CHAIRMAN'S **STATEMENT**

Dear fellow shareholders,

On behalf of the Board of Directors of Jaya Tiasa Holdings Berhad, I am pleased to present to you the Annual Report and Audited Financial Statement of the Group for the Financial Year Ended 30 June 2015.

ECONOMY OVERVIEW

Global economy growth remains moderate, with uneven prospects across the main countries and regions. US economy has posted good momentum and unemployment rate has fallen to below 6%, but the rest of the world has not been as lucky. Euro Zone was barely growing. China's growth has dropped to five-year low of 7.3 percent. Western sanctions and dropping oil prices have decimated Russia's currency. Overall, global economy did not have a stellar year. Growth at around 3 percent did not pick up on recent years and remains well below the pace of expansion enjoyed over an extended period up to year 2008.

On domestic front, economy growth has also been something of mixed bag. On the brighter side, Malaysia surprised the markets with strong growth in Q1 2015 despite weak oil prices and subdued external demands. Federal overall fiscal deficit as a percentage of nominal GDP hit the target of 3.5% while net current account of the balance of payment also improved. On the contrary, while the implementation of GST allowed government to collect more income, it led to contraction in imports during Q2. And with Ringgit Malaysia depreciating sharply at a worrying pace, recent sentiment has rather been negative amidst various concerns on the economy outlook.

GROUP PERFORMANCE

Our Group has also a mixed performance in FY2015. Timber division outperformed by contributing 71% and 121% of the group's revenue and profit before tax respectively. The revenue from our timber division increased slightly by 3% while profit before tax increased significantly by 47%. The sustaining high price of log due to the tight supply and the favorable exchange rate contributed to the better performance.

Our oil palm division suffered loss of RM21.5 million. CPO price decreased by 9.5% to RM2,166 per MT while FFB price decreased by 9.8% to RM399 per MT. FFB productions were lower than expected, a drop by 3% to 740,013 MT.

FINANCIAL PERFORMANCE

We closed the year with revenue of RM1,032 million, a slight 0.1% drop from last year due to lower average selling prices of CPO and FFB. Profit before tax dropped by 34% to RM53 million and net profit was RM34 million, a 38% decrease due to lower than expected contribution from oil palm division. Earning per share slipped to 3.27 sen from 5.49 sen recorded last financial year. Shareholders' fund improved to RM1,769 millions compared to RM1,752 million achieved for the preceding financial year. Net tangible assets per share stood at RM1.76 for the year ended 30 June 2015.

DIVIDEND

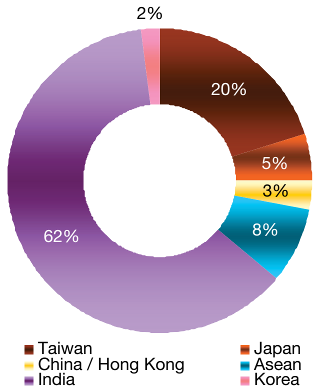
As part of our commitment to enhancing shareholder value, the Board of Directors stayed true to its dividend policy of paying out not less than 20% of its net profit, subject to not compromising the Group's ability to support its pursuit for long term growth. As a result, the Board of Directors has recommended a gross dividend of 1% representing about 28% of after tax profit in respect of the Financial Year Ended 30 June 2015 for approval by the shareholders at the forthcoming Annual General Meeting to be held on 26 November 2015.

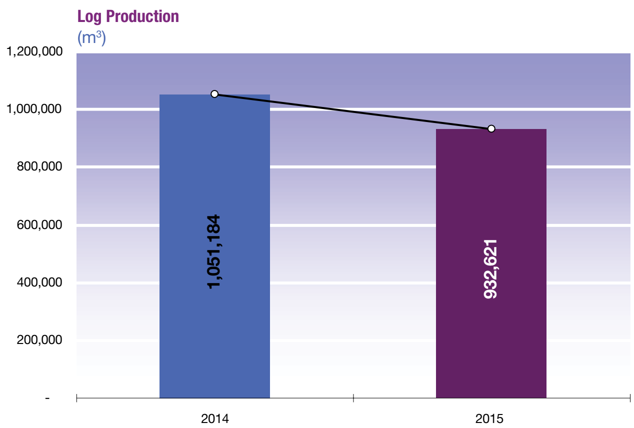
REVIEW OF OPERATION

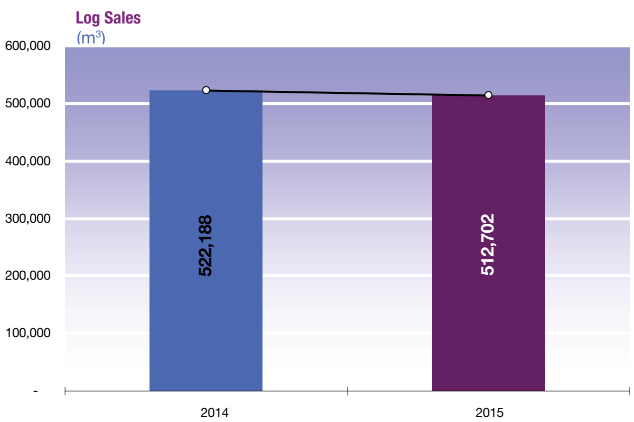
Logging

The logging division contributed about 36% of the total Group's revenue. Apart from the unfavorable weather conditions as well as the impoundment of the Bakun hydroelectric dam which continued to impede the transportation of logs for processing mills and exports, the supply chain issues made our logging operation a bigger challenge. Average export price for logs increased to USD238 per m3 largely due to the tightening log supply and the continuing sustained demand from India and Taiwan. More stringent control by government also helps stabilizing log prices.

As mentioned, India and Taiwan remained the two largest log export markets for the group with sales accounting for 62% and 20% of the Group's total log export sales in US Dollars respectively. Demand from both countries remains robust despite the challenging economy and competition from other regions.







Logging Outlook and Strategy

We will continue to export logs in the coming financial year as we foresee the market demand for tropical logs to remain robust despite the slow global growth at prices that are likely to be sustained due to supply constraint. USD against RM will remain strong in near future which is favorable to our export sales in terms of currency exchange.

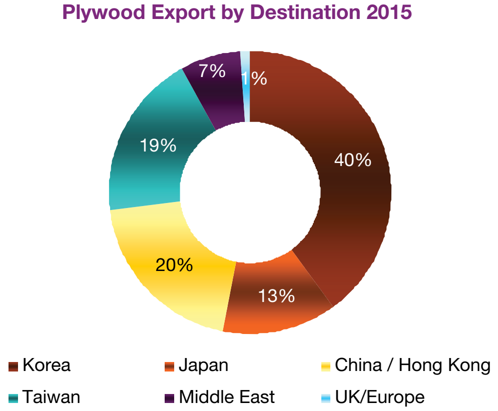
To better manage our forest, we will select species with higher market value for harvesting and maintain vigilant controls on the cost of production. Increased attention will also be given to logistical planning to ensure that logs extracted are delivered within the shortest time frame possible to preserve their freshness and maintain their quality for premium prices.

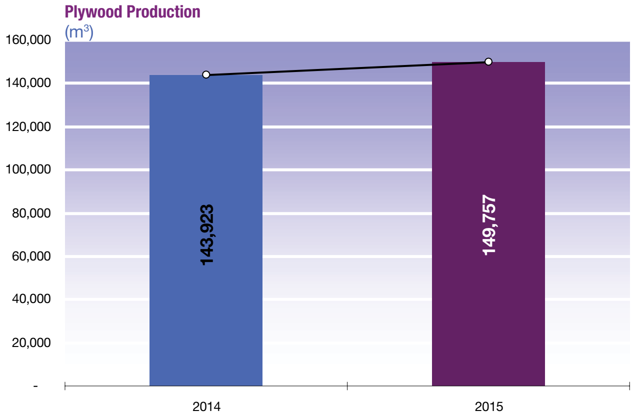
CHAIRMAN'S STATEMENT (cont'd)

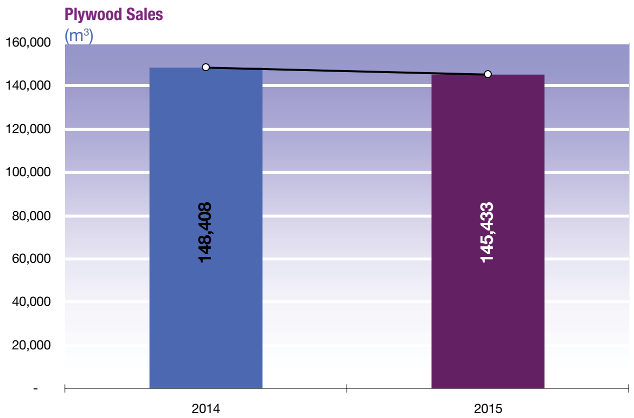
Plywood

In FY2015, the plywood division contributed about 26% to the total revenue of the Group. Plywood sales volumes decreased by 2% YoY, while the average selling prices decreased by 2%. The market for plywood has been challenging ever since the economic downturn. To maximize our revenue and profit as well as to maintain our existing markets, we maintained our strategy in producing more high value products.

During the year, Korea emerged as our largest export destinations, accounting for 40% of total plywood exports of the group in US Dollar terms. Total export sales to the country increased by 11% in volume. The reduced anti-dumping duty rate from previous 6.43% to current 3.08% has worked us favor. Other major exports markets were Taiwan, China / Hong Kong and Japan.







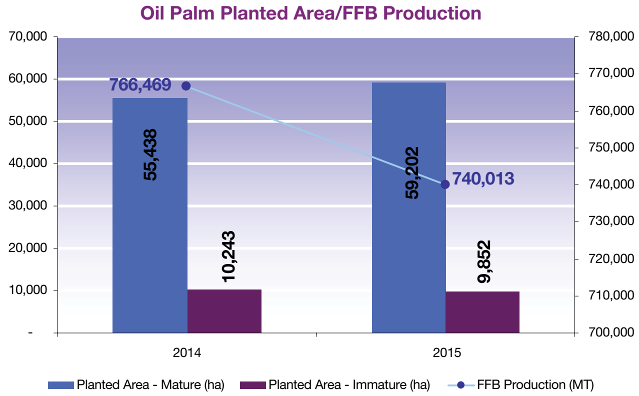
Plywood Outlook and Strategy

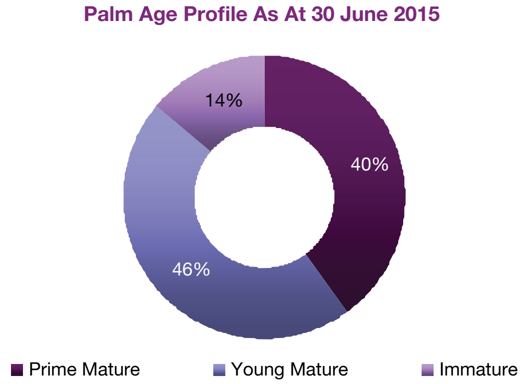
Demand for plywood is expected to improve gradually in line with economic recovery in our key markets. Our focus will be on large importing countries such as South Korea, Taiwan, China / Hong Kong and Japan.

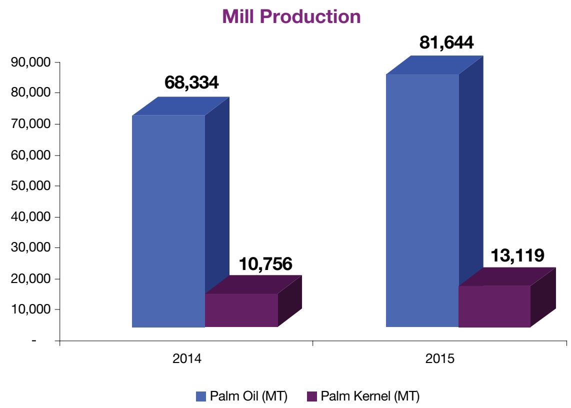
The group will adopt a dynamic strategic approach in an increasingly competitive global environment, taking into account the scarcity of resources, the volatility of foreign exchange rates and volatile crude oil prices. The group will strengthen its current measures to maintain and enhance its competitive edge, and these include harnessing its existing production technology towards improving operational efficiency and product quality, and being innovative in producing more value-added products for niche markets to enhance margins.

Oil Palm

The division underperformed during the year under review by suffering pre-tax loss of RM21 million, a sharp contrast to the RM33 million pre-tax profits reported in previous year.







Revenue for the year was RM297 million, a 7% decrease compared to previous year due to lower price and lower production.

As at 30 June 2015, the group's planted areas stood at 69,054 hectares (Ha) spreading over 10 plantations in Sarawak. Despite a 7% increase (59,202 Ha) in matured area, our FFB production for the year had dropped by 3% to 740,013 metric tones (MT) from the previous year's 766,469 MT. Manpower continues to be an issue while unfavorable weather also led to lower production generally experienced by other planters in Sarawak.

The group's palm oil mill produced approximately 82,000 MT of CPO and 13,000 MT of palm kernel (PK). There are currently three mills in operation with total processing capacity of 210 MT per hour, while another mill with designed capacity of 60 MT is scheduled to be commissioned by Year 2016. Upon full operation, the mills are expected to contribute significantly to profitability.

Oil Palm Outlook and Strategy

As at 30 June 2015, the weighted average of our palm age is still below 7 years. We expect our FFB yield (MT) per hectare to continue to improve and consequently reducing our cost of production. Labor shortage continues to be an issue nationwide and we are no exception. In order to cope with this challenging operating environment, we have increased mechanization so we can optimize the deployment of labor.

We will continue to improve our Oil Extraction Rate (OER) from CPO mill operation by imposing stringent control over operation efficiency and FFB input quality. With further fine tuning, we expect production volume and efficiency to improve in next financial year.

We remain optimistic about the long term prospects for the palm oil industry despite current weakness in CPO price. We will endeavor to lower our cost of production by enhancing our harvesting yield and productivity so that we are poised to reap the profits in the event CPO prices start to trend upwards.

Reforestation

We are currently managing a total of 235,859 Ha for reforestation areas. With fast-growing tree species such as Eucalyptus Deglupta (Kamarere), Eucalyptus Pellita and Kelampayan planted across the plantation areas, the group's forest planted area has been expanding and will continue to trend up steadily.

Reforestation Outlook and Strategy

We are committed to plant forest as an investment for the future viability of the group and in keeping with the world's move towards conservation of natural forests. The division is not expected to contribute to earnings in the short term given that the planted forest has a gestation period of 12 to 15 years before it can be ready for commercial harvesting. The challenge of the group is to improvise silvicultural practices and place greater emphasis on stringent quality control over new plantings and its maintenance so as to improve the survival rate and optimum growth of planted trees.

GOING FORWARD

According to IMF, global growth is projected at 3.3% in 2015, marginally lower than in 2014, with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. In 2016, growth is expected to strengthen to 3.8%. On domestic front, there are growing concerns on the plunging currency, falling oil prices and the political tension with consumer sentiment index slid to around 70 according to research from Malaysian Institute of Economic Research.

Prices for timber products especially logs are expected to remain firm in view of restricted supply and the robust demand from importing countries. We are optimistic that FY2016 will continue to be a profitable year for the timber division.

Our palm trees have a relatively young age profile. FFB yield will improve as more trees mature to their prime. Additional CPO mills will boost our CPO production while expanding vertical integration should contribute positively to the palm oil division in the next financial year.

With all these measures and advantages, the Group plans for a steady long-term growth and will ensure we are well prepared in the wake of market recovery.

APPRECIATION

On behalf of the board, I would like to convey sincere thanks to my management team and all employees of the Group, whose undivided support and dedication was so crucial and necessary for the future growth of our Group. I am grateful to you, our shareholders, customers, business partners, bankers and the relevant authorities and members of the community for your invaluable support and deep trust in the Group.

GEN (RTD) TAN SRI ABDUL RAHMAN BIN ABDUL HAMID

Chairman

CORPORATE SOCIAL **RESPONSIBILITY**

Jaya Tiasa recognizes that without being socially and environmentally responsible, it is impossible to have economically sustainable operations in the long term. Corporate Social Responsibility (CSR) and sustainability are important aspects of long-term business success. During the year under review, we continue to maintain our commitment to CSR and sustainability issues by embedding our approach more fully into the day-to-day management of the business. We continue taking responsibility towards stakeholders, protecting the environment, and being a good employer, business partner, and member of the community. Our approach to CSR is primarily conducted in four areas, the so-called pillars: Environment, Workplace, Community and Marketplace.

ENVIRONMENT

Our operations have always adopted a fully integrated approach, including efficient use of raw materials and energy, protection of the environment, and compliance with the environmental laws and regulations. Because our business activities are closely related to natural resources, we endeavour to never strive for financial success at the expense of the future generation. This means that we take responsibility for identifying and minimising the impact on the environment at every step of the process. We have a system in place to ensure that all operations reach the highest environmental standards.

Sustainable Forest Management

In line with our efforts to reduce the impact of harvesting operations on the environment, we implement Reduce Impact Logging (RIL) techniques throughout the life cycle of the logging operations in order to reduce soil disturbance, and minimise damage to residual stands and effects on wildlife.

Improved Forest Productivity

As we are well aware of the dire consequences of global warming, preserving the environment has always been our top agenda. The establishment of well-managed forest plantations of the Group aims to conserve biodiversity, protect the environment, and provide sustainable raw material for downstream wood processing in a balanced way. Forests play an important role in moderating climate change. By regenerating forests through reforestation, we hope to contribute towards reducing the effect of global warming. An ongoing forest plantation project of the Group is being carried out in Kapit, Sarawak and we are currently developing a total area of more than 235,000 ha.

Good Agricultural Practice

The Group's oil palm division continues to monitor procedures and systems to ensure that good agronomic practices are prevalent throughout the plantation. Several practices adopted by the Group include a zero burning technique in land clearing and good agricultural practices in water management, manuring and weeding. In controlling pests, our biological and Integrated Pest Management (IPM) practice which involves light traps and planting of beneficial plants, has vastly reduced dependency on the usage of chemical pesticides.

Recycle And Reuse By-Products

By-products from our palm oil mill, such as Mesocarp fibre and palm kernel shells, are also utilised as feedstock for power generation in our palm oil mill. Empty fruit bunches (EFB) are recycled for application in the fields as mulch, whereas palm oil mill effluents (POME) are biologically treated before it is discharged to the watercourse. In addition, we have installed a composting plant at our existing CPO mill to turn oil mill wastes composed mainly of EFB and POME into bio-organic fertilizers. During the year under review, we proudly received DoE Excellence Award for one of our mills for a high level of compliance with Environment Quality Act 1974.

Rumah Seri Kenangan Visit

Staff Training

CORPORATE SOCIAL RESPONSIBILITY (cont'd)


Training - Fire Fighting


Blood Test Screening


Table Tennis Competition


GST workshop & training

WORKPLACE

To meet future challenges and remain competitive, we strive to be an attractive employer with the ability to recruit, develop, and retain the best people. Competent employees with great dedication to drive change and go beyond what is required to deliver on Group strategy and performance objectives are crucial to the continued growth of our business. We seek to develop our employees through training and education, respect individual integrity and human rights, offer fair pay and advancement opportunities, and maintain a safe and motivating working environment. As at 30 June, 2015, the Group has a workforce of around 5,500 employees with a diverse mix of backgrounds, experience and expertise across its operations.

Skills Development

The Group aims to provide a supportive working environment in which all employees receive training relevant to their work to enable them to effectively perform their duties as well as prepare them for career progression. Apart from in-house training, our employees are encouraged to attend the Group's sponsored external seminars and workshops to keep them updated with the latest developments in the respective subjects and profession. Field training is also organized frequently to upgrade the technical and functional skills of workers at the operating units. The Training and Development Department (TDD) has been active all year round with adequate fund allocated to ensure the Group has people with the required knowledge and skills in key roles to meet the Group's business goal. With TDD, each employee's need for professional development and further training is determined to help employees fulfill their career aspirations in the Group.

Performance Oriented Culture

We make every effort to create a working environment that stimulates employee engagement and nurtures a high performing culture. Regular performance appraisals and evaluations are carried out to enable due rewards for high performers and promote motivation and performance upgrading for the rest. We review compensation and benefits on a regular basis to ensure that our remuneration packages are competitive in the marketplace. In addition to a fixed base salary, we offer both short- and long-term incentives to further motivate staff at every level, and the success of our approach is reflected in the low staff turnover rate.

