	Our audit procedures in relation to the fair value of biological assets included:- • Assessing the reasonableness of discount rate used to reflect the time value of money and the risk. • Obtaining and understanding the recording of purchase of fertilisers and other consumables. • Assessing the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements. • Recalculating the average Malaysian Palm Oil Board ("MPOB") price to ensure the valuation technique used is reasonable.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

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

Information Other than the Financial Statements and Auditors' Report Thereon

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 Malaysian Financial Reporting Standards, International Financial Reporting Standard 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

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

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

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

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

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

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

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

- 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.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTRAL ASIA BERHAD

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

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

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

Other Matters

1. As disclosed in Note 2.1.1, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the Malaysian Financial Reporting Standards transition comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.

2. 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

ANTONY LEONG WEE LOK
(NO: 03381/06/2020 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
12 April 2019

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	Group Restated 31.12.2017 RM	Restated 1.1.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	355,302,428	360,512,884	367,245,607
Investment properties	5	18,800,000	15,850,000	15,500,000
Investment in an associate	6	1,244,027	1,281,091	1,311,540
Total non-current assets		375,346,455	377,643,975	384,057,147
Current assets				
Inventories	7	356,604	269,992	352,711
Bearer biological assets	8	676,956	1,054,212	1,237,641
Trade receivables	9	1,002,579	2,919,928	4,367,933
Other receivables	10	5,985,721	3,591,077	4,824,615
Fixed deposits with licensed financial institutions	11	508,424	-	516,339
Cash and bank balances		2,586,864	8,205,407	3,498,941
Total current assets		11,117,148	16,040,616	14,798,180
Total assets		386,463,603	393,684,591	398,855,327
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company:-				
Share capital	12	131,996,700	131,996,700	131,996,700
Capital reserve	13	-	-	-
Revaluation reserve	14	-	-	-
Available-for-sale fair value reserve	15	-	-	-
Retained earnings		65,007,126	70,252,947	72,965,718
		197,003,826	202,249,647	204,962,418
Non-controlling interest		89,805,997	93,334,722	94,329,952
Total equity		286,809,823	295,584,369	299,292,370

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	Group Restated 31.12.2017 RM	Restated 1.1.2017 RM
LIABILITIES				
Non-current liabilities				
Borrowings	16	11,661,005	12,609,134	13,584,726
Finance lease payables	17	231,401	296,002	654,026
Deferred taxation	18	74,088,752	73,747,752	73,678,786
Total non-current liabilities		85,981,158	86,652,888	87,917,538
Current liabilities				
Trade payables	19	1,888,630	2,010,432	1,213,674
Other payables	20	6,183,748	6,430,081	6,095,427
Amount due to an associate	21	565,195	565,195	565,195
Dividend payable		1,050,021	21	1,050,021
Borrowings	16	3,472,789	957,722	993,123
Finance lease payables	17	406,198	544,808	696,089
Tax payable		106,041	939,075	1,031,890
Total current liabilities		13,672,622	11,447,334	11,645,419
Total liabilities		99,653,780	98,100,222	99,562,957
Total equity and liabilities		386,463,603	393,684,591	398,855,327

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	Company Restated 31.12.2017 RM	Restated 1.1.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	-	-	-
Investment in subsidiaries	22	174,875,496	185,540,000	185,540,000
		174,875,496	185,540,000	185,540,000
Current assets				
Other receivables	10	1,000	1,000	1,000
Amount due from subsidiaries	23	3,058,693	2,931,104	10,220,784
Dividend receivable		-	-	1,950,000
Tax recoverable		39,571	39,571	39,571
Cash and bank balances		113,200	93,580	160,538
Total current assets		3,212,464	3,065,255	12,371,893
Total assets		178,087,960	188,605,255	197,911,893
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of the Company:-				
Share capital	12	131,996,700	131,996,700	131,996,700
Available-for-sale fair value reserve	15	-	-	-
Retained earnings		42,055,605	52,536,156	61,849,344
Total equity		174,052,305	184,532,856	193,846,044
LIABILITIES				
Current liabilities				
Other payables	20	35,634	72,378	65,828
Amount due to a subsidiary	24	4,000,000	4,000,000	4,000,000
Dividend payable		21	21	21
Total current liabilities		4,035,655	4,072,399	4,065,849
Total liabilities		4,035,655	4,072,399	4,065,849
Total equity and liabilities		178,087,960	188,605,255	197,911,893

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
			Restated		Restated
	Note	2018	2017	2018	2017
		RM	RM	RM	RM
Revenue	25	26,411,646	31,488,791	3,640,007	5,850,000
Cost of sales	26	(18,804,937)	(13,825,664)	-	-
Gross profit		7,606,709	17,663,127	3,640,007	5,850,000
Other income		4,688,245	510,974	-	-
Administration expenses		(16,598,597)	(14,489,186)	(356,082)	(411,694)
Other expenses		(209,798)	(427,347)	(13,764,476)	(14,751,494)
Finance costs		(860,981)	(723,738)	-	-
Finance income		41,182	121,394	-	-
Share of loss in associate		(37,064)	(30,449)	-	-
(Loss)/Profit before tax	27	(5,370,304)	2,624,775	(10,480,551)	(9,313,188)
Tax expense	28	(1,444,239)	(3,182,776)	-	-
Loss for the financial year		(6,814,543)	(558,001)	(10,480,551)	(9,313,188)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the financial year		(6,814,543)	(558,001)	(10,480,551)	(9,313,188)
(Loss)/Profit for the financial year attributable to:-					
Owners of the Company		(5,245,821)	(2,712,771)		
Non-controlling interest		(1,568,722)	2,154,770		
		(6,814,543)	(558,001)		
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(5,245,821)	(2,712,771)		
Non-controlling interest		(1,568,722)	2,154,770		
		(6,814,543)	(558,001)		
Basic loss per share attributable to owners of the Company (sen)	29	(0.79)	(0.41)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company								
	Non-distributable								
Group	Share capital RM	Share premium RM	Capital reserve RM	Revaluation reserve RM	Available-for-sale fair value reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interest RM	Total equity RM
Balance at 1 January 2017, as previously stated	131,996,700	-	-	145,086,946	(84,413,761)	11,681,138	204,351,023	94,000,740	298,351,763
Adoption of MFRS	-	-	-	(145,086,946)	84,413,761	61,284,580	611,395	329,212	940,607
Balance at 1 January 2017, restated	131,996,700	-	-	-	-	72,965,718	204,962,418	94,329,952	299,292,370
Transactions with owners:-									
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(3,150,000)	(3,150,000)
Total transactions with owners	-	-	-	-	-	-	-	(3,150,000)	(3,150,000)
Total comprehensive (loss)/ income for the financial year	-	-	-	-	-	(2,712,771)	(2,712,771)	2,154,770	(558,001)
Balance at 31 December 2017, as restated	131,996,700	-	-	-	-	70,252,947	202,249,647	93,334,722	295,584,369
Transactions with owners:-									
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(1,960,003)	(1,960,003)
Total transactions with owners	-	-	-	-	-	-	-	(1,960,003)	(1,960,003)
Total comprehensive loss for the financial year	-	-	-	-	-	(5,245,821)	(5,245,821)	(1,568,722)	(6,814,543)
Balance at 31 December 2018	131,996,700	-	-	-	-	65,007,126	197,003,826	89,805,997	286,809,823

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Non-distributable Share capital RM	Share premium RM	Capital reserve RM	Available-for-sale fair value reserve RM	Distributable Accumulated losses RM	Total RM
Balance at 1 January 2017, as previously stated	131,996,700	-	-	78,459,659	(16,610,315)	193,846,044
Adoption of MFRS	-	-	-	(78,459,659)	78,459,659	-
Balance at 1 January 2017, as restated	131,996,700	-	-	-	61,849,344	193,846,044
Total comprehensive loss for the financial year	-	-	-	-	(9,313,188)	(9,313,188)
Balance at 31 December 2017, as restated	131,996,700	-	-	-	52,536,156	184,532,856
Total comprehensive loss for financial year	-	-	-	-	(10,480,551)	(10,480,551)
Balance at 31 December 2018	131,996,700	-	-	-	42,055,605	174,052,305

