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 governance 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 Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is pleased to present the following statement outlining how the Company had applied the Principles and Recommendations set out in the Code during the financial year ended 30 June 2016.

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;
- Nominating Committee; and
- Remuneration Committee.

The Board Committees have the authority to examine specific issues within their respective terms of reference approved by the Board. 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 Deputy Executive Chairman (DEC), Chief Executive Officer ("CEO") and Senior Management Staff. 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 the proposed business plan for the ensuing year for Board's review and approval. 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 ensures effective implementation of the Group's strategic plan and policies established by the Board and is responsible for the day-to-day business and operations of the Group. He is supported by the Senior Management Team. Management's performance 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 senior management and 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

In developing the strategic corporate objective and business plan, the Board takes into account maximization of shareholder value as well as the value the Group brings to all its stakeholders. This includes external parties who affect or are affected by the Group's activities, such as employees, customers, suppliers and local communities as well as having regards for the natural environment in which the Group's business operates.

Details of the activities promoting sustainability for the year under review 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 Board and Board Committee Meeting 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, a member of the Malaysian Association of Institute of Chartered Secretaries and Administrators, 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 has formally adopted a Board Charter which sets out the roles and responsibilities of the Board and Board Committees and division of responsibilities between the Board and the Management to ensure accountability. 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 Securities, 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 Nominating Committee

The Board has established a Nominating Committee comprising 3 members, all of whom are Non-Executive Directors. A majority (2/3) of the committee members are independent directors. The committee is chaired by an independent director who is not in the chair of the Board.

The following Directors are members of the Nominating 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 terms of reference of the Nominating Committee is available at the Company's website at www.jayatiasa.net.

The activities of the Nominating Committee during the financial year are as follows:

- reviewed the mix of skills and experience of the Board;
- assessed the effectiveness of the Board as a whole, the Board Committees and the performance 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 Nominating Committee meets as and when required. One meeting was held during the financial year ended 30 June 2016 and was attended by all the members.

2.2 Criteria for Recruitment and Annual Assessment of Directors

The Nominating Committee is tasked in overseeing the selection process and assessment of directors for the Board with the objective of securing the best composition to meet the needs of the Company.

In evaluating the suitability of candidates identified by existing Director, shareholder or consultant, the Nominating Committee considers, among others, the competency, experience and skill, character, integrity and commitment of the candidates including where appropriate, the criteria (based on the definition of Independence in the Listing Requirements of Bursa Securities) on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

Following the appointment of new Directors to the Board, the Nominating 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 Nominating Committee conducts annual evaluation to assess the effectiveness of the Board, Board Committees and performance of Directors. The evaluation of the Board and Board Committees involves Nominating Committee Members completing questionnaires 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. The evaluation of performance of Directors involves individual Directors completing self evaluation questionnaires based on criteria such as fit and proper, contribution, calibre and personality. The evaluation results and comments are discussed at the Nominating Committee, which then makes recommendation to the Board, if any, at the Board Meeting held thereafter.

In respect of the assessment for the financial year ended 30 June 2016, the Board was satisfied that:-

i) the Board has the right mix to meet the needs of the Company. It was also satisfied that the present composition is optimal based on the Group's operations and that it reflected a fair mix of financial, technical, legal and business experiences that are important to the stewardship of the Group ;

ii) the Committees had the right composition and provided useful recommendations in assisting the Board for better decision making and made Board meeting more efficient and effective ;

iii) the Board possess the appropriate skills, knowledge, experience and core competencies to address key issues relating to the business and affairs of the Group. The Board collectively have sufficient knowledge and expertise to enable effective governance and oversight.

Diversity

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

The Board believes that it is not to the detriment of the Company in not adopting a formal gender, ethnicity and age diversity policy as the Company is committed to providing fair and equal opportunities and nurturing diversity in the context of the needs of the Company.

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 including performance related pay scheme for Executive Directors. The terms of reference of the Remuneration Committee is available at the Company's website at www.jayatiasa.net.

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 Executive Directors, a variable component of their remuneration is structured so as to link rewards to their 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 Board 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 2016 and recommended to the Board the remuneration packages for the DEC and CEO in all its form. The meeting was attended by all the members.

For the financial year ended 30 June 2016, details of the remuneration receivable by the Directors of the Company are as follows:-

	Salary RM	Fees RM	Bonus RM	Other Emoluments RM	EPF RM	Benefit in kind RM	Total RM
Executive Directors							
Dato' Sri Tiong Chiong Hoo	475,200	60,000	396,000	6,000	113,256	13,325	1,063,781
Dato' Wong Sie Young	432,000	60,000	360,000	7,500	102,960	9,900	972,360
Non-Executive Directors							
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)		71,500		55,500		13,325	140,325
Dato' Sri Dr Tiong Ik King		64,000		7,500			71,500
Tiong Choon		60,000		6,000			66,000
Tiong Chiong Hee		60,000		6,000			66,000
John Leong Chung Loong		70,500		7,500			78,000
Dato' Wong Lee Yun		63,500		127,500			191,000
Datuk Talib Bin Haji Jamal		70,500		6,000			76,500
Total	907,200	580,000	756,000	229,500	216,216	36,550	2,725,466

The number of Directors whose total remunerations during the financial year falls within the following bands are set out below:-

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
RM950,000 to RM1,000,000	1	–
RM1,050,000 to RM1,100,000	1	–

None of the Directors of the Company received any remuneration from any subsidiary within the Group during the financial year.

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.

The Board, through the Nominating Committee, assessed the Independent Directors on an annual basis with a view to ensure that the Independent Directors bring independent and objective judgement to the Board. The Board adopted the same criteria used in the definition of independence as set out in the Listing Requirements of Bursa Securities.

Currently, there are four (4) Independent Non-Executive Directors on the Board, namely, Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), Mr John Leong Chung Loong, Dato' Wong Lee Yun and Datuk Talib Bin Haji Jamal. They all have fulfilled the criteria of "independence" as prescribed under the definition of independence in the Listing Requirements of Bursa Securities. However, all of them have been on the Board for more than nine (9) years.

The Company does not has tenure limit for Independent Directors. As such, approval will be sought from the shareholders at the forthcoming Fifty-Sixth (56th) Annual General Meeting ("AGM") to be held on 24 November 2016 to allow all of them to continue their offices as Independent Non-Executive Directors in line with Recommendation 3.3 of the Code.

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 Securities 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 such that no one individual has unfettered power of decision making. The positions of the Chairman and the CEO are separately held by two persons. The Chairman, 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 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 Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) (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, each existing Directors are required to notify the Chairman before accepting any new Directorship in other listed company and to indicate the time expected to be spent on the new appointment. 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.

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 five (5) Board of Directors Meetings were held in the financial year ended 30 June 2016. Details of the attendance of each Director are as follows: -

Name of Directors	**Meeting Attendance**
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) *(Independent Non-Executive Chairman)*	5/5
Dato' Sri Tiong Chiong Hoo *(Deputy Executive Chairman)*	4/5
Dato' Wong Sie Young *(Chief Executive Officer)*	5/5
Dato' Sri Dr Tiong Ik King *(Non-Independent Non-Executive Director)*	5/5
Mdm Tiong Choon *(Non-Independent Non-Executive Director)*	4/5
Mr Tiong Chiong Hee *(Non-Independent Non-Executive Director)*	4/5
Mr John Leong Chung Loong *(Independent Non-Executive Director)*	5/5
Dato' Wong Lee Yun *(Independent Non-Executive Director)*	5/5
Datuk Talib Bin Haji Jamal *(Independent Non-Executive Director)*	4/5

4.2 Directors' Training

All the Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities.

All the Directors are encouraged to attend continuous education programmes to update their skills and knowledge and keep themselves 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	Title of Programmes/Seminar/Courses/Forum
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	- Palm Oil Economic Review and Outlook - 11th Tricor Tax and Corporate Seminar 2015 - Independence Directors: The Essence of Independence Stewardship Matters – For Long Term Sustainability - Corporate Governance Breakfast Series : Thought Leadership Session for Directors - The Interplay between Corporate Governance, Non-Financial Information and Investment Decision - Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom
Dato' Sri Tiong Chiong Hoo	- Palm Oil Economic Review and Outlook
Dato' Wong Sie Young	- The Global Sustainability and Impact Investing Forum - Malaysian Palm Oil Board International Palm Oil Congress and Exhibition : Global Economics and Marketing - Palm Oil Economic Review and Outlook - Seminar on Environmental Management in Oil Palm Plantation Development - National Tax Seminar 2015/2016 – Budget Proposals Audit and Investigation – Facts or Myths - Seminar on the 2016 budget by Deloitte Malaysia - Study tour of Eucalyptus Plantations and Industry - Malaysian Palm Oil Board and Sarawak Oil Palm Plantation Owners Association Workshop
Dato' Sri Dr Tiong Ik King	- Forbes Global CEO Conference: Towards a Winning Vision - Palm Oil Economic Review and Outlook
Tiong Choon	- The Employer's Mandate and GST Compliance - Palm Oil Economic Review and Outlook

Director	Title of Programmes/Seminar/Courses/Forum
Tiong Chiong Hee	- The Board's Response in Light of Rising Shareholder Engagements - Palm Oil Economic Review and Outlook - Stewardship Matters – For Long Term Sustainability
John Leong Chung Loong	- Malaysia Private Reporting Standards - Palm Oil Economic Review and Outlook - National Tax Seminar - 2016 Budget and Tax Seminar
Dato' Wong Lee Yun	- CIMB Market Outlook and Investment Strategies Talk - Khazanah Megatrends Forum - Palm Oil Economic Review and Outlook - MIA Conference 2015 - HLIB Feng Shui and Market Outlook Seminar 2016 - Bursa Ring the Bell for Gender Equality - Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom - Companies Bill 2015 Ease of Doing Business = Cost Saving?
Datuk Talib Bin Haji Jamal	- Palm Oil Economic Review and Outlook

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standard

The Audit Committee is tasked to assist the Board in overseeing the integrity and reliability of the financial statements and ensuring that the financial statements comply with the applicable financial reporting standards in Malaysia and the regulatory requirements. The Audit Committee members, who are financially literate, meet on a quarterly basis to review the financial statements of the Group and Company prior to recommending them to the Board for approval.

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 and ensure that the financial statements are in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia as well as the Listing Requirements of Bursa Securities.

The Directors' Responsibility Statement in preparing the annual audited financial statements of the Group and the Company is set out on page 39 of this Annual Report.

5.2 Suitability and Independence of External Auditors

The Company undertakes an annual assessment of the external auditors, via the Audit Committee, based on the criteria including quality of audit services, audit fees and audit independence as set out in the Auditor Independence Policy.

In supporting the Audit Committee's assessment of their independence, the External Auditors had provided a written assurance, confirming that they were, and had been, independent throughout the conduct of the audit engagement with the Company in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Audit and non-audit fees paid by the Group and the Company to the External Auditors during the financial year ended 30 June 2016 are set out below:

	Group FY2016 RM	**Company FY2016 RM**
Statutory audit fee paid to:		
-Ernst & Young ("EY") Malaysia	690,000	180,000
Total (a)	690,000	180,000
Non-audit fees paid to:		
-EY Malaysia	15,000	15,000
-Affiaties of EY Malaysia	195,015	71,715
Total (b)	210,015	86,715
% of non-audit fee (b/a)	30%	48%

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee, having assessed the performance and independence of Messrs Ernst & Young for the financial year ended 30 June 2016 was satisfied with their suitability and independence and recommended to the Board for their re-appointment as External Auditors for the ensuing financial year subject to shareholders' approval.

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 in place an adequately resourced internal audit department (IAD) which reports directly to the Audit Committe (AC).

The primary function of IAD is to assist the AC in discharging its duties and responsibilities. Their role is to provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance by such units with the Group's established policies and procedures.