Work-Life Balance And Healthy Living

Our corporate mantra to be "an employer of choice" is evident in our drive to develop and maintain a balanced, healthy, and conducive work environment for continuous learning and personal growth. Through the Group's sports and recreation club, we regularly organise recreational events and sports activities aimed at promoting rapport and fostering closer teamwork among employees as well as to encourage work-life balance and healthy living. These include educational trips to the Group's operations, annual dinners, festive gatherings, sporting competitions, and vacation trips to some of our local tourist attractions. To generate health awareness among staffs, the Group coordinates with different bodies to give different types of health screening services at special rate for our employees. In addition, we invest in workforce welfare by providing quality environment and accompanying facilities and building of quarters, playgrounds, recreational and medical facilities, which cater to the estate and mill workers.

Health And Safety At Work

Occupational safety in the workplace continues to be a non-negotiable priority of the Group. During the year under review, we maintained our commitment to enforce workplace health and safety excellence not just for our employees but also for our contractors, customers and visitors. We are working continuously to reduce the number of work-related accidents and injuries and to prioritize preventive efforts, particularly in the areas where the challenge is greatest. To achieve our goal, a series of in-house training programmes on safety and health have been conducted with the assistance of external experts. Emergency exercises including fire-fighting drills are practised. We ensure that appropriate resources and support are accessible to maintain high standards of safety and cultivate a positive safety culture and awareness. Our Safety & Health Department was active throughout the year under review by conducting frequent quality audits and safety checks at individual sites to ensure that all safety requirements and precautions were strictly observed.

Workforce Diversity Policy

We do not have a policy on workforce diversity of gender, ethnicity and age. However, we are committed to practice fair opportunity to all existing and prospective employees, and to promote a climate of diversity and inclusiveness via our non-discriminatory recruitment processes. We value, respect and leverage the unique contributions of people with diverse backgrounds, experiences and perspectives to provide exceptional service to an equally diverse community.

COMMUNITY

We support communities in many ways. We contribute significant funding and other resources towards enhancing the social well-being of the community through supporting initiatives related to health care, arts and culture, sports, community development, the underprivileged, disability groups, and more.

Giving Back To The Society

We encourage our employees to participate in community and charitable activities. Over the last 12 months, our efforts included charity drives for the autistic society, kidney foundation, and other local society care centres. We also donated to flood victims for damaged longhouse. In addition to this area of focus, our blood donation drives are conducted yearly to meet the continuous need for blood supplies at hospitals and blood banks.

Supporting Local Communities

The Group strongly believes that its business success can only be sustained when local communities grow and prosper together with the Group. The Group continues to support the local communities associated with its operations, and FY2015 was no exception. We have established a symbiotic relationship with the local communities and make every endeavour to bring about mutual benefits. We have been consistently rendering support in monetary terms and in-kind to ensure that the basic needs and expectations of the surrounding communities are attended to.

MARKETPLACE

We place great importance on high standards of quality in our products, ethical business conduct and are conscious of safeguarding environmental and social values. We are committed to cultivate the best practices in complying with all laws and regulations as well as and the standards of all certification for the markets we serve.

Environmentally Responsible Products

It is our ongoing policy to ensure that our products and their sources comply with all regulatory criteria and adhere strictly to sustainable forestry and plantation practices. Research shows that competitiveness is strengthened as consumers increasingly choose products they perceive as "ethical" and "environmental-friendly." We have established

Food Fair Fund Raising


Sports Day


SKF Fund Raising


Staff Training


Job Fair Participation


Blood Donation


Christmas Celebration


Annual Dinner

CORPORATE SOCIAL RESPONSIBILITY (cont'd)


Monetary Aid to Flood Victims


Quiz Competition


Staff Training

strong customer loyalty as we strive to ensure that our manufactured products are of the highest quality that meets the stringent quality assurance and control, product safety standards, and environmental requirements. A reflection of the Group's commitment towards this is manifested in its efforts to achieve green certification for its products which include:

CE Marking

The CE marking certifies that our plywood product has met European Union health, safety, and environmental requirements, which ensure consumer safety. CE marking now provides product access to 27 countries with a population close to 500 million.

Japanese Agricultural Standards (JAS) certification

The quality of our plywood product meets the specific standards requirements of JAS for use in Japan. The JAS certification issued by the Japanese Ministry of Agriculture, Forestry and Fisheries is based on the law concerning standardization and proper labeling of Agricultural and Forestry products for acceptance into Japan.

California Air Resources Board (CARB) certification

This certification verifies that our composite wood products (hardwood plywood) are in compliance with strict formaldehyde emission standards as stipulated in the California Code of Regulations.

Wood Packaging Material Treatment Providers certification

Our wood packaging material has been awarded the certification that aims to reduce the spread of timber pests associated with solid timber packing material. It is issued by the Sarawak Department Agriculture Plant Protection and Quarantine Branch in accordance with International Standards for Phytosanitary Measures, Publication No.15 (ISPM 15) standards.

In the financial year 2015, we continued our sustainability journey by passing the surveillance audits for the above certification. The group is committed to work towards continuous improvement in the quality of its products and services through implementation of feedback from our customers, suppliers, and employees together with internal and external audits. We believe that we have an obligation to go beyond certification and compliance and invest in continued improvements.

Highest Principles Of Integrity

Our investor relations programme aims to establish and maintain open communications with shareholders and investors so as to provide timely information and ensure the best possible transparency. We keep the investment communities well-versed with our key business activities, strategies, and performance through annual general meetings, analyst and press briefings, and road shows. In addition, our corporate website at www.jayatiasa.net provides the latest financial results, statutory announcements, corporate news, and a wide range of information on the Group.

CSR and sustainability are about continuous improvement and we must ensure that this mindset is embedded across the Group. As we progress towards our long-term sustainability goals, the commitments we have made for sustainable operation will continue to benefit the communities in which we operate, both environmentally and socially.

STATEMENT ON CORPORATE **GOVERNANCE**

INTRODUCTION

The Board of Directors ("the Board") of Jaya Tiasa Holdings Berhad ("JTH" or the "Company") supports the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 ("the Code"). The Board is committed to ensuring that a high standard of corporate governanace is implemented and maintained as a fundamental part of discharging its responsibilities in managing the business and affairs of the Company to create long-term and sustainable growth in shareholder value.

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board is pleased to present the following statement on the application by the Company of the Principles and Recommendations set out in the Code.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board is responsible for the oversight and overall management of the Company. The following Board Committees have been established to assist the Board in fulfilling its ongoing oversight and to ensure the effective discharge of its responsibilities:-

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

All the Board Committees are provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority.

The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, rests with the Board.

The aforesaid Board Structure is supported by the Discretionary Authority Limits ("DAL"), which clearly sets out relevant matters with applicable thresholds, including those reserved for the Board's approval, and those which the Board has delegated to the Chief Executive Officer ("CEO") and Management. The Board Structure and the DAL are reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making.

Key matters reserved for the collective decision of the Board include the approval of financial results, annual corporate and business plans, dividend policy, acquisition and disposal of undertakings and properties of a substantial value as well as major investments and strategic decisions.

1.2 Roles and Responsibilities

The Board has assumed the following major responsibilities in discharging its stewardship and fiduciary functions:-

- reviewing and adopting the strategic plans of the Company and its subsidiaries (the "Group"). It has in place a planning process, whereby management presents to the Board its proposed business plan for the ensuing year for Board's review and approval. At this meeting, the Board also sets the Key Performance Indicators ("KPIs"), categorized under various identified perspectives, in alignment with the main strategic focus areas of the Group to ensure that business plan reflects industry trends and internal capabilities;

- overseeing the conduct of the Group's business. The CEO is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Senior Management Team. Management's performance, under the leadership of the CEO, is assessed by the Board through the business plans, corporate objective, financial statements, performance review report and operational review report which are tabled to the Board for approval and/or adoption during each reporting period. The Board is also kept informed of the Group's performance based on the approved KPIs;

- ensuring the implementation of appropriate system to manage key risks. Through the Risk Management Committee ("RMC"), the Board oversees the risk management of the Group. The RMC advises the Board on key risks faced by the Group and the adequacy of compliance and control throughout the Group.

- ensuring that adequate support for continuity is in place in the absence of key executives;

- overseeing the development and implementation of a communication policy, including an investor relations programme for the Company; and

- reviewing the adequacy and integrity of the Group's internal control and management information system.

1.3 Code of Conduct

The Directors of the Company adhere to the Code of Ethics established by the Companies Commission of Malaysia, which forms an integral part of the Company's Board Charter. The Code of Ethics sets out the principles in relation to transparency, integrity, accountability and corporate social responsibility.

In addition to the above, the Whistle-Blower Policy seeks to foster an environment where integrity and ethical behaviour are maintained and any illegality, improper conduct and/or wrong doing in the Group may be exposed. It sets out the internal channel/procedures for the whistle-blower to raise concern both inside and outside the Management line. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal.

1.4 Strategies Promoting Sustainability

Promoting sustainability and enhancing shareholder value are embedded in our business model that takes into account market place, work place, environment and community, details of which are set out in the Corporate Social Responsibility Statement on pages 17 to 20 of this Annual Report.

1.5 Access to Information and Advice

The Directors have unrestricted access to the Group's Management and to all information pertaining to the Group's business and affairs whether as a full Board or in their individual capacity in furtherance of their duties. The Directors also have the liberty to seek independent professional advice if so required by them at the Company's expense.

The agenda for each Board Meeting together with a full set of board papers are forwarded to each Director for their perusal well in advance of the date of the Board Meeting to facilitate informed decision making and effective discharge of the Board's responsibilities. The Senior Management Staff are invited to attend the Board and Board Committee Meetings to report on matters relating to their respective areas of responsibility and also to provide detail or clarification on issue(s) that may be raised by any Director.

1.6 Company Secretary

All the Directors have direct access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary, who is qualified and competent, plays a supportive role to the Board by ensuring adherence to the Board policies and procedures and compliance with regulatory and statutory requirements. She ensures that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management.

1.7 Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Board Committees, division of responsibilities between the Board, Management, Chairman, CEO and Board Committees as well as processes and procedures for meetings. It serves as a structured guide and primary induction document providing prospective and existing Board Members insights into their fiduciary and leadership functions.

The Board Charter is available at the Company's website at www.jayatiasa.net.

2. STRENGTHEN COMPOSITION

The Board has nine (9) members. Two (2) are Executive Directors and seven (7) Non-Executive Directors. Four (4) Directors or 44% of the Board members are Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad, which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be independent. The profile of each Director is presented on pages 5 to 9.

2.1 Nomination Committee

The Board has a Nomination Committee comprising entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the Nomination Committee:-

Chairman	-	Datuk Talib Bin Haji Jamal *(Independent Non-Executive Director)*
Members	-	Mr John Leong Chung Loong *(Independent Non-Executive Director)*
	-	Dato' Sri Dr. Tiong Ik King *(Non-Independent Non-Executive Director)*

The key terms of reference of the Nomination Committee are: -

- assessing and recommending to the Board the candidates for Directors and appointment of Directors to Board Committees;
- reviewing Board size and effectiveness of the Board and Board Committees;
- assessing independence of Independent Directors; and
- identifying appropriate training for Board members.

The activities of the Nomination Committee during the financial year were as follows:

- reviewed the required mix of skills, experience, size and composition of the Board;
- assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- assessed the independence of the independent Directors;
- reviewed and made the recommendation to the Board on the re-election and re-appointment of Directors based on assessment conducted; and
- identified training programme for Board of Directors.

The Nomination Committee meets as and when required. Two meetings were held during the financial year ended 30 June 2015 and were attended by all the members. All recommendations of the Nomination Committee are subject to the approval of the Board.

2.2 Criteria for Recruitment and Annual Assessment of Directors

The Nomination Committee is responsible to recommend the identified candidate to the Board either to fill a casual vacancy or as an addition to the existing Directors. In evaluating the suitability of candidates, the Nomination Committee considers, among others, the competency, experience, character, integrity, commitment (including time commitment) and contribution of the candidates including where appropriate, the criteria (based on definition of Independence in the Listing Requirements of Bursa Malaysia Securities Berhad) on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors to the Board, the Nomination Committee ensures that an induction programme is arranged, including site visits and meeting with Senior Management personnel to enable them to have a full understanding of the nature of the business, current issues within the Group as well as corporate strategies.

The Board has an on-going evaluation process to assess its effectiveness and that of its Board Committees. The annual assessment process is led by the Nomination Committee Chairperson. The evaluation of the Board is based on specific criteria covering areas such as the Board mix and composition, quality of information and decision making as well as Boardroom processes and activities whereas evaluation of performance of Directors is based on fit and proper, contribution, calibre and personality. The evaluation results and comments by all Directors are discussed at the Nomination Committee, which then makes recommendation to the Board.

In respect of the assessment for the financial year ended 30 June 2015, the Board was satisfied that the Board as a whole and its Board Committees had discharged their duties and responsibilities effectively. The Board is of the view that its present composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

The Board promotes corporate culture that embraces diversity in every form when determining composition from a diverse pool of qualified candidates. Through the Nomination Committee, the Board evaluates the suitability of candidates during recruitment and annual assessment of the Directors' performance taking into consideration the criteria required of the Board Members as set out in paragraph one above, in the context of the needs of the Board. Although the Board does not endorse quotas on gender, ethnicity and age diversity, it does commit to having an increasing representation of women on the Board. Currently, there are two (2) female Directors, namely Mdm Tiong Choon and Dato' Wong Lee Yun. The ages of Directors range from 41 to 76.

2.3 Remuneration Committee

The Remuneration Committee is made up entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the Remuneration Committee:-

Chairman	-	Mr John Leong Chung Loong *(Independent Non-Executive Director)*
Members	-	Datuk Talib Bin Haji Jamal *(Independent Non-Executive Director)*
	-	Dato' Sri Dr. Tiong Ik King *(Non-Independent Non-Executive Director)*

The Remuneration Committee is responsible to recommend to the Board the framework and remuneration packages for Executive Directors and performance related pay scheme for CEO.

Remuneration packages of both Executive Directors and Non-Executive Directors are a matter to be decided by the Board as a whole, taking into consideration the recommendations of the Remuneration Committee, to ensure that the Level and make-up of remuneration are sufficient to attract and retain the Board Members needed to run the Company successfully.

The remuneration of the Executive Directors consists of basic salary and bonus. Other benefits customary to the Group are made available as appropriate. In the case of the CEO, a variable component of his remuneration is structured so as to link rewards to his performance.

Non-executive Board Members are paid a basic fee as ordinary remuneration and are also paid additional remuneration based on their level of responsibilities in the Board and Board Committees as well as for their attendances at meetings. The fee which is subject to the approval of the shareholders shall be fixed in sum and not by a commission or on percentage of profits/turnover.

The Remuneration Committee meets as and when required. One meeting was held during the financial year ended 30 June 2015 and recommended to the Board the remuneration packages for the Deputy Executive Chairman and CEO in all its form. The meeting was attended by all the members.

During the financial year ended 30 June 2015, the remuneration of the Executive Directors and Non-Executive Directors are as follows:-

	Salary RM	Fees RM	Bonus RM	Other Emolu-ments RM	EPF RM	Benefit in kind RM	Total RM
Executive Directors							
Dato' Sri Tiong Chiong Hoo	396,000	60,000	132,000	9,000	68,640	13,325	678,965
Dato' Wong Sie Young	360,000	60,000	300,000	9,000	62,400	9,900	801,300
Non-Executive Directors							
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid		71,500		57,000		13,325	141,825
Dato' Sri Dr Tiong Ik King		64,000		9,000			73,000
Tiong Choon		60,000		9,000			69,000
Tiong Chiong Hee		60,000		9,000			69,000
John Leong Chung Loong		70,500		9,000			79,500
Dato' Wong Lee Yun		63,500		129,000			192,500
Datuk Talib Bin Haji Jamal		70,500		9,000			79,500
Total	756,000	580,000	432,000	249,000	131,040	36,550	2,184,590

Directors' remuneration	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	–	5
RM100,001 to RM150,000	–	1
RM150,001 to RM200,000	–	1
RM650,000 to RM700,000	1	–
RM800,000 to RM850,000	1	–

3. REINFORCE INDEPENDENCE

3.1 Independence of Directors

The Board recognises the importance of Independent Directors to facilitate the exercise of independent evaluation and objectivity in the decision-making process, and thus provides check and balance in the Board.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on the definition of independence as set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

In line with the Code, the Company's Board Charter restricted the tenure of an Independent director to a cumulative term of nine (9) years. However, upon completion of 9 years service, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the Annual General Meeting in the event it retains the Director as an Independent Director. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following an assessment by the Nomination Committee and the Board, the Board recommended that Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid and Mr John Leong Chung Loong, who have served on the Board for a cumulative terms of more than nine (9) years to continue their offices as Independent Non-Executive Directors subject to the shareholders' approval at the forthcoming Fifty-Fifth Annual General Meeting ("AGM"). The keys justifications for the recommendation are as follows:-

- they fulfilled the criteria under the definition of Independent Director as set out in the Listing Requirements of Bursa Malaysia Securities Berhad and therefore are able to bring independent and objective judgment to the Board;

- they are experienced independent directors who over the years have developed increased insight into the Company and the business operations of the Group;

- they have been very committed and had devoted sufficient time to their responsibilities as Independent Non-Executive Directors of the Company; and

- they have exercised due care during their tenure as Independent Non- Executive Directors of the Company and carried out their responsibilities in the interest of the Company and shareholders.

3.2 Positions of Chairman and CEO

There is a clear division of responsibility between the Chairman and the CEO to ensure a balance of power and authority. The positions of the Chairman and the CEO are separately held by two persons. The Chairman, Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid, an Independent Non-Executive Director, is primarily responsible for ensuring the integrity and effectiveness of the governance processes of the Board and acts as a facilitator at meetings of the Board. He ensures that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe, contributions by Directors are forthcoming and that no Director dominates discussion. The CEO, supported by the Senior Management team, implements the Group's strategic plan, policies and decision adopted by the Board and oversees the operations and business development of the Group.

3.3 Senior Independent Non-Executive Director

The Board has identified Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid (email address: tsrahman.hamid@gmail.com) as the Senior Independent Non-Executive Director to whom concerns of shareholders, management and others may be conveyed.

4. FOSTER COMMITMENT

4.1 Time Commitment

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, a new director is required to commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board. The existing Directors are required to notify the Chairman before accepting any new Directorship of other listed company and to indicate the time expected to be spent on the new appointment.

All the Directors are required to submit to the Company an update on their total number of directorships held by them in other listed company(ies) every six (6) months for monitoring purpose.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is reflected by their attendance at Board meetings.

The Board holds scheduled meetings regularly, with additional meetings convened as and when necessary. The annual meeting calendar providing scheduled dates for meetings of the Board, Board Committees and shareholders is prepared and circulated to the Directors at the beginning of each year so that the Directors can plan accordingly and fit the year's meetings into their respective schedules. The calendar also includes closed period for dealings in Company's shares by Directors and principal officers.

A total of six (6) Board of Directors Meetings were held in the financial year ended 30 June 2015. Details of the attendance of each Director are as follows: -

Name of Directors	**Meeting Attendance**
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid *(Independent Non-Executive Chairman)*	6/6
Dato' Sri Tiong Chiong Hoo *(Deputy Executive Chairman)*	6/6
Dato' Wong Sie Young *(Chief Executive Officer)*	6/6
Dato' Sri Dr Tiong Ik King *(Non-Independent Non-Executive Director)*	6/6
Mdm Tiong Choon *(Non-Independent Non-Executive Director)*	6/6
Mr Tiong Chiong Hee *(Non-Independent Non-Executive Director)*	6/6
Mr John Leong Chung Loong *(Independent Non-Executive Director)*	6/6
Dato' Wong Lee Yun *(Independent Non-Executive Director)*	6/6
Datuk Talib Bin Haji Jamal *(Independent Non-Executive Director)*	6/6

4.2 Directors' Training

All the Directors are encouraged to attend continuous education programmes to update their skills and knowledge and to keep abreast with the latest developments on a variety of areas relevant to the Group's business.