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(5,370,304)	2,624,775	(10,480,551)	(9,313,188)
Adjustments for:-					
Depreciation of property, plant and equipment		7,390,895	7,319,443	-	-
Bad debts written off		-	32,282	-	-
Waiver of debts from trade payables		-	(94,565)	-	-
Fair value loss on bearer biological assets		377,256	183,429	-	-
Property, plant and equipment written off		72,133	254	-	-
Dividend income		-	-	(3,640,007)	(5,850,000)
Gain on disposal of property, plant and equipment		(44,172)	-	-	-
Fair value gain on investment properties		(2,950,000)	(350,000)	-	-
Interest expense		860,981	723,738	-	-
Interest income		(41,182)	(121,394)	-	-
Impairment loss on other receivables		-	185,013	-	-
Impairment loss on investment in subsidiaries		-	-	10,664,504	-
Share of loss in associate		37,064	30,449	-	-
Impairment loss on amount due from subsidiaries		-	-	3,098,807	14,751,494
Reversal of impairment loss on trade receivables		-	(5,000)	-	-
Operating profit/(loss) before working capital changes		332,671	10,528,424	(357,247)	(411,694)
Changes in working capital:-					
Inventories		(86,612)	82,719	-	-
Receivables		(477,295)	2,469,249	-	-
Payables		(368,135)	1,225,977	(36,744)	6,550
Cash (used in)/generated from operations		(599,371)	14,306,369	(393,991)	(405,144)
Tax paid		(1,936,273)	(3,312,069)	-	-
Tax refund		-	105,443	-	-
Net cash (used in)/from operating activities		(2,535,644)	11,099,743	(393,991)	(405,144)

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		-	-	3,640,007	7,800,000
Interest received		41,182	121,394	-	-
Proceeds from disposal of property, plant and equipment		44,172	-	-	-
Purchase of property, plant and equipment	A	(2,252,572)	(387,774)	-	-
Net cash (used in)/from investing activities		(2,167,218)	(266,380)	3,640,007	7,800,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interest		(910,003)	(4,200,000)	-	-
Interest paid		(860,981)	(723,738)	-	-
Repayment of finance lease payables		(203,211)	(708,505)	-	-
Repayment to a subsidiary		-	-	(3,226,396)	(7,461,814)
Repayment of term loan		(926,155)	(1,010,993)	-	-
Net cash used in financing activities		(2,900,350)	(6,643,236)	(3,226,396)	(7,461,814)
CASH AND CASH EQUIVALENTS					
Net changes		(7,603,212)	4,190,127	19,620	(66,958)
Brought forward		8,205,407	4,015,280	93,580	160,538
Carried forward	B	602,195	8,205,407	113,200	93,580

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2018 RM	2017 RM
Property, plant and equipment were acquired by the following means:-		
Finance lease	-	199,200
Cash payments	2,252,572	387,774
	2,252,572	586,974

B. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed deposits with licensed financial institutions	508,424	-	-	-
Cash and bank balances	2,586,864	8,205,407	113,200	93,580
Bank overdraft	(2,493,093)	-	-	-
	602,195	8,205,407	113,200	93,580

As disclosed in Note 11 to the Financial Statements, certain fixed deposits totalling RM3,500 (2017: RMNil) have been pledged to financial institutions for guarantee facilities granted to subsidiaries and hence, are not available for general use.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 are both 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 a subsidiary 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 12 April 2019.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 2016 in Malaysia.

2.1.1 First-time Adoption of MFRS

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standard ("FRS") issued by MASB.

This is the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The accounting policies set out in Note 3 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statements of financial position at 1 January 2017 (the date of transition to MFRS).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

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.

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 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

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 New Standards/Amendments/Improvements to MFRSs

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 New standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2018.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for:-

MFRS 9 Financial Instrument

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss ("FVTPL"), amortised cost ("AC"), or fair value through other comprehensive income ("FVTOCI"). The classification is based on two criterias: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):-

MFRS 9 Financial Instrument (Cont'd)

(i) Classification and measurement (Cont'd)

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under MFRS 139. The following are the changes in the classification of the Group's and the Company's financial assets:-

- Trade receivables classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 January 2018 and 2017.

Group	RM	MFRS 9 measurement category AC RM
1.1.2018		
MFRS 139 measurement category		
Loans and receivables		
Trade receivables	2,919,928	2,919,928
Other receivables	3,591,077	3,591,077
Cash and bank balances	8,205,407	8,205,407
1.1.2017		
MFRS 139 measurement category		
Loans and receivables		
Trade receivables	4,367,933	4,367,933
Other receivables	4,824,615	4,824,615
Fixed deposits with licensed financial institutions	516,339	516,339
Cash and bank balances	3,498,941	3,498,941

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):-

MFRS 9 Financial Instrument (Cont'd)

(i) Classification and measurement (Cont'd)

Company	RM	MFRS 9 measurement category AC RM
1.1.2018		
MFRS 139 measurement category		
Loans and receivables		
Other receivables	1,000	1,000
Cash and bank balances	93,580	93,580
1.1.2017		
MFRS 139 measurement category		
Loans and receivables		
Other receivables	1,000	1,000
Cash and bank balances	160,538	160,538

(ii) Impairment of Financial Assets

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. The Group and the Company expect no significant impact on their statement of financial position.

The Group and the Company have only one type of financial assets that are subject to MFRS 9's new expected credit loss model:-

Trade receivables and other receivables

The Group and the Company were required to revise its impairment methodology under MFRS 9 for each of these classes of assets. The impact of the change in impairment methodology was immaterial.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):-

MFRS 9 Financial Instrument (Cont'd)

(ii) Impairment of Financial Assets (Cont'd)

Trade receivables and other receivables (Cont'd)

The Group and the Company apply the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation.

On that basis, the loss allowance was determined to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements, except for (cont'd):-

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

In conclusion, the adoption of MFRS 15 has no significant impact on the substance of the principles applied by the Group and the Company to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group and the Company remain generally unaltered. No adjustment to the opening balance of unappropriated profits has been made as there are no changes in timing of the revenue recognition.

2.5 Standards Issued But Not Yet Effective

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

MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MRFS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

During 2018, the Group performed a preliminary assessment of MFRS 16, which was continued with a more detailed analysis in 2019.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

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:-

Fair value of biological assets

The Group's bearer biological assets are measured at fair value less point-of-sale costs. In measuring fair values of fresh fruit bunches, management uses estimates of cash flows using inputs or assumptions of life to maturity, productivity quantity, mortality rate, selling prices of fresh fruit bunches, variable costs and profit margins. The probability-weighted cash flows are discounted using an appropriate discount rate that reflects the time value of money and the risk. As prices in agricultural business are volatile, the actual cash flows and discount rate may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

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 2018, 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 loss for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

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 (cont'd):-

Inventories

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

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 7 to the Financial Statements.

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 loss for the financial year.

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and plantation sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgement

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

Leases

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

Classification between investment properties and owner-occupied properties

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

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

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

Construction contract

Construction contract accounting requires reliable estimation of the 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

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.

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 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%
Bearer plants	25 years

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Subsidiaries

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

Investment in a subsidiary is stated at fair value in the Company's financial position.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Associate (Cont'd)

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

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

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

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

3.5 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

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 **Classification and subsequent measurement of financial assets**

(i) Accounting policies applied from 1 January 2018:-

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

- amortised cost ("AC")
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVTOCI")

In the periods presented, the Group and the Company do not have any financial assets categorised as FVTOCI. The Group and the Company carry only at AC on their statements of financial position.

The classification is determined by both:-

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.2 **Classification and subsequent measurement of financial assets (Cont'd)**

(i) Accounting policies applied from 1 January 2018 (Cont'd):-

Financial assets at amortised cost (Cont'd)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL) (Cont'd):-

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

(ii) Accounting policies applied until 31 December 2017:-

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) financial assets at fair value through profit or loss;
(b) held-to-maturity investments;
(c) loans and receivables; 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 end of the reporting period. 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 assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.2 **Classification and subsequent measurement of financial assets (Cont'd)**

(ii) Accounting policies applied until 31 December 2017 (cont'd):-

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. The Group's and Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

3.7.3 **Financial assets - impairment**

(i) Accounting policies applied from 1 January 2018:-

MFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss ("ECL") model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead, the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:-

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.3 **Financial assets - impairment (Cont'd)**

(i) Accounting policies applied from 1 January 2018 (Cont'd):-

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Group and the Company make use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use their historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group and the Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Overall, the impact of the impairment was immaterial.