Details of the work of the Internal Audit Function are set out in the AC 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, circular to shareholders and relevant announcements made to 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. At each AGM, shareholders are encouraged to participate in the proceedings and question and answer session and thereafter to vote on all resolutions.

At the previous AGM held on 26 November 2015, the Directors, Chief Financial Officer, senior management and external auditors were in attendance to engage directly with the shareholders. 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.

The Notice and agenda of AGM together with Form of Proxy are 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 to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate a better understanding of the issues involved.

8.2 Poll Voting

At the 55th AGM held on 26 November 2015, the Chairman informed shareholders of their right to demand a poll vote at the commencement of meeting. However, all the resolution(s) put forth for shareholders' approval were voted by a show of hands as no poll was demanded.

In line with the recently amended Listing Requirements, the Board ensures that all resolutions set out in the Notice of the 56th AGM to be held on 24 November 2016 will be voted by poll and the poll results will be validated by independent scrutineers.

8.3 Communication and Proactive Engagement

The Company strives to maintain an open and transparent channel of communication with its shareholders, institutional investors, analysts and the investing public as clear and complete picture of the Group's performance and financial position as possible.

Currently, communications are made through the quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and the Company's website at www.jayatiasa.net where shareholders can access corporate information, annual reports, financial information and Company announcements as well as presentations to analysts and media.

ADDITIONAL COMPLIANCE INFORMATION

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

i) 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 2016 or entered into since the end of the previous financial year.

ii) Status of Utilisation of Proceeds Raised from Any Corporate Proposal

The proceeds raised from the corporate placement in year 2012 has been fully utilised.

iii) Recurrent Related Party Transactions of A Revenue or Trading Nature

Related party transactions are disclosed in Note 33 on pages 107 to 114 of this Annual Report.

The Statement on Corporate Governance was approved by the Board on 17 October 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

This Statement on Risk Management & Internal Control is made pursuant to the Malaysian Code on Corporate Governance 2012 (“Code”) and Paragraph 15.26 (b) of the Listing Requirements with regards to the Group’s state of internal control.

The Board of Directors (“Board”) is pleased to present below its Statement on Risk Management & Internal Control as a Group during the financial year under review and up to the date of approval of this statement, prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”) issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad and taking into consideration the recommendations under Principle 6 of the Code.

Board’s Responsibility

The Board affirms its overall responsibilities for the Group’s system of risk management and internal control, and for reviewing the adequacy and effectiveness of the Group’s risk management and internal control system. The Board’s responsibility in relation to the system of risk management and internal control is embedded in all aspects of the Group’s activities.

However, as there are inherent limitation in any system of risk management and internal control, such system put into effect by management can only manage but not eliminate all risk that may impede the achievement of the Group’s business objectives.

Therefore, the risk management and internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss. The process to identify, assess and manage the significant risks is a concerted and continuing effort.

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.

Risk Management

With the increasingly complex and dynamic business environment, proactive management of the overall business risks is a prerequisite in ensuring that the Group achieves its business objectives. The Group is committed to plan and execute activities to ensure that the risks inherent in its business are identified and effectively managed. Risk management activities are to be regarded as an integral part of the Group’s business practices and not in isolation. The management of risks is aimed at achieving an appropriate balance between realizing opportunities for gains while minimizing losses to the Group.

The Group has in place a Risk Management Framework (“RM Framework”) which serves to inform and provide guidance to the board, functional management and/or risk owners in managing risks affecting the businesses and operations of the Group.

The Group’s risk management is an ongoing process commencing from the preparation of any major new project or changes in operational environment. The process includes systematic activities of risk identification, assessment, managing and reporting. This risk management process is applied to all levels of activity in the Group, with the objective of establishing accountability and ensuring mitigation at the source of the risk.

The level of risk tolerance of the Group is expressed through the use of a risk consequence and likelihood matrix. Once the risk level is determined, the risk owner is required to implement risk treatment strategies covering management actions and/or activities with target timeline for implementation.

The RM Framework implemented within the Group ensures that the key business and operational risks faced by the functional units within the Group are continually highlighted, reported and managed. The risk owners and/or management report to the Risk Management Committee (“RMC”) on a bi-monthly basis on high risks areas faced by the Group and the adequacy and effectiveness of the risk management and internal controls system adopted throughout the Group. The RMC will provide update on the risk management activities and also the results of the Annual Risk Assessment to the Board.

Control Environment and Structure

The Board is committed to maintaining a conducive control environment for the proper conduct of the Group's businesses. The following elements of the system of risk management and internal control are present in the Group.

- The Group has an organization structure with clear lines of reporting that is aligned to its business requirements and also to ensure that checks and balances exist throughout the organization.
- Authority limits are established within the Group for approving capital expenditure and matters on financial, treasury, operations and personnel, keeping potential exposures under control.
- Annual budgets are prepared by the Group's major business units and/or operations. Actual performances are reviewed against the budgets with explanation of major variances on a monthly basis, allowing for timely responses and remedial 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 operations within the Group by chairing meetings both at management and operational levels on a regular basis 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.
- Management meetings are conducted monthly with the Group Chief Executive Officer, senior management and/or head of departments in attendance. The meetings address the major operational performance and challenges as well as inform and update on policies and/or administrative matters.
- Documented policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities.
- 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.
- Guidelines on employment, performance appraisal, training and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.
- 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 as required by the various authorities.
- Adequate insurance and physical safeguarding of major assets are in place to enable these assets are sufficiently covered against any calamities and/or theft 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.
- The Group has initiated the implementation of KPI reporting for the major operations to promote a strong awareness of shared management responsibility on their contribution towards enhancing the operating performance in achieving the business objectives.
- Board members and senior management team regularly visit the Group's operations. During the visits, the site management report on the progress and performance, discuss and resolve the operational and key management issues.

Internal Audit

The Group has in place an independent in-house internal audit function, which provides the Board, through the Audit Committee ("AC"), with assurance on the adequacy and effectiveness of its risk management, internal control and governance processes.

The internal audit function adopts a risk-based approach in executing the internal audit plan that focuses on major business units and/or operations within the Group. The internal audit function reports directly to the AC on the outcome of its appraisal of the operational activities. The internal audit plan is reviewed and approved by the AC. Significant audit findings are presented and deliberated by the AC on a quarterly basis or as appropriate. The internal audit function also follows up on the status of management's action plans on internal audit findings.

Board Review

The Board is of the view that the risk management and internal control system in place throughout the year under review and up to the date of approval of this Statement is sound and sufficient to safeguard the interests of the Group's stakeholders, their investments and the Group's assets. Additionally, the Board regards the risks faced by the Group are within acceptable levels in relation to its business objectives.

There were no material losses or fraud during the year under review as a result of weaknesses in the internal control. The management is continuously taking necessary measures to improve and strengthen the risks management and internal control system and the environment of the Group.

This statement was approved by the Board on 17 October 2016.

AUDIT **COMMITTEE REPORT**

The Board is pleased to present the Audit Committee (AC) Report for the financial year ended 30 June 2016.

MEMBERSHIP

The AC comprises four (4) members. All the four (4) Committee members are Non- Executive Directors, all of whom are Independent Directors.

COMPOSITION

Chairman of the Audit Committee	
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	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

MEETINGS AND ATTENDANCE

The AC met five (5) times during the financial year ended 30 June 2016. Details of the attendance of the members are as follows:

Members	**Meeting Attendance**
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	5/5
Mr John Leong Chung Loong	5/5
Dato' Wong Lee Yun	5/5
Datuk Talib Bin Haji Jamal	4/5

The Chief Executive Officer was invited to all Audit Committee meetings to facilitate direct communication and provide clarification on audit issues and the Group's operations. The Chief Financial Officer (CFO) and Head of Internal Audit were in attendance too. The External Auditors were invited to attend two (2) of these meetings.

The Chairman updated the Board on significant matters deliberated by the AC at each Board meeting held thereafter.

Minutes of the AC meeting were tabled for confirmation at the next AC meeting and circulated to each Board member for notation.

TERMS OF REFERENCE

The duties and responsibilities of the AC are set out in the terms of reference which is available on the Company's website at www.jayatiasa.net

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The work of the AC during the financial year included the following:-

Financial Reporting

(a) Reviewed the quarterly unaudited financial statements including the draft announcements in relation thereto on the following dates and recommended the same to the board for approval:-

Date of Meeting	Quarterly Financial Statements Reviewed
27 August 2015	4th quarter results and the unadited results of the Group for the financial year ended 30 June 2015
25 November 2015	1st quarter results for the financial year ended 30 June 2016
25 February 2016	2nd quarter results for the financial year ended 30 June 2016
26 May 2016	3rd quarter results for the financial year ended 30 June 2016

The review is to ensure that the quarterly financial reporting and disclosures present a true and fair view of the financial position of the Company and the Group and the results are in compliance with the requirements of the Financial Reporting Standard ("FRS") 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and the Listing Requirements of Bursa Securities; and

(b) Reviewed the audited financial statements of the Company and the Group for the financial year ended 30 June 2015 together with the management and the External Auditors at its meeting held on 20 October 2015 to ensure that it presented a true and fair view of the Company's and the Group's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements before recommending the audited financial statements to the Board for approval.

Internal Audit

(a) Reviewed quarterly the Internal Audit reports on the Company's operating subsidiaries with emphasis on key operation areas;

(b) Considered the findings and recommendations/follow-up actions made including the management's responses thereto and ascertained appropriate measures undertaken to ensure that keys risks and control weaknesses were being properly addressed; and

(c) Reviewed and approved the internal audit plan for the calendar year ending 31 December 2016 to ensure that the scope and coverage of the internal audit on the operations of the Group is adequate and that key risk areas are audited annually.

External Audit

(a) Evaluated the performance of the External Auditors, Messrs Ernst & Young (EY) for the financial year ended 30 June 2015 based on the criteria such as quality of audit services, audit fees and audit independence. The AC, having been satisfied with the competency and Independence of EY recommended to the Board for approval for the re-appointment of EY as External Auditors for the ensuing financial year ended 30 June 2016 at the annual general meeting held on 26 November 2015;

(b) Discussed the significant accounting and auditing issues arising from the final audit with the External Auditors; and

(c) Reviewed with the External Auditors at the meeting held on 26 May 2016, their audit plan in relation to the audit of the financial statements of the Company and the Group for the financial year ended 30 June 2016 covering, amongst others, areas of audit emphasis, concept of materiality, multi-location scoping, independence, fraud considerations, risk of management override, new and revised auditors reporting standards, audit timeline and fees.

Recurrent Related Party Transactions

(a) Reviewed the Circular to Shareholders and the established methods and procedures in relation to the recurrent related party transactions of a revenue or trading nature (RRPT) within the Group to ensure that the RRPT are fair on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders.

Related Party Transactions

(a) Reviewed and recommended to the Board for approval at the meeting held on 20 October 2015 the related party transaction on the acquisition of 140 million ordinary shares of RM0.50 each representing 9.87% equity interest in Rimbunan Sawit Berhad (RSB) for a total cash consideration of RM70 million (the RPT). In reviewing the RPT, the AC had considered the net asset value of RSB, market value per hectare, historical share prices of RSB and age profiles of the palm trees. The AC recommended the RPT on the following basis:-

    (i) The investment in RSB offered a potential for capital appreciation though it was not expected to contribute immediately to earnings ;

    (ii) The acquisition price of RM0.50 per share represented an attractive entry level compared with RSB's historical share prices and net assets per share;

    (iii) The acquisition price represented good value when compared to the market capitalisation per hectare of the plantation companies listed on Bursa Securities and Stock Exchange of Singapore; and

    (iv) RSB's principal activity fits the core business of the Company.