The development and training programmes as well as conferences attended by each individual Director during the financial year are as follows: -

Director	Course Title	Date of Attendance
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	Breakfast at Bursa Malaysia Enhancing Internal Audit Practice	13 August 2014
	Directors Breakfast Series: "Great companies deserve great boards"	10 October 2014
	Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is our line of defence adequate and effective?"	14 October 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Dato' Sri Tiong Chiong Hoo	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Dato' Wong Sie Young	Education Seminar: Overview of ESG Index and Industry Classification Benchmark	20 August 2014
	Forest Management Certification (Natural Forest) in Sarawak: The Way Forward	20-21 August 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
	Malaysian Palm Oil Trade Fair & Seminar (POTS KL)	28-29 October 2014
	OFIC 2014 – Global Oils & Fats : Addressing Major Challenges	5-7 November 2014
	Bursa Malaysia Derivatives Annual Palm & Lauric Oils Conference & Exhibition : Price Outlook 2015/2016 (POC 2015)	2-4 March 2015

Director	Course Title	Date of Attendance
Dato' Sri Dr Tiong Ik King	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
	Forbes Global CEO Conference	28-30 October 2014
Tiong Choon	PEAKS Leadership Breakthrough Training	14-15 July 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Tiong Chiong Hee	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
John Leong Chung Loong	Risk Management & Internal Control: "An Integrated Assurance on Risk Management and Internal Control – Is our line of defence adequate and effective?"	13 October 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
Dato' Wong Lee Yun	Breakfast at Bursa Malaysia Enhancing Internal Audit Practice	13 August 2014
	Risk Management & Internal Control – Workshops for Audit Committee Members	13 October 2014
	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014
	ASEAN Business Club (ABC) Networking Luncheon	1 December 2014
	Khazanah Global Lectures 2014	2 December 2014
	CIMB Corporate Day	6 January 2015
	Excellence in Investing Luncheon	12 February 2015
	CIMB Investor Forum	28 May 2015
Datuk Talib Bin Haji Jamal	Related Party Transactions Framework from the Perspectives of Governance, Listing Requirements and Transfer Pricing	21 October 2014

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standard

In presenting the annual audited financial statements and quarterly financial results to the shareholders, investors and Regulatory Authorities, the Board aims to present a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Board, assisted by the Audit Committee, oversees the integrity and reliability of the Group's financial statements. The Audit Committee members, who are financially literate, meet on a quarterly basis to review the financial statements prior to recommending them for the Board's approval and issuance to stakeholders. The Audit Committee also ensures that these financial statements comply with the applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial reports announced to Bursa Securities and the annual audited financial statements.

The Directors' Responsibility Statement in preparing the annual audited financial statements of the Group and the Company is set out on page 40 of this Annual Report.

5.2 Suitability and Independence of External Auditors

The Board has established procedures, via the Audit Committee, to assess the external auditors' suitability and independence annually based on the criteria set out in the Auditor Independence Policy.

The procedures, among others, include provision of a written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of audit engagement with the Company in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Audit Committee, having assessed the independence of Messrs Ernst & Young as well as reviewed the level of non-audit services rendered by them for the financial year ended 30 June 2015 was satisfied with their competency and independence. The Audit Committee has recommended their re-appointment and shareholders' approval will be sought at the forthcoming AGM.

6. RECOGNISE AND MANAGE RISKS

6.1 Risk Management and Internal Control

The ultimate responsibility for ensuring a sound system of risk management and internal control lies with the Board. The Group's system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives as well as to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control on pages 33 to 35 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

6.2 Internal Audit Function

The Company has a dedicated internal audit function which provides independent and objective assurance on the adequacy and effectiveness of risk management, internal controls and governance processes covering all operations where the Group has management control. Details of the activities of the Internal Audit Function are set out in the Audit Committee Report of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company is committed to promoting investor confidence by ensuring that material information concerning the Company are disclosed to the investing public timely and takes reasonable steps to ensure that those who invest in its securities enjoy equal access to such information.

To safeguard effective dissemination of information, the Company's internal Corporate Disclosure Policy and Procedure (CDPP) sets out roles and responsibilities of directors, management, employees and all other relevant persons in the handling and disclosure of material information to shareholders and market participants. It also serves to ensure that communications to the investing public about the Company are made in accordance with the continuous disclosure obligations imposed by the Listing Requirements of Bursa Securities and other securities law.

The Company views briefings with investors, analysts and media as important parts of a pro-active investor relations strategy. The Investor Relations Team communicates with shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

7.2 Leverage on Information Technology

The Company's website at www.jayatiasa.net provides easy access to information pertaining to the Company and activities of the Group and is kept up-to-date. It also stores all other corporate and financial information that had been made public, such as quarterly announcements of the financial results, annual reports, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements of Bursa Securities. All presentations to analysts and media are also made available to the public via the website.

To make it easier to obtain news releases and notifications, all shareholders and interested investors may sign up to the e-mail alert service via the website.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at Annual General Meeting (AGM)

The AGM which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. The Notice of AGM is circulated more than twenty-one (21) clear days before the date of the meeting to enable shareholders sufficient time to go through the Annual Report.

The Article of Association of the Company gives proxy the same rights as the shareholder to speak at the general meeting and entitles a shareholder to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll as if they were a shareholder of the Company.

8.2 Encourage Poll Voting

The Chairman informs shareholders of their right to demand a poll vote at the commencement of each general meeting. The resolution(s) put forth for shareholders' approval at the general meeting would be voted on by a show of hands if no poll is demanded.

8.3 Communication and Proactive Engagement

Communications with shareholders, stakeholders and the investing public are made through the annual general meeting and other general meeting, annual report, quarterly financial reports and various announcements made via Bursa Securities.

At the previous AGM, the Directors, Chief Financial Officer, senior management and external auditors were in attendance to engage directly with the shareholders. The proceedings of the AGM included a Q&A session during which the Chairman invited shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting, before putting each resolution to vote. The Chairman and the CEO also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

9. ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia Securities Berhad.

9.1 Depository Receipts Programme

The Company did not sponsor any Depository Receipts programmes during the financial year ended 30 June 2015.

9.2 Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority during the financial year ended 30 June 2015.

9.3 Variation in Results

The audited results for the financial year ended 30 June 2015 did not differ by 10% or more from the announced unaudited results. There were no profit estimates, forecasts or projections issued by the Group during the financial year ended 30 June 2015.

9.4 Profit Guarantees

There were no profit guarantees given by the Company or its subsidiaries during the financial year ended 30 June 2015.

9.5 Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involved directors and major shareholders, either still subsisting at the end of the financial year ended 30 June 2015 or entered into since the end of the previous financial year.

9.6 Status of Utilisation of Proceeds Raised from Any Corporate Proposal

The proceeds raised from the corporate placement in year 2012 have been utilised as follows:-

	Proposed Utilisation RM'000	**Actual Utilisation RM'000**	**Intended Timeframe for Utilisation**	**Deviation RM'000**	**%**	**Remark**
Repayment of bank borrowings	110,000	106,200	within 6 months	3,800	3	
Construction of palm oil mills	235,000	227,919	within 24 months	7,081	29	
Working capital/ acquisitions	6,716	–	within 24 months	6,716	100	
Expenses in relation to the placement	6,500	5,948	within 3 months	552	8	
Short-term investment	–	7		(7)	–	(1)
	358,216	340,074		18,142		(2)

Remark:-

(1) Short term money market placement.
(2) Deviation is due to the difference between the actual and the estimated issue price of the placement share of 7.28%

9.7 Options or Convertible Securities

No options or convertible securities were issued by the Company during the financial year ended 30 June 2015.

9.8 Non-audit fees

The non-audit fees paid to the external auditors and their affiliated company by the Group for the financial year ended 30 June 2015 amounted to RM493,200.

9.9 Share Buy-backs

During the financial year ended 30 June 2015, a total of 2,000 of the Company's own shares were purchased and retained as treasury shares. The monthly breakdown of shares bought back is set out below:-

Month	No. of Shares RM	Price Highest RM	Price Lowest RM	Average Cost RM	Total Cost
August 2014	1,000	2.14	2.14	2.18	2,140
March 2015	1,000	1.86	1.86	1.90	1,903

As at the financial year ended 30 June 2015, a total of 5,724,000 shares were retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

9.10 Recurrent Related Party Transactions of A Revenue or Trading Nature

Related party transactions are disclosed in Note 33 on pages 114 to 120 of this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 20 October 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to the Malaysian Code on Corporate Governance (2012) issued by the Securities Commission Malaysia, the Board of Directors ("The Board") is required to acknowledge its responsibilities and establish a sound risk management and internal control system. In addition, paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities also requires the Board to include in its annual report, a "statement about the state of internal control of the listed issuer as a group".

Accordingly, the Board is pleased to present the following statement by taking into consideration the Statement of Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies.

Board's Responsibility

The Board acknowledges its responsibility for maintaining a sound risk management and internal control system to safeguard the shareholders' investments and the Group's assets, as well as to discharge its stewardship responsibility in identifying business risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with Principle 6 of the Malaysian Code on Corporate Governance.

The Board continuously reviews the adequacy and effectiveness of the Group's risk management and internal control system which has been embedded in all aspects of the Group's activities and reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Group's risk appetite.

Notwithstanding, the Group's system by its nature can only reduce rather than eliminate the risk of failure to achieve business objectives, such systems can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has received assurance from the Group Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group.

Risk Management

The Board regards risk management as an integral part of the Group's business operations and has oversight over this crucial area through the Risk Management Committee ("RMC").

To closely monitor the Group's risk exposures, the RMC with its principal roles and responsibilities stated in the Risk Management Policy and the Terms of Reference was established. The RMC that consists of Group Chief Executive Officer and representatives from key senior management, monitors the Group's risk exposures by meeting on a bi-monthly basis to review the risk profiles.

The RMC is supported by Risk Management Department ("RMD") which is entrusted with the responsibility of facilitating effective risk governance and risk management implementation in the Group.

The RMD meets with the divisional units and/or concerned risk owners to assess the risks relating to their areas, the likelihood of the risks occurring, the impact if they do occur, and the actions being and/or to be taken to manage these risks to the desired level. The RMD then communicates, to the RMC, an aggregated view of top risks as well as divisional risks inherent in the business activities. The RMC reviews those significant risks taking into consideration the major business assumptions, operational vulnerabilities and the collective impact on the Group.

The RMC and RMD are playing their respective roles in the Group's risk management process, established with the aim of providing a continuing and consistent approach in identifying and assessing risks as well as facilitating the review of the adequacy and effectiveness of the management actions as well as the related key internal control procedure in mitigating the risks identified. Such risk management process has been in place as at to date.

The Group will continue its focus in implementing key risk management strategies and initiatives towards institutionalization of effective risk management as a culture throughout the Group.

Control Environment and Activities

The Board is committed to ensure that a conducive control environment is maintained to facilitate the proper conduct of the Group's businesses. The following are significant elements of the Group's risk management and internal control system that the Board has established.

- Organization structure is in place to define the accountability and reporting lines to build an appropriate system of checks and balances, corresponding to the business and operations activities' needs.
- Authority limits are established within the Group for approving capital expenditure and matters on financial, treasury, operations and personnel, keeping potential exposures in check.
- Annual budgets are prepared by the Group's operations. Actual performances are reviewed against the budgets with explanation of major variances on a monthly basis, allowing for timely responses and corrective actions to be taken to mitigate risks.
- Quarterly and annual financial statements containing key financial results as well as operational performance results of the Group are prepared and reported to the Board.
- Periodic company briefings with analysts are conducted to apprise the shareholders, stakeholders and general public of the Group's performance whilst promoting transparency and open discussion.
- The Group Chief Executive Officer is closely involved in the running of the day to day business and operations of the Group by chairing meetings both at management and operational levels to monitor the performance and profitability of the Group's businesses.
- Meetings on management accounts results against prior periods are conducted bi-monthly with significant variances explained and appropriate actions taken or plans put in place.
- Monthly management meetings at the Group level are conducted to review operational and financial performance as well as issues including the progress of ongoing initiatives.
- Documented policies and procedures are in place to guide staff in their day-to-day work. These policies and procedures are reviewed regularly and updated when necessary.
- The Group has a comprehensive information system that enables the production of timely, reliable and relevant data and/or management reports to enhance management in decision making.
- The Group considers the integrity of staff at all levels to be of utmost importance and this is pursued through recruitment, performance appraisal and retention of employees. The Group's culture and values, and the standard of conduct and discipline it expects from its employees are communicated to them via the letter of appointment and orientation programs.
- Emphasis is being placed on enhancing the quality and ability of employees through training and development.
- The Group has established the safety & health committees at the operating level to address and ensure compliance with occupational safety and health policies and procedures on a continuous basis.
- Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
- The intranet is used as an effective means of communication and knowledge sharing at all levels.
- Regular site visits to the operations of the Group by members of the Board and management team.

Internal Audit

The Group internal audit function provides the Board, through the Audit Committee ("AC"), with independent assurance in regard to the adequacy & effectiveness of risk management, internal control and governance processes of the Group.

The Group internal audit function assists in discharging the AC's duties and responsibilities by implementing a systematic and disciplined approach to review the operations and business processes using a risk-based methodology in performing the internal audit assignments. Comprehensive internal audit reports are produced to highlight audit findings and recommendations to the management for their comments and a follow-up will be carried out to ensure its compliance to the agreed action plan.

Significant audit findings are presented and deliberated by the AC on a quarterly basis or as appropriate.

Board Review

The Board is of the opinion that the risk management and internal control system that is in place for the year under review and up to the date of approval of this Statement is effective and adequate to safeguard the interests of the Group's stakeholders, their investments and the Group's assets.

There were no material losses incurred during the year under review as a result of weaknesses in the internal control. The management has taken the necessary measures to improve the risks management and internal control system by continuously monitoring and considering all risks faced by the Group to ensure that the significant risks are within acceptable levels in relation to the Group's business objectives.

The statement is made in accordance with a resolution of the Board of Directors dated 20 October 2015.

AUDIT COMMITTEE **REPORT**

The Board is pleased to present the Audit Committee Report for the financial year ended 30 June 2015.

MEMBERSHIP

The Audit Committee comprises four (4) members. In line with Paragraph 15.09(1)(b) of the Main Market Listing Requirements (“Listing Requirement”) of Bursa Malaysia Securities Berhad (‘Bursa Securities”), all the four (4) Committee members are Non- Executive Directors, all of whom are Independent Directors.

COMPOSITION

Chairman of the Audit Committee	
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	Senior Independent Non-Executive Director
Members of Audit Committee	
i) John Leong Chung Loong	Independent Non-Executive Director
ii) Dato’ Wong Lee Yun	Independent Non-Executive Director
iii) Datuk Talib Bin Haji Jamal	Independent Non-Executive Director

TERMS OF REFERENCE

1 Size and Composition

a. The Audit Committee shall be appointed by the Board of Directors from among their number and shall comprise of not less than three (3) members which fulfils the following requirements: -

   i. all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and

   ii. at least one (1) member:

      (aa) must be a member of the Malaysian Institute of Accountants (MIA); or

      (bb) if he is not a member of MIA, he must have at least three (3) years’ working experience and: -

      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
      - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

      (cc) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

   iii. No alternate director shall be appointed as member of the Audit Committee.

b. The Chairman of the Audit Committee shall be appointed by the Board from among their independent directors.

c. The term of office of each member shall be subject to review every three (3) years.

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

2 Authority and Rights

The Committee wherever necessary and reasonable for the performance of its duties, shall in accordance with the procedure determined by the Board and at the cost of the Company:-

- have authority to investigate any matter within its Terms of Reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information relevant to its activities;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain external legal or other independent professional advice if it considers this necessary; and
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

3 Functions and Duties

The Committee shall, amongst others, discharge the following duties:

a. to assess the adequacy and effectiveness of the risk management framework, internal control and governance systems.

b. to review the quarterly and financial results of the Group, prior to the approval by the Board of Directors, focusing on, amongst others:-

   - financial disclosures;
   - changes in accounting policies and practices; and
   - compliance with accounting standards and other legal and regulatory requirements;

c. to review with the external auditors:-

   - the nature and scope of audit prior to the commencement of audit;
   - their evaluation of the system of internal controls, audit report and the assistance given by the employees of the Company to the auditors; and
   - the year end financial statements before submission to the Board, focusing particularly on:-
     - any changes in accounting policies and practices;
     - significant adjustments arising from the audit;
     - significant and unusual events;
     - the going concern assumption;
     - compliance with Accounting Standards and other legal and regulatory requirements;
     - to meet with the external auditors separately without the presence of the Management on any issues from the audit.

d. to review with the internal auditors:-

   - the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
   - the internal audit findings and investigation and whether or not appropriate action is taken on the recommendations of the internal auditors;

e. to review any related party transactions and conflict of interest situations that may arise within the Company or Group.

f. to consider the appointment, resignation or dismissal of external auditors and the audit fees.

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

h. To consider and examine any other matters as the Audit Committee consider appropriate or as instructed by the Board of Directors.

4 Meetings and Attendance

The Audit Committee met Six (6) times during the financial year ended 30 June 2015. The Chief Executive Officer was invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the Group's operations. The Chief Financial Officer, Head of Internal Audit as well as External Auditors were also in attendance to brief on specific issues. The Chairman reported to the Board of Directors ("Board") on the Audit Committee's deliberations at each Board meeting held immediately after the conclusion of the Audit Committee meeting. Details of the attendance of the members are as follows:

Members	**Meeting Attendance**
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	6/6
Mr John Leong Chung Loong	6/6
Dato' Wong Lee Yun	6/6
Datuk Talib Bin Haji Jamal	6/6

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee's activities during the financial year included the following:-

a. Reviewed the quarterly unaudited financial statements for announcement to Bursa Securities before recommending the same to the Board for approval;

b. Approved the annual audit plan for the calendar year 2015;

c. Deliberated the Group's internal audit reports on the status and progress of internal audit assignments, audit recommendations made and management responses to these recommendations;

d. Reviewed the related party transactions entered into by the Group to ensure compliance with Listing Requirement of Bursa Securities;

e. Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control prior to publishing the same in the Annual Report;

f. Assessed the suitability and independence of External Auditors and the services provided, including non-audit services;

g. Met with the External Auditors twice a year and:-

- Reviewed the audited financial statements of the Group and Company prior to submission to the board for their consideration and approval;
- Reviewed the External Auditors' audit plan, area of audit emphasis and fees for the statutory audit prior to the commencement of the statutory audit for the financial year 2015;
- Considered the report of the External Auditors on regulatory as well as accounting developments and their impact on the Group; and
- Reviewed the results of the annual audit and significant audit issues arising therefrom together with management's responses to the findings.

INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The Company has an in-house internal audit function which provides independent and objective assurance of the adequacy and effectiveness of Risk Management, internal controls, governance processes of the Group covering all operations where the Group has management control. In addition to the assurance role, the Internal Audit function also undertakes consulting and investigative role. In its consulting role, the Internal Audit undertakes policy and procedures review. Investigative audits are undertaken where there are misconduct, illegal and dishonest acts reported through the Whistleblowing Channel of the Group. The Internal Audit function adopts the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. During the financial period under review, the Internal Audit function undertook various audit assignments in accordance with the annual audit plan and also conducted ad-hoc reviews on areas of concern identified by Management. The Head of the Internal Audit reports directly to the Audit Committee. Internal Audit reports are presented, together with Management's responses and proposed action plans, to the Audit Committee quarterly.

The main activities undertaken during the financial year ended 30 June 2015 were as follows:

a. Reviewed the soundness, adequacy and application of accounting, financial, operational and compliance controls and promoted control awareness in the group;

b. Ascertained the extent of compliance with established policies, procedures and statutory requirements;

c. Ascertained the extent to which the Company's and Group's resources are accounted for and safeguarded from losses of all kinds;

d. Determined the reliability and usefulness of data and information generated for management reporting purposes;

e. Carried out environmental, safety and health audits on the Company and the Group;

f. Identified opportunities to improve the operations of and processes in the Company and the Group;

g. Carried out analyses to determine the efficiency of businesses carried out by the Group;

h. Reviewed related party transactions that had arisen within the Company and Group;

i. Attended the bi-annual physical inventories of finished goods, raw materials and spare parts; and

j. Performed follow-up audits on the implementation of audit recommendations and action plans agreed upon by management.

The costs incurred by the internal audit function in respect of the financial year ended 30 June 2015 were RM491,608.

The report is made in accordance with a resolution of the Board of Directors dated 20 October 2015.