(ii) Accounting policies applied until 31 December 2017:-

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

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.3 **Financial assets - impairment (Cont'd)**

(ii) Accounting policies applied until 31 December 2017 (Cont'd):-

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

3.7.4 **Financial liabilities - classification and measurement**

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and Company's financial liabilities include trade and other payables, amount due to an associate, finance lease liabilities, bank borrowings and dividend payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

At reporting date, the Group and the Company have not designated any financial liabilities as at fair value through profit or loss. The Group and the Company carry only other financial liabilities on their statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

3.7.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7.6 **Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market process or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as how they are measured are provided in Note 33 to the financial statements.

3.8 Leases

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

3.8.1 **Finance leases**

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

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

3.8.2 **Operating leases**

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Contract balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.10 Tax expense

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

3.10.1 **Current tax**

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

3.10.2 **Deferred tax**

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Tax expense (Cont'd)

3.10.2 **Deferred tax (Cont'd)**

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

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

3.11 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal net of transfers to produce stocks are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date, and the balance is classified as non-current.

3.12 Impairment of assets

3.12.1 **Non-financial assets**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition

3.13.1 **Sales of fresh fruit bunches**

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3.13.2 **Construction revenue**

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.

3.13.3 **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

3.13.4 **Interest income**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.13.5 **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits

3.14.1 **Short-term employee benefits**

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

3.14.2 **Defined contribution plan**

Defined contribution plans are post-employment benefit plans under which the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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.

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 and Sales and Service 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 tax authority is included as part of receivables or payables in the statements of financial position.

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shares of the Group over the average number of ordinary shares outstanding during the period.

3.21 Provision

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Related parties

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

A party is related to an entity if:-

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Bearer plants RM	Buildings RM	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Fittings and equipment RM	Road and infrastructure RM	Capital work-in-progress RM	Total RM
Cost											
At 1 January 2017, as previously stated	8,565,000	308,922,442	-	8,988,911	4,504,207	8,735,843	9,731,139	3,292,252	1,330,400	1,001,620	355,071,814
Adoption of MFRS (Note 36)	-	-	91,024,168	-	-	-	-	-	-	-	91,024,168
At 1 January 2017, as restated	8,565,000	308,922,442	91,024,168	8,988,911	4,504,207	8,735,843	9,731,139	3,292,252	1,330,400	1,001,620	446,095,982
Additions	-	-	48,645	29,000	-	17,010	199,200	110,016	159,103	24,000	586,974
Written off	-	-	-	(24,651)	-	(227,982)	(356,220)	(214,872)	-	-	(823,725)
Strike-off of a subsidiary (Note 22)	-	-	-	-	-	(2,393,001)	-	(11,740)	-	-	(2,404,741)
Reclassification	-	-	-	3,150	-	(1,200)	-	1,200	-	(3,150)	-
At 31 December 2017, as restated	8,565,000	308,922,442	91,072,813	8,996,410	4,504,207	6,130,670	9,574,119	3,176,856	1,489,503	1,022,470	443,454,490
Additions	1,310,763	-	-	246,000	-	-	464,762	231,047	-	-	2,252,572
Written off	-	-	-	-	-	-	(259,961)	(5,330)	-	-	(265,291)
Strike-off of a subsidiary (Note 22)	-	-	-	-	-	-	-	(2,338)	-	-	(2,338)
Disposal	-	-	-	-	-	-	(137,676)	-	-	-	(137,676)
At 31 December 2018	9,875,763	308,922,442	91,072,813	9,242,410	4,504,207	6,130,670	9,641,244	3,400,235	1,489,503	1,022,470	445,301,757
Accumulated depreciation											
At 1 January 2017, as previuosly stated	-	16,917,050	-	2,592,071	164,047	8,666,689	6,985,232	2,959,185	-	378,933	38,663,207
Adoption of MFRS (Note 36)	-	-	40,187,168	-	-	-	-	-	-	-	40,187,168
At 1 January 2017, as restated	-	16,917,050	40,187,168	2,592,071	164,047	8,666,689	6,985,232	2,959,185	-	378,933	78,850,375
Charge for the financial year	-	3,961,034	2,033,480	129,644	-	18,984	839,444	76,365	56,398	204,094	7,319,443
Written off	-	-	-	(24,650)	-	(227,952)	(356,200)	(214,669)	-	-	(823,471)
Strike-off of a subsidiary (Note 22)	-	-	-	-	-	(2,393,001)	-	(11,740)	-	-	(2,404,741)
At 31 December 2017, as restated	-	20,878,084	42,220,648	2,697,065	164,047	6,064,720	7,468,476	2,809,141	56,398	583,027	82,941,606
Charge for the financial year	-	3,993,509	2,033,480	244,334	-	11,778	786,668	86,835	29,796	204,495	7,390,895
Written off	-	-	-	-	-	-	(187,828)	(5,330)	-	-	(193,158)
Strike-off of a subsidiary (Note 22)	-	-	-	-	-	-	-	(2,338)	-	-	(2,338)
Disposal	-	-	-	-	-	-	(137,676)	-	-	-	(137,676)
At 31 December 2018	-	24,871,593	44,254,128	2,941,399	164,047	6,076,498	7,929,640	2,888,308	86,194	787,522	89,999,329
Net carrying amount											
At 31 December 2018	9,875,763	284,050,849	46,818,685	6,301,011	4,340,160	54,172	1,711,604	511,927	1,403,309	234,948	355,302,428
At 31 December 2017, as restated	8,565,000	288,044,358	48,852,165	6,299,345	4,340,160	65,950	2,105,643	367,715	1,433,105	439,443	360,512,884
At 1 January 2017, as restated	8,565,000	292,005,392	50,837,000	6,396,840	4,340,160	69,154	2,745,907	333,067	1,330,400	622,687	367,245,607

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT

Company	Office equipment RM
Cost	
At 1 January 2017/31 December 2017/2018	5,330
Accumulated depreciation	
At 1 January 2017/31 December 2017/2018	(5,330)
Net carrying amount	
At 1 January 2017/31 December 2017/2018	-

(a) The net carrying amount of property, plant and equipment of the Group which are acquired under finance lease arrangements amounted RM1,003,030 (31.12.2017: RM1,198,172; 1.1.2017: RM1,406,242).

(b) Leasehold land of the Group with a net carrying amount of RM193,693,054 (31.12.2017: RM196,277,580; 1.1.2017: RM198,830,000) is registered in the name of a shareholder, Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang.

(c) Leasehold land of the Group with a net carrying amount of RM167,871,993 (31.12.2017: RM170,112,724; 1.1.2017: RM172,325,680) are pledged to financial institutions for overdraft facilities granted to a subsidiary.

(d) Bearer plants of the Group with a net carrying amount of RM31,078,361 (31.12.2017: RM32,427,761; 1.1.2017: RM33,735,023) have pledged as a security for overdraft facilities granted to a subsidiary.

(e) Prior to the transition to MFRS, the Group's policy is to adopt the revaluation model for its land, buildings and bearer plant. Revaluation was carried out with sufficient regularity which was determined at every year.

Upon transition to MFRS, the Group has elected to measure its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition, the Group elected to apply the optional exemption to use the recent revaluation of the said properties, adjusted for depreciation, if any as deemed cost under MFRS.

5. INVESTMENT PROPERTIES

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Brought forward	15,850,000	15,500,000	15,500,000
Change in fair value recognised in profit or loss	2,950,000	350,000	-
Carried forward	18,800,000	15,850,000	15,500,000

Investment properties are stated at fair value, which have been determined based on valuation performed by Hartamas Valuation and Consultancy Sdn. Bhd. (31.12.2017 and 1.1.2017: First Pacific Valuers Property Consultants Sdn. Bhd.), a registered valuer using comparison method in arriving at the market value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. INVESTMENT PROPERTIES (CONT'D)

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.

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.