Governance

(a) Reviewed and recommended to the Board for approval the AC report, the Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Company has an in-house internal audit function which is carried out by the Internal Audit Department ("IAD") independently and reports directly to Audit Committee (AC). The Internal Audit function adopts a risk based auditing approach, prioritizing audit assignments based on the group's key business operations, risk management and past audit findings. The IAD applies "The Institute of Internal Auditors (IIA)" framework to promote an ethical culture in the department and all audit staffs are constantly reminded of upholding the following 4 principles, namely, integrity, objectivity, confidentiality and competency. The IAD undertakes various audit assignments in accordance with the planned annual audit schedules and also conducts ad-hoc reviews on areas of concern identified by the management. All audit findings are presented and agreed by the management of the respective operation units. Senior management staffs are invited to attend the exit conference to ensure that they are involved and aware of IAD's audit findings. The Head of IAD presents the audit findings quarterly to the Audit Committee.

The key functions carried out by the IAD during the financial year ended 30 June 2016 are as follows:-

- Determined the reliability and integrity of financial and operational data;
- Assessed and reported on the effectiveness and efficiency of the Group's operations and safeguarding of assets;
- Ensured relevant laws, regulations and contractual obligations are being complied;
- Investigated and reported on cases of suspected employee malpractice and misconduct; and
- Followed up on previous audits' recommendations to ensure that agreed action plans have been undertaken.

The costs incurred by the internal audit function for the financial period was RM569,103/-.

The Audit Committee Report was approved by the Board on 17 October 2016.

DIRECTORS' **RESPONSIBILITY STATEMENT**

In respect of the preparation of the annual audited financial statements

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 2016, 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 was approved by the Board on 17 October 2016.

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 2016.

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	56,995	269,676
Profit attributable to:		
Owners of the parent	54,162	269,676
Non-controlling interests	2,833	–
	56,995	269,676

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 2015 were as follows:

In respect of the financial year ended 30 June 2015 as reported in the directors' report of that year:

	RM'000
First and final single-tier dividend of 1 sen per ordinary share on 967,993,797 ordinary shares, declared on 26 November 2015 and paid on 16 December 2015	9,680

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 30 June 2016 of 1.3 sen on 967,991,797 ordinary shares in issue (net of treasury shares) at book closure date amounting to a dividend payable of RM12,584,000 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 2017.

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 Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	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 2015 and 30 June 2016
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 1,000 of its issued ordinary shares from the open market for a total cost of RM1,485. The average cost paid for the shares repurchased during the year was RM1.49 per share. Subsequent to the financial year end, the Company repurchased a total of 1,000 of its issued ordinary shares from the open market for a total cost of RM1,315. The average cost paid for the shares repurchased was RM1.31 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 (2015: 973,717,797) issued and fully paid ordinary shares as at 30 June 2016, 5,725,000 (2015: 5,724,000) are held as treasury shares by the Company. As at 30 June 2016, the number of outstanding ordinary shares in issue after the set-off is therefore 967,992,797 (2015: 967,993,797) 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 2015	5,724,000	13,683	2.39
Repurchased during the year ended 30 June 2016	1,000	1	1.49
At 30 June 2016	5,725,000	13,684	2.39
Repurchased subsequent to 30 June 2016	1,000	1	1.31
At the date of this report	5,726,000	13,685	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.

(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.

Other statutory information (Cont'd)

(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 2016

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)

Dato' Sri Tiong Chiong Hoo

STATEMENT BY **DIRECTORS**

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

We, **General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)** 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 48 to 124 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 2016 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 2016

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)

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 48 to 125 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 2016

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 2016 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 48 to 124.

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 2016 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 125 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
3101/02/18 (J)
Chartered Accountant

Kuching, Malaysia
Date: 20 October 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	4	1,023,367	1,032,209	380,985	430,105
Cost of sales	5	(773,792)	(810,197)	(261,507)	(334,737)
Gross profit		249,575	222,012	119,478	95,368
Other items of income					
Other income	6	14,461	16,760	231,405	41,277
Other items of expense					
Selling expenses		(68,361)	(82,793)	(19,399)	(22,994)
Administrative expenses		(42,147)	(56,898)	(18,762)	(33,585)
Other expenses		(17,504)	(8,789)	–	(19,171)
Finance costs	7	(53,792)	(37,725)	(20,668)	(17,136)
Profit before tax	8	82,232	52,567	292,054	43,759
Income tax expense	11	(25,237)	(18,122)	(22,378)	(21,517)
Profit net of tax		56,995	34,445	269,676	22,242
Other comprehensive income:					
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:					
Foreign currency translation, net of tax		9	19	–	–
Net gain on available-for-sale financial assets		700	–	–	–
		709	19	–	–
Total comprehensive income for the year		57,704	34,464	269,676	22,242
Profit attributable to:					
Owners of the parent		54,162	31,635	269,676	22,242
Non-controlling interests		2,833	2,810	–	–
		56,995	34,445	269,676	22,242

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

For the financial year ended 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Total comprehensive income attributable to:					
Owners of the parent		54,871	31,654	269,676	22,242
Non-controlling interests		2,833	2,810	–	–
		57,704	34,464	269,676	22,242

Earnings per share attributable to owners of the parent:	Note	Sen per share	Sen per share
Basic, for profit for the year	12	5.60	3.27

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

STATEMENTS OF **FINANCIAL POSITION**

As at 30 June 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,182,202	1,159,249	196,204	230,964
Land use rights	14	45	49	23	24
Biological assets	15	1,594,721	1,548,690	–	–
Goodwill on consolidation	16	62,337	62,337	–	–
Other intangible assets	17	553	3,237	528	1,044
Investments in subsidiaries	18	–	–	1,746,076	1,048,676
Investment in associate	19	–	–	–	–
Investment securities	24	75,700	5,000	5,000	5,000
Deferred tax assets	20	21,192	14,965	–	–
		2,936,750	2,793,527	1,947,831	1,285,708
Current assets					
Inventories	21	137,311	146,944	13,728	22,382
Trade and other receivables	22	66,932	118,470	388,580	839,267
Other current assets	23	12,396	7,267	2,632	242
Investment securities	24	–	7	–	7
Derivative assets	25	2,705	–	1,982	–
Cash and bank balances	26	58,914	21,097	3,685	2,525
		278,258	293,785	410,607	864,423
TOTAL ASSETS		3,215,008	3,087,312	2,358,438	2,150,131
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	27	507,958	569,001	196,426	185,593
Trade and other payables	28	184,634	231,446	191,924	240,323
Income tax payable		13,873	17,768	13,120	14,365
		706,465	818,215	401,470	440,281
Net current (liabilities)/assets		(428,207)	(524,430)	9,137	424,142

STATEMENTS OF FINANCIAL POSITION (cont'd)
As at 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current liabilities					
Loans and borrowings	27	564,818	382,603	23,486	35,868
Deferred tax liabilities	20	120,592	111,384	19,674	20,169
		685,410	493,987	43,160	56,037
TOTAL LIABILITIES		1,391,875	1,312,202	444,630	496,318
Net assets		1,823,133	1,775,110	1,913,808	1,653,813
Equity attributable to owners of the parent					
Share capital	29	973,718	973,718	973,718	973,718
Treasury shares	29	(13,684)	(13,683)	(13,684)	(13,683)
Other reserves	30	(2,065)	(2,774)	3,684	3,684
Retained earnings	31	856,290	811,808	950,090	690,094
		1,814,259	1,769,069	1,913,808	1,653,813
Non-controlling interests		8,874	6,041	–	–
TOTAL EQUITY		1,823,133	1,775,110	1,913,808	1,653,813
TOTAL EQUITY AND LIABILITIES		3,215,008	3,087,312	2,358,438	2,150,131

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 2016

				Attributable to owners of the parent				
				Non-distributable			Distributable	
	Note	Total equity 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 2015		1,775,110	1,769,069	973,718	(13,683)	(2,774)	811,808	6,041
Profit for the year		56,995	54,162	–	–	–	54,162	2,833
Other comprehensive income		709	709	–	–	709	–	–
Total comprehensive income		57,704	54,871	–	–	709	54,162	2,833
Transactions with owners								
Acquisition of treasury shares		(1)	(1)	–	(1)	–	–	–
Dividends on ordinary shares	39	(9,680)	(9,680)	–	–	–	(9,680)	–
Total transactions with owners		(9,681)	(9,681)	–	(1)	–	(9,680)	–
Closing balance at 30 June 2016		1,823,133	1,814,259	973,718	(13,684)	(2,065)	856,290	8,874
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

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 2016

			← Non-distributable		→	Distributable
	Note	Total equity RM'000	Share capital (Note 29) RM'000	Treasury shares (Note 29) RM'000	Other reserves (Note 30) RM'000	Retained earnings (Note 31) RM'000
Company						
Opening balance at 1 July 2015		1,653,813	973,718	(13,683)	3,684	690,094
Profit net of tax, representing total comprehensive income for the year		269,676	–	–	–	269,676
Transactions with owners						
Acquisitions of treasury shares		(1)	–	(1)	–	–
Dividends on ordinary shares	39	(9,680)	–	–	–	(9,680)
Total transactions with owners		(9,681)	–	(1)	–	(9,680)
Closing balance at 30 June 2016		1,913,808	973,718	(13,684)	3,684	950,090
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

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 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Operating activities					
Profit before tax		82,232	52,567	292,054	43,759
Adjustments for:					
Amortisation of land use rights	8	4	5	1	2
Amortisation of other intangible assets	8	2,684	14,301	516	14,046
Bad debts written off	8	12,068	–	–	–
Biological assets written off	8	–	100	–	–
Depreciation of property, plant and equipment	8	93,548	84,078	26,376	28,771
Dividend income from investment securities	8	–	(979)	–	(979)
Fair value loss on investment securities	8	–	114	–	114
Gross dividend income from subsidiaries	8	–	–	(195,000)	(2,100)
Impairment loss on trade and other receivables	8	782	8,258	–	19,171
Interest expense	8	51,179	35,590	20,269	16,528
Interest income	8	(85)	(10)	(29,824)	(32,878)
Loss on disposal of property, plant and equipment, net	8	5,715	4,629	3,081	4,498
Fair value gain on derivatives	8	(2,705)	–	(1,982)	–
Net unrealised foreign exchange loss	8	877	419	1,154	1,138
Property, plant and equipment written off	8	24	74	–	–
Reversal of allowance for impairment of trade and other receivables	8	(319)	(968)	(38)	–
Reversal of fair value loss/(gain) on derivatives, net	8	–	527	–	(203)
Reversal of unrealised gain on inventories, net	8	797	754	–	–
Total adjustments		164,569	146,892	(175,447)	48,108
Operating cash flows before changes in working capital		246,801	199,459	116,607	91,867
Changes in working capital					
Decrease in inventories		9,366	22,632	8,654	20,290
Decrease/(increase) in receivables		39,158	14,595	(262,420)	(291,147)
(Increase)/decrease in prepayments		(4,132)	(1,288)	(2,390)	206
(Decrease)/increase in payables		(46,812)	(84,200)	(48,399)	86,900
Total changes in working capital		(2,420)	(48,261)	(304,555)	(183,751)
Cash flows from/(used in) operations		244,381	151,198	(187,948)	(91,884)
Interest received		85	10	29,824	32,878
Interest paid		(57,362)	(48,333)	(20,269)	(16,528)
Income taxes paid, net of refund		(27,148)	(703)	(8,377)	1,326
Net cash flows from/(used in) operating activities		159,956	102,172	(186,770)	(74,208)

STATEMENTS OF CASH FLOWS (cont'd)
For the financial year ended 30 June 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Investing activities					
Acquisition of property, plant and equipment (excluding interest charge capitalised)	13	(121,561)	(179,573)	(3,192)	(5,704)
Acquisition of biological assets (excluding amortisation, depreciation, loss on disposal of property, plant and equipment and interest charge capitalised)	15	(37,499)	(56,746)	–	–
Acquisition of other intangible assets	17	–	(68)	–	(68)
Acquisition of investment securities		(70,000)	(5,000)	–	(5,000)
Dividend received from investment securities		–	979	–	979
Dividends received from subsidiaries		–	–	195,000	2,100
Proceeds from disposal of property, plant and equipment		12,589	15,753	8,495	10,280
Proceeds from disposal of investment securities		7	59,940	7	59,940
Net cash flows (used in)/from investing activities		(216,464)	(164,715)	200,310	62,527
Financing activities					
Acquisition of treasury shares	29	(1)	(4)	(1)	(4)
Dividends paid on ordinary shares	39	(9,680)	(14,520)	(9,680)	(14,520)
Repayment of finance lease payables		(23,708)	(14,941)	(6,567)	(8,992)
(Repayment of)/proceeds from bankers' acceptances, net		(9,536)	6,514	234	6,656
Proceeds from revolving credit, net		270,000	51,733	5,000	41,733
Repayment of term loans, net		(146,616)	(4,624)	(7,000)	(13,000)
Net cash flows from/(used in) financing activities		80,459	24,158	(18,014)	11,873
Net increase/(decrease) in cash and cash equivalents		23,951	(38,385)	(4,474)	192
Effects of exchange rate changes		209	19	78	–
Cash and cash equivalents at the beginning of the year		(103,310)	(64,944)	(13,179)	(13,371)
Cash and cash equivalents at the end of the year	26	(79,150)	(103,310)	(17,575)	(13,179)

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 2016

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.