DIRECTORS' RESPONSIBILITY **STATEMENT**

In preparing the annual financial statements of the Group and the Company, the Directors are responsible for ensuring that these financial statements have been prepared to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company are in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 30 June 2015, the Directors have:

a) applied the appropriate and relevant accounting policies on a consistent basis;

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

c) prepared the annual audited financial statements on a going concern basis; and

d) ensured that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and Financial Reporting Standards in Malaysia.

The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 20 October 2015.

JAYA TIASA

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

Principal activities

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs.

The principal activities of the subsidiaries extend to the development of oil palm plantations and its related activities. Details of principal activities of subsidiaries are set out in Note 18 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit net of tax	34,445	22,242
Profit attributable to:		
Owners of the parent	31,635	22,242
Non-controlling interests	2,810	–
	34,445	22,242

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends paid/distributed by the Company since 30 June 2014 were as follows:

In respect of the financial year ended 30 June 2014 as reported in the directors' report of that year:

	RM'000
First and final single-tier dividend of 1.5 sen per ordinary share on 967,994,797 ordinary shares, declared on 27 August 2014 and paid on 17 December 2014	14,520

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 30 June 2015 of 1 sen on 967,993,797 ordinary shares in issue (net of treasury shares) at book closure date amounting to a dividend payable of RM9,679,938 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2016.

Directors

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

General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	Chairman
Dato' Sri Tiong Chiong Hoo	Deputy Executive Chairman
Dato' Wong Sie Young	Chief Executive Officer
Dato' Sri Dr. Tiong Ik King	
Tiong Choon	
Tiong Chiong Hee	
John Leong Chung Loong	
Dato' Wong Lee Yun	
Datuk Talib Bin Haji Jamal	

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Directors' interests

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

Name of director	**Number of ordinary shares of RM1 each As at 1 July 2014 and 30 June 2015**
Dato' Sri Tiong Chiong Hoo	
- Direct	3,353,436
- Indirect	750,000
Dato' Wong Sie Young	
- Direct	453,975
Dato' Sri Dr. Tiong Ik King	
- Direct	341,790
Tiong Choon	
- Indirect	1,352,428

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

Share buy-backs

During the financial year, the Company repurchased a total of 2,000 of its issued ordinary shares from the open market for a total cost of RM4,086. The average cost paid for the shares repurchased during the year was RM2.04 per share.

The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Of the total 973,717,797 (2014: 973,717,797) issued and fully paid ordinary shares as at 30 June 2015, 5,724,000 (2014: 5,722,000) are held as treasury shares by the Company. As at 30 June 2015, the number of outstanding ordinary shares in issue after the set-off is therefore 967,993,797 (2014: 967,995,797) ordinary shares of RM1 each.

Movements on share buy-backs

	Number of shares	Total cost RM'000	Average price per share RM
At 30 June 2014	5,722,000	13,679	2.39
Repurchased during the year ended 30 June 2015	2,000	4	2.04
At 30 June 2015/At the date of this report	5,724,000	13,683	2.39

The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-backs plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds.

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Other statutory information (cont'd)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2015.

General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid

Dato' Sri Tiong Chiong Hoo

STATEMENT BY **DIRECTORS**

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

We, **General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid** and **Dato' Sri Tiong Chiong Hoo**, being two of the directors of **Jaya Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 131 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 October 2015.

General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid

Dato' Sri Tiong Chiong Hoo

STATUTORY **DECLARATION**

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

I, **Hii Khing Siew**, being the officer primarily responsible for the financial management of **Jaya Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 132 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Hii Khing Siew at
Sibu in the State of Sarawak
on 20 October 2015.

Hii Khing Siew

Before me,

INDEPENDENT AUDITORS' **REPORT**

to the Members of Jaya Tiasa Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Jaya Tiasa Holdings Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 131.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 132 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

AU YONG SWEE YIN
3101/02/16 (J)
Chartered Accountant

Kuching, Malaysia
Date: 20 October 2015

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the financial year ended 30 June 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	4	1,032,209	1,033,342	430,105	437,418
Cost of sales	5	(810,197)	(787,597)	(334,737)	(359,760)
Gross profit		222,012	245,745	95,368	77,658
Other items of income					
Other income	6	16,760	19,575	41,277	490,516
Other items of expense					
Selling expenses		(82,793)	(85,073)	(22,994)	(23,157)
Administrative expenses		(56,898)	(63,492)	(33,585)	(37,159)
Other expenses		(8,789)	(10,769)	(19,171)	(66,727)
Finance costs	7	(37,725)	(26,037)	(17,136)	(10,643)
Profit before tax	8	52,567	79,949	43,759	430,488
Income tax expense	11	(18,122)	(24,330)	(21,517)	(15,674)
Profit net of tax		34,445	55,619	22,242	414,814
Other comprehensive income:					
Other comprehensive income that will be reclassified to profit or loss in subsequent periods: Foreign currency translation, net of tax		19	8	–	–
Total comprehensive income for the year		34,464	55,627	22,242	414,814
Profit attributable to:					
Owners of the parent		31,635	53,133	22,242	414,814
Non-controlling interests		2,810	2,486	–	–
		34,445	55,619	22,242	414,814
Total comprehensive income attributable to:					
Owners of the parent		31,654	53,141	22,242	414,814
Non-controlling interests		2,810	2,486	–	–
		34,464	55,627	22,242	414,814

Earnings per share attributable to owners of the parent:		**Sen per share**	**Sen per share**
Basic, for profit for the year	12	3.27	5.49

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

STATEMENTS OF **FINANCIAL POSITION**

as at 30 June 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,159,249	976,318	230,964	261,651
Land use rights	14	49	57,992	24	26
Biological assets	15	1,548,690	1,477,591	–	–
Goodwill on consolidation	16	62,337	62,337	–	–
Other intangible assets	17	3,237	17,470	1,044	15,022
Investments in subsidiaries	18	–	–	1,048,676	713,676
Investment in associate	19	–	–	–	–
Investment securities	24	5,000	–	5,000	–
Deferred tax assets	20	14,965	12,859	–	–
		2,793,527	2,604,567	1,285,708	990,375
Current assets					
Inventories	21	146,944	169,864	22,382	42,672
Trade and other receivables	22	118,470	139,663	839,267	911,719
Other current assets	23	7,267	7,315	242	448
Investment securities	24	7	60,061	7	60,061
Derivative assets	25	–	1,193	–	161
Cash and bank balances	26	21,097	29,752	2,525	5,164
		293,785	407,848	864,423	1,020,225
TOTAL ASSETS		3,087,312	3,012,415	2,150,131	2,010,600

STATEMENTS OF FINANCIAL POSITION (cont'd)

as at 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	27	569,001	512,617	185,593	183,974
Trade and other payables	28	231,446	315,646	240,323	153,423
Income tax payable		17,768	2,661	14,365	1,573
Derivative liabilities	25	–	666	–	666
		818,215	831,590	440,281	339,636
Net current (liabilities)/assets		(524,430)	(423,742)	424,142	680,589
Non-current liabilities					
Loans and borrowings	27	382,603	317,355	35,868	5,351
Deferred tax liabilities	20	111,384	108,300	20,169	19,518
		493,987	425,655	56,037	24,869
TOTAL LIABILITIES		1,312,202	1,257,245	496,318	364,505
Net assets		1,775,110	1,755,170	1,653,813	1,646,095
Equity attributable to owners of the parent					
Share capital	29	973,718	973,718	973,718	973,718
Treasury shares	29	(13,683)	(13,679)	(13,683)	(13,679)
Other reserves	30	(2,774)	(2,793)	3,684	3,684
Retained earnings	31	811,808	794,693	690,094	682,372
		1,769,069	1,751,939	1,653,813	1,646,095
Non-controlling interests		6,041	3,231	–	–
TOTAL EQUITY		1,775,110	1,755,170	1,653,813	1,646,095
TOTAL EQUITY AND LIABILITIES		3,087,312	3,012,415	2,150,131	2,010,600

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

STATEMENTS OF **CHANGES IN EQUITY**

for the financial year ended 30 June 2015

				← Attributable to owners of the parent →				
				← Non-distributable		→	Distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital (Note 29) RM'000	Treasury shares (Note 29) RM'000	Other reserves (Note 30) RM'000	Retained earnings RM'000	Non-controlling interests RM'000
Group								
Opening balance at 1 July 2014		1,755,170	1,751,939	973,718	(13,679)	(2,793)	794,693	3,231
Profit for the year		34,445	31,635	–	–	–	31,635	2,810
Other comprehensive income		19	19	–	–	19	–	–
Total comprehensive income		34,464	31,654	–	–	19	31,635	2,810
Transactions with owners								
Acquisition of treasury shares		(4)	(4)	–	(4)	–	–	–
Dividends on ordinary shares	39	(14,520)	(14,520)	–	–	–	(14,520)	–
Total transactions with owners		(14,524)	(14,524)	–	(4)	–	(14,520)	–
Closing balance at 30 June 2015		1,775,110	1,769,069	973,718	(13,683)	(2,774)	811,808	6,041
Opening balance at 1 July 2013		1,720,478	1,708,483	973,718	(13,674)	(2,801)	751,240	11,995
Profit for the year		55,619	53,133	–	–	–	53,133	2,486
Other comprehensive income		8	8	–	–	8	–	–
Total comprehensive income		55,627	53,141	–	–	8	53,133	2,486
Transactions with owners								
Acquisition of treasury shares		(5)	(5)	–	(5)	–	–	–
Dividends on ordinary shares	39	(20,930)	(9,680)	–	–	–	(9,680)	(11,250)
Total transactions with owners		(20,935)	(9,685)	–	(5)	–	(9,680)	(11,250)
Closing balance at 30 June 2014		1,755,170	1,751,939	973,718	(13,679)	(2,793)	794,693	3,231

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the financial year ended 30 June 2015

	Note	Equity, total RM'000	← Non-distributable Share capital (Note 29) RM'000	Treasury shares (Note 29) RM'000	Other reserves (Note 30) RM'000 →	Distributable Retained earnings (Note 31) RM'000
Company						
Opening balance at 1 July 2014		1,646,095	973,718	(13,679)	3,684	682,372
Profit net of tax, representing total comprehensive income for the year		22,242	–	–	–	22,242
Transactions with owners						
Acquisitions of treasury shares		(4)	–	(4)	–	–
Dividends on ordinary shares	39	(14,520)	–	–	–	(14,520)
Total transactions with owners		(14,524)	–	(4)	–	(14,520)
Closing balance at 30 June 2015		1,653,813	973,718	(13,683)	3,684	690,094
Opening balance at 1 July 2013		1,240,966	973,718	(13,674)	3,684	277,238
Profit net of tax, representing total comprehensive income for the year		414,814	–	–	–	414,814
Transactions with owners						
Acquisitions of treasury shares		(5)	–	(5)	–	–
Dividends on ordinary shares	39	(9,680)	–	–	–	(9,680)
Total transactions with owners		(9,685)	–	(5)	–	(9,680)
Closing balance at 30 June 2014		1,646,095	973,718	(13,679)	3,684	682,372

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

STATEMENTS OF **CASH FLOWS**

for the financial year ended 30 June 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities					
Profit before tax		52,567	79,949	43,759	430,488
Adjustments for:					
Amortisation of land use rights	8	5	539	2	1
Amortisation of other intangible assets	8	14,301	18,220	14,046	16,451
Bad debts written off	8	–	37	–	6
Depreciation of property, plant and equipment	8	84,078	67,800	28,771	29,180
Dividend income from investment securities	8	(979)	(2,401)	(979)	(2,401)
Fair value loss on investment securities	8	114	81	114	81
Gross dividend income	8	–	–	(2,100)	(448,750)
Impairment loss on biological assets	8	100	–	–	–
Impairment loss on trade and other receivables	8	8,258	13,190	19,171	66,727
Interest expense	8	35,590	23,622	16,528	9,873
Interest income	8	(10)	(11)	(32,878)	(31,924)
Loss on disposal of property, plant and equipment, net	8	4,629	6,402	4,498	5,685
Net fair value (gain)/loss on derivatives	8	–	(367)	–	505
Net unrealised foreign exchange loss/(gain)	8	419	(2,495)	1,138	(2,600)
Property, plant and equipment written off	8	74	343	–	326
Reversal of allowance for impairment of trade and other receivables	8	(968)	(971)	–	–
Reversal of fair value (loss)/gain on derivatives, net	8	527	5,411	(203)	3,588
Reversal of unrealised gain on inventories	8	754	–	–	–
Total adjustments		146,892	129,400	48,108	(353,252)
Operating cash flows before changes in working capital		199,459	209,349	91,867	77,236
Changes in working capital					
Decrease/(increase) in inventories		22,632	(23,036)	20,290	(7,121)
Decrease/(increase) in receivables		14,595	17,043	(291,147)	(324,815)
(Increase)/decrease in prepayments		(1,288)	2,898	206	2,801
(Decrease)/increase in payables		(84,200)	30,232	86,900	(312,348)
Total changes in working capital		(48,261)	27,137	(183,751)	(641,483)
Cash flows from/(used in) operations		151,198	236,486	(91,884)	(564,247)
Interest received		10	11	32,878	31,924
Interest paid		(48,333)	(42,731)	(16,528)	(9,873)
Income taxes paid, net of refund		(703)	(6,920)	1,326	(2,233)
Net cash flows from/(used in) operating activities		102,172	186,846	(74,208)	(544,429)

STATEMENTS OF CASH FLOWS (cont'd)
for the financial year ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Investing activities					
Acquisition of property, plant and equipment (excluding interest charge capitalised)	13	(179,573)	(187,696)	(5,704)	(10,103)
Acquisition of biological assets (excluding amortisation, depreciation, loss on disposal of property, plant and equipment and interest charge capitalised)	15	(56,746)	(84,740)	–	–
Acquisition of other intangible assets	17	(68)	(32)	(68)	–
Acquisition of investment securities	24	(5,000)	–	(5,000)	–
Dividend income from investment securities		979	2,401	979	2,401
Dividends received from subsidiaries		–	–	2,100	448,750
Proceeds from disposal of property, plant and equipment		15,753	17,110	10,280	7,672
Proceeds from disposal of investment securities		59,940	64,599	59,940	64,599
Net cash flows (used in)/from investing activities		(164,715)	(188,358)	62,527	513,319
Financing activities					
Acquisition of treasury shares	29	(4)	(5)	(4)	(5)
Dividends paid on ordinary shares	39	(14,520)	(9,680)	(14,520)	(9,680)
Repayment of finance lease payables, net		(14,941)	(28,757)	(8,992)	(26,962)
Proceeds from/(repayment of) bankers' acceptances, net		6,514	19,560	6,656	(162)
Proceeds from revolving credit, net		51,733	35,000	41,733	15,000
(Repayment)/proceeds from term loans, net		(4,624)	(86,253)	(13,000)	–
Net cash flows from/(used in) financing activities		24,158	(70,135)	11,873	(21,809)
Net (decrease)/increase in cash and cash equivalents		(38,385)	(71,647)	192	(52,919)
Effects of exchange rate changes		19	8	–	–
Cash and cash equivalents at the beginning of the year		(64,944)	6,695	(13,371)	39,548
Cash and cash equivalents at the end of the year	26	(103,310)	(64,944)	(13,179)	(13,371)

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 1 - 9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak, Malaysia.

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs. The principal activities of the subsidiaries extend to the development of oil palm plantations and its related activities. Details of principal activities of subsidiaries are set out in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 July 2014 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2014, the Group and the Company adopted the following amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 July 2014.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
Amendments to FRS 119: Defined Benefits Plans: Employee contributions	1 July 2014

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10 Consolidated Financial Statements and must be applied retrospectively, subject certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment have no impact on the Group, since none of the entities in the Group would qualify to be an investment entity under FRS 10.

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13 Fair Value Measurements.

The application of these amendments has no material impact on the disclosures in the Group's and the Company's financial statements.

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group and the Company as the Group and the Company does not have any derivatives that are subject to novation.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

Annual Improvements to FRSs 2010–2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below. The application of these amendments have no impact on the Group's and the Company's financial statements.

(i) FRS 3: Business Combinations

The amendments to FRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Annual Improvements to FRSs 2010–2012 Cycle (cont'd)

(ii) FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

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

(iii) FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(iv) FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to FRSs 2011–2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The application of these amendments have no impact on the Group's and the Company's financial statements.

(i) FRS 3: Business Combinations

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

(ii) FRS 13: Fair Value Measurement

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

(iii) FRS 140: Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and
- the transaction meets the definition of a business combination under FRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments have no impact on the Group, since none of the entities in the Group has defined benefit plan.

2.3 Amendments/standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investments Entities - Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(i) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Amendments/standards issued but not yet effective (cont'd)

Annual Improvements to FRSs 2012–2014 Cycle (cont'd)

(ii) FRS 7: Financial Instruments - Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(iii) FRS 119: Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendment must be applied prospectively.

(iv) FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

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

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

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Amendments/standards issued but not yet effective (cont'd)

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities - Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

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

Amendments to FRS 11 Joint Arrangement: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Amendments/standards issued but not yet effective (cont'd)

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

Malaysian Financial Reporting Standards

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015. Subsequently, on 2 September 2015, MASB has issued the following standards:

(i) MFRS 15 Revenue from Contracts Customers
(ii) Agriculture: Bearer plants (Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture)

With the issuance of MFRS 14 and the Bearer Plants Amendment, all Transitioning Entities would be required to adopt the MFRS latest by 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 30 June 2015 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

2.4 Basis of consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

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

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

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Business combinations

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

2.5 Subsidiaries

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

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

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

2.6 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investments in associates (cont'd)

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

2.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owner's 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 interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.8 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency

(b) Foreign currency transactions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

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

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rates of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.9 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is amortised over its remaining lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Factories, buildings and quarters	10 - 50 years or over remaining lease period
Aircraft, watercraft, motor vehicles, plant and machinery	5 - 20 years
Roads and bridges	10 years
Office renovation, furniture, fittings and equipment	10 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 May 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 May 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

(i) Computer software

The useful life of computer software is amortised on a straight-line basis over the estimated economic useful life of ten years.

(ii) Prepaid timber rights

Rights in timber licences are stated at cost and are amortised on a straight-line basis over the remaining tenure of the respective licence periods. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13.

2.11 Biological assets

(i) Oil palm plantation development expenditure

Plantation expenditure incurred on land clearing, upkeep of immature oil palms, administrative expenses and interest incurred during the pre-cropping period are capitalised under biological assets and are not amortised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss. Replanting expenditure incurred on similar crops on formerly developed areas is chargeable to the profit or loss in the financial year in which it is incurred.

(ii) Reforestation (tree planting) expenditure

Reforestation (tree planting) expenditure incurred on land clearing, administrative expenses and interest incurred during the pre-harvesting period are capitalised under biological assets and is not amortised. Upon harvesting, all subsequent maintenance expenditure is charged to profit or loss. Replanting expenditure incurred on similar trees on formerly developed areas is chargeable to profit or loss in the financial year in which it is incurred.

2.12 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.13 Impairment of non-financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial assets (cont'd)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.15 Impairment of financial assets

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

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

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

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

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

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

2.16 Derivative financial instruments

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

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

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Inventories

Inventories are stated at lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials: purchase costs on weighted average cost formula.

- Finished goods and work-in-progress: cost of raw materials, direct labour, an appropriate proportion of fixed and variable factory overheads and all costs attributable to nursery and tree planting expenditure that can be allocated on a reasonable basis to such activities.

- Processed inventories: cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

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

2.19 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.21 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.23 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed or capitalised as biological assets as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(d).

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

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

(b) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Revenue (cont'd)

(e) Dividend income

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

(f) Management fees

Management fees are recognised when services are rendered.

2.26 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

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

(c) Sales tax

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

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

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

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

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.29 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Contingencies

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

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

2.31 Fair value measurements

The Group and the Company measure financial instruments such as, derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 34.

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

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

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's plant and equipment at the reporting date are disclosed in Note 13. A 10% difference in the expected useful lives of these assets from management's estimates would result in approximately 4.98% (2014: 2.2%) of variance in the Group's profit for the year.

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

(c) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 22.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (cont'd)

(d) Deferred tax assets (cont'd)

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying value of deferred tax assets of the Group at 30 June 2015 was RM15 million (2014: RM13 million) and the unrecognised tax losses and capital allowances of the Group was RM6 million (2014: RM5 million) as disclosed in Note 20.

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the Discounted Cash Flows (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgement includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 2.31 for further disclosures.