Income and expenses recognised in profit or loss

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Rental income	389,254	390,664	580,554
Direct operating expenses	316,271	350,330	352,639

6. INVESTMENT IN AN ASSOCIATE

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unquoted shares, at cost	2,450,000	2,450,000	2,450,000
Share of post-acquisition loss	(1,205,973)	(1,168,909)	(1,138,460)
	1,244,027	1,281,091	1,311,540

Details of the associate are as follows:-

Name of company	Place of incorporation	Effective equity interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Johor Concrete Products Sdn. Bhd. (436690 - T) *	Malaysia	49	49	49	Dormant

* Associate not audited by Grant Thornton Malaysia

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

6. 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:-

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Financial position as at 31 December/1 January			
Non-current assets	3,022,527	3,096,595	3,170,655
Current assets	787,143	788,087	790,662
Current liabilities	(1,269,316)	(1,268,687)	(1,283,181)
Net assets	2,540,354	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	75,641	62,141	
Reconciliation of net assets to carrying amount as at 31 December/1 January			
Group's share of net assets	1,266,953	1,304,017	1,334,466
Negative goodwill	(22,926)	(22,926)	(22,926)
Carrying amount in the statements of financial position	1,244,027	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	37,064	30,449	

7. INVENTORIES

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Materials and stores	356,604	269,992	352,711

NOTES TO THE FINANCIAL STATEMENTS
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8. BEARER BIOLOGICAL ASSETS

At valuation	Group 31.12.2018 RM	Restated 31.12.2017 RM	Restated 1.1.2017 RM
At 1 January	1,054,212	1,237,641	50,837,000
Transfer to property, plant and equipment			
Cost	-	-	(91,024,168)
Accumulated depreciation	-	-	40,187,168
	-	-	(50,837,000)
Fair value (loss)/gain	(377,256)	(183,429)	1,237,641
At 31 December	676,956	1,054,212	1,237,641

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the financial year.

The biological assets have the following maturity periods:-

	31.12.2018 RM	Restated 31.12.2017 RM	Restated 1.1.2017 RM
Current			
Due not later than one year	676,956	1,054,212	1,237,641

The biological assets of the Group comprise of:-

Oil palm

Oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvest for use in the Group's palm producer operations. During the financial year, the Group harvested approximately 40,872 metric tones ("MT") of FFB (31.12.2017: 43,492 MT; 1.1.2017: 37,239 MT).

The Group attributes a fair value on the FFB prior to harvest at each statements of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO").

Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

NOTES TO THE FINANCIAL STATEMENTS

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8. BEARER BIOLOGICAL ASSETS (CONT'D)

Oil palm (cont'd)

The valuation model adopted by the Company is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of CPO at the date of harvest, size of the land, metric ton produced and other cost to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

The following valuation techniques and significant inputs were used to measure the biological assets:-

Description	Fair value at 31.12.2018 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	676,956	Average MPOB price	5%	Estimation of produce growing on trees	219.62 tones to 873.70 tones	The higher the average MPOB price and metric ton produced, the higher the fair value

Description	Fair value at 31.12.2017 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	1,054,212	Average MPOB price	5%	Estimation of produce growing on trees	38.30 tones to 1,414.65 tones	The higher the average MPOB price and metric ton produced, the higher the fair value

Description	Fair value at 1.1.2017 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	1,237,641	Average MPOB price	5%	Estimation of produce growing on trees	58.63 tones to 1,383.63 tones	The higher the average MPOB price and metric ton produced, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS
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8. BEARER BIOLOGICAL ASSETS (CONT'D)

Oil palm (cont'd)

Risks

The Group is exposed to a number of risks regarding its bearer biological assets:-

- Regulatory and environmental risks

  The Group's plantation operations are subject to laws and regulations. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

- Supply and demand risks

  The Group is exposed to risks arising from the fluctuations of price and sales volumes of its agricultural produces. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

- Other risks

  The Group's oil palm plantations are exposed to the risk of damage from climate changes, disease, forest fires and other natural forces.

  The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry and pest disease surveys. The Group also insures itself, where cost-effective, against natural disasters such as fire.

9. TRADE RECEIVABLES

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Trade receivables	1,814,416	3,731,765	5,184,770
Less: Allowance for expected credit loss	(811,837)	(811,837)	(816,837)
Net trade receivables	1,002,579	2,919,928	4,367,933

The movement of allowance for expected credit loss during the financial year is as follow:-

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Brought forward	811,837	816,837	835,837
Reversal during the financial year	-	(5,000)	(19,000)
Carried forward	811,837	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 (31.12.2017 and 1.1.2017: 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

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Non-trade receivables	7,454,081	5,152,712	6,135,999	5,303	5,303	5,303
Deposits	349,303	309,403	207,581	1,000	1,000	1,000
Less: Allowance for expected credit loss	(2,005,641)	(2,005,641)	(1,820,628)	(5,303)	(5,303)	(5,303)
	5,797,743	3,456,474	4,522,952	1,000	1,000	1,000
Prepayments	31,736	98,472	278,163	-	-	-
GST receivable	156,242	36,131	23,500	-	-	-
	5,985,721	3,591,077	4,824,615	1,000	1,000	1,000

The movement of allowance for expected credit loss is as follows:-

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Brought forward	2,005,641	1,820,628	1,518,657	5,303	5,303	5,303
Allowance for expected credit loss recognised	-	185,013	305,307	-	-	-
Written off	-	-	(3,336)	-	-	-
Carried forward	2,005,641	2,005,641	1,820,628	5,303	5,303	5,303

11. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Group

The fixed deposits with licensed financial institutions amounted to RM3,500 (31.12.2017: RMNil; 1.1.2017: RM2,500) are pledged for the guarantee facilities granted to subsidiaries.

The interest rate of fixed deposits with licensed financial institutions range from 3.25% to 3.95% (31.12.2017: Nil%; 1.1.2017: 3.25%) per annum.

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12. SHARE CAPITAL

	Group and Company No. of ordinary shares			Group and Company Amount		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Issued and fully paid:-						
Brought forward	659,983,500	659,983,500	119,997,000	131,996,700	131,996,700	23,999,400
Bonus issued during the year	-	-	539,986,500	-	-	107,997,300
Carried forward	659,983,500	659,983,500	659,983,500	131,996,700	131,996,700	131,996,700

13. CAPITAL RESERVE

	31.12.2018 RM	Group Restated 31.12.2017 RM	Restated 1.1.2017 RM
Brought forward	-	-	22,726,527
Adoption of MFRS (Note 36)	-	-	(22,726,527)
Carried forward	-	-	-

14. REVALUATION RESERVE

	31.12.2018 RM	Group Restated 31.12.2017 RM	Restated 1.1.2017 RM
Brought forward	-	-	145,086,946
Adoption of MFRS (Note 36)	-	-	(145,086,946)
Carried forward	-	-	-

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	
	31.12.2018 RM	Restated 31.12.2017 RM	Restated 1.1.2017 RM	31.12.2018 RM	Restated 31.12.2017 RM	Restated 1.1.2017 RM
Brought forward	-	-	84,413,761	-	-	78,459,659
Adoption of MFRS (Note 36)	-	-	(84,413,761)	-	-	(78,459,659)
Carried forward	-	-	-	-	-	-

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

16. BORROWINGS

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Secured:-			
Term loan 1	12,640,701	13,566,856	14,481,509
Term loan 2	-	-	96,340
Overdraft	2,493,093	-	-
	15,133,794	13,566,856	14,577,849

The term loans and overdraft are repayable as follows:-

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Within 1 year	3,472,789	957,722	993,123
More than 1 year but less than 2 years	1,034,698	977,355	957,722
More than 2 years but less than 5 years	3,435,028	3,262,998	3,238,801
More than 5 years	7,191,279	8,368,781	9,388,203
	11,661,005	12,609,134	13,584,726
	15,133,794	13,566,856	14,577,849

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

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16. BORROWINGS (CONT'D)

	Group 31.12.2018 %	31.12.2017 %	1.1.2017 %
Term loans	4.70	4.70 – 8.85	4.60 – 8.85
Overdraft	4.90	-	-

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. This term loan was fully settled in year 2017.

17. FINANCE LEASE PAYABLES

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Minimum lease payments			
- not later than 1 year	419,815	588,856	755,421
- later than 1 year but not later than 2 years	249,964	275,786	684,562
- later than 2 years but not later than 5 years	-	32,364	-
	669,779	897,006	1,439,983
Less : Future finance charges	(32,180)	(56,196)	(89,868)
	637,599	840,810	1,350,115
Present value of finance lease payables			
- not later than 1 year	406,198	544,808	696,089
- later than 1 year but not later than 2 years	231,401	266,058	654,026
- later than 2 years but not later than 5 years	-	29,944	-
	231,401	296,002	654,026
	637,599	840,810	1,350,115

The finance lease payables bear interest at rates ranging from 1.68% to 3.20% (31.12.2017: 2.38% to 3.25% and 1.1.2017: 2.39% to 3.20%) per annum.