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.

2.3 Standards issued but not yet effective

The standards and annual improvements that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these 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 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution Assets between an Investor and Its Associate or Joint Venture	Deferred

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

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 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.

(ii) 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 forms part of the business) 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 and the Company as the Group and the Company have not used a revenue-based method to depreciate their non-current assets.

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 associates 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 Standards issued but not yet effective (cont'd)

Amendments to FRS 101: Disclosure Initiative

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 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. 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 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments are to be applied for annual periods beginning on or after 1 January 2017, 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 and the Company's financial statements.

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

The amendments are to be applied for annual periods beginning on or after 1 January 2017, 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 and the Company's financial statements.

2. Summary of significant accounting policies (cont'd)

2.3 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 Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

2.4 Malaysian Financial Reporting Standards (MFRS Framework)

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 are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its 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 and the Company have not completed their 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 2016 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

2. Summary of significant accounting policies (cont'd)

2.5 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.

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.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation (cont'd)

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.

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.

2.6 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.

2.7 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.

2. Summary of significant accounting policies (cont'd)

2.7 Investments in associates (cont'd)

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.

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.

2.8 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.

2.9 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.

2. Summary of significant accounting policies (cont'd)

2.9 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

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.

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.

2.10 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 land 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

2. Summary of significant accounting policies (cont'd)

2.10 Property, plant and equipment (cont'd)

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.

2.11 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 2.9.

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.

2. Summary of significant accounting policies (cont'd)

2.11 Intangible assets (cont'd)

(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.

(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 2.14.

2.12 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. Summary of significant accounting policies (cont'd)

2.13 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.

2.14 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.

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.

2.15 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.

2. Summary of significant accounting policies (cont'd)

2.15 Financial assets (cont'd)

(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.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when and the Group's right to receive payment is established.

2. Summary of significant accounting policies (cont'd)

2.15 Financial assets (cont'd)

(d) Available-for-sale financial assets (cont'd)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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.

2.16 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. Summary of significant accounting policies (cont'd)

2.17 Derivative financial instruments

The Group and the Company use derivative financial instruments such as cross currency swaps and forward currency contracts to hedge their 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2. Summary of significant accounting policies (cont'd)

2.21 Financial liabilities (cont'd)

(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.

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.

2.22 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.

2.23 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. Summary of significant accounting policies (cont'd)

2.24 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.

2.25 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 2.26(d).

2.26 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 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 discounts as and when the services are performed.

2. Summary of significant accounting policies (cont'd)

2.26 Revenue (cont'd)

(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.

(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.

2.27 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.

2. Summary of significant accounting policies (cont'd)

2.27 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

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 and Goods and Services Tax ("GST")

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

- Where the sales tax and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax and GST 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 and GST included.

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

2.28 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.

2.29 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.

2.30 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)

2.31 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.

2.32 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 4.03% (2015: 4.98%) 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.

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 2016 was RM21 million (2015: RM15 million) and the unrecognised tax losses and capital allowances of the Group was RM7 (2015: RM6 million) as disclosed in Note 20.

3. Significant accounting judgements and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

(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 2.32 for further disclosures.

(f) 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of timber and related products	626,808	734,416	380,985	430,105
Sale of crude palm oil, palm kernel and fresh fruit bunches	396,081	297,231	–	–
Others	478	562	–	–
	1,023,367	1,032,209	380,985	430,105

5. Cost of sales

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Cost of timber and related products	418,040	529,912	261,507	334,737
Cost of crude palm oil, palm kernel and fresh fruit bunches	348,859	271,057	–	–
Others	6,893	9,228	–	–
	773,792	810,197	261,507	334,737

6. Other income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bad debt recovered (Note 8)	–	9	–	–
Freight and handling income	2,677	2,224	1,540	1,947
Foreign exchange gain				
- realised	1,965	3,942	8	24
- unrealised	468	763	–	17
Gain on disposal of property, plant and equipment	1	1,209	–	396
Gross dividend income from subsidiaries (Note 8)	–	–	195,000	2,100
Dividend income from investment securities (Note 8)	–	979	–	979
Commission earned	23	7	23	7
Interest income (Note 8)	85	10	29,824	32,878
Logpond facilities income	30	30	30	30
Rental income (Note 8)	2,062	2,514	1,031	732
Fair value gain on derivatives	2,705	–	1,982	–
Reversal of allowance for impairment of:				
- trade receivables (Note 22(a))	199	968	–	–
- other receivables (Note 22(d))	120	–	38	–
Reversal of fair value loss on derivatives	–	666	–	666
Others	4,126	3,439	1,929	1,501
	14,461	16,760	231,405	41,277

7. Finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Bank loans and bank overdrafts	54,657	46,783	12,638	11,635
Finance leases	2,705	1,550	428	575
Amount due to subsidiaries	–	–	7,203	4,318
	57,362	48,333	20,269	16,528
Less: Interest expense capitalised in property, plant and equipment (Note 13)	(300)	(130)	–	–
Interest expense capitalised in biological assets (Note 15)	(5,883)	(12,613)	–	–
Interest expense (Note 8)	51,179	35,590	20,269	16,528
Add: Other charges				
Bank charges	1,876	1,394	229	428
Commitment fee	737	741	170	180
	2,613	2,135	399	608
	53,792	37,725	20,668	17,136

8. Profit before tax

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amortisation of land use rights (Note 14)	4	5	1	2
Amortisation of other intangible assets (Note 17)	2,684	14,301	516	14,046
Auditors' remuneration	717	806	195	211
Statutory audit				
- current year	692	680	180	180
- under provision in previous years	10	111	–	16
Other services	15	15	15	15
Bad debt recovered (Note 6)	–	(9)	–	–
Bad debts written off	12,068	–	–	–
Biological assets written off (Note 15)	–	100	–	–
Depreciation of property, plant and equipment (Note 13)	93,548	84,078	26,376	28,771
Dividend income from investment securities (Note 6)	–	(979)	–	(979)
Employee benefits expense (Note 9)	121,985	102,418	17,228	15,525
Fair value loss on investment securities	–	114	–	114
Fair value gain on derivatives (Note 25)	(2,705)	–	(1,982)	–
Gross dividend income from subsidiaries (Note 6)	–	–	(195,000)	(2,100)
Hiring charges	20	21	3,000	3,000
Impairment loss on:				
- trade receivables (Note 22(a))	–	70	–	–
- other receivables (Note 22(d))	782	8,188	–	19,171
Interest expense (Note 7)	51,179	35,590	20,269	16,528
Interest income (Note 6)	(85)	(10)	(29,824)	(32,878)
Loss on disposal of property, plant and equipment, net	5,715	4,629	3,081	4,498
Management fees expense	6	3	6	3
Net foreign exchange (gain)/loss				
- realised	(2,959)	(243)	57	1,142
- unrealised	877	419	1,154	1,138
Non-executive directors' remuneration (Note 10)	678	691	678	691
Property, plant and equipment written off	24	74	–	–
Rental expense	557	1,116	392	374
Rental income (Note 6)	(2,062)	(2,514)	(1,031)	(732)
Reversal of allowance for impairment of trade and other receivables (Note 6)	(319)	(968)	(38)	–
Reversal of fair value loss/(gain) on derivatives, net	–	527	–	(203)
Reversal of unrealised gain on inventories, net	797	754	–	–

9. Employee benefits expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages, allowances and bonus	116,782	100,652	15,053	13,649
Social security contributions	2,649	795	146	138
Contributions to defined contribution plan	7,795	7,705	1,794	1,738
Other benefits	776	50	235	–
Total employee benefits expense (including executive directors)	128,002	109,202	17,228	15,525
Less: Employee benefits expense capitalised in:				
- biological assets (Note 15)	(5,168)	(4,960)	–	–
- work-in-progress (Note 21)	(849)	(1,824)	–	–
Total employee benefits expense (Note 8)	121,985	102,418	17,228	15,525

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,726,973 (2015: RM1,300,265) as further disclosed in Note 10.

10. Directors' remuneration

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

	Group/Company	
	2016 RM'000	2015 RM'000
Executive:		
Salaries and other emoluments	1,403	1,026
Fees	120	120
Defined contribution plan	181	131
Total executive directors' remuneration (excluding benefit-in-kind)	1,704	1,277
Estimated money value of benefit-in-kind	23	23
Total executive directors' remuneration (including benefit-in-kind) (Note 9)	1,727	1,300
Non-executive:		
Fees	460	460
Other emoluments	218	231
Total non-executive directors' remuneration (excluding benefit-in-kind) (Note 8)	678	691
Estimated money value of benefit-in-kind	13	13
Total non-executive directors' remuneration (including benefit-in-kind)	691	704
Total directors' remuneration (Note 33 (b))	2,418	2,004

10. Directors' remuneration (cont'd)

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

	2016	2015
Number of Directors		
Executive director:		
RM600,001 - RM650,000	–	1
RM650,001 - RM700,000	–	1
RM750,001 - RM800,000	1	–
RM900,001 - RM950,000	1	–
Non-executive directors:		
RM50,001 - RM100,000	5	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 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	37,342	34,945	23,755	19,948
(Over)/under provision in respect of previous years	(15,086)	(17,801)	(882)	918
	22,256	17,144	22,873	20,866
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	(13,746)	(17,155)	(125)	(173)
Effect of reduction in tax rate	–	493	–	(185)
Under/(over) provision in respect of previous years	16,727	17,640	(370)	1,009
	2,981	978	(495)	651
Income tax expense recognised in profit or loss	25,237	18,122	22,378	21,517

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 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accounting profit before tax	82,232	52,567	292,054	43,759
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	19,736	13,142	70,093	10,940
Deferred tax recognised at different tax rate	–	493	–	(185)
Adjustments:				
Non-deductible expenses	7,561	11,353	337	9,526
Expenses qualified for double deduction	–	(2,257)	–	–
Income not subject to tax	(140)	(348)	(46,800)	(691)
Benefits from previously unrecognised unabsorbed capital allowances, export incentives and unused tax losses	(3,776)	(4,313)	–	–
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and unused tax losses	215	213	–	–
(Over)/under provision of income tax in respect of previous years	(15,086)	(17,801)	(882)	918
Under/(over) provision of deferred tax in respect of previous years	16,727	17,640	(370)	1,009
Income tax expense recognised in profit or loss	25,237	18,122	22,378	21,517