(f) Timber rights

In 1998, the Company acquired nine timber licenses companies and the rights to two timber licenses. The licenses will expire in the year 2016. The Directors are of the view that the timber rights are renewable.

(g) Maturity of plantations

The Group determines the oil palm plantations to be mature approximately three years upon completion of field planting. The tree planting plantations are estimated to be ready for harvesting twelve years upon completion of tree planting.

4. REVENUE

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Sale of timber and related products	734,416	711,848	430,105	437,418
Sale of crude palm oil, palm kernel and fresh fruit bunches	297,231	321,268	–	–
Others	562	226	–	–
	1,032,209	1,033,342	430,105	437,418

5. COST OF SALES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of timber and related products	529,912	535,156	334,737	359,760
Cost of crude palm oil, palm kernel and fresh fruit bunches	271,057	243,613	–	–
Others	9,228	8,828	–	–
	810,197	787,597	334,737	359,760

6. OTHER INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bad debt recovered (Note 8)	9	–	–	–
Freight and handling income	2,224	2,237	1,947	1,729
Foreign exchange gain				
- realised	3,942	3,279	24	353
- unrealised	763	2,797	17	2,600
Gain on disposal of property, plant and equipment	1,209	1,400	396	611
Gross dividend income (Note 8)	–	–	2,100	448,750
Dividend income from investment securities (Note 8)	979	2,401	979	2,401
Commission earned	7	–	7	–
Interest income (Note 8)	10	11	32,878	31,924
Logpond facilities income	30	212	30	30
Rental income (Note 8)	2,514	2,067	732	412
Fair value gain on derivatives	–	1,234	–	–
Reversal of allowance for impairment of:				
- trade receivables (Note 22(a))	968	887	–	–
- other receivables (Note 22(d))	–	84	–	–
Reversal of fair value loss on derivatives	666	–	666	–
Others	3,439	2,966	1,501	1,706
	16,760	19,575	41,277	490,516

7. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
Bank loans and bank overdrafts	46,783	41,256	11,635	6,116
Finance leases	1,550	1,475	575	1,246
Amount due to subsidiaries	–	–	4,318	2,511
	48,333	42,731	16,528	9,873
Less: Interest expense capitalised in property, plant and equipment (Note 13)	(130)	(2)	–	–
Interest expense capitalised in biological assets (Note 15)	(12,613)	(19,107)	–	–
Interest expense (Note 8)	35,590	23,622	16,528	9,873
Add: Other charges				
Bank charges	1,394	1,454	428	460
Commitment fee	741	966	180	310
	2,135	2,420	608	770
	37,725	26,042	17,136	10,643
Less: Bank charges and commitment fee capitalised in biological assets (Note 15)	–	(5)	–	–
	37,725	26,037	17,136	10,643

8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amortisation of land use rights (Note 14)	5	539	2	1
Amortisation of other intangible assets (Note 17)	14,301	18,220	14,046	16,451
Auditors' remuneration	807	627	212	182
Statutory audit				
- current year	680	569	180	164
- under provision in previous years	111	44	16	4
Other services	16	14	16	14

8. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bad debt recovered (Note 6)	(9)	–	–	–
Bad debts written off	–	37	–	6
Depreciation of property, plant and equipment (Note 13)	84,078	67,800	28,771	29,180
Dividend income from investment securities (Note 6)	(979)	(2,401)	(979)	(2,401)
Employee benefits expense (Note 9)	102,418	87,336	15,756	14,416
Fair value loss on investment securities	114	81	114	81
Gross dividend income (Note 6)	–	–	(2,100)	(448,750)
Hiring charges	21	2,242	3,000	3,000
Impairment loss on biological assets (Note 15)	100	–	–	–
Impairment loss on:				
- trade receivables (Note 22(a))	70	–	–	–
- other receivables (Note 22(d))	8,188	13,190	19,171	66,727
Interest expense (Note 7)	35,590	23,622	16,528	9,873
Interest income (Note 6)	(10)	(11)	(32,878)	(31,924)
Loss on disposal of property, plant and equipment, net	4,629	6,402	4,498	5,685
Management fees expense	3	6	3	6
Net fair value (gain)/loss on derivatives	–	(367)	–	505
Net foreign exchange (gain)/loss				
- realised	(243)	(728)	1,142	(353)
- unrealised	419	(2,495)	1,138	(2,600)
Non-executive directors' remuneration (Note 10)	691	689	691	689
Property, plant and equipment written off	74	343	–	326
Rental expense	1,116	621	374	370
Rental income (Note 6)	(2,514)	(2,067)	(732)	(412)
Reversal of allowance for impairment of trade and other receivables (Note 6)	(968)	(971)	–	–
Reversal of fair value loss/(gain) on derivatives, net	527	5,411	(203)	3,588
Reversal of unrealised gain on inventories	754	–	–	–

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries, wages, allowances and bonus	100,652	83,457	13,880	12,126
Social security contributions	795	670	138	137
Contributions to defined contribution plan	7,705	6,015	1,738	1,518
Other benefits	50	2,012	–	635
Total employee benefits expense (including executive directors)	109,202	92,154	15,756	14,416
Less: Employee benefits expense capitalised in:				
- biological assets (Note 15)	(4,960)	(4,189)	–	–
- work-in-progress (Note 21)	(1,824)	(629)	–	–
Total employee benefits expense (Note 8)	102,418	87,336	15,756	14,416

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,277,040 (2014: RM1,177,655) as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

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

	Group/Company	
	2015 RM'000	2014 RM'000
Executive:		
Salaries and other emoluments - current year	1,026	935
- under provision in previous year	–	11
Fees - current year	120	110
Defined contribution plan	131	122
Total executive directors' remuneration (excluding benefit-in-kind) (Note 9)	1,277	1,178
Estimated money value of benefit-in-kind	23	22
Total executive directors' remuneration (including benefit-in-kind)	1,300	1,200

10. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by directors of the Company during the year are as follows: (cont'd)

	Group/Company	
	2015	**2014**
	RM'000	**RM'000**
Non-executive:		
Fees - current year	460	425
Other emoluments - current year	231	216
- under provision in previous year	–	45
Defined contribution plan	–	3
Total non-executive directors' remuneration (excluding benefit-in-kind) (Note 8)	691	689
Estimated money value of benefit-in-kind	13	13
Total non-executive directors' remuneration (including benefit-in-kind)	704	702
Total directors' remuneration (Note 33(b))	2,004	1,902

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

	2015	**2014**
Number of Directors		
Executive director:		
RM550,001 - RM600,000	–	1
RM600,001 - RM650,000	1	1
RM650,001 - RM700,000	1	–
Non-executive directors:		
RM50,001 - RM100,000	–	5
RM60,001 - RM100,000	5	–
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	1	1

11. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 30 June 2015 and 2014 are:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	34,945	21,906	19,948	8,482
(Over)/under provision in respect of previous years	(17,801)	(141)	918	–
	17,144	21,765	20,866	8,482
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	(17,155)	7,367	(173)	8,186
Effect of reduction in tax rate	493	(4,186)	(185)	(899)
Under/(over) provision in respect of previous years	17,640	(616)	1,009	(95)
	978	2,565	651	7,192
Income tax expense recognised in profit or loss	18,122	24,330	21,517	15,674

11. INCOME TAX EXPENSE (CONT'D)

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 30 June 2015 and 2014 are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Accounting profit before tax	52,567	79,949	43,759	430,488
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	13,142	19,987	10,940	107,622
Deferred tax recognised at different tax rate	493	(4,186)	(185)	(899)
Adjustments:				
Non-deductible expenses	11,353	12,348	9,526	21,834
Expenses qualified for double deduction	(2,257)	(2,464)	-	-
Income not subject to tax	(348)	(725)	(691)	(112,788)
Benefits from previously unrecognised unabsorbed capital allowances, reinvestment allowances and unused tax losses	(4,313)	–	–	–
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and unused tax losses	213	127	–	–
(Over)/under provision of income tax in respect of previous years	(17,801)	(141)	918	–
Under/(over) provision of deferred tax in respect of previous years	17,640	(616)	1,009	(95)
Income tax expense recognised in profit or loss	18,122	24,330	21,517	15,674

Current income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016. The computation of deferred tax as at 30 June 2015 has reflected the change in tax rate.

12. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following table reflects the profit and share data used in the computation of basic earnings per share for the year ended 30 June 2015 and 2014:

	Group	
	2015 **RM'000**	**2014** **RM'000**
Profit net of tax attributable to owners of parent	31,635	53,133
Weighted average number of ordinary shares in issue ('000)	967,995	967,997
Basic earnings per share (sen)	3.27	5.49

There are no dilutive potential ordinary shares. As such, the dilutive earnings per share of the Group is equivalent to basic earnings per share.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Factories, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 July 2013	9,443	28,732	295,983	960,542	231,159	34,621	299,467	1,859,947
Additions	–	–	14,136	27,189	3,655	1,866	146,776	193,622
Disposals/written off	–	–	(5,350)	(46,621)	(1,540)	(1,049)	(4,041)	(58,601)
Reclassifications	–	646	63,480	51,387	35,476	239	(151,228)	–
Reclassified to biological assets (Note 15)	–	–	–	–	–	–	(25)	(25)
At 30 June 2014 and 1 July 2014	9,443	29,378	368,249	992,497	268,750	35,677	290,949	1,994,943
Additions	–	–	17,520	101,615	13	4,345	108,339	231,832
Disposals/written off	–	(25)	(3,608)	(28,392)	(25)	(432)	(3,369)	(35,851)
Reclassifications	–	13	60,860	86,126	9,481	384	(156,864)	–
Reclassified to biological assets (Note 15)	–	–	–	–	–	–	(10)	(10)
Reclassified from land use rights (Note 14)	–	62,355	–	–	–	–	–	62,355
At 30 June 2015	9,443	91,721	443,021	1,151,846	278,219	39,974	239,045	2,253,269

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

Group (cont'd)	Freehold land RM'000	Leasehold land RM'000	Factories, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 July 2013	–	5,067	163,277	631,502	153,646	26,742	–	980,234
Depreciation charge for the year	–	469	17,147	42,841	10,930	1,612	–	72,999
Recognised in profit or loss (Note 8)	–	369	15,263	39,918	10,815	1,435	–	67,800
Capitalised in biological assets (Note 15)	–	100	1,722	2,885	115	144	–	4,966
Capitalised in work-in-progress (Note 21)	–	–	162	38	–	33	–	233
Disposals/written off	–	–	(3,373)	(29,087)	(1,352)	(796)	–	(34,608)
At 30 June 2014	–	5,536	177,051	645,256	163,224	27,558	–	1,018,625
Depreciation charge for the year	–	1,698	20,919	47,923	14,137	1,696	–	86,373
Recognised in profit or loss (Note 8)	–	910	20,558	46,880	14,105	1,625	–	84,078
Capitalised in biological assets (Note 15)	–	788	199	756	32	54	–	1,829
Capitalised in work-in-progress (Note 21)	–	–	162	287	–	17	–	466
Disposals/written off	–	(4)	(1,546)	(13,482)	–	(363)	–	(15,395)
Reclassification	–	–	(11)	–	–	11	–	–
Reclassified from land use rights (Note 14)	–	4,417	–	–	–	–	–	4,417
At 30 June 2015	–	11,647	196,413	679,697	177,361	28,902	–	1,094,020
Net carrying amount								
At 30 June 2014	9,443	23,842	191,198	347,241	105,526	8,119	290,949	976,318
At 30 June 2015	9,443	80,074	246,608	472,149	100,858	11,072	239,045	1,159,249

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

	Freehold land RM'000	Factories, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company							
Cost							
At 1 July 2013	4,919	16,354	305,934	133,099	16,259	47,056	523,621
Additions	–	1,341	6,597	3,377	231	3,640	15,186
Disposals/written off	–	(1,164)	(20,060)	(80)	(390)	(2,540)	(24,234)
Reclassifications	–	803	2,234	31,317	209	(34,563)	–
At 30 June 2014 and 1 July 2014	4,919	17,334	294,705	167,713	16,309	13,593	514,573
Additions	–	–	8,091	–	192	4,579	12,862
Disposals/written off	–	(121)	(23,800)	–	(147)	(1,638)	(25,706)
Reclassifications	–	419	9,049	449	168	(10,085)	–
At 30 June 2015	4,919	17,632	288,045	168,162	16,522	6,449	501,729
Accumulated depreciation							
At 1 July 2013	–	5,289	117,163	97,333	14,096	–	233,881
Depreciation charge for the year (Note 8)	–	540	18,629	9,506	505	–	29,180
Disposals/written off	–	(4)	(9,863)	–	(272)	–	(10,139)
At 30 June 2014 and 1 July 2014	–	5,825	125,929	106,839	14,329	–	252,922
Depreciation charge for the year (Note 8)	–	624	17,446	10,271	430	–	28,771
Disposals	–	(79)	(10,722)	–	(127)	–	(10,928)
At 30 June 2015	–	6,370	132,653	117,110	14,632	–	270,765
Net carrying amount							
At 30 June 2014	4,919	11,509	168,776	60,874	1,980	13,593	261,651
At 30 June 2015	4,919	11,262	155,392	51,052	1,890	6,449	230,964

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

(i) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash	179,703	187,698	5,704	10,103
Finance leases	52,129	5,924	7,158	5,083
	231,832	193,622	12,862	15,186

(ii) Net carrying amounts of property, plant and equipment held under finance leases are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicles	67,837	39,429	17,802	35,849

Leased assets are pledged as security for the related finance lease liabilities (Note 27).

(iii) Included in property, plant and equipment are the following costs incurred during the financial year:

	Group	
	2015 RM'000	2014 RM'000
Interest expense (Note 7)	130	2

14. LAND USE RIGHTS

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 July 2014/2013	63,658	63,658	36	36
Reclassified to property, plant and equipment (Note 13)	(62,355)	–	–	–
At 30 June 2015/2014	1,303	63,658	36	36
Accumulated amortisation				
At 1 July 2014/2013	5,666	4,438	10	9
Amortisation for the year	5	1,228	2	1
Recognised in profit or loss (Note 8)	5	539	2	1
Capitalised in biological assets (Note 15)	–	689	–	–
Reclassified to property, plant and equipment (Note 13)	(4,417)	–	–	–
At 30 June 2015/2014	1,254	5,666	12	10
Net carrying amount	49	57,992	24	26
Amount to be amortised:				
- Not later than one year	4	1,296	1	1
- Later than one year but not later than five years	15	6,089	4	5
- Later than five years	30	50,607	19	20

The Group and the Company have land use rights over state-owned land in Malaysia. The land use rights of the Group and the Company have a remaining tenure of 1 to 60 years (2014: 1 to 60 years) and 21 years (2014: 22 years), respectively.

15. BIOLOGICAL ASSETS

Group	Oil palm plantation development expenditure RM'000	Reforestation (Tree planting) expenditure RM'000	Total RM'000
Cost			
At 1 July 2013	1,335,419	32,507	1,367,926
Additions	104,998	4,642	109,640
Reclassification from property, plant and equipment (Note 13)	25	–	25
At 30 June 2014 and 1 July 2014	1,440,442	37,149	1,477,591
Additions	61,264	9,925	71,189
Impairment on biological assets (Note 8)	(100)	–	(100)
Reclassification (to)/from property, plant and equipment (Note 13)	(16)	26	10
At 30 June 2015	1,501,590	47,100	1,548,690

Included in biological assets are the following costs incurred during the financial year:

	Group 2015 RM'000	2014 RM'000
Amortisation of land use rights (Note 14)	–	689
Depreciation of property, plant and equipment (Note 13)	1,829	4,966
Employee benefits expenses (Note 9)	4,960	4,189
Interest expense (Note 7)	12,613	19,107
Bank charges and commitment fees (Note 7)	–	5
Loss on disposal of property, plant and equipment	1	138

The leasehold land on which certain of the oil palm development and reforestation expenditure were incurred are still registered in the names of related companies.

16. GOODWILL ON CONSOLIDATION

	Group 2015 RM'000	2014 RM'000
Cost		
At 30 June	62,337	62,337

16. GOODWILL ON CONSOLIDATION (CONT'D)

The carrying amount of goodwill allocated to the Group's cash-generating units ("CGU") is as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Manufacturing segment	62,337	62,337

Key assumptions used in value-in-use calculations:

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The assumptions used for value-in-use calculations are:

	Growth Rates		Discount Rates	
	As at 2015	**As at 2014**	**As at 2015**	**As at 2014**
Manufacturing segment	2%	2%	12.5%	13.73%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average values achieved in the years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvement.

(ii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the segment, regards has been given to average growth rate for the relevant industry.

(iii) Growth rates

The forecasted growth rated are based on industry research.

The Group believes that any reasonable possible change in the above key assumptions applied is not likely to materially cause the recoverable amount to be lower than its carrying amount.

17. OTHER INTANGIBLE ASSETS

	Prepaid timber rights RM'000	Computer software RM'000	Total RM'000
Group			
Cost			
At 1 July 2013	298,447	4,367	302,814
Additions	–	32	32
At 30 June 2014 and 1 July 2014	298,447	4,399	302,846
Additions	–	68	68
At 30 June 2015	298,447	4,467	302,914
Accumulated amortisation			
At 1 July 2013	263,555	3,601	267,156
Amortisation for the year (Note 8)	18,119	101	18,220
At 30 June 2014 and 1 July 2014	281,674	3,702	285,376
Amortisation for the year (Note 8)	14,196	105	14,301
At 30 June 2015	295,870	3,807	299,677
Net carrying amount			
At 30 June 2014	16,773	697	17,470
At 30 June 2015	2,577	660	3,237

17. OTHER INTANGIBLE ASSETS (CONT'D)

	Prepaid timber rights RM'000	Computer software RM'000	Total RM'000
Company			
Cost			
At 1 July 2013	247,724	4,366	252,090
Additions	–	–	–
At 30 June 2014 and 1 July 2014	247,724	4,366	252,090
Additions	–	68	68
At 30 June 2015	247,724	4,434	252,158
Accumulated amortisation			
At 1 July 2013	217,016	3,601	220,617
Amortisation for the year (Note 8)	16,351	100	16,451
At 30 June 2014 and 1 July 2014	233,367	3,701	237,068
Amortisation for the year (Note 8)	13,944	102	14,046
At 30 June 2015	247,311	3,803	251,114
Net carrying amount			
At 30 June 2014	14,357	665	15,022
At 30 June 2015	413	631	1,044

In 1998, the Company acquired nine timber licensee companies and the rights to two timber licences. The licences will expire in the year 2016. The Directors are of the view that the timber rights are renewable.

18. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost	1,048,695	713,695
Less: Accumulated impairment losses	(19)	(19)
	1,048,676	713,676

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Direct subsidiaries of the Company				
Curiah Sdn. Bhd.	Malaysia	Extraction and sale of logs	88.91	88.91
Eastern Eden Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Eastern Timber Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Erajaya Synergy Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Guanaco Sdn. Bhd.	Malaysia	Cultivation and trading of birds'nests	100	100
Hak Jaya Sdn. Bhd.	Malaysia	Marketing of timber logs	100	100
Hariyama Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Jaras Sdn. Bhd.	Malaysia	Extraction, purchase and sale of logs	100	100
JT Logging Sdn. Bhd. (formerly known as Jaya Tiasa Aquaculture Sdn. Bhd.)	Malaysia	Dormant	100	100
Jaya Tiasa Aviation Sdn. Bhd.	Malaysia	Provision of air transportation services	100	100
Jaya Tiasa Forest Plantation Sdn. Bhd.	Malaysia	Development and maintenance of planted forests and forest plantation contractor	100	100
Jaya Tiasa R&D Sdn. Bhd.	Malaysia	Research and development and sale of seeds	100	100
Jaya Tiasa Plywood Sdn. Bhd.	Malaysia	Manufacturing and sale of sawn timber, blockboard and veneer as well as plywood contract manufacturing	100	100
Jaya Tiasa Timber Products Sdn. Bhd.	Malaysia	Manufacturing and sale of sawntimber, plywood and veneer	100	100

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Direct subsidiaries of the Company (cont'd)				
JT Oil Palm Development Sdn. Bhd.	Malaysia	Palm oil processing and its related activities	100	100
Kunari Timber Sdn. Bhd.	Malaysia	Marketing of timber logs	100	100
Mantan Sdn. Bhd.	Malaysia	Timber logging	100	100
Maujaya Sdn. Bhd.	Malaysia	Palm oil processing and its related activities	100	100
Maxiwealth Holdings Sdn. Bhd.	Malaysia	Palm oil processing and its related activities	100	100
Multi Greenview Sdn. Bhd.	Malaysia	Dormant	100	100
Poh Zhen Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Rimbunan Hijau Plywood Sdn. Bhd.	Malaysia	Manufacturing and sale of sawn timber, blockboard and veneer as well as plywood contract manufacturing	100	100
Sericahaya Sdn. Bhd.	Malaysia	Extraction and sale of logs	88.91	88.91
Simalau Plantation Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Atlantic Evergreen Holdings	Cayman Islands	Investment holding	100	100
Atlantic Timber Holdings Limited	Cayman Islands	Investment holding	100	100
Pacific Timber Holdings Limited	Cayman Islands	Investment holding	100	100
Subsidiary of Atlantic Evergreen Holdings				
Western Timber Resources Limited	Cayman Islands	Investment holding	100	100

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(i) Increase in paid-up capital of subsidiaries

During the year, the Company subscribed for an additional 325,000,000 and 10,000,000 ordinary shares of RM1 each in Erajaya Synergy Sdn. Bhd. and JT Oil Palm Development Sdn. Bhd. of RM325,000,000 and RM10,000,000, respectively, by way of settlement of advances rendered to the said subsidiaries.