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18. DEFERRED TAXATION

		Group	
	31.12.2018	Restated 31.12.2017	Restated 1.1.2017
	RM	RM	RM
Deferred tax liabilities			
Brought forward	73,747,752	73,678,786	75,360,652
Recognised in profit or loss	431,541	112,989	(2,734,591)
Revaluation of leasehold land and buildings	-	-	755,691
Others	(90,541)	(44,023)	297,034
Carried forward	74,088,752	73,747,752	73,678,786

The balance of deferred tax liabilities is made up of tax effect on temporary differences arising from the following items:-

		Group	
	31.12.2018	Restated 31.12.2017	Restated 1.1.2017
	RM	RM	RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	6,628,237	6,904,695	7,441,857
Revaluation of leasehold land and buildings	67,298,047	66,590,047	65,939,895
Others	162,468	253,010	297,034
	74,088,752	73,747,752	73,678,786

Deferred tax assets

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

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Unabsorbed capital allowances	952,000	1,615,000	1,555,000
Unutilised tax losses	109,449,000	109,163,000	105,217,000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(263,000)	(260,000)	(323,000)
	110,138,000	110,518,000	106,449,000

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.

NOTES TO THE FINANCIAL STATEMENTS
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19. TRADE PAYABLES

Group
Included in trade payables is retention sums on contracts amounted to RM115,314 (31.12.2017: RM115,314; 1.1.2017: RM336,282).

The normal credit terms granted by the trade payables range from 30 to 60 (31.12.2017 and 1.1.2017: 30 to 60) days.

20. OTHER PAYABLES

	Group			Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**	**31.12.2018 RM**	**31.12.2017 RM**	**1.1.2017 RM**
Non-trade payables	1,475,967	1,372,344	1,828,749	-	-	-
Accrual of expenses	1,336,918	1,430,537	972,547	35,634	72,378	65,828
Deposit received	672,637	875,155	595,905	-	-	-
Amount due to a corporate shareholder	2,698,226	2,698,226	2,698,226	-	-	-
GST payable	-	53,819	-	-	-	-
	6,183,748	6,430,081	6,095,427	35,634	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

	Company		
	31.12.2018 RM	**Restated 31.12.2017 RM**	**1.1.2017 RM**
Unquoted shares	185,540,000	185,540,000	185,540,000
Less: Impairment losses	(10,664,504)	-	-
	174,875,496	185,540,000	185,540,000

NOTES TO THE FINANCIAL STATEMENTS
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22. INVESTMENT IN SUBSIDIARIES (CONT'D)

The movement of impairment losses is as follows:-

	Company		
	31.12.2018 RM	Restated 31.12.2017 RM	1.1.2017 RM
Brought forward	-	-	-
Impairment loss recognised	10,664,504	-	-
Carried forward	10,664,504	-	-

Impairment loss was recognised for the investment in a subsidiary due to irrecoverable cost of investment.

The particulars of the subsidiaries are as follows:-

Name of company	Place of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
1. Tasja Sdn. Bhd.	Malaysia	100	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	100	Dormant
4. Astral Plantation Sdn. Bhd.	Malaysia	100	100	100	Dormant
5. Tasja Development Sdn. Bhd.	Malaysia	100	100	100	Property development
6. Woodland Water Sdn. Bhd.	Malaysia	100	100	100	Dormant
7. Tasja Properties Sdn. Bhd.	Malaysia	100	100	100	Properties investment
8. Astral Asia Plantation Sdn. Bhd.	Malaysia	65	65	65	Operations of oil palm estates
Subsidiary 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.
# The subsidiary has been struck off on 4 December 2018.

There is no effect of the striking off of Astral Asia Management Sdn. Bhd. on the financial position of the Group as at the date of struck off.

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22. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The Group's subsidiary that has material non-controlling interests are as follows:-

31.12.2018	**Astral Asia Plantation Sdn. Bhd.**
Percentage of ownership interest and voting interest (%)	35%
Carrying amount of non-controlling interests (RM)	89,805,997
Loss allocated to non-controlling interests (RM)	1,568,722
31.12.2017	
Percentage of ownership interest and voting interest (%)	35%
Carrying amount of non-controlling interests (RM)	93,334,722
Profit allocated to non-controlling interests (RM)	2,154,770
1.1.2017	
Percentage of ownership interest and voting interest (%)	35%
Carrying amount of non-controlling interests (RM)	94,329,952
Profit allocated to non-controlling interests (RM)	2,714,993

The summary of financial information before intra-group elimination for the Group's subsidiary that has a material non-controlling interests is as below:-

31.12.2018	**Astral Asia Plantation Sdn. Bhd. RM**
Financial Position as at 31 December	
Non-current assets	332,634,596
Current assets	4,322,424
Non-current liabilities	(77,247,259)
Current liabilities	(6,212,189)
Net assets	253,497,572

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22. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary that has a material non-controlling interests is as below (cont'd):-

31.12.2018 (cont'd)	**Astral Asia Plantation Sdn. Bhd. RM**
Summary of financial performance for the financial year ended	
Loss/Total comprehensive loss for the financial year	(4,482,062)
Included in the total comprehensive loss is:-	
Revenue	19,284,929
Summary of cash flows for the financial year ended	
Net cash (outflow)/inflow from	
- operating activities	2,126,307
- investing activities	(176,698)
- financing activities	(4,949,800)
Net cash outflow	(3,000,191)
Other information	
Dividends paid to non-controlling interests	1,960,003
31.12.2017	
Financial Position as at 31 December	
Non-current assets	338,612,081
Current assets	9,731,932
Non-current liabilities	(77,687,456)
Current liabilities	(7,076,913)
Net assets	263,579,644
Summary of financial performance for the financial year ended	
Profit/Total comprehensive income for the financial year	6,156,487
Included in the total comprehensive income is:-	
Revenue	29,903,463

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22. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary that has a material non-controlling interests is as below (cont'd):-

31.12.2017 (cont'd)	**Astral Asia Plantation Sdn. Bhd. RM**
Summary of cash flows for the financial year ended	
Net cash (outflow)/inflow from	
- operating activities	14,987,362
- investing activities	(321,364)
- financing activities	(11,953,402)
Net cash inflow	2,712,596
Other information	
Dividends paid to non-controlling interests	3,150,000
1.1.2017	
Financial Position as at 1 January 2017	
Non-current assets	344,315,207
Current assets	9,178,296
Non-current liabilities	(77,741,762)
Current liabilities	(9,328,584)
Net assets	266,423,157
Summary of financial performance for the financial year ended	
Profit/Total comprehensive income for the financial year	7,757,123
Included in the total comprehensive income is:-	
Revenue	23,923,587
Summary of cash flows for the financial year ended	
Net cash (outflow)/inflow from	
- operating activities	8,479,441
- investing activities	(1,878,996)
- financing activities	(7,864,776)
Net cash outflow	(1,264,331)
Other information	
Dividends paid to non-controlling interests	2,100,000

NOTES TO THE FINANCIAL STATEMENTS

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23. AMOUNT DUE FROM SUBSIDIARIES

	Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Amount due from subsidiaries	25,401,655	22,175,259	14,713,445
Less: Allowance for expected credit losses	(22,342,962)	(19,244,155)	(4,492,661)
	3,058,693	2,931,104	10,220,784

The movement of allowance for expected credit loss is as follows:-

	Company		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Brought forward	19,244,155	4,492,661	1,508,662
Allowance for expected credit loss recognised	3,098,807	14,751,494	2,983,999
Carried forward	22,342,962	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	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Type of goods or services				
Gross dividends from subsidiary	-	-	3,640,007	5,850,000
Revenue from operations of oil palm estates	19,284,929	29,903,463	-	-
Contract revenue from civil engineering and building works	6,067,407	918,826	-	-
Rental income	1,059,310	666,502	-	-
	26,411,646	31,488,791	3,640,007	5,850,000

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25. REVENUE (CONT'D)

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	20,344,239	30,569,965	3,640,007	5,850,000
Performance obligations satisfied over time	6,067,407	918,826	-	-
	26,411,646	31,488,791	3,640,007	5,850,000