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

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 2016 and 2015:

	Group	
	2016 RM'000	2015 RM'000
Profit net of tax attributable to owners of parent	54,162	31,635
Weighted average number of ordinary shares in issue ('000)	967,994	967,995
Basic earnings per share (sen)	5.60	3.27

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 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 and 1 July 2015	9,443	91,721	443,021	1,151,846	278,219	39,974	239,045	2,253,269
Additions	–	–	6,474	35,751	3,232	2,108	90,443	138,008
Disposals/written off	–	–	(95)	(30,395)	(1,236)	(337)	(2,679)	(34,742)
Reclassifications	–	90	105,147	52,406	41,056	957	(199,656)	–
At 30 June 2016	9,443	91,811	554,547	1,209,608	321,271	42,702	127,153	2,356,535

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 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
Depreciation charge for the year	–	1,770	27,197	51,814	14,072	1,874	–	96,727
Recognised in profit or loss (Note 8)	–	978	26,181	50,598	14,024	1,767	–	93,548
Capitalised in biological assets (Note 15)	–	792	776	936	48	97	–	2,649
Capitalised in work-in-progress (Note 21)	–	–	240	280	–	10	–	530
Disposals/written off	–	–	(51)	(16,066)	–	(297)	–	(16,414)
At 30 June 2016	–	13,417	223,559	715,445	191,433	30,479	–	1,174,333
Net carrying amount								
At 30 June 2015	9,443	80,074	246,608	472,149	100,858	11,072	239,045	1,159,249
At 30 June 2016	9,443	78,394	330,988	494,163	129,838	12,223	127,153	1,182,202

13. Property, plant and equipment (cont'd)

Company	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
Cost							
At 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 and 1 July 2015	4,919	17,632	288,045	168,162	16,522	6,449	501,729
Additions	–	–	1,032	–	58	2,102	3,192
Disposals/written off	–	(95)	(23,422)	–	(165)	(401)	(24,083)
Reclassifications	–	481	2,101	2,514	55	(5,151)	–
At 30 June 2016	4,919	18,018	267,756	170,676	16,470	2,999	480,838
Accumulated depreciation							
At 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/written off	–	(79)	(10,722)	–	(127)	–	(10,928)
At 30 June 2015 and 1 July 2015	–	6,370	132,653	117,110	14,632	–	270,765
Depreciation charge for the year (Note 8)	–	642	16,099	9,261	374	–	26,376
Disposals/written off	–	(51)	(12,310)	–	(146)	–	(12,507)
At 30 June 2016	–	6,961	136,442	126,371	14,860	–	284,634
Net carrying amount							
At 30 June 2015	4,919	11,262	155,392	51,052	1,890	6,449	230,964
At 30 June 2016	4,919	11,057	131,314	44,305	1,610	2,999	196,204

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash	121,861	179,703	3,192	5,704
Finance leases	16,147	52,129	–	7,158
	138,008	231,832	3,192	12,862

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Motor vehicles	77,127	67,837	16,536	17,802

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	
	2016 RM'000	2015 RM'000
Interest expense (Note 7)	300	130

14. Land use rights

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 July 2015/2014	1,303	63,658	36	36
Reclassified to property, plant and equipment (Note 13)	–	(62,355)	–	–
At 30 June 2016/2015	1,303	1,303	36	36

14. Land use rights (cont'd)

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
Accumulated amortisation				
At 1 July 2015/2014	1,254	5,666	12	10
Amortisation for the year (Note 8)	4	5	1	2
Reclassified to property, plant and equipment (Note 13)	–	(4,417)	–	–
At 30 June 2016/2015	1,258	1,254	13	12
Net carrying amount	45	49	23	24
Amount to be amortised:				
- Not later than one year	4	4	1	1
- Later than one year but not later than five years	15	15	4	4
- Later than five years	26	30	18	19

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 8 to 20 years (2015: 9 to 21 years) and 20 years (2015: 21 years), respectively.

15. Biological assets

	Oil palm plantation development expenditure RM'000	Reforestation (Tree planting) expenditure RM'000	Total RM'000
Group			
Cost			
At 1 July 2014	1,440,442	37,149	1,477,591
Additions	61,264	9,925	71,189
Biological assets written off (Note 8)	(100)	–	(100)
Reclassification (to)/from property, plant and equipment (Note 13)	(16)	26	10
At 30 June 2015 and 1 July 2015	1,501,590	47,100	1,548,690
Additions	37,542	8,489	46,031
At 30 June 2016	1,539,132	55,589	1,594,721

15. Biological assets (cont'd)

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

	Group 2016 RM'000	Group 2015 RM'000
Depreciation of property, plant and equipment (Note 13)	2,649	1,829
Employee benefits expenses (Note 9)	5,168	4,960
Interest expense (Note 7)	5,883	12,613
Loss on disposal of property, plant and equipment	–	1

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 2016 RM'000	Group 2015 RM'000
Cost		
At 30 June	62,337	62,337

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

	Group 2016 RM'000	Group 2015 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 2016	As at 2015	As at 2016	As at 2015
Manufacturing segment	1%	2%	11.5%	12.5%

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.

16. Goodwill on consolidation (cont'd)

(ii) Discount rates

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

(iii) Growth rates

The forecasted growth rates 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 2014	298,447	4,399	302,846
Additions	–	68	68
At 30 June 2015 and 1 July 2015	298,447	4,467	302,914
Additions	–	–	–
At 30 June 2016	298,447	4,467	302,914
Accumulated amortisation			
At 1 July 2014	281,674	3,702	285,376
Amortisation for the year (Note 8)	14,196	105	14,301
At 30 June 2015 and 1 July 2015	295,870	3,807	299,677
Amortisation for the year (Note 8)	2,577	107	2,684
At 30 June 2016	298,447	3,914	302,361
Net carrying amount			
At 30 June 2015	2,577	660	3,237
At 30 June 2016	–	553	553

17. Other intangible assets (contd.)

	Prepaid timber rights RM'000	Computer software RM'000	Total RM'000
Company			
Cost			
At 1 July 2014	247,724	4,366	252,090
Additions	–	68	68
At 30 June 2015 and 1 July 2015	247,724	4,434	252,158
Additions	–	–	–
At 30 June 2016	247,724	4,434	252,158
Accumulated amortisation			
At 1 July 2014	233,367	3,701	237,068
Amortisation for the year (Note 8)	13,944	102	14,046
At 30 June 2015 and 1 July 2015	247,311	3,803	251,114
Amortisation for the year (Note 8)	413	103	516
At 30 June 2016	247,724	3,906	251,630
Net carrying amount			
At 30 June 2015	413	631	1,044
At 30 June 2016	–	528	528

In 1998, the Company acquired nine timber licensee companies and the rights to two timber licences. The licences are currently renewable on yearly basis.

18. Investments in subsidiaries

	Company 2016 RM'000	2015 RM'000
Unquoted shares, at cost	1,746,095	1,048,695
Less: Accumulated impairment losses	(19)	(19)
	1,746,076	1,048,676

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 2016 %	2015 %
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
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

18. Investments in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Direct subsidiaries of the Company (cont'd)				
Jaya Tiasa Timber Products Sdn. Bhd.	Malaysia	Manufacturing and sale of sawn timber, plywood and veneer	100	100
JT Logging Sdn. Bhd.	Malaysia	Logging contractor	100	100
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	Logging contractor	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	Investment holding	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

18. Investments in subsidiaries (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Subsidiary of Atlantic Evergreen Holdings				
Western Timber Resources Limited	Cayman Islands	Investment holding	100	100

(i) Increase in paid-up capital of subsidiaries

During the year, the Company subscribed for additional new ordinary shares of RM1 each by way of settlement of advances rendered to the said subsidiaries as follows:

Name of subsidiaries	Number of shares
Eastern Eden Sdn. Bhd.	50,000,000
Hariyama Sdn. Bhd.	100,000,000
Jaya Tiasa Forest Plantation Sdn. Bhd.	47,400,000
JT Oil Palm Development Sdn. Bhd.	10,000,000
Maujaya Sdn. Bhd.	30,000,000
Maxiwealth Holdings Sdn. Bhd.	45,000,000
Multi Greenview Sdn. Bhd.	69,999,998
Poh Zen Sdn. Bhd.	45,000,000
	397,399,998

(ii) Redeemable non-cumulative preference shares in subsidiary

On 28 June 2016, the Company subscribed for 300,000,000 Redeemable Non-Cumulative Preference Shares of RM1 each for an issue price of RM1 per share in Erajaya Synergy Sdn. Bhd., amounting to RM300,000,000 by way of settlement of advances rendered to the said subsidiary.

(iii) 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 Entities, are not presented.

19. Investment in associate

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 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)	–	–
	–	–	–	–

19. Investment in associate (cont'd)

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest As at 2016 %	Proportion of ownership interest As at 2015 %
Mafrica Trading Sdn. Bhd.*	Malaysia	Dormant	40	40

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

The summarised financial information of the associate are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Assets and liabilities		
Current assets	44	46
Current liabilities	2,602	2,602

	Group 2016 %	Group 2015 %
Equity		
Proportion of the Group's ownership	40	40
Carrying amount of investment	–	–

	Group 2016 RM'000	Group 2015 RM'000
Results		
Loss for the year	2	2

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

	Group 2016 RM'000	Group 2015 RM'000
Group's share of net tangible assets	(335)	(335)
Premium on acquisition	335	335
	–	–

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

20. Deferred tax

	As at 1 July 2014 RM'000	Recognised in profit or loss RM'000	As at 30 June 2015 RM'000	Recognised in profit or loss RM'000	As at 30 June 2016 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(51,300)	(20,304)	(71,604)	(9,935)	(81,539)
Biological assets	(340,664)	(22,965)	(363,629)	(15,007)	(378,636)
Derivatives asset	–	–	–	(476)	(476)
	(391,964)	(43,269)	(435,233)	(25,418)	(460,651)
Deferred tax assets:					
Unused tax losses and unabsorbed capital allowances	287,655	40,208	327,863	24,098	351,961
Property, plant and equipment	8,858	1,904	10,762	(1,845)	8,917
Others	10	179	189	184	373
	296,523	42,291	338,814	22,437	361,251
	(95,441)	(978)	(96,419)	(2,981)	(99,400)
Company					
Deferred tax liability:					
Property, plant and equipment	(19,518)	(651)	(20,169)	971	(19,198)
Derivatives asset	–	–	–	(476)	(476)
	(19,518)	(651)	(20,169)	495	(19,674)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax (liability)/assets:				
Presented after appropriate offsetting as follows:				
Deferred tax assets	21,192	14,965	–	–
Deferred tax liabilities	(120,592)	(111,384)	(19,674)	(20,169)
	(99,400)	(96,419)	(19,674)	(20,169)

20. Deferred tax (cont'd)

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

	Group	
	2016 RM'000	2015 RM'000
Unused tax losses	6,958	6,071
Unabsorbed capital allowances	73	68
	7,031	6,139

As at 30 June 2016, 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Blockboard/sawn timber	–	1,309	–	–
Crude palm oil	13,582	9,400	–	–
Fresh fruit bunches	1,127	276	–	–
General stores	34,745	30,605	1,887	2,026
Logs	29,146	37,311	11,841	20,356
Palm kernel	2,324	–	–	–
Plywood	7	33,809	–	–
Seeds	308	317	–	–
Veneer	25,396	28,715	–	–
Work-in-progress	4,734	2,475	–	–
Others	–	6	–	–
	111,369	144,223	13,728	22,382
At net realisable value				
Fancy plywood	4	4	–	–
Palm kernel	–	836	–	–
Plywood	24,813	–	–	–
Sawn timber	1,125	1,881	–	–
	25,942	2,721	–	–
	137,311	146,944	13,728	22,382