(ii) Non-controlling interests

None of the subsidiaries with non-controlling interests are material to the Group. Accordingly, the disclosure requirements of FRS 12, Disclosure of Interests in Other in Other Entities, are not presented.

19. INVESTMENT IN ASSOCIATE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	2,000	2,000	2,000	2,000
Redeemable non-cumulative preference shares, at cost	2,400	2,400	2,400	2,400
	4,400	4,400	4,400	4,400
Less: Accumulated impairment losses	(2,400)	(2,400)	(4,400)	(4,400)
	2,000	2,000	–	–
Share of post-acquisition losses	(2,000)	(2,000)	–	–
	–	–	–	–

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest As at 2015 %	Proportion of ownership interest As at 2014 %
Mafrica Trading Sdn. Bhd.*	Malaysia	Dormant	40	40

* Audited by a firm of auditors other than Ernst & Young

19. INVESTMENT IN ASSOCIATE (CONT'D)

The summarised financial information of the associate are as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Assets and liabilities		
Current assets	46	47
Current liabilities	2,602	2,601

	Group	
	2015 %	**2014 %**
Equity		
Proportion of the Group's ownership	40	40
Carrying amount of investment	–	–

	Group	
	2015 RM'000	**2014 RM'000**
Results		
Loss for the year	2	2

The Group's interest in the associate is analysed as follows:

Group's share of net tangible assets	(335)	(335)
Premium on acquisition	335	335
	–	–

The associate is not material to the Group. Accordingly, the disclosed requirements of FRS 12, Disclosure of Interests in Other Entities, are not presented.

20. DEFERRED TAX

	As at 1 July 2013 RM'000	Recognised in profit or loss RM'000	As at 30 June 2014 RM'000	Recognised in profit or loss RM'000	As at 30 June 2015 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(49,228)	(2,072)	(51,300)	(20,304)	(71,604)
Biological assets	(322,276)	(18,388)	(340,664)	(22,965)	(363,629)
	(371,504)	(20,460)	(391,964)	(43,269)	(435,233)
Deferred tax assets:					
Unused tax losses and unabsorbed capital allowances	276,887	10,768	287,655	40,208	327,863
Property, plant and equipment	8,476	382	8,858	1,904	10,762
Others	276	(266)	10	179	189
	285,639	10,884	296,523	42,291	338,814
	(85,865)	(9,576)	(95,441)	(978)	(96,419)
Company					
Deferred tax liability:					
Property, plant and equipment	(18,753)	(765)	(19,518)	(651)	(20,169)
Deferred tax assets:					
Unused tax losses and unabsorbed capital allowances	6,427	(6,427)	–	–	–
	(12,326)	(7,192)	(19,518)	(651)	(20,169)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets:				
Presented after appropriate offsetting as follows:				
Deferred tax assets	14,965	12,859	–	–
Deferred tax liabilities	(111,384)	(108,300)	(20,169)	(19,518)
	(96,419)	(95,441)	(20,169)	(19,518)

20. DEFERRED TAX (CONT'D)

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

	Group	
	2015 RM'000	2014 RM'000
Unused tax losses	6,071	5,229
Unabsorbed capital allowances	68	58
	6,139	5,287

As at 30 June 2015, the deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised. The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act, 1967.

21. INVENTORIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At cost				
Blockboard/sawn timber	1,309	577	–	–
Crude palm oil	9,400	3,336	–	–
Fresh fruit bunches	276	38	–	–
General stores	30,605	23,100	2,026	2,016
Logs	37,311	64,104	20,356	40,656
Palm kernel	–	314	–	–
Plywood	33,809	28,363	–	–
Seeds	317	193	–	–
Veneer	28,715	35,257	–	–
Work-in-progress	2,475	5,387	–	–
Others	6	2	–	–
	144,223	160,671	22,382	42,672
At net realisable value				
Crude palm oil	–	7,273	–	–
Fancy plywood	4	4	–	–
Palm kernel	836	751	–	–
Sawn timber	1,881	1,165	–	–
	2,721	9,193	–	–
	146,944	169,864	22,382	42,672

21. INVENTORIES (CONT'D)

Included in work-in-progress are the following expenses incurred and capitalised during the financial year:

	Group	
	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment (Note 13)	466	233
Employee benefits expense (Note 9)	1,824	629

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables				
Third parties	78,017	84,936	10,041	5,365
Less: Allowance for impairment				
Third parties	(725)	(3,352)	–	(841)
Trade receivables, net	77,292	81,584	10,041	4,524
Other receivables				
Sundry receivables	44,797	66,048	28,176	32,121
Amount due from subsidiaries	–	–	887,588	931,774
Amount due from associate	2,600	2,600	2,600	2,600
	47,397	68,648	918,364	966,495
Less: Allowance for impairment				
Sundry receivables	(4,923)	(21,168)	(1,681)	(729)
Amount due from associate	(2,600)	(2,600)	(2,600)	(2,600)
Amount due from subsidiaries	–	–	(84,926)	(66,707)
	(7,523)	(23,768)	(89,207)	(70,036)
Other receivables, net	39,874	44,880	829,157	896,459
Refundable deposits	1,304	13,199	69	10,736
	41,178	58,079	829,226	907,195
Total trade and other receivables	118,470	139,663	839,267	911,719
Add: Cash and bank balances (Note 26)	21,097	29,752	2,525	5,164
Total loans and receivables	139,567	169,415	841,792	916,883

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days (2014: 30 days). Other credit terms are assessed and approved on a case-by-case basis. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Ageing analysis of trade receivables

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Neither past due nor impaired	55,654	66,393	5,220	4,059
1 to 30 days past due not impaired	12,005	1,637	3,944	465
31 to 60 days past due not impaired	1,347	79	877	–
61 to 90 days past due not impaired	–	–	–	–
91 to 120 days past due not impaired	–	–	–	–
More than 121 days past due not impaired	139	264	–	–
	13,491	1,980	4,821	465
Impaired	8,872	16,563	–	841
	78,017	84,936	10,041	5,365

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM13,491,000 (2014: RM1,980,000) and RM4,821,000 (2014: RM465,000), respectively that are past due at the reporting date but not impaired.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	8,872	16,563	–	841
Less: Allowance for impairment	(725)	(3,352)	–	(841)
	8,147	13,211	–	–

Movement in allowance accounts:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2014/2013	3,352	4,251	841	853
Charge for the year (Note 8)	70	–	–	–
Reversal of impairment loss (Note 6)	(968)	(887)	–	–
Reclassification to other receivables (Note 22(d))	–	(12)	–	(12)
Written off	(1,729)	–	(841)	–
At 30 June 2015/2014	725	3,352	–	841

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments or debtors that have usually settled their debts beyond the prescribed credit terms. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from subsidiaries

The amount due from subsidiaries earns interest at 4% (2014: 4%) per annum.

(c) Amount due from associate

The amount due from associate is unsecured, non-interest bearing and is repayable on demand.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2014/2013	23,768	10,650	70,036	3,297
Charge for the year (Note 8)	8,188	13,190	19,171	66,727
Reversal of impairment loss (Note 6)	–	(84)	–	–
Written off	(24,433)	–	–	–
Reclassification from trade receivables (Note 22(a))	–	12	–	12
At 30 June 2015/2014	7,523	23,768	89,207	70,036

23. OTHER CURRENT ASSETS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax recoverable	3,436	4,772	–	–
Prepayments	3,831	2,543	242	448
	7,267	7,315	242	448

24. INVESTMENT SECURITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current				
Fair value through profit and loss				
Unit trusts (quoted in Malaysia)				
- At carrying amount	7	60,061	7	60,061
- At market value	7	60,061	7	60,061
Non-current				
Available-for-sale financial assets				
Equity instruments (unquoted in Malaysia), at cost	5,000	–	5,000	–

25. DERIVATIVES

	2015 RM'000			2014 RM'000		
	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
Group						
Non-hedging derivatives:						
Cross currency swap	–	–	–	50,000	–	(666)
Forward currency contracts	–	–	–	105,430	1,193	–
Total held for trading financial assets/(liabilities)	–	–	–	155,430	1,193	(666)
Company						
Non-hedging derivatives:						
Cross currency swap	–	–	–	50,000	–	(666)
Forward currency contracts	–	–	–	41,004	161	–
Total held for trading financial assets/(liabilities)	–	–	–	91,004	161	(666)

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

(i) Cross currency swaps

In 2014, cross currency swaps were used to hedge the risk of currency fluctuation arising from a floating rate bank loan of RM50 million which was swapped to an United States Dollar ("USD") denominated equivalent. This involved swapping an existing bank facility of the Group/Company which bore interest at RM 3 months KLIBOR + 0.75% to USD 3 months LIBOR + 0.85%.

(ii) Forward currency contracts

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

In 2014, both the Group and the Company recognised a loss of RM666,000 arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange and commodity spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 34.

26. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash at banks and on hand	21,097	29,752	2,525	5,164

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash at banks and on hand	21,097	29,752	2,525	5,164
Bank overdrafts (Note 27)	(124,407)	(94,696)	(15,704)	(18,535)
Cash and cash equivalents	(103,310)	(64,944)	(13,179)	(13,371)

27. LOANS AND BORROWINGS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Secured:				
Obligations under finance leases (Note 32(d))	21,364	10,200	6,567	8,918
Unsecured:				
Bank overdrafts (Note 26)	124,407	94,696	15,704	18,535
Bankers' acceptances	111,832	105,318	42,442	35,786
Revolving credit	170,000	120,000	95,000	55,000
Term loans	122,518	116,668	7,000	–
USD denominated revolving credit	18,880	16,037	18,880	16,037
USD denominated term loans	–	49,698	–	49,698
	547,637	502,417	179,026	175,056
	569,001	512,617	185,593	183,974
Non-current				
Secured:				
Obligations under finance leases (Note 32(d))	31,825	5,801	5,868	5,351
Unsecured:				
Term loans	350,778	311,554	30,000	–
	382,603	317,355	35,868	5,351
Total loans and borrowings (Note 28)	951,604	829,972	221,461	189,325

27. LOANS AND BORROWINGS (CONT,D)

The remaining maturities of the loans and borrowings as at 30 June 2015 and 2014 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Maturity period of borrowings:				
Repayable within one year	569,001	512,617	185,593	183,974
One year to five years	286,103	315,321	35,868	5,351
Over five years	96,500	2,034	–	–
	951,604	829,972	221,461	189,325

The interest rates of the Group and of the Company are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	7.35 - 8.10	5.50 - 8.10	7.35 - 7.60	7.10 - 7.90
Bankers' acceptances	4.02 - 4.53	3.42 - 4.59	4.33 - 4.53	4.09 - 4.55
Revolving credit	1.96 - 5.76	1.57 - 4.86	1.96 - 5.76	1.57 - 4.86
Term loans	4.83 - 6.00	3.58 - 5.67	6.00	4.03

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The interest rates implicit in the leases of the Group and the Company are 4.76% to 5.52% (2014: 3.1% to 7.1%) per annum and 5.26% to 5.5% (2014: 5.50%) per annum, respectively.

Other borrowings

Certain unsecured borrowings of the Group and of the Company amounting to RM298,909,000 (2014: RM247,199,000) and RM129,461,000 (2014: RM174,325,000), respectively are covered by a negative pledge over the assets of the Company and respective subsidiaries.

The remaining borrowings of the Group are covered by corporate guarantees provided by the Company.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables				
Third parties	189,638	267,734	52,743	71,535
Amount due to subsidiaries	–	–	162,076	67,944
	189,638	267,734	214,819	139,479
Other payables				
Accruals	18,027	21,226	9,481	2,948
Sundry payables	23,781	15,436	6,503	4,184
Amount due to subsidiaries	–	–	9,520	6,812
Dividend payable to non-controlling interests	–	11,250	–	–
	41,808	47,912	25,504	13,944
Total trade and other payables	231,446	315,646	240,323	153,423
Add: Loans and borrowings (Note 27)	951,604	829,972	221,461	189,325
Total financial liabilities carried at amortised cost	1,183,050	1,145,618	461,784	342,748

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 180 days (2014: 30 to 180 days).

(b) Amount due to subsidiaries

The amount due to subsidiaries under other payables bears interest at 4% (2014: 4%) per annum. The amount is repayable on demand.

29. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 July 2013	973,718	(5,720)	973,718	(13,674)
Acquisition of treasury shares	–	(2)	–	(5)
At 30 June 2014	973,718	(5,722)	973,718	(13,679)
Acquisition of treasury shares	–	(2)	–	(4)
At 30 June 2015	973,718	(5,724)	973,718	(13,683)

	Number of Ordinary Shares of RM1 Each		Amount	
	'000	'000	RM'000	RM'000
Authorised				
At 1 July 2014/2013 and 30 June 2015/2014	1,000,000	1,000,000	1,000,000	1,000,000

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 2,000 (2014: 2,000) shares in the Company through purchases on Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM4,086 (2014: RM4,627) and this was presented as a component within shareholders' equity. The average cost paid for the shares repurchased during the financial year was RM2.04 (2014: RM2.31) per share.

Of the total 973,717,797 (2014: 973,717,797) issued and fully paid ordinary shares as at 30 June 2015, 5,724,000 (2014: 5,722,000) are held as treasury shares by the Company. As at 30 June 2015, the number of outstanding ordinary shares in issue after the set-off is therefore 967,993,797 (2014: 967,995,797) ordinary shares of RM1 each.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

29. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

Movements on share buy-backs

	Number of shares	Total cost RM'000	Average price per share RM
At 1 July 2014	5,722,000	13,679	2.39
Repurchased during the year ended 30 June 2015	2,000	4	2.04
At 30 June 2015/At the date of this report	5,724,000	13,683	2.39

30. OTHER RESERVES

	Capital redemption reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group			
At 1 July 2014/2013	3,684	(6,485)	(2,801)
Other comprehensive income: Foreign currency translation	–	8	8
At 30 June 2015/2014	3,684	(6,477)	(2,793)
Other comprehensive income: Foreign currency translation	–	19	19
At 30 June 2015	3,684	(6,458)	(2,774)
Company			
At 1 July 2014/2013 and 30 June 2015/2014	3,684	–	3,684

(a) Capital redemption reserve

This relates to the nominal amount of shares arising from the Company's repurchase of its own shares in 1998.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

31. RETAINED EARNINGS

Under the single tier tax system which came into effect on 1 January 2014, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

The balance of the entire retained earnings as at 30 June 2015 may be distributed as dividends under the single tier system.

32. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	57,608	68,693	–	2,781
Biological assets	28,875	62,880	–	–
	86,483	131,573	–	2,781

(b) Operating lease commitments - as lessee

In addition to land use rights disclosed in Note 14, the Group has entered into operating lease agreements for the lease of logpond, residential house, land and building. These leases have an average life of between 1 and 30 years with no renewal or purchase option and escalation clauses and there are no restrictions placed upon the Group by entering into these leases.

The future minimum rental payments under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Not later than 1 year	49	59	–	–
Later than 1 year and not later than 5 years	195	236	–	–
Later than 5 years	926	1,122	–	–
	1,170	1,417	–	–

32. COMMITMENTS (CONT'D)

(c) Operating lease commitments - as lessor

The Group has entered into non-cancellable operating lease agreements on building, residential house, machinery and equipment. The Group is required to give one to three months notice for the termination of those agreements. These leases have no renewal option, purchase option and escalation clauses and there are no restrictions placed upon the Group arising from leases.

The future minimum lease payments receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	30	84	–	30

The lease payments recognised in profit or loss during the financial year is disclosed in Note 8.

(d) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments:				
Not later than 1 year	23,702	10,756	7,076	9,413
Later than 1 year but not later than 2 years	20,891	4,422	4,577	4,034
Later than 2 years but not later than 5 years	12,369	1,611	1,515	1,535
Total minimum lease payments	56,962	16,789	13,168	14,982
Less: Amounts representing finance charges	(3,773)	(788)	(733)	(713)
Present value of minimum lease payment	53,189	16,001	12,435	14,269
Present value of payments:				
Not later than 1 year	21,364	10,200	6,567	8,918
Later than 1 year but not later than 2 years	19,702	4,221	4,382	3,847
Later than 2 years but not later than 5 years	12,123	1,580	1,486	1,504
Present value of minimum lease payments	53,189	16,001	12,435	14,269
Less: Amount due within 12 months (Note 27)	(21,364)	(10,200)	(6,567)	(8,918)
Amount due after 12 months (Note 27)	31,825	5,801	5,868	5,351

33. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and the Company with the related parties took place at term agreed between parties during the financial year:

(a) Sales and purchases of goods and services

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Sale of timber products to				
- Subsidiaries	–	–	374,324	377,546
- Subur Group (i)	35,556	13,536	–	–
Sale of fresh fruit bunches to R.H. Selangau Palm Oil Mill Sdn. Bhd. (ii)	2,980	510	–	–
Contract income received from				
- R.H. Forest Corporation Sdn. Bhd. (iii)	277	1,012	–	–
- Tapak Megah Sdn. Bhd. (iv)	9,449	8,506	9,449	8,506
Contract fees paid to subsidiaries	–	–	6,416	–
Logpond facilities income received from Subur Group (i)	2,824	519	–	–
Helicopter chartering services provided to Tiong Toh Siong & Sons Sdn Bhd. (v)	406	–	–	–
Hiring charges paid to subsidiaries	–	–	3,000	3,000
Towage and freight charges paid to Subur Group (i)	562	101	190	101
Purchase of timber products from				
- Subsidiaries	–	–	7,830	8,453
- Binamewah Sdn. Bhd. (vi)	20,627	21,582	20,627	21,582
- R.H. Forest Corporation Sdn. Bhd. (iii)	483	2,392	483	2,392
Purchase of raw materials from Petanak Enterprises Sdn. Bhd. (vii)	21,799	21,849	–	–
Purchase of machineries, spare parts, fuel and lubricants from Rimbunan Hijau General Trading Sdn. Bhd. (viii)	3,985	3,365	459	2,151
Purchase of air tickets from R.H.Tours and Travel Agency Sdn. Bhd. (ix)	237	247	67	122
Logpond/office/warehouse rental paid to				
- Subsidiaries	–	–	96	96
- Tiong Toh Siong Holdings Sdn. Bhd. (x)	183	–	183	–
- Tiong Toh Siong & Sons Sdn. Bhd. (v)	–	590	–	590
Hotel accommodation paid to Regalia Ritz Enterprise Sdn. Bhd. (xi)	110	52	52	50

33. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sales and purchases of goods and services (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Premium paid to				
- Rejang Heights Sdn. Bhd. (xii)	1,756	1,687	–	–
- R.H. Forest Corporation Sdn. Bhd. (iii)	2,044	1,692	–	–
- Wealth Houses Development Sdn. Bhd. (xiii)	294	434	–	–
Purchase of motor vehicles from Rimbunan Hijau Auto Services Sdn. Bhd. (xiv)	1,221	1,196	–	93
Interest income received from subsidiaries	–	–	32,878	31,924
Interest expense paid to subsidiaries	–	–	4,318	2,511
Commission paid to subsidiaries	–	–	1,108	–

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows:

(i) Subur Group ("STHB")

Subur Group includes Subur Tiasa Holdings Bhd. and its wholly-owned subsidiaries, namely, Subur Tiasa Plywood Sdn. Bhd., Subur Tiasa Particleboard Sdn. Bhd., Homet Raya Sdn. Bhd. and Trimogreen Sdn. Bhd.