26. COST OF SALES

	Group 2018 RM	Group 2017 RM
Cost of oil palm produce	12,427,154	12,670,801
Construction contract costs	6,061,512	804,533
Insurance	7,872	7,872
Maintenance	240,872	274,934
Quit rent & assessment	67,527	67,524
	18,804,937	13,825,664

27. (LOSS)/PROFIT BEFORE TAX

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

	Group 2018 RM	Group Restated 2017 RM	Company 2018 RM	Company 2017 RM
After charging:-				
Auditors' remuneration				
- statutory	98,000	95,500	27,000	25,000
- over provision in prior year	1,260	-	-	-
- non-statutory	5,000	5,000	5,000	5,000
Lease rental	375,791	-	-	-
Rental of premises	242,784	242,784	-	-
Interest expenses:-				
- finance lease liabilities	47,890	51,541	-	-
- borrowings	639,093	629,795	-	-
- bank overdraft	173,998	42,402	-	-
After crediting:-				
Interest income:-				
- fixed deposits interest	(41,182)	(121,394)	-	-
Rental income	(48,000)	(6,240)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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28. TAX EXPENSE

	Group		Company	
	2018 RM	Restated 2017 RM	2018 RM	2017 RM
Tax expenses:-				
- current year provision	1,103,239	3,327,208	-	-
- over provision in prior year	-	(213,398)	-	-
	1,103,239	3,113,810	-	-
Deferred taxation:-				
- current year	341,000	68,966	-	-
	1,444,239	3,182,776	-	-

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

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

	Group		Company	
	2018 RM	Restated 2017 RM	2018 RM	2017 RM
(Loss)/Profit before tax	(5,370,304)	2,624,775	(10,480,551)	9,313,188
Taxation at Malaysian statutory tax rate of 24%	(1,288,873)	629,946	(2,515,332)	(2,235,165)
Tax effects in respect of:-				
Deferred tax assets not recognised	(179,863)	1,028,880	-	-
Expenses not deductible for tax purposes	3,336,818	1,805,190	3,388,934	3,639,165
Income not subject to tax	(1,131,843)	(67,842)	(873,602)	(1,404,000)
Over provision of taxation in prior year	-	(213,398)	-	-
Deferred real property gains tax on fair value adjustments	708,000	-	-	-
Tax expense	1,444,239	3,182,776	-	-

The Group unutilised tax losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM109,449,000 (2017: RM109,163,000) and RM952,000 (2017: RM1,615,000) respectively.

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29. LOSS PER SHARE

Basic loss per ordinary shares

Basic loss per share are calculated based on the 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	
		Restated
	2018	2017
	RM	RM
Loss attributable to owners of the Company (RM)	(5,245,821)	(2,712,771)
Number of ordinary shares in issue:- Brought forward/Carried forward	659,983,500	659,983,500
Basic loss per ordinary shares (sen)	(0.79)	(0.41)

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

30. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries, bonuses and allowances	4,495,339	4,831,102	188,000	225,850
Defined contribution plan	398,707	487,744	-	-
Social security contributions	14,063	27,766	-	-
Other benefit	240,006	-	-	-
	5,148,115	5,346,612	188,000	225,850

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
<u>Executive</u>				
Salaries and other emoluments	2,577,000	1,543,829	-	-
Defined contribution plan	269,683	197,960	-	-
Bonus	193,000	277,000	-	-
Fees	151,000	96,000	140,000	84,000
	3,190,683	2,114,789	140,000	84,000
<u>Non-executive</u>				
Fees	48,000	99,500	48,000	99,500
Other emoluments	-	42,350	-	42,350
	48,000	141,850	48,000	141,850

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31. RELATED PARTY DISCLOSURES

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend received from subsidiary	-	-	3,640,007	5,850,000
Lease rental paid to a corporate shareholder	375,791	375,791	-	-
Profit sharing from a corporate shareholder	-	289,825	-	-

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

(c) The outstanding balances arising from related party transactions as at reporting date are disclosed in Notes 20, 21, 23 and 24 to the Financial Statements.

32. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:-

Financial assets and financial liabilities are measured at amortised cost ("AC"), loans and receivables ("L&R") and other financial liabilities measured of amortised cost ("OFL").

Group 31.12.2018	Carrying amount RM	AC RM
Financial assets		
Trade receivables	1,002,579	1,002,579
Other receivables (exclude prepayment and GST receivable)	5,797,743	5,797,743
Fixed deposit with licensed financial institutions	508,424	508,424
Cash and bank balances	2,586,864	2,586,864
	9,895,610	9,895,610
Financial liabilities		
Trade payables	1,188,630	1,188,630
Other payables	6,183,748	6,183,748
Amount due to an associate	565,195	565,195
Finance lease payables	637,599	637,599
Borrowings	15,133,794	15,133,794
Dividend payable	1,050,021	1,050,021
	24,758,987	24,758,987

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32. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC"), loans and receivables ("L&R") and other financial liabilities measured of amortised cost ("OFL") (cont'd).

Group (cont'd) 31.12.2017	**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
1.1.2017			
Financial assets			
Trade receivables	4,367,933	4,367,933	-
Other receivables	4,801,115	4,801,115	-
Fixed deposits with licensed financial institutions	516,339	516,339	-
Cash and bank balances	3,498,941	3,498,941	-
	13,184,328	13,184,328	-
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

NOTES TO THE FINANCIAL STATEMENTS

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32. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC"), loans and receivables ("L&R") and other financial liabilities measured of amortised cost ("OFL") (cont'd).

Company	Carrying amount RM	AC RM
31.12.2018		
Financial assets		
Other receivables	1,000	1,000
Amount due from subsidiaries	3,058,693	3,058,693
Cash and bank balances	113,200	113,200
	3,172,893	3,172,893
Financial liabilities		
Other payables	35,634	35,634
Amount due to a subsidiary	4,000,000	4,000,000
Dividend payable	21	21
	4,035,655	4,035,655

31.12.2017	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

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32. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC"), loans and receivables ("L&R") and other financial liabilities measured of amortised cost ("OFL") (cont'd).

Company (cont'd) **1.1.2017**	**Carrying amount** **RM**	**L&R** **RM**	**OFL** **RM**
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

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. 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.

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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)**

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation of the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's maximum exposure credit risk is represented by the carrying amount of trade and other receivables in the statements of financial position.

The Company's maximum exposure credit risk is represented by the carrying amount of trade and other receivables including amount due from subsidiaries in the statements of financial position.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the management.

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

(i) Receivables

The Group's and the Company's exposure to credit risk are influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. The Group's and the Company's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables using a provision matrix:-

Group		**31.12.2018**	
	Gross-carrying amount RM	**Loss allowances RM**	**Net balance RM**
Current (not past due)	827,121	-	827,121
Credit impaired			
Individually impaired	987,295	(811,837)	175,458
	1,814,416	(811,837)	1,002,579

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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)

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables using a provision matrix (cont'd):-

Group (cont'd)		**31.12.2017**	
	Gross-carrying amount RM	**Loss allowances RM**	**Net balance RM**
Current (not past due)	1,396,800	-	1,396,800
Past due 1 – 30 days	196,628	-	196,628
Past due 31 – 60 days	114,379	-	114,379
Past due 61 – 90 days	132,314	-	132,314
Credit impaired			
Individually impaired	1,891,644	(811,837)	1,079,807
	3,731,765	(811,837)	2,919,928

		1.1.2017	
	Gross-carrying amount RM	**Loss allowances RM**	**Net balance RM**
Current (not past due)	2,482,651	-	2,482,651
Past due 31 – 60 days	112,685	-	112,685
Past due 61 – 90 days	213,154	-	213,154
Credit impaired			
Individually impaired	2,376,280	(816,837)	1,559,443
	5,184,770	(816,837)	4,367,933

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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):-

(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 they 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 31.12.2018	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	1,188,630	1,188,630	1,188,630	-	-	-
Other payables	6,183,748	6,183,748	6,183,748	-	-	-
Amount due to an associate	565,195	565,195	565,195	-	-	-
Dividend payable	1,050,021	1,050,021	1,050,021	-	-	-
	8,987,594	8,987,594	8,987,594	-	-	-
Secured						
Borrowings	15,133,794	18,054,744	4,012,854	1,519,608	4,558,824	7,963,458
Finance lease payables	637,599	669,779	419,815	249,964	-	-
	15,771,393	18,724,523	4,432,669	1,769,572	4,558,824	7,963,458
Total	24,758,987	27,712,117	13,420,263	1,769,572	4,558,824	7,963,458

NOTES TO THE FINANCIAL STATEMENTS

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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):-

(b) **Liquidity risk (cont'd)**

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

Group (cont'd) 31.12.2017	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
1.1.2017						
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	-	-	-
Unsecured						
Borrowings	14,577,849	19,178,763	1,711,698	1,615,358	4,946,074	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	4,946,074	11,005,633
Total	24,852,281	29,543,063	11,384,180	2,307,176	4,946,074	11,005,633

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

Financial Risks (cont'd)

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

(b) **Liquidity risk (cont'd)**

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

Company 31.12.2018	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	35,634	35,634	35,634	-	-	-
Amount due to a subsidiary	4,000,000	4,000,000	4,000,000	-	-	-
Dividend payable	21	21	21	-	-	-
Total	4,035,655	4,035,655	4,035,655	-	-	-
31.12.2017						
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	-	-	-
1.1.2017						
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	-	-	-

(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.