21. Inventories (cont'd)

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

	Group	
	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment (Note 13)	530	466
Employee benefits expense (Note 9)	849	1,824

22. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Third parties	53,056	78,017	2,027	10,041
Amount due from subsidiaries	–	–	42	–
Less: Allowance for impairment				
Third parties	(526)	(725)	–	–
Trade receivables, net	52,530	77,292	2,069	10,041
Other receivables				
Sundry receivables	19,498	44,797	5,331	28,176
Amount due from subsidiaries	–	–	467,680	887,588
Amount due from associate	2,600	2,600	2,600	2,600
	22,098	47,397	475,611	918,364
Less: Allowance for impairment				
Sundry receivables	(5,585)	(4,923)	(1,643)	(1,681)
Amount due from associate	(2,600)	(2,600)	(2,600)	(2,600)
Amount due from subsidiaries	–	–	(84,926)	(84,926)
	(8,185)	(7,523)	(89,169)	(89,207)
Other receivables, net	13,913	39,874	386,442	829,157
Refundable deposits	489	1,304	69	69
	14,402	41,178	386,511	829,226
Total trade and other receivables	66,932	118,470	388,580	839,267
Add: Cash and bank balances (Note 26)	58,914	21,097	3,685	2,525
Total loans and receivables	125,846	139,567	392,265	841,792

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 (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	36,679	55,654	1,202	5,220
1 to 30 days past due not impaired	7,086	12,005	813	3,944
31 to 60 days past due not impaired	998	1,347	54	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	–	–
	8,084	13,491	867	4,821
Impaired	8,293	8,872	–	–
	53,056	78,017	2,069	10,041

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 RM8,084,000 (2015: RM13,491,000) and RM867,000 (2015: RM4,821,000), 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			
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	8,293	8,872	–	–
Less: Allowance for impairment	(526)	(725)	–	–
	7,767	8,147	–	–

Movement in allowance accounts:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2015/2014	725	3,352	–	841
Charge for the year (Note 8)	–	70	–	–
Reversal of impairment loss (Note 6)	(199)	(968)	–	–
Written off	–	(1,729)	–	(841)
At 30 June 2016/2015	526	725	–	–

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% (2015: 4%) per annum.

(c) Amount due from associate

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

(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 2015/2014	7,523	23,768	89,207	70,036
Charge for the year (Note 8)	782	8,188	–	19,171
Reversal of impairment loss (Note 6)	(120)	–	(38)	–
Written off	–	(24,433)	–	–
At 30 June 2016/2015	8,185	7,523	89,169	89,207

23. Other current assets

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Tax recoverable	4,433	3,436	–	–
Prepayments	7,963	3,831	2,632	242
	12,396	7,267	2,632	242

24. Investment securities

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current				
Fair value through profit and loss				
Unit trusts (quoted in Malaysia)				
- At carrying amount	–	7	–	7
- At market value	–	7	–	7
Non-current				
Available-for-sale financial assets				
Equity instruments (unquoted in Malaysia), at cost	5,000	5,000	5,000	5,000
Equity instruments (quoted in Malaysia), at fair value	70,700	–	–	–
	75,700	5,000	5,000	5,000
Market value of quoted shares in Malaysia	70,700	–	–	–

25. Derivatives

	2016 RM'000 Contract/ Notional Amount	2016 RM'000 Fair value through profit or loss Assets	2016 RM'000 Fair value through profit or loss Liabilities	2015 RM'000 Contract/ Notional Amount	2015 RM'000 Fair value through profit or loss Assets	2015 RM'000 Fair value through profit or loss Liabilities
Group						
Non-hedging derivatives:						
Forward currency contracts	112,773	2,705	–	–	–	–
Company						
Non-hedging derivatives:						
Forward currency contracts	87,537	1,982	–	–	–	–

25. Derivatives (cont'd)

The Group uses 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.

Forward currency contracts

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

The Group and the Company recognised a gain of RM2,705,022 (2015: Nil) arising from fair value changes of derivatives asset. The fair value changes are attributable to changes in foreign exchange 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash at banks and on hand	58,914	21,097	3,685	2,525

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash at banks and on hand	58,914	21,097	3,685	2,525
Bank overdrafts (Note 27)	(138,064)	(124,407)	(21,260)	(15,704)
Cash and cash equivalents	(79,150)	(103,310)	(17,575)	(13,179)

27. Loans and borrowings

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Secured:				
Obligations under finance leases (Note 32(d))	24,922	21,364	4,382	6,567
Unsecured:				
Bank overdrafts (Note 26)	138,064	124,407	21,260	15,704
Bankers' acceptances	102,296	111,832	42,676	42,442
Revolving credit	140,000	170,000	100,000	95,000
Term loans	82,568	122,518	8,000	7,000
USD denominated revolving credit	20,108	18,880	20,108	18,880
	483,036	547,637	192,044	179,026
	507,958	569,001	196,426	185,593

27. Loans and borrowings (cont'd)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Secured:				
Obligations under finance leases (Note 32(d))	20,706	31,825	1,486	5,868
Unsecured:				
Revolving credit	300,000	–	–	–
Term loans	244,112	350,778	22,000	30,000
	544,112	350,778	22,000	30,000
	564,818	382,603	23,486	35,868
Total loans and borrowings (Note 28)	1,072,776	951,604	219,912	221,461

The remaining maturities of the loans and borrowings as at 30 June 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Maturity period of borrowings:				
Repayable within one year	507,958	569,001	196,426	185,593
One year to five years	239,118	286,103	23,486	35,868
Over five years	325,700	96,500	–	–
	1,072,776	951,604	219,912	221,461

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts	7.35 - 8.10	7.35 - 8.10	7.35 - 7.60	7.35 - 7.60
Bankers' acceptances	3.72 - 5.14	4.02 - 4.53	4.30 - 4.77	4.33 - 4.53
Revolving credit	2.59 - 6.00	1.96 - 5.76	2.59 - 5.49	1.96 - 5.76
Term loans	5.16 - 6.00	4.83 - 6.00	6.00	6.00

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 6.52% (2015: 4.76% to 5.52%) per annum and 5.26% to 5.5% (2015: 5.26% to 5.5%) per annum, respectively.

Other borrowings

Certain unsecured borrowings of the Group and of the Company amounting to RM545,679,000 (2015: RM298,909,000) and RM93,264,240 (2015: RM88,898,466), respectively are covered by a negative pledge over the assets of the Company and respective subsidiaries.

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

28. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	137,462	189,638	42,336	52,743
Other payables				
Accruals	24,777	18,027	9,916	9,481
Sundry payables	22,395	23,781	5,396	6,503
Amount due to subsidiaries	–	–	134,276	171,596
	47,172	41,808	149,588	187,580
Total trade and other payables	184,634	231,446	191,924	240,323
Add: Loans and borrowings (Note 27)	1,072,776	951,604	219,912	221,461
Total financial liabilities carried at amortised cost	1,257,410	1,183,050	411,836	461,784

(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 (2015: 30 to 180 days).

(b) Amount due to subsidiaries

The amount due to subsidiaries under other payables bears interest at 4% (2015: 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 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)
Acquisition of treasury shares	–	(1)	–	(1)
At 30 June 2016	973,718	(5,725)	973,718	(13,684)

29. Share capital and treasury shares (cont'd)

Group and Company

	Number of Ordinary Shares of RM1 Each		Amount	
	'000	'000	RM'000	RM'000
Authorised				
At 1 July 2015/2014 and 30 June 2016/2015	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 1,000 (2015: 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 RM1,485 (2015: RM4,086) and this was presented as a component within shareholders' equity. The average cost paid for the shares repurchased during the financial year was RM1.49 (2015: RM2.04) per share. Subsequent to the financial year end, the Company repurchased a total of 1,000 of its issued ordinary shares from the open market for a total cost of RM1,315. The average cost paid for the shares repurchased was RM1.31 per share.

Of the total 973,717,797 (2015: 973,717,797) issued and fully paid ordinary shares as at 30 June 2016, 5,725,000 (2015: 5,724,000) are held as treasury shares by the Company. As at 30 June 2016, the number of outstanding ordinary shares in issue after the set-off is therefore 967,992,797 (2015: 967,993,797) 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.

Movements on share buy-backs

	Number of shares	Total cost RM'000	Average price per share RM
At 1 July 2015	5,724,000	13,683	2.39
Repurchased during the year ended 30 June 2016	1,000	1	1.49
At 30 June 2016	5,725,000	13,684	2.39
Repurchased subsequent to 30 June 2016	1,000	1	1.31
At the date of this report	5,726,000	13,685	2.39

30. Other reserves

	Capital redemption reserve RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group				
At 1 July 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)
Other comprehensive income:				
Foreign currency translation	–	–	9	9
Gain on fair value changes for available-for-sale financial assets	–	700	–	700
At 30 June 2016	3,684	700	(6,449)	(2,065)
Company				
At 1 July 2015/2014 and 30 June 2016/2015	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) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired.

(c) 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

The balance of the entire retained earnings of the Company as at 30 June 2016 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	32,461	57,608	–	–
Biological assets	–	28,875	–	–
	32,461	86,483	–	–
Approved but not contracted for:				
Property, plant and equipment	235	–	235	–
	32,696	86,483	235	–

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	49	49	–	–
Later than 1 year and not later than 5 years	195	195	–	–
Later than 5 years	878	926	–	–
	1,122	1,170	–	-

(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.

32. Commitments (cont'd)

(c) Operating lease commitments - as lessor (cont'd)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	30	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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum lease payments:				
Not later than 1 year	26,741	23,702	4,577	7,076
Later than 1 year but not later than 2 years	18,167	20,891	1,515	4,577
Later than 2 years but not later than 5 years	3,170	12,369	–	1,515
Total minimum lease payments	48,078	56,962	6,092	13,168
Less: Amounts representing finance charges	(2,450)	(3,773)	(224)	(733)
Present value of minimum lease payment	45,628	53,189	5,868	12,435
Present value of payments:				
Not later than 1 year	24,922	21,364	4,382	6,567
Later than 1 year but not later than 2 years	17,596	19,702	1,486	4,382
Later than 2 years but not later than 5 years	3,110	12,123	–	1,486
Present value of minimum lease payments	45,628	53,189	5,868	12,435
Less: Amount due within 12 months (Note 27)	(24,922)	(21,364)	(4,382)	(6,567)
Amount due after 12 months (Note 27)	20,706	31,825	1,486	5,868

33. Related party transactions

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

(a) Sales and purchases of goods and services

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of timber products to				
- Subsidiaries	–	–	337,682	374,324
- Subur Group (i)	28,196	35,556	–	–
Sale of fresh fruit bunches to R.H. Selangau Palm Oil Mill Sdn. Bhd. (ii)	7,123	2,980	–	–
Contract income received from				
- R.H. Forest Corporation Sdn. Bhd. (iii)	–	277	–	–
- Tapak Megah Sdn. Bhd. (iv)	9,097	9,449	9,097	9,449
Contract fees paid to subsidiaries	–	–	44,406	6,416
Logpond facilities income received from Subur Group (i)	–	2,824	265	–
Helicopter chartering services provided to				
- Tiong Toh Siong & Sons Sdn. Bhd. (v)	–	406	–	–
- Subur Group (i)	274	–	–	–
- R.H. Forest Corporation Sdn. Bhd. (iii)	125	–	–	–
Hiring charges paid to subsidiaries	–	–	3,000	3,000
Towage and freight charges paid to Subur Group (i)	739	562	265	190
Purchase of timber products from				
- Subsidiaries	–	–	3,206	7,830
- Binamewah Sdn. Bhd. (vi)	21,773	20,627	21,773	20,627
- R.H. Forest Corporation Sdn. Bhd. (iii)	–	483	–	483
Purchase of raw materials from Petanak Enterprises Sdn. Bhd. (vii)	16,618	21,799	–	–
Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries:				
- Rimbunan Hijau General Trading Sdn. Bhd. (viii)	6,950	3,985	294	459
- Kejuruteraan Utama Sentiasa Sdn. Bhd. (ix)	1,651	–	–	–
Purchase of air tickets:				
– R.H.Tours and Travel Agency Sdn. Bhd. (x)	119	237	47	67