The following major shareholders of the Company have substantial interests in STHB:

- Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King ("Tan Sri THK") - direct interest 0.59% and indirect interest 37.84%.
- Tiong Toh Siong Holdings Sdn. Bhd. ("TTSH") - direct interest 32.93% and indirect interest 1.86%.
- Teck Sing Lik Enterprise Sdn. Bhd. ("TSLE") - direct interest 2.49% and indirect interest 35.35%.

Dato' Tiong Ing, daughter of Tan Sri THK, is the Managing Director of Subur Group.

(ii) R.H. Selangau Palm Oil Mill Sdn. Bhd. ("RHS")

The following directors/major shareholders of the Company have substantial interests in RHS:

- Dato' Sri Dr. Tiong Ik King ("Dato Sri Dr. TIK") - direct interest 0.33% and indirect interest 51%.
- Tan Sri THK (a director of RHS) - direct interest 1.8% and indirect interest 60%.
- TTSH - direct interest 24.59%.
- TSLE - direct interest 29.67% and indirect interest 25%.
- Tiong Choon ("TC") - indirect interest 32%.
- Tiong Chiong Hee ("TCH") - indirect interest 2%.
- Datuk Tiong Thai King ("Datuk TTK"), father of Tiong Chiong Hee - indirect interest 26%.
- Datuk Sri Tiong Chiong Hoo ("Dato' Sri TCH") - indirect interest 29.67%.

33. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sales and purchases of goods and services (cont'd)

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows: (cont'd)

(iii) R.H. Forest Corporation Sdn. Bhd. ("RHFC")

A major shareholder of the Company, Tan Sri THK, is also a director of RHFC. He has direct interests of 0.5% and indirect interest of 96% in RHFC.

TTSH, major shareholders of the Company, has direct interests of 30% in RHFC.

TSLE, major shareholders of the Company, has direct and indirect interest of 30% each in RHFC.

The following directors of the Company have substantial interests in RHFC:

- Dato' Sri TIK - indirect interest 30%.
- Dato' Sri TCH - indirect interest 30%.
- TC - indirect interest 30%.

Datuk TTK holds indirect interest of 30% in RHFC.

(iv) Tapak Megah Sdn. Bhd. ("TMSB")

Tan Sri THK, a major shareholder of the Company, has direct interest of 6% and indirect interest of 54% in TMSB.

Datuk TTK is also a director of TMSB and has direct interest of 7% and indirect interest of 41%.

A director of the Company, Dato' Sri Dr. TIK, holds direct interest of 7% and indirect interest of 13% in TMSB.

A major shareholder of the Company, TSLE, holds direct interest of 13% and indirect interest of 41% in TMSB.

TTSH, a major shareholder of the Company, has direct interest of 41% in TMSB.

Dato' Sri TCH and TC have indirect interest of 14% and 13% respectively, in TMSB.

(v) Tiong Toh Siong & Sons Sdn. Bhd. ("TTSS")

TC, a director of the Company is also a common director of TTSS.

Tan Sri THK, a major shareholder of the Company, is a director of TTSS and has indirect interest of 100%.

TTSH and TSLE have direct and indirect interest of 100% respectively, in TTSS.

Dato' Sri Dr. TIK and Datuk TTK have indirect of 100% in TTSS.

33. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sales and purchases of goods and services (cont'd)

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows: (cont'd)

(vi) Binamewah Sdn. Bhd. ("BSB")

Dato' Sri Dr. TIK, a director of the Company, has direct interest of 7% and indirect share of 41% in BSB.

TC, TTSH, TSLE and Dato' Sri TCH have indirect interest of 13%, 7%, 41% and 1% respectively, in BSB.

Datuk TTK is also a director of BSB and has indirect interest of 48%.

A major shareholder of the Company, Tan Sri THK, has direct interest of 6% and indirect interest of 54% in BSB.

(vii) Petanak Enterprises Sdn. Bhd. ("PESB")

A major shareholder of the Company, TTSH, has indirect interest of 51% in PESB.

(viii) Rimbunan Hijau General Trading Sdn. Bhd. ("RHGT")

The following major shareholders of the Company have substantial interests in RHGT:

- Tan Sri THK (a director of RHGT) - direct interest 2.46% and indirect interest 62%.
- TTSH - direct interest 49.36%.
- Dato' Sri Dr. TIK - direct interest 2.46% and indirect interest 49%.
- Datuk TTK - indirect interest 52%.

Tan Sri THK and Datuk TTK both are directors of RHGT.

(ix) R.H. Tours and Travel Agency Sdn. Bhd. ("RHTT")

TC, a director of the Company, also is a common director of RHTT.

Tan Sri THK, a major shareholder of the Company, is a director of RHTT and has direct interest of 11.83% and indirect interest of 79% in RHTT.

A major shareholder of the Company, TTSH, holds direct interest of 42.83% in RHTT.

A major shareholder of the Company, TSLE, holds direct interest of 2.83% and indirect interest of 76% in RHTT.

A director of the Company, Dato' Sri Dr. TIK and Datuk TTK, hold direct interest of 1.83% and indirect interest of 43%, respectively, in RHTT.

(x) Tiong Toh Siong Holdings Sdn. Bhd. ("TTSH")

Tan Sri THK, a major shareholder of the Company, holds direct and indirect interest of 10.2% and 21% in TTSH.

A director of the Company, Dato' Sri Dr. TIK, holds direct interest of 13.48% in TTSH.

Datuk TTK holds direct interest of 13.48% in TTSH.

TSLE, a major shareholder of the Company, holds direct interest of 15.51% in TTSH.

33. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sales and purchases of goods and services (cont'd)

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows: (cont'd)

(xi) Regalia Ritz Enterprise Sdn. Bhd. ("RRE")

Tan Sri THK, Datuk TTK, Dato' Sri Dr. TIK and TSLE hold indirect interest of 100% in RRE.

TC is also a common director in RRE.

A major shareholder of the Company, TTSH, holds the entire equity interest in RRE.

(xii) Rejang Heights Sdn. Bhd. ("RHSB")

A major shareholder of the Company, Tan Sri THK, is a director of RHSB. He has direct interest of 1% and indirect interest of 99% in RHSB.

Dato' Sri Dr. TIK, a director of the Company, holds indirect interest of 80% in RHSB.

(xiii) Wealth Houses Development Sdn. Bhd. ("WHD")

Tan Sri THK, a major shareholder of the Company, is a director of WHD and has indirect interest of 73% in WHD.

A major shareholder of the Company, TTSH, holds direct interest of 25% in WHD.

TSLE, a major shareholder of the Company, has indirect interest of 25% in WHD.

Directors of the Company, Dato' Sri Dr. TIK and TC, hold indirect interest of 43% and 30% , respectively, in WHD.

Datuk TTK holds indirect interest of 25% in WHD.

(xiv) Rimbunan Hijau Auto Services Sdn. Bhd. ("RHAS")

The following director/major shareholders of the Company have substantial interests in RHAS:

- Tan Sri THK - indirect interest 30%
- Dato' Sri Dr. TIK - indirect interest 40% and direct interest of 10%.
- Dato' Sri TCH and TC - indirect interest of 10% each.
- TSLE - direct interest of 10%
- TCH - indirect interest of 30%
- Datuk TTK - indirect interest of 50%

33. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sales and purchases of goods and services (cont'd)

Information regarding outstanding balances arising from transactions with related parties as at 30 June 2015 are as follows:

Related parties		Nature of transactions	Outstanding balances
(i) (a)	Subur Tiasa Holdings Bhd.	Towage and freight charges received Contract to supply of transportation services General trading Contract for the supply of log pond facilities	2015: RM2,560,728 (2014: RM2,390,452)
(i) (b)	Subur Tiasa Plywood Sdn. Bhd.	Sale of timber products	2015: Nil (2014: Nil)
(i) (c)	Homet Raya Sdn. Bhd.	Sale of power supply	2015: Nil (2014:Nil)
(i) (d)	Trimogreen Sdn. Bhd.	Purchase of timber products	2015: Nil (2014: RM250)
(ii)	R.H. Selangau Palm Oil Mill Sdn. Bhd.	Sale of fresh fruit bunches	2015: Nil (2014: Nil)
(iii)	R.H. Forest Corporation Sdn. Bhd.	Contract income received Supply of transportation services Purchase of timber products Premium paid	2015: Nil (2014: RM1,139,654)
(iv)	Tapak Megah Sdn. Bhd.	Log extraction contract fees received	2015: Nil (2014: RM5,269,466)
(v)	Tiong Toh Siong & Sons Sdn. Bhd.	Logpond/office rental	2015: RM182,700 (2014: RM834,713)
(vi)	Binamewah Sdn. Bhd.	Log purchase	2015: Nil (2014: RM5,738,780)
(vii)	Petanak Enterprises Sdn. Bhd.	Purchase of raw materials	2015: Nil (2014: Nil)
(viii)	Rimbunan Hijau General Trading Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing and maintenance, sale of timber products	2015: RM31,801 (2014: RM74,398)
(ix)	RH Tours & Travel Agency Sdn. Bhd.	Purchase of air tickets	2015: RM14,395 (2014: RM39,834)
(x)	Tiong Toh Siong Holdings Sdn. Bhd.	Logpond/office rental	2015: Nil (2014: Nil)
(xi)	Regalia Ritz Enterprise Sdn. Bhd.	Hotel accommodation, annual dinner	2015: RM2,661 (2014: RM11,756)
(xii)	Rejang Heights Sdn. Bhd.	Premium paid on fresh fruit bunches of oil palm produced and harvested and transportation services	2015: Nil (2014: Nil)
(xiii)	Wealth Houses Development Sdn. Bhd.	Premium paid on fresh fruit bunches of oil palm produced and harvested	2015: Nil (2014: Nil)
(xiv)	Rimbunan Hijau Auto Services Sdn. Bhd.	Purchase of motor vehicles and spare parts	2015: Nil (2014: Nil)

33. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	4,478	4,021	1,989	1,687
Post-employment benefits:				
Defined contribution plan	534	482	230	197
	5,012	4,503	2,219	1,884
Included in total key management personnel are:				
Directors' remuneration (Note 10)	2,004	1,902	2,004	1,902

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2015		2014	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Group				
Loans and borrowings (Note 27):				
- Non-current obligations under finance leases	31,825	31,795	5,801	5,809
Financial liabilities:				
Company				
Loans and borrowings (Note 27):				
- Non-current obligations under finance leases	5,868	6,084	5,351	5,348

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Determination of fair value

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

	Note
Trade and other receivables	22
Derivatives	25
Cash and bank balances	26
Loans and borrowings (current and non-current, except non-current obligations under finance leases)	27
Trade and other payables	28

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

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

(ii) Trade receivables and trade payables

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

(iii) Amounts due from/to subsidiaries

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

(iv) Loans and borrowings

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

(v) Derivatives

The fair values of cross currency swaps and forward currency contracts are the amounts that would be payable or receivable on termination of the outstanding position arising and are determined by reference to the difference between the contracted rate and forward exchange rates at the reporting date for contracts with similar maturity profiles.

(vi) Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

35. FAIR VALUE OF MEASUREMENT

Fair value hierarchy

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

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2015

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Assets measured at fair value					
Financial assets:					
Investment securities (Note 24)	30 June 2015	7	–	–	7
Liabilities for which fair values are disclosed (Note 34 (a))					
Loans and borrowings					
- Non-current obligations under finance lease	30 June 2015	–	31,795	–	31,795

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2014

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Assets measured at fair value					
Financial assets:					
Investment securities (Note 24)	30 June 2014	60,061	–	–	60,061
Derivatives (Note 25)					
- Forward currency contracts	30 June 2014	–	1,193	–	1,193
		60,061	1,193	–	61,254
Liabilities measured at fair value					
Financial liabilities:					
Derivatives (Note 25)					
- Cross currency swap	30 June 2014	–	666	–	666
Liabilities for which fair values are disclosed (Note 34 (a))					
Loans and borrowings					
- Non-current obligations under finance lease	30 June 2014	–	5,809	–	5,809

35. FAIR VALUE OF MEASUREMENT (CONT'D)

Fair value hierarchy (cont'd)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2015

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company					
Assets measured at fair value					
Financial assets:					
Investment securities (Note 24)	30 June 2015	7	–	–	7
Liabilities for which fair values are disclosed (Note 34(a))					
Loans and borrowings					
- Non-current obligations under finance leases	30 June 2015	–	6,084	–	6,084

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2014

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company					
Assets measured at fair value					
Financial assets:					
Investment securities (Note 24)	30 June 2014	60,061	–	–	60,061
Derivatives (Note 25)					
- Forward currency contracts	30 June 2014	–	161	–	161
		60,061	161	–	60,222
Liabilities measured at fair value					
Financial liabilities:					
Derivatives (Note 25)					
- Forward currency contracts	30 June 2014	–	666	–	666
Liabilities for which fair values are disclosed (Note 34(a))					
Loans and borrowings					
- Non-current obligations under finance leases	30 June 2014	–	5,348	–	5,348

There have been no transfers between levels during the year.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's overall risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk.

Financial risk management policies are reviewed and approved by the Board of Directors and executed by the management of the respective operating units. The Group Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company utilise cross currency swaps and forward currency contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of an executive director. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market conditions. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group and the Company manage their credit risk by trading only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant. Since the Group and the Company trade only with recognised and creditworthy third parties, there is no requirement for collateral.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the statements of financial position including derivatives with positive fair values.

(ii) A nominal amount of RM1,410,815,000 (2014: RM1,174,765,000) relating to corporate guarantees provided by the Company to banks on subsidiaries' loans and borrowings.

Credit risk concentration profile

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

	Group			
	2015		2014	
	RM'000	% of total	RM'000	% of total
By country:				
India	19,786	25	4,550	6
Korea	9,012	12	3,556	4
Malaysia	37,593	49	31,664	39
Middle East	–	–	2,283	3
Papua New Guinea	–	–	2,252	3
Singapore	3,163	4	3,788	5
Taiwan	–	–	27,163	33
Vietnam	2,386	3	2,637	3
Other countries	5,352	7	3,691	4
	77,292	100	81,584	100

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

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired and ageing analysis is disclosed in Note 22. Management believes that no additional credit risk beyond that provided for is inherent in the Group's and the Company's trade and other receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

As at 30 June 2015	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables, excluding financial guarantees	231,446	–	–	231,446
Loans and borrowings	615,963	361,262	87,581	1,064,806
Total undiscounted financial liabilities	847,409	361,262	87,581	1,296,252
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	240,703	–	–	240,703
Loans and borrowings	195,622	39,255	–	234,877
Total undiscounted financial liabilities	436,325	39,255	–	475,580

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

As at 30 June 2014	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables, excluding financial guarantees	315,646	–	–	315,646
Loans and borrowings	547,552	344,328	2,078	893,958
Derivatives - Cross currency swap	666	–	–	666
Total undiscounted financial liabilities	863,864	344,328	2,078	1,210,270
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantees*	153,696	–	–	153,696
Loans and borrowings	190,512	5,740	–	196,252
Derivatives - Cross currency swaps	666	–	–	666
Total undiscounted financial liabilities	344,874	5,740	–	350,614

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

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

As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk.

Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not shown above are not subject to interest rate risks.

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

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

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a 20 basis points increase in interest rate, with all other variables held constant, would decrease the Group's and the Company's profit net of tax by approximately RM1,227,503 and RM318,704 (2014: RM1,195,970 and RM87,679) respectively, arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

(d) Foreign currency risk

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

The Group and the Company have exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. It is the Group's policy to hedge these risks where the exposures are certain and cost-efficient.

The currency giving rise to this risk is primarily United States Dollars (USD). Exposure to foreign currency risk is monitored on an on-going basis to ensure that the exposure is at an acceptable level.

The Group and the Company use forward currency contracts to minimise the currency exposures arising from sales and purchases after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible strengthening/weakening of the United States Dollars ("USD") exchange rates against the functional currency of the Group and of the Company, with all other variables held constant.

	Group Profit net of tax		Company Profit net of tax	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
USD - Strengthen 20% (2014: 5%)	9,680	3,012	2,831	601
USD - Weaken 5% (2014: 5%)	(2,986)	(3,012)	(708)	(601)

37. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. No changes were made in the objective, policies and processes during the year ended 30 June 2015 and 2014.

The Group reviews its capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

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

		Group		Company	
	Note	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Loans and borrowings	27	951,604	829,972	221,461	189,325
Less: Cash and bank balances	26	(21,097)	(29,752)	(2,525)	(5,164)
Net debt		930,507	800,220	218,936	184,161
Equity attributable to owners of the parent		1,769,069	1,751,939	1,653,813	1,646,095
Capital and net debt		2,699,576	2,552,159	1,872,749	1,830,256
Gearing ratio		34%	31%	12%	10%

38. SEGMENT INFORMATION

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

i. Logs Trading - extraction and sales of logs and development of planted forests;

ii. Manufacturing - manufacturing and trading of sawn timber, plywood, veneer, blockboard and laminated wood;

iii. Oil Palm - development of oil palm plantation and its related activities; and

iv. Others - mainly comprise the provision of air transportation services and investment holding.

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

Segmental operating results are reviewed on a regular basis by the Group's key management personnel in order to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax.

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

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

38. SEGMENT INFORMATION (CONT'D)

	Logs Trading		Manufacturing		Oil Palm		Others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000		2015 RM'000	2014 RM'000
Revenue:													
External customers	371,060	351,566	363,356	360,282	297,231	321,268	562	226	–	–		1,032,209	1,033,342
Inter-segment	492,083	474,680	161,017	146,230	155,228	148,580	9,388	9,389	(817,716)	(778,879)	A	–	–
Total revenue	863,143	826,246	524,373	506,512	452,459	469,848	9,950	9,615	(817,716)	(778,879)		1,032,209	1,033,342
Results:													
Interest income	34,068	32,883	3,068	1,516	67	47	3	–	(37,196)	(34,435)		10	11
Dividend income	3,079	269,401	–	–	–	–	–	–	(2,100)	(267,000)		979	2,401
Depreciation and amortisation	48,773	48,710	16,228	16,311	28,291	15,616	4,348	3,663	744	2,259		98,384	86,559
Segment profit/(loss)	79,432	275,982	16,650	13,164	(46,029)	7,910	(579)	(3,363)	3,093	(213,744)		52,567	79,949
Assets:													
Additions to non-current assets	61,119	18,705	6,687	916	245,470	284,394	587	9,754	(10,842)	(10,507)	B	303,021	303,262
Segment assets	2,391,410	2,176,286	364,509	341,361	2,245,066	2,030,360	26,338	36,868	(1,940,011)	(1,572,460)	C	3,087,312	3,012,415
Segment liabilities	349,105	251,759	28,690	46,921	934,074	1,052,261	16,058	23,344	(15,725)	(117,040)	D	1,312,202	1,257,245

38. SEGMENT INFORMATION (CONT'D)

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

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	231,832	193,622
Biological assets	71,189	109,640
	303,021	303,262

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

	2015 RM'000	2014 RM'000
Deferred tax assets	14,965	12,859
Tax recoverable	3,436	4,772
Inter-segment assets	(1,958,412)	(1,590,091)
	(1,940,011)	(1,572,460)

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

	2015 RM'000	2014 RM'000
Deferred tax liabilities	111,384	108,300
Income tax payable	17,768	2,661
Loans and borrowings	951,604	829,972
Inter-segment liabilities	(1,096,481)	(1,057,973)
	(15,725)	(117,040)

39. DIVIDENDS

	Group and Company 2015 RM'000	2014 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
First and final single tier dividend for 2014: 1.5 sen	14,520	–
First and final single-tier dividend for 2013: 1.0 sen	–	9,680

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 30 June 2015 of 1 sen on 967,993,797 ordinary shares in issue (net of treasury shares) at book closure date amounting to a dividend payable of RM9,679,938 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2016.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue in accordance with a resolution of the directors on 20 October 2015.

41. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 30 June 2015 and 30 June 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	1,050,100	1,025,559	711,717	708,582
- Unrealised	(94,605)	(84,234)	(21,623)	(26,210)
Less: Consolidation adjustments	(143,687)	(146,632)	–	–
Retained profits as per financial statements	811,808	794,693	690,094	682,372

ANALYSIS OF SHAREHOLDINGS

AS AT 1 OCTOBER 2015

Authorised share capital	:	RM1,000,000,000
Issued and fully paid-up share capital	:	RM973,717,797
Class of shares	:	Ordinary share of RM1.00 each
Voting Rights	:	1 vote per ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	131	2.78	4,675	0.00
100 – 1,000	527	11.20	341,166	0.04
1,001 – 10,000	2,599	55.22	12,514,994	1.29
10,001 – 100,000	1,153	24.49	35,888,150	3.71
100,001 – less than 5% of issued shares	294	6.25	673,573,983	69.58
5% and above of issued shares	3	0.06	245,670,829	25.38
TOTAL	4,707	100.00	967,993,797*	100.00

* Excluding a total of 5,724,000 shares bought-back by the Company and retained as treasury shares.

TOP 30 SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	%
1	Tiong Toh Siong Holdings Sdn Bhd	129,190,665	13.35
2	RHB Capital Nominees (Asing) Sdn Bhd RHB Bank (L) Ltd for Genine Chain Limited	66,080,164	6.83
3	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Amanas Sdn Bhd	50,400,000	5.21
4	Asanas Sdn Bhd	47,259,343	4.88
5	Insan Anggun Sdn Bhd	42,504,700	4.39
6	HSBC Nominees (Asing) Sdn Bhd Gold Palace Profits Limited	37,272,750	3.85
7	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Tiong Toh Siong Holdings Sdn Bhd	34,900,000	3.61
8	Tiong Toh Siong Enterprises Sdn Bhd	29,449,008	3.04
9	Zaman Pemimpin Sdn Bhd	26,448,811	2.73
10	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	25,596,800	2.64
11	AMSEC Nominees (Asing) Sdn Bhd KGI FRASER Securities Pte. Ltd. For Genine Chain Limited	24,975,000	2.58
12	HSBC Nominees (Asing) Sdn Bhd Double Universal Limited	20,405,097	2.11
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Nustinas Sdn Bhd	20,000,000	2.07
14	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd	18,725,000	1.93
15	Maybank Nominees (Asing) Sdn Bhd DBS Bank for Bloomswick Ltd	16,790,250	1.73
16	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	14,582,000	1.51

ANALYSIS OF SHAREHOLDINGS (cont'd)
as at 1 October 2015

17	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd	14,000,000	1.45
18	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund	12,608,400	1.30
19	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Takaful Berhad	11,995,100	1.24
20	Suria Kilat Sdn Bhd	11,375,634	1.18
21	Roseate Garland Sdn Bhd	10,978,631	1.13
22	HSBC Nominees (Asing) Sdn Bhd Exempt An for J.P. Morgan Bank Luxembourg S.A. (JPM INTL BK LTD)	10,717,873	1.11
23	Pertumbuhan Abadi Asia Sdn Bhd	10,488,411	1.08
24	Malaysia Nominees (Tempatan) Sendirian Berhad OCBC Labuan for Tiong Toh Siong Holdings Sdn Bhd	9,000,000	0.93
25	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Credit Agricole (Suisse) SA, Singapore Branch (Trust Account)	8,922,255	0.92
26	Diong Hiew King @ Tiong Hiew King	8,871,408	0.92
27	Huang Tiong Sii	7,998,290	0.83
28	Nustinas Sdn Bhd	7,162,843	0.74
29	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Par Fund)	6,851,600	0.71
30	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	6,268,365	0.65

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect		
Name	**No. of Shares Held**	**%**	**No. of Shares Held**		**%**
Tiong Toh Siong Holdings Sdn Bhd	206,815,665	21.37	2,918,451	(a)	0.30
Genine Chain Limited	91,055,164	9.41	47,259,343	(b)	4.88
Amanas Sdn Bhd	50,479,961	5.21			
Double Universal Limited	20,405,097	2.11	120,147,504	(c)	12.41
Tan Sri Datuk Sir Tiong Hiew King	8,871,408	0.92	250,941,615	(d)	25.92
Teck Sing Lik Enterprise Sdn Bhd	1,270,080	0.13	239,183,124	(e)	24.71
Ho Cheung Choi			138,314,507	(f)	14.29
Chang Meng			138,314,507	(f)	14.29
Ho Sau Ling, Ella			140,552,601	(g)	14.52
Wong Hon Meng			140,552,601	(g)	14.52

Notes:-

a. Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong & Sons Sdn Bhd and Kuntum Enterprises Sdn Bhd.
b. Deemed interested by virtue of its substantial shareholding in Asanas Sdn Bhd.
c. Deemed interested by virtue of its substantial shareholdings in Insan Anggun Sdn Bhd, Nustinas Sdn Bhd and Amanas Sdn Bhd.
d. Deemed interested by virtue of his substantial shareholdings in Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd and Kuntum Enterprises Sdn Bhd.
e. Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd and Kuntum Enterprises Sdn Bhd.
f. Deemed interested by virtue of their substantial shareholdings in Genine Chain Limited.
g. Deemed interested by virtue of their substantial shareholdings in Double Universal Limited.

DIRECTORS' SHAREHOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Shares held in the Company

	Direct		Indirect	
Name	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	–	–	–	–
Dato' Sri Tiong Chiong Hoo	3,353,436	0.34	750,000*	0.08
Dato' Wong Sie Young	453,975	0.05		
Dato' Sri Dr. Tiong Ik King	341,790	0.04	–	–
Mdm Tiong Choon	–	–	1,352,428**	0.14
Mr Tiong Chiong Hee	–	–	–	–
Mr John Leong Chung Loong	–	–	–	–
Dato' Wong Lee Yun	–	–	–	–
Datuk Talib Bin Haji Jamal	–	–	–	–

Notes:

* Deemed interested by virtue of his substantial shareholdings in Hoojin Holding Sdn Bhd.
** Deemed interested in shares held by her spouse.

Shares held in Subsidiary Company

None of the Directors holds any shares in subsidiary Company.

PROPERTIES OWNED **BY THE GROUP**

MALAYSIA

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30-Jun-15 (RM'000)	Date of Acquisition
Tanjung Ensurai, Sibu						
Engkilo L.D. Blk 8 Lot 804	Leasehold land expiring on 05.09.2062	Factory, warehouse and staff quarter	112,256 sq metres	28 years	14,370	19/Jun/1996
Sibu O.T.838	Leasehold land expiring on 31.12.2024					01/Jan/1997
Sibu Grant No. 2383	Leasehold land expiring on 31.12.2018					31/Mar/1993
Engkilo L.D.Blk 8 Lot 803	Leasehold land expiring on 05.09.2062	Factory, warehouse and staff quarter	157,746 sq metres	23 years	1,731	31/Mar/1993
Sibu O.T 655 and 837	Leasehold land expiring on 31.12.2024					31/Mar/1993
Engkilo L.D Blk 8 Lot 819	Leasehold land expiring on 31.12.2911	Vacant Agricultre land	8,966 sq metres	–	13	24/Mar/2004
Sibu O.T.12262	Leasehold land expiring on 13.06.2027	Vacant Agricultre land	16,183 sq metres	–	710	26/Jul/2000
Putai, Kapit						
Concession land		Factory, warehouse and staff quarter		23 years	8,927	1992
Sibu Town						
Sibu Town District Blk 10 Lots 650 & 520 (Sub 120-132)	Pending issuance of Land Title	Building	103,943 sq metres	12 years	15,991	30/Apr/2005
Lot 851 Blk 10 Sibu Town District	Leasehold expiring on 07.09.2071	Shophouse	125 sq metre	3 years	1,197	07/Sep/2011
Lot 3372 Blk 19 Seduan Land District	Leasehold land expiring on 17.10.2098	Residential House	495 sq metre	3 years	562	08/Nov/2011
Salim, Sibu						
Seduan L.D. Blk 10 Lot 1393	Leasehold land expiring on 31.12.2915	Warehouse	19,981 sq metres	17 years	1,681	14/Nov/1995
LOT 920 & 1373, Block 16, Seduan Land District	leasehold expiring on 31.12.2915	Agriculture land	1.12 hactares	4 years	2,740 82	14/Mar/2008 31/May/2008
Sibu Airport						
Lot 05807 Block, Menyan LD	Rented land	Hanger	4105 sq meter	2 years	20,645	01/Jul/2012

MALAYSIA

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30-Jun-15 (RM'000)	Date of Acquisition
<u>Tanjung Manis, Sarikei</u>						
Sare L.D. Blk 3, Lot 25	Rented land expiring on 22.09.2052	Factory, warehouse and staff quarter	209,756 sq metres	17 years	53 9,286	01/Sep/2003
Sare L.D. Blk 3, Lot 71, 86 and 87	Freehold land	Vacant Agriculture land	40,961 sq metres	–	307	19/Jan/1998
Sare L.D. Blk 3 Lot 138	Leasehold land expiring on 19.06.2062	Vacant Industrial land	15,700 sq metres	–	1,561	01/Sep/2002
Sare L.D. Blk 3, Lot 135, 136,137 and 52	Freehold land	Vacant Agriculture land	46,578 sq metres	–	327	01/Sep/2003
Sare L.D. Blk 3, Lot 53,54,56,57, 58,59,60 and 61	Freehold land	Vacant Agriculture land	230,747 sq metres	–	623	14/Nov/1996
<u>Sungei Terus, Niah, Miri</u>						
Lot 161, Suai Land District	Provisional leasehold expiring on 6.12.2060	Oil Palm Estate Building & Quarter	23,629,286 sq metres	– 10 years	1,480 1,360	30/Apr/2001
Lot 934, Niah Land District	Provisional leasehold expiring on 6.12.2060	Oil Palm Estate Building & Quarter	26,369,203 sq metres	– 10 years	1,586 7,747	30/Apr/2001
<u>Pulau Bruit, Daro, Mukah</u>						
Lot 5, 6, 8 Block 11 Bruit LD	Provisional leasehold expiring on 18.05.2064	Oil Palm Estate Building & Quarter	100,002,946 sq metres	– 3 years	5,905 16,587	09/Dec/2004
Lot 92, 93, 96, 98 Block 6 Bruit LD	Provisional leasehold expiring on 18.05.2064	Oil Palm Estate Building & Quarter	50,001,473 sq metres	– 5 years	2,967 6,466	09/Dec/2004
Lot 317 & 318 Block 15 Bruit LD	Provisional leasehold expiring on 18.05.2064	CPO Mill	74.8447 hactares	5 years	42,869	01/Jan/2014
Bruit LD	Rented land	Oil Palm Estate	52,880 hactares	–	117,548	2008
<u>Retus, Mukah</u>						
Lot 1, Block 362 Oya-Dalat District	Leasehold land expiring on 23.2.2063	Oil Palm Estate Building & Quarter	72,331,816 sq metres	– 8 years	4,438 5,256	28/Aug/2003
Lot 9, Block 362 Oya-Darat District	Leasehold land expiring on 23.2.2063	Oil Palm Estate Building & Quarter	34,547,957 sq metres	– 8 years	2,115 8,929	28/Aug/2003
OT 30632 Pulau Bruit Land District	Provisional leasehold expiring on 30.10.2038	Vacant Agriculture land	16 acres	–	30	01/May/2007
<u>Sungai Pantak, Batang Igan, Sibu</u>						
Lot 3418, Pasai-Siong Land District	Leasehold land expiring on 31.12.2068	Vacant Agriculture land	33,791 sq metres	–	76	28/Jun/2004

PROPERTIES OWNED BY THE GROUP (cont'd)

MALAYSIA

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30-Jun-15 (RM'000)	Date of Acquisition
<u>Sungai Buloh, Oya, Sibu</u> Lot 113, Block 7 Oya-Dalat Land District	Leasehold land expiring on 11.04.2036	Vacant Agriculture land	8,660 sq metres	–	24	12/Aug/2005
<u>Kuching</u> Lot 9961, Block 16 Kuching Central Land District	167.4 sq meter	Three-Storey Shophouse	167 sq metres	8 years	1,614	01/Apr/2008
Lot 22, 26 & 27 Borneo Highland	57,896 sq ft	Bungalow lots Vacant	57,896 sq feet	5 years	4,296	15/May/2006
				Total	312,099	

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifty-Fifth Annual General Meeting of the Company will be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Thursday, 26 November 2015 at 9.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1 To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2015 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1 of the Explanatory Notes)*

2 To declare a First and Final single-tier dividend of 1% for the financial year ended 30 June 2015. *Resolution 1*

3 To re-elect the following Directors retiring by rotation pursuant to Article 78 of the Company's Articles of Association:-

i. Dato' Sri Dr Tiong Ik King *Resolution 2*
ii. Mdm Tiong Choon *Resolution 3*

4 To consider and if thought fit, pass the following resolution:-

"THAT Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." *Resolution 4*

5 To approve Directors' fees for the financial year ended 30 June 2015. *Resolution 5*

6 To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 6*

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following ordinary resolutions:-

7 Continuation in offices as Independent Non-Executive Directors pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012

(a) "THAT subject to the passing of Ordinary Resolution No. 4, approval be and is hereby given to Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." *Resolution 7*

(b) "THAT approval be and is hereby given to Mr John Leong Chung Loong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." *Resolution 8*

8 Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back") *Resolution 9*

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total retained profits and share premium reserves of the Company for the time being, to purchase such number of ordinary shares of the Company provided that the ordinary shares so purchased shall [in aggregate with the treasury shares as defined under section 67A of the Act then still held by the Company] not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company;

AND THAT such authority shall commence upon the passing of this resolution until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting;

AND THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares purchased by the Company pursuant to the Proposed Share Buy-Back as treasury shares subsequently to be distributed as share dividends or resold on Bursa Malaysia Securities Berhad, or to cancel the shares so purchased, or a combination of both AND FURTHER THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and amendments as may be imposed by the relevant authorities."

9 Proposed Shareholders' Mandate for Recurrent Related Party Transactions *Resolution 10*

"THAT approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of Part B of the Circular to Shareholders dated 30 October 2015 with specific classes of Related Parties which are necessary for the day-to-day operations and in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;

AND THAT such mandate shall commence upon the passing of this resolution until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the transactions authorised by this resolution."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a First and Final single-tier dividend of 1% for the financial year ended 30 June 2015, if approved at the Fifty-Fifth Annual General Meeting, will be paid on 16 December 2015 to Depositors whose names appear in the Record of Depositors on 02 December 2015.

A Depositor shall qualify for entitlement only in respect of:-

a) Securities deposited into the Depositor's securities account before 12.30 p.m. on 30 December 2015 in respect of securities exempted from mandatory deposit;

b) Securities transferred into the Depositor's securities account before 4.00 p.m. on 02 December 2015 in respect of transfers; and

c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board
JAYA TIASA HOLDINGS BERHAD

NGU UNG HUONG (MAICSA 7010077)
Company Secretary

Sibu, Sarawak
30 October 2015

NOTES ON APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2015 shall be entitled to attend, speak and vote at this 55th AGM.

2. A member of the Company entitled to attend, speak and vote at the meeting is also entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. (i) A member shall not be entitled to appoint more than 2 proxies to attend and vote at this 55th AGM provided that where a member is an authorized nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   (ii) Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

4. A member who is an exempt authorized nominee which holds ordinary shares in the omnibus account may appoint any number of proxies in respect of the omnibus account it holds.

5. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

6. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney. If the proxy form is executed by an attorney, supporting documents has to be produced on the day of the Annual General Meeting for verification by the Company Secretary.

EXPLANATORY NOTE ON ORDINARY BUSINESS

Receiving of the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Agenda is therefore not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Continuation in offices as Independent Directors

   Ordinary Resolutions No. 7 and 8

   The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid and Mr John Leong Chung Loong, who had served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

   - they fulfilled the criteria under the definition of Independent Director as set out in the Listing Requirements of Bursa Malaysia Securities Berhad and therefore are able to bring independent and objective judgment to the Board;
   - they are experienced independent directors who over the years have developed increased insight into the Company and the business operations of the Group;
   - they have been very committed and had devoted sufficient time to their responsibilities as Independent Non-Executive Directors of the Company; and
   - they have exercised due care during their tenure as Independent Non- Executive Directors of the Company and carried out their responsibilities in the interest of the Company and shareholders.

2. Proposed Renewal of Authority for the Company to Purchase its Own Shares

   The Proposed Ordinary Resolution No. 9 if passed, will authorise the Company to purchase up to 10% of the issued and paid-up share capital of the Company through Bursa Malaysia Securities Berhad.

3. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

   The Proposed Ordinary Resolution No. 10 if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions involving the interests of Related Parties, which are of a revenue or trading nature necessary for the Group's day-to-day operations and the transactions being carried out are in the ordinary course of business on terms not to the detriment of the minority shareholders of the Company.

4. Please refer to the Circular to Shareholders dated 30 October 2015 which is circulated together with this Annual Report for further information on the Proposed Share Buy-Back and the Proposed Shareholders' Mandate for Recurrent Related Party Transactions.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors standing for re-election pursuant to Article 78 of the Company's Articles of Association are:-

(a) Dato' Sri Dr Tiong Ik King
(b) Mdm Tiong Choon

The Director standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965, is Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid.

The Directors seeking for continuation in offices as Independent Directors pursuant to Recommendation 3.3 of MCCG 2012 are Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid and Mr John Leong Chung Loong.

The profiles of the above Directors are set out in the section entitled 'Directors' Profile' on pages 5 to 9. Their shareholdings in the Company are set out in the section entitled 'Analysis of Shareholdings' on pages 133 to 136 of this annual report.

JAYA TIASA

JAYA TIASA HOLDINGS BERHAD (3751-V)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	CDS account number of holder

*I/We ____ NRIC/ Passport/ Company No.____________________
(Full name in block and as per NRIC/Passport)

Tel/Hp No. ______________________________ of ____
being a member of Jaya Tiasa Holdings Berhad, hereby appoint:-

Full Name *(in Block and as per NRIC/Passport)*	NRIC/ Passport No.
Address	

and / or failing him (delete as appropriate)

Full Name *(in Block and as per NRIC/Passport)*	NRIC/ Passport No.
Address	

or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Fifty-Fifth Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Thursday, 26 November 2015 at 9.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. If there is no specific indication given as to voting, the proxy will vote or abstain at his discretion.

No.	Ordinary Resolutions	For	Against
1.	Declaration of a First and Final single-tier dividend of 1% per ordinary share for the financial year ended 30 June 2015.		
2.	Re-election of Dato' Sri Dr Tiong Ik KIng as Director.		
3.	Re-election of Mdm Tiong Choon as Director.		
4.	Re-appointment of Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid as Director.		
5.	Approval of Directors' Fees for the financial year ended 30 June 2015.		
6.	Re-appointment of Auditors.		
7.	Continuation in office of Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid as Independent Director.		
8.	Continuation in office of Mr John Leong Chung Loong as Independent Director.		
9.	Proposed Authority for the Company to purchase its own shares.		
10.	Proposed Shareholders' Mandate for Recurrent Related Party Transaction.		

The proportion of my/our holding to be represented by my/our proxies are as follows:-

	Number of shares held
First proxy	
Second proxy	
Total	

____
Signature / Common Seal of Member

Dated this ________________ day of ______________ 2015

Notes

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2015 shall be entitled to attend, speak and vote at this 55th AGM.
2. A member of the Company entitled to attend, speak and vote at the meeting is also entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. (i) A member shall not be entitled to appoint more than 2 proxies to attend and vote at this 55th AGM provided that where a member is an authorized nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
   (ii) Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. A member who is an exempt authorized nominee which holds ordinary shares in the omnibus account may appoint any no of proxies in respect of the omnibus account it holds.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
6. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney. If the proxy form is executed by an attorney, supporting documents has to be produced on the day of the Annual General Meeting for verification by the Company Secretary.

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STAMP

The Secretary
JAYA TIASA HOLDINGS BERHAD
No.1-9, Pusat Suria Permata,
Lorong Upper Lanang 10A,
96000 Sibu, Sarawak,
Malaysia.

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Jaya Tiasa Holdings Berhad
(Company No. 3751-V)

No.1-9, Pusat Suria Permata
Lorong Upper Lanang 10A
96000 Sibu, Sarawak

Tel : 084-213 255
Fax : 084-213 855
Email : inquiry@jayatiasa.net
Website : www.jayatiasa.net