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31 DECEMBER 2018

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

Financial Risks (cont'd)

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

(c) **Interest rate risk (cont'd)**

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
31.12.2018	
Fixed rate instruments	
Financial asset	
Fixed deposits with licensed financial institutions	508,424
Financial liabilities	
Finance lease payables	637,599
Bank overdraft	2,493,093
Floating rate instrument	
Financial liability	
Borrowings	12,640,701
31.12.2017	
Fixed rate instrument	
Financial liability	
Finance lease payables	840,810
Floating rate instrument	
Financial liability	
Borrowings	13,566,856
1.1.2017	
Fixed rate instruments	
Financial asset	
Fixed deposits with licensed financial institutions	516,339
Financial liability	
Finance lease payables	1,350,115
Floating rate instrument	
Financial liability	
Borrowings	14,577,849

The Group does 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.

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

Financial Risks (cont'd)

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

(c) **Interest rate risk (cont'd)**

The following table illustrates the sensitivity of loss and equity to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in theist rates. All other variables are held constant.

	Loss for the year RM		Equity RM	
	+50 bp	-50bp	+50bp	-50bp
31.12.2018	63,204	(63,204)	63,204	(63,204)
31.12.2017	67,834	(67,834)	67,834	(67,834)
1.1.2017	72,408	(72,408)	72,408	(72,408)

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.

Reconciliation of assets and liabilities arising from financing activities

Group **2018**	**1 January** **RM**	**Cash flows** **RM**	**Others** **RM**	**31 December** **RM**
Borrowings	13,566,856	(926,155)	2,493,093	15,133,794
Finance lease liabilities*[1]	840,810	(203,211)	-	637,599
Dividend payable*[2]	21	(910,003)	1,960,003	1,050,021
	14,407,687	(2,039,369)	4,453,096	16,821,414
2017				
Borrowings	14,577,849	(1,010,993)	-	13,566,856
Finance lease liabilities*[1]	1,350,115	(708,505)	199,200	840,810
Dividend payable*[2]	1,050,021	(4,200,000)	3,150,000	21
	16,977,985	(5,919,498)	3,349,200	14,407,687

*[1] Being purchase of property, plant and equipment under finance lease liability amounting to RMNil (2017: RM199,200).

*[2] Being dividends declared to minority shareholder of Astral Asia Plantation Sdn. Bhd. during the year amounting to RM1,960,003 (2017: RM3,150,000).

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34. CAPITAL MANAGEMENT

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

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

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

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

35. OPERATING SEGMENTS

(a) Business segments

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (cont'd)

2018	Note	Investment RM	Property development and contruction RM	Plantation RM	Others RM	Eliminations RM	Total RM
Revenue							
External revenue		1,059,310	6,067,407	19,284,929	-	-	26,411,646
Intersegment revenue	(i)	3,640,007	-	-	-	(3,640,007)	-
Total revenue		4,699,317	6,067,407	19,284,929	-	(3,640,007)	26,411,646
Results							
Interest income		562	-	40,620	-	-	41,182
Finance cost		(639,093)	(198,871)	(23,017)	-	-	(860,981)
Depreciation of property, plant and equipment		(199,015)	(628,998)	(6,194,628)	-	(368,079)	(7,390,720)
Share of loss in associate		-	(37,064)	-	-	-	(37,064)
Tax expense		(708,000)	-	(736,239)	-	-	(1,444,239)
Other non-cash expenses	(ii)	2,950,000	(27,961)	(377,256)	-	-	2,544,783
Segment (loss)/profit		(7,184,464)	(903,798)	(4,482,062)	(4,114,768)	9,870,549	(6,814,543)
Assets							
Investment in associate		-	1,281,838	-	-	(37,811)	1,244,027
Additions to non-current assets	(iii)	-	2,035,254	217,318	-	-	2,252,572
Segment assets		207,857,208	34,663,654	336,957,020	9,576	(193,023,855)	386,463,603
Liabilities							
Segment liabilities		30,494,138	31,242,670	83,459,448	2,000	(45,544,476)	99,653,780

2017	Note	Investment RM	Property development and 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (cont'd)

2017 (cont'd)	Note	Investment RM	Property development and contruction RM	Plantation RM	Others RM	Eliminations RM	Total RM
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)	(6,255,410)	-	(262,558)	(7,319,443)
Share of loss in associate		-	(30,449)	-	-	-	(30,449)
Tax (expense)/income		(84,000)	35,415	(3,134,191)	-	-	(3,182,776)
Other non-cash expenses	(ii)	350,000	(185,013)	(210,965)	-	-	(45,978)
Segment (loss)/profit		(10,028,398)	(5,411,795)	6,156,487	86,769	8,638,936	(558,001)
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		216,189,934	30,886,788	352,456,827	17,645	(205,866,603)	393,684,591
Liabilities							
Segment liabilities		31,642,400	26,562,007	84,768,034	4,450	(44,876,669)	98,100,222

(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 2018 RM	2017 RM
Fair value gain of investment properties	2,950,000	350,000
Fair value loss on bearer biological assets	(377,256)	(183,429)
Bad debts written off	-	(32,282)
Impairment loss on other receivables	-	(185,013)
Gain on disposal of property, plant and equipment	44,172	-
Reversal impairment loss on trade receivables	-	5,000
Property, plant and equipment written off	(72,133)	(254)
	2,544,783	(45,978)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

35. OPERATING SEGMENTS (CONT'D)

(a) Business segment (cont'd)

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

	Group	
	2018	**2017**
	RM	**RM**
Property, plant and equipment	2,252,572	586,974

(b) Geographical segment

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

(c) Information about a major customer

Revenue from one major customer amounted to RM19,284,929 (2017: RM28,268,781), arising from sales by the plantation segment.

36. EXPLANATION OF TRANSTION TO MFRSs

As stated in Note 2.1.1 to the financial statements, this is the first financial statements of the Group and the Company prepared in accordance with MFRSs.

In preparing the opening statements of the financial position at 1 January 2017, the Group and the Company have adjusted certain amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's and the Company's financial position is set out as follows:-

(a) **Property, plant and equipment and investment in subsidiary - Deemed cost exemption**

As disclosed in Note 3.2, the Group and the Company elected to apply the optional exemption to use the most recent revaluation reserve of its revalued properties, adjusted for depreciation, if any as deemed cost under MFRS at date of transition.