33. Related party transactions (cont'd)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Logpond/office/warehouse rental paid to				
- Subsidiaries	–	–	96	96
- Tiong Toh Siong Holdings Sdn. Bhd. (xi)	–	183	–	183
- Tiong Toh Siong & Sons Sdn. Bhd. (v)	191	–	191	–
Hotel accommodation paid to Regalia Ritz Enterprise Sdn. Bhd. (xii)	–	110	15	52
Premium paid to				
- Rejang Heights Sdn. Bhd. (xiii)	2,283	1,756	–	–
- R.H. Forest Corporation Sdn. Bhd. (iii)	2,895	2,044	–	–
- Wealth Houses Development Sdn. Bhd. (xiv)	499	294	–	–
Purchase of motor vehicles and spare parts from Rimbunan Hijau Auto Services Sdn. Bhd. (xv)	1,504	1,221	–	–
Technical and advisory fee paid to:				
- RH Development (Sarawak) Sdn. Bhd. (xvi)	5,262	–	4,805	–
Purchase of seedling:				
- WoodiJaya Sdn. Bhd. (xvii)	635	–	–	–
Purchase of investments from				
- Pemandangan Jauh Plantation Sdn. Bhd. (xviii)	50,000	–	–	–
- Tiong Toh Siong Holding Sdn. Bhd. (v)	20,000	–	–	–
Interest income received from subsidiaries	–	–	29,822	32,878
Interest expense paid to subsidiaries	–	–	7,203	4,318
Commission paid to subsidiaries	–	–	2,020	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 subsidiary, Subur Tiasa Plywood 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.

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)

(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") indirect interest 51%.
- Tan Sri THK (a director of RHS) - direct interest 1.8% and indirect interest 60%.
- TTSH - direct interest 25%.
- TSLE - direct interest 30% and indirect interest 25%.
- Tiong Choon ("TC") - indirect interest 32%.
- Tiong Chiong Hee ("TCH") - indirect interest 2%.
- Dato' Sri Tiong Chiong Hoo ("Dato' Sri TCH") - indirect interest 29.67%.

Datuk Tiong Thai King ("Datuk TTK"), father of TCH - indirect interest 26%.

(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, a major shareholder of the Company, has direct interest of 30% in RHFC.

TSLE, a major shareholder of the Company, has direct and indirect interests of 30% each in RHFC.

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

- Dato' Sri Dr. 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 holds 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 41% 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 interests of 14% and 13%, respectively, in TMSB.

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)

(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 80%.

TTSH and TSLE have direct and indirect interests of 100% and 80% respectively, in TTSS.

Dato' Sri Dr. TIK and Datuk TTK have indirect interests of 80% each in TTSS.

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

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

TTSH and TSLE have direct interests of 41% and 13% and indirect interest of 7% and 41%, respectively, in BSB.

TC and Dato' Sri TCH have indirect interests of 13% 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 2.5% and indirect interest 62%.
- TTSH - direct interest 49%.
- Dato' Sri Dr. TIK - direct interest 2.5% and indirect interest 49%.
- TSLE - indirect interest 59%.

Datuk TTK (a director of RHGT) holds indirect interest of 52% in RHGT.

(ix) Kejuruteraan Utama Sentiasa Sdn. Bhd. ("KUSB")

Tan Sri THK, Dato' Sri TIK and TTSH hold indirect interest of 100% each in KUSB.

Datuk TTK is a common director in KUSB.

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)

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

TC, a director of the Company, is also a common director of RHTT and holds 3% of indirect interest in RHTT.

Tan Sri THK, a major shareholder of the Company, is a director of RHTT and has direct interest of 12% and indirect interest of 79% in RHTT.

A major shareholder of the Company, TTSH, holds direct interest of 43% in RHTT.

A major shareholder of the Company, TSLE, holds direct interest of 3% and indirect interest of 76% in RHTT.

A director of the Company, Dato' Sri Dr. TIK, hold direct interest of 2% and indirect interest of 43%, respectively, in RHTT.

Datuk TTK, is also a common director of RHTT hold indirect interest of 43% and direct interest of 2% in RHTT.

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

Tan Sri THK, a major shareholder of the Company, holds direct and indirect interest of 10% and 21% in TTSH.

A director of the Company, Dato' Sri Dr. TIK, holds direct interest of 13.5% in TTSH.

Datuk TTK holds direct interest of 13.5% in TTSH.

TSLE, a major shareholder of the Company, holds direct interest of 15.5% in TTSH.

Tan Sri THK, Datuk TTK, Dato's Sri TIK and TC are common directors in TTSH.

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

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

Tan Sri THK, Datuk TTK and TC are also common directors in RRE.

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

(xiii) 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.

TSLE hold direct interest of 4% and indirect interest of 80% in RHSB.

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)

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

Tan Sri THK, a major shareholder of the Company, is a director of WHD.

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

Datuk TTK is also a common director in WHD.

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

The following directors/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 is also a common director in RHAS - indirect interest of 50%.

(xvi) RH Development (Sarawak) Sdn. Bhd. ("RHDS")

Tan Sri THK, a major shareholder of the Company is also a common director in RHDS and hold indirect interest of 100%.

Datuk TTK, Dato' Sri Dr. TIK, Dato Sri TCH and TC hold indirect interest of 40% each in RHDS.

TTSH holds direct interest of 40% in RHDS.

TSLE holds direct interest of 40% and indirect interest of 60% in RHDS.

(xvii) WoodiJaya Sdn. Bhd. ("WJSB")

The following major shareholders of the Company have substantial interests in WJSB.

- Tan Sri THK (a common director in WJSB) - indirect interest 53.52%
- TTSH - direct interest of 18.49% and indirect interest of 14.11%
- TSLE - direct interest of 4.95% and indirect interest of 40.7%

(xviii) Pemandangan Jauh Plantation Sdn. Bhd. ("PJPSB")

Tan Sri THK, is a common director in PJPSB, holds direct and indirect interest of 9.1% and 63%, respectively, in PJPSB.

Dato' Sri Dr. TIK, a director of the Company holds direct and indirect interest of 9.1% and 45%, respectively, in PJSB.

TSLE holds direct interest and indirect interest of 15% and 45% respectively, in PJPSB.

TTSH holds direct interest of 45% in PJPSB.

Datuk TTK, Dato' Sri TCH, TC and TCH hold indirect interests of 50%, 15%, 16% and 5% respectively, in PJPSB.

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 2016 are as follows:

			Outstanding balances	
Related parties		**Nature of transactions**	**Group '000**	**Company '000**
(i) (a)	Subur Tiasa Holdings Bhd.	Towage and freight services received Contract to supply of transportation services Contract for the supply of logpond facilities	2016: (RM719) 2015: (RM696)	2016: (RM1,081) 2015: (RM2,561)
(i) (b)	Subur Tiasa Plywood Sdn. Bhd.	Sale of timber products	2016: RM9 2015: RM3,353	2016: Nil 2015: Nil
(ii)	R.H. Selangau Palm Oil Mill Sdn. Bhd.	Sale of fresh fruit bunches	2016: Nil 2015: RM792	2016: Nil 2015: Nil
(iii)	R.H. Forest Corporation Sdn. Bhd.	Contract income received Helicopter chartering services Purchase of timber products Premium paid	2016: RM22 2015: RM2,060	2016: Nil 2015: Nil
(iv)	Tapak Megah Sdn. Bhd.	Contract income received	2016: Nil 2015: Nil	2016: Nil 2015: Nil
(v)	Tiong Toh Siong & Sons Sdn. Bhd.	Logpond and office rental paid	2016: RM1,928 2015: RM6,404	2016: RM1,928 2015: RM6,404
(vi)	Binamewah Sdn. Bhd.	Purchase of timber products	2016: RM184 2015: RM144	2016: RM184 2015: RM144
(vii)	Petanak Enterprises Sdn. Bhd.	Purchase of raw materials	2016: (RM1,462) 2015: (RM5,198)	2016: Nil 2015: Nil
(viii)	Rimbunan Hijau General Trading Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries	2016: (RM1,775) 2015: (RM2,869)	2016: (RM103) 2015: (RM32)
(ix)	Kejuruteraan Utama Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries	2016: (RM531) 2015: Nil	2016: Nil 2015: Nil
(x)	RH Tours & Travel Agency Sdn. Bhd.	Purchase of air tickets	2016: (RM99) 2015: (RM36)	2016: (RM47) 2015: (RM14)
(xi)	Tiong Toh Siong Holdings Sdn. Bhd.	Logpond and office rental paid	2016: Nil 2015: Nil	2016: Nil 2015: Nil
(xii)	Regalia Ritz Enterprise Sdn. Bhd.	Hotel accommodation incurred	2016: (RM6) 2015: (RM61)	2016: (RM4) 2015: (RM3)

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 2016 are as follows: (cont'd)

			Outstanding balances	
Related parties		**Nature of transactions**	**Group ’000**	**Company ’000**
(xiii)	Rejang Heights Sdn. Bhd.	Premium paid	2016: (RM691) 2015: (RM624)	2016: Nil 2015: Nil
(xiv)	Wealth Houses Development Sdn. Bhd.	Premium paid	2016: (RM177) 2015: (RM141)	2016: Nil 2015: Nil
(xv)	Rimbunan Hijau Auto Services Sdn. Bhd.	Purchase of motor vehicles and spare parts	2016: RM1,000 2015: RM94	2016: RM1,000 2015: Nil
(xvi)	RH Development (Sarawak) Sdn. Bhd.	Technical and advisory fee incurred	2016: (RM562) 2015: (RM5,767)	2016: (RM291) 2015: (RM5,767)
(xvii)	WoodiJaya Sdn. Bhd.	Purchase of seedlings	2016: Nil 2015: Nil	2016: Nil 2015: Nil
(xviii)	Pemandangan Jauh Plantation Sdn. Bhd.	Purchase of investments	2016: Nil 2015: Nil	2016: Nil 2015: Nil

* Brackets denote balances payable to related parties.

(b) Compensation of key management personnel

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

	Group 2016 RM’000	Group 2015 RM’000	Company 2016 RM’000	Company 2015 RM’000
Short-term employee benefits	4,045	4,478	3,737	1,989
Post-employment benefits:				
Defined contribution plan	390	534	351	230
	4,435	5,012	4,088	2,219
Included in total key management personnel are:				
Directors’ remuneration (Note 10)	2,418	2,004	2,418	2,004

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

	2016		2015	
	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	20,706	20,475	31,825	31,795

	2016		2015	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Company				
Loans and borrowings (Note 27):				
- Non-current obligations under finance leases	1,486	1,433	5,868	6,084

(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 asset	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) 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.

34. Fair value of financial instruments (cont'd)

(b) Determination of fair value (cont'd)

(iv) Derivatives asset

The fair values of 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.

(v) 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).