(b) **MFRS 141**

Upon adoption of MFRS 141, the Group and the Company are 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 asse. 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 bearer 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

36. EXPLANATION OF TRANSTION TO MFRSs (CONT'D)

The impact arising from the change is summarised as follows:-

	FRSs RM	Effect transition to MFRSs RM	MFRSs RM
1.1.2017			
Group			
Statements of Financial Position			
Property, plant and equipment	316,408,607	50,837,000	367,245,607
Biological assets	50,837,000	(50,837,000)	-
Bearer biological assets	-	1,237,641	1,237,641
Revaluation reserve	145,086,946	(145,086,946)	-
Available-for-sale fair value reserve	(84,413,761)	84,413,761	-
Retained earnings	11,681,138	61,284,580	72,965,718
Non-controlling interest	94,000,740	329,212	94,329,952
Deferred taxation	73,381,752	297,034	73,678,786
Company			
Statements of Financial Position			
Available-for-sale fair value reserve	78,459,659	(78,459,659)	-
(Accumulated losses)/Retained earnings	(16,610,315)	78,459,659	61,849,344
31.12.2017			
Group			
Statements of Financial Position			
Property, plant and equipment	318,783,578	41,729,306	360,512,884
Biological assets	49,867,000	(49,867,000)	-
Bearer biological assets	-	1,054,212	1,054,212
Revaluation reserve	148,307,986	(148,307,986)	-
Available-for-sale fair value reserve	(84,413,761)	84,413,761	-
Retained earnings	9,945,214	60,307,733	70,252,947
Non-controlling interest	95,148,914	(1,814,192)	93,334,722
Deferred taxation	75,131,613	(1,383,861)	73,747,752
Tax payable	1,121,345	(182,270)	939,075
Statements of Profit or Loss and Other Comprehensive Income			
Cost of sales	(13,642,235)	(183,429)	(13,825,664)
Other income	515,702	(4,728)	510,974
Administrative expenses	(12,604,503)	(1,884,683)	(14,489,186)
Finance income	-	121,934	121,394
Tax expense	(3,583,217)	400,441	(3,182,776)
Company			
Statements of Financial Position			
Investment in subsidiaries	185,512,000	28,000	185,540,000
Available-for-sale fair value reserve	80,191,659	(80,191,659)	-
(Accumulated losses)/Retained earnings	(27,683,503)	80,219,659	52,536,156
Statements of Profit or Loss and Other Comprehensive Income			
Other expenses	(16,511,494)	1,760,000	(14,751,494)

Other than above, the transition of MFRSs did not have any other impact to the comparative amount reported in the Group's and the Company's financial position for the current financial year.

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MARCH 2019

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	32	2.74	1,435	0.00
100 – 1,000	101	8.64	48,650	0.01
1001 - 10,000	240	20.53	1,395,357	0.22
10,001 – 100,000	707	60.48	21,092,517	3.20
100,001 – less than 5% of issued shares	86	7.36	244,856,094	37.10
5% and above issued shares	3	0.26	392,589,447	59.48
TOTAL	1,169	100.00	659,983,500	100.00

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS SHAREHOLDINGS

Name of Shareholders	Direct shareholdings	%	Indirect shareholding	%
Dato' Lim Kang Poh	179,104,578	27.14	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 19 MARCH 2019

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.	Wan Ah Keow	22.117,150	3.35
7.	Amsec Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account – AmBank (M) Berhad for Dato' Lim Kang Poh	22,000,000	3.33
8.	Wong Chooi Fah	20,388,500	3.09
9.	Ngai Sok Tien	19,776,350	3.00
10.	Wong Chooi Lin	19,305,450	2.93
11.	Lim Hai	16,145,250	2.45
12.	Rahaimi Bin Abdul Rahman	10,929,800	1.65
13.	Yap Kong Wooi	9,968,800	1.51
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.	Chang Siew Eng @ Le Yu Ee	599,500	0.09
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	627,445,091	95.07

GROUP'S PROPERTIES
AS AT 31 DECEMBER 2018

	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	-	97,735,000	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	-	231,001,000	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	2,095,000	2017
4.	B28, Lorong Tun Ismail 11 Jalan Tun Ismail 25000 Kuantan	3-storey Corner Shop Office	184 square metres	954 square metres	Freehold	15 Years Vacant	1,589,000	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	1,371,000	2017

GROUP'S PROPERTIES
AS AT 31 DECEMBER 2018

	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	5 Years	26,339,000	2017
7.	Lot 212 Seksyen 96 Bandar Kuala Lumpur District of Kuala Lumpur State of Wilayah Persekutuan	Vacant Land Bangsar	813 square metres	-	Freehold	-	9,811,000	2017
8.	Lot 52367 Bandar Selayang Daerah Gombak Negeri Selangor	1 unit of office premise	-	123 square metres	Freehold	20 Years	246,000	2018

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Third 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, 20 June 2019 at 11.00 a.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **[PLEASE REFER TO EXPLANATORY NOTE (1)]**

2. To approve the payment of Directors' fees and benefits for the year ended 31 December 2018. **[ORDINARY RESOLUTION 1]**

3. To re-elect Mr. Lim Guan Shiun who is retiring pursuant to Article 76 of the Company's Articles of Association. **[ORDINARY RESOLUTION 2]**

4. To re-elect Tuan Haji Md Adanan bin Abdul Manap who is retiring pursuant to Article 76 of the Company's Articles of Association. **[ORDINARY RESOLUTION 3]**

5. 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. **[ORDINARY RESOLUTION 4]**

SPECIAL BUSINESS

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

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

   "**THAT** approval be and is hereby given to Mr Tan En Chong who has served as a, Independent Non-Executive Director of the Company for a cumulative term of more than thirteen (13) 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." **[ORDINARY RESOLUTION 5]**

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

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

   "**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 of the Company." **[ORDINARY RESOLUTION 6]**

8. **PROPOSED ALTERATION OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING IT WITH A NEW CONSTITUTION OF THE COMPANY**

   "**THAT** approval be and is hereby given for the Company to alter the whole of the existing Memorandum and Articles of Association of the Company by the replacement if of with a new Constitution of the Company as set out in Appendix A with effect from the date of passing this special resolution AND THAT the Board of Directors of the Company be and is hereby authoseid to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.' **[SPECIAL RESOLUTION 1]**

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
29 April 2019

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

Notes:

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 13 June 2019 ("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 authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy/proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting.

EXPLANATORY NOTES

1. The Item 1 of the Agenda is meant for discussion only, as the provision of Section 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. Ordinary Resolution 5

   The Proposed Resolution 5, if passed, will re-appoint Mr Tan En Chong who served as Independent Non-Executive Director of the Company for a cumulative term of more than thirteen (13) years, to continue to act as Independent Non-Executive Director of the Company. The Nomination Committee and Board of Directors have carried an evaluation and assessment and concluded that Mr Tan En Chong stays independent and objective in board deliberations and decision making, and is able to act in the best interests of the Company.

3. Ordinary Resolution 6

   The Proposed Resolution 6, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 7 June 2018 and which will lapse at the conclusion of the Twenty Third 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.

4. Special Resolution 1

   The proposed alteration of the whole of the existing Memorandum and Articles of Association by replacing it with a new Constitution of the Company ("Proposed Alteration") as set out in Appendix A is to ensure compliance with the amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to provide clarity and consistency with the amendments that arise from the Companies Act 2016.

   The Appendix A on Proposed Alteration which is circulated together with the Notice of 23rd AGM dated 29 April 2019, shall take effect once the Proposed Alteration has been passed by a majority of not less than seventy-five per centum (75%) of such holders of the Company who are entitled to vote at the 23rd AGM.

PROXY FORM

ASTRAL ASIA BERHAD
Co. No. 374600-X

I/We (full name in capital letters) ____________________

NRIC/Company No ____________________ of (full address) ____________________

____________________ being a member of Astral Asia Berhad, do hereby appoint (full name in capital letters) ____________________ NRIC/Company No. ____________________

of (full address) ____________________

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

NRIC/Company No ____________________ of (full address) ____________________

or failing him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the 23rd Annual General Meeting of the Company to be held on Thursday, 20 June 2019 at 11.00 a.m, at Kiara Room, Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur and at any adjournment thereof.

*My/Our proxy is to vote on a poll as indicated below with an "X".

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

	RESOLUTIONS	FOR	AGAINST
2. To approve the payment of Directors' fees and benefits for the year ended 31 December 2018.	Ordinary Resolution 1		
3. Re-elect Mr Lim Guan Shiun (Article 76)	Ordinary Resolution 2		
4. Re-elect Tuan Haji Md Adanan bin Abdul Manap (Article 76)	Ordinary Resolution 3		
5. Re-appoint Grant Thornton Malaysia as Auditors and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
SPECIAL BUSINESS 6. Continuing in Office of Mr Tan En Chong as Senior Independent Non-Executive Director	Ordinary Resolution 5		
7. Authority for Directors to issue shares	Ordinary Resolution 6		
8. Alteration of Memorandum and Articles of Association	Special Resolution 1		

** Strike out whichever not applicable*

Dated this ____________ day of ______________ 2019

No. of Shares held	
CDS Account No.	

____
Signature of Shareholder(s)

Notes :

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 13 June 2019 ("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 authorised nominee may appoint in respect of each omnibus account it holds.
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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

ASTRAL ASIA BERHAD
Co. No. 374600-X

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

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

www.AstralAsia.com