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2016

Group	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Investment securities (Note 24)					
- Equity investments quoted in Malaysia	30 June 2016	70,700	–	–	70,700
Derivatives (Note 25)					
- Forward currency contracts	30 June 2016	–	2,705	–	2,705
		70,700	2,705	–	73,405
Liabilities for which fair values are disclosed (Note 34 (a))					
Loans and borrowings					
- Non-current obligations under finance lease	30 June 2016	–	20,475	–	20,475

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

Group	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
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 2016

Company	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Derivatives (Note 25)					
- Forward currency contracts	30 June 2016	–	1,982	–	1,982
Liabilities for which fair values are disclosed (Note 34(a))					
Loans and borrowings					
- Non-current obligations under finance leases	30 June 2016	–	1,433	–	1,433

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
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

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, market price risk and equity 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 RM1,485,265,000 (2015: RM1,425,815,000) and RM6,619,000 (2015: RM5,769,000) relating to corporate guarantees provided by the Company to banks on subsidiaries' loans and borrowings and suppliers of the subsidiaries, respectively.

Credit risk concentration profile

The Group determines concentration 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			
	2016		2015	
	RM'000	% of total	RM'000	% of total
By country:				
India	10,763	20	19,786	25
Korea	1,957	4	9,012	12
Malaysia	26,443	50	37,593	49
Japan	1,013	2	-	-
Singapore	7,095	14	3,163	4
Taiwan	1,083	2	-	-
Vietnam	380	1	2,386	3
Other countries	3,796	7	5,352	7
	52,530	100	77,292	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 2016	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	184,634	–	–	184,634
Loans and borrowings	519,967	400,972	331,838	1,252,777
Total undiscounted financial liabilities	704,601	400,972	331,838	1,437,411
Company				
Financial liabilities:				
Trade and other payables	197,293	–	–	197,293
Loans and borrowings	202,470	25,060	–	227,530
Financial guarantee contracts*	909,707	–	–	909,707
Total undiscounted financial liabilities	1,309,470	25,060	–	1,334,530

36. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2015				
Group				
Financial liabilities:				
Trade and other payables	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	240,703	–	–	240,703
Loans and borrowings	195,622	39,255	–	234,877
Financial guarantee contracts*	799,733	–	–	799,733
Total undiscounted financial liabilities	1,236,058	39,255	–	1,275,313

* Based on the maximum amount that can be called under the financial guarantee contracts.

(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.

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 RM1,233,538 and RM69,059 (2015: RM1,227,503 and RM318,704) 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.

36. Financial risk management objectives and policies (cont'd)

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
USD - Strengthen 5% (2015: 20%)	3,035	9,680	754	2,831
USD - Weaken 5% (2015: 5%)	(3,035)	(2,986)	(754)	(708)

(e) Market price risk

The Group is exposed to market price risk from its operations. The market price of logs, wood processing products, plantation produce, crude palm oil and palm kernel is determined by the supply, pricing and demand. These factors can result in fluctuations in the market price.

(f) Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was RM70,700,000 (2015: Nil). A decrease of 5% on the FTSE Bursa Malaysia KLCI could have an impact of approximately RM3,535,000 on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

37. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their businesses and maximise shareholder value. No changes were made in the objective, policies and processes during the year ended 30 June 2016 and 2015.

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	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and borrowings	27	1,072,776	951,604	219,912	221,461
Less: Cash and bank balances	26	(58,914)	(21,097)	(3,685)	(2,525)
Net debt		1,013,862	930,507	216,227	218,936
Equity attributable to owners of the parent		1,814,259	1,769,069	1,913,808	1,653,813
Capital and net debt		2,828,121	2,699,576	2,130,035	1,872,749
Gearing ratio		36%	34%	10%	12%

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 plantations 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000		2016 RM'000	2015 RM'000
Revenue:													
External customers	279,624	371,060	347,187	363,357	396,080	297,230	476	562	–	–		1,023,367	1,032,209
Inter-segment	181,327	163,965	1,088	574	–	–	9,414	9,388	(191,829)	(173,927)	A	–	–
Total revenue	460,951	535,025	348,275	363,931	396,080	297,230	9,890	9,950	(191,829)	(173,927)		1,023,367	1,032,209
Results:													
Interest income	29,733	29,820	3,528	3,068	857	67	–	3	(34,033)	(32,948)		85	10
Dividend income	166,500	3,079	–	–	–	–	–	–	(166,500)	(2,100)		–	979
Depreciation and amortisation	34,453	48,773	14,178	16,228	43,933	28,291	1,293	4,348	2,379	744		96,236	98,384
Segment profit/(loss)	134,406	77,741	(58,903)	16,554	(36,249)	(46,029)	1,190	(579)	41,788	4,880		82,232	52,567
Assets:													
Additions to non-current assets	24,579	61,119	2,772	6,687	158,321	245,470	3,476	587	(5,109)	(10,842)	B	184,039	303,021
Segment assets	2,504,363	2,263,421	255,936	364,508	2,418,019	2,219,091	100,136	26,337	(2,063,446)	(1,786,045)	C	3,215,008	3,087,312
Segment liabilities	430,931	202,235	174,182	28,690	1,236,474	908,100	25,028	16,058	(474,740)	157,119	D	1,391,875	1,312,202

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:

	2016 RM'000	2015 RM'000
Property, plant and equipment	138,008	231,832
Biological assets	46,031	71,189
	184,039	303,021

C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Deferred tax assets	21,192	14,965
Tax recoverable	4,433	3,436
Inter-segment assets	(2,089,071)	(1,804,446)
	(2,063,446)	(1,786,045)

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Deferred tax liabilities	120,592	111,384
Income tax payable	13,873	17,768
Loans and borrowings	1,072,776	951,604
Inter-segment liabilities	(1,681,981)	(923,637)
	(474,740)	157,119

39. Dividends

	Group and Company	
	2016 RM'000	2015 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
First and final single-tier dividend for 2015: 1.0 sen	9,680	–
First and final single-tier dividend for 2014: 1.5 sen	–	14,520

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 30 June 2016 of 1.3 sen on 967,991,797 ordinary shares in issue (net of treasury shares) at book closure date amounting to a dividend payable of RM12,584,000 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 2017.

40. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board in accordance with a resolution of the directors on 20 October 2016.

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 2016 and 30 June 2015 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained profits of the Company and its subsidiaries:				
- Realised	1,114,301	1,050,100	970,918	711,717
- Unrealised	(100,432)	(94,605)	(20,828)	(21,623)
Less: Consolidation adjustments	(157,579)	(143,687)	–	–
Retained profits as per financial statements	856,290	811,808	950,090	690,094

ANALYSIS OF **SHAREHOLDINGS**

as at 26 September 2016

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	132	1.94	4,714	0.00
100 – 1,000	584	8.59	387,774	0.04
1,001 – 10,000	3,741	55.04	19,523,731	2.02
10,001 – 100,000	1,939	28.53	63,464,627	6.55
100,001 – less than 5% of issued shares	398	5.86	603,040,122	62.30
5% and above of issued shares	3	0.04	281,570,829	29.09
TOTAL	**6,797**	**100.00**	**967,991,797***	**100.00**

* Excluding a total of 5,726,000 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	165,090,665	17.05
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	Tiong Toh Siong Enterprises Sdn Bhd	29,449,008	3.04
8	Zaman Pemimpin Sdn Bhd	26,448,811	2.73
9	AMSEC Nominees (Asing) Sdn Bhd KGI Fraser Securities Pte Ltd for Genine Chain Limited	24,975,000	2.58
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Nustinas Sdn Bhd	20,000,000	2.07
11	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd	18,725,000	1.93
12	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd	16,790,250	1.73
13	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd	14,000,000	1.45
14	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund	12,608,400	1.30
15	Suria Kilat Sdn Bhd	11,375,634	1.18
16	Roseate Garland Sdn Bhd	10,978.631	1.13
17	HSBC Nominees (Asing) Sdn Bhd Exempt An for J.P. Morgan Bank Luxembourg S.A. (JPM INTL BK LTD)	10,717,873	1.11
18	Pertumbuhan Abadi Asia Sdn Bhd	10,488,411	1.08
19	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	10,487,065	1.08

20	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	9,057,300	0.94
21	Malaysia Nominees (Tempatan) Sendirian Berhad OCBC Labuan for Tiong Toh Siong Holdings Sdn Bhd	9,000,000	0.93
22	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Credit Agricole (Suisse) SA, Singapore Branch (Trust Account)	8,922,255	0.92
23	Diong Hiew King @ Tiong Hiew King	8,871,408	0.92
24	Nustinas Sdn Bhd	7,162,843	0.74
25	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,337,833	0.65
26	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)	5,702,000	0.59
27	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	5,577,400	0.58
28	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Thai King	5,491,735	0.57
29	Huang Tiong Sii	5,322,900	0.55
30	Citigroup Nominees (Asing) Sdn Bhd CEP for PHEIM SICAV-SIF	5,014,600	0.52

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			
Amanas Sdn Bhd	50,479,961	5.21			
Tan Sri Datuk Sir Tiong Hiew King	8,871,408	0.92	250,941,615	(b)	25.92
Teck Sing Lik Enterprise Sdn Bhd	1,270,080	0.13	239,183,124	(c)	24.71
Ho Cheung Choi			91,055,164	(d)	9.41
Chang Meng			91,055,164	(d)	9.41
Lu Mee Bing			50,479,961	(e)	5.21
Salmiah Binti Sani			50,479,961	(e)	5.21

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 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.
c. 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.
d. Deemed interested by virtue of their substantial shareholdings in Genine Chain Limited.
e. Deemed interested by virtue of their substantial shareholdings in Amanas Sdn Bhd

ANALYSIS OF SHAREHOLDINGS (cont'd)
as at 26 September 2016

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 Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	–	–	–	–
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-16 (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	29 years	2,273	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	24 years	2,457	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	–	10	24/Mar/2004
Sibu O.T.12262	Leasehold land expiring on 13.06.2027	Vacant Agricultre land	16,183 sq metres	–	1,432	26/Jul/2000
Putai, Kapit Concession land		Factory, warehouse and staff quarter		24 years	12,768	1992
Sibu Town Sibu Town District Blk 10 Lots 650 & 520 (Sub 120-132)	Pending issuance of Land Title	Building	103,943 sq metres	13 years	15,498	30/Apr/2005
Lot 851 Blk 10 Sibu Town District	Leasehold expiring on 07.09.2071	Shophouse	125 sq metre	5 years	1,176	07/Sep/2011
Lot 3372 Blk 19 Seduan Land District	Leasehold land expiring on 17.10.2098	Residential House	495 sq metre	4 years	555	08/Nov/2011
Salim, Sibu Seduan L.D. Blk 10 Lot 1393	Leasehold land expiring on 31.12.2915	Warehouse	19,981 sq metres	18 years	1,432	14/Nov/1995
LOT 920 & 1373, Block 16, Seduan Land District	leasehold expiring on 31.12.2915	Agriculture land	1.12 hactares	4 years	2,740 629	14/Mar/2008 31/May/2008
Sibu Airport Lot 05807 Block, Menyan LD	Rented land	Aircraft Hanger	4105 sq meter	3 years	19,994	01/Jul/2012

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-16 (RM'000)	Date of Acquisition
Tanjung Manis, Sarikei						
Sare L.D. Blk 3, Lot 25	Rented land exipiring on 22.09.2052	Factory, warehouse and staff quarter	209,756 sq metres	18 years	53 6,662	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
Sungei Terus, Niah, Miri						
Lot 161, Suai Land District	Provisional leasehold expiring on 6.12.2060	Oil Palm Estate Building & Quarter	23,629,286 sq metres	– 11 years	1,480 3,389	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	– 11 years	1,586 850	30/Apr/2001
Pulau Bruit, Daro, Mukah						
Lot 5, 6,8, 14, 15 Block 11 Bruit LD	Provisional leasehold expiring on 18.05.2064	Oil Palm Estate Building & Quarter	100,002,946 sq metres	– 4 years	5,780 15,924	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	– 6 years	2,904 6,706	09/Dec/2004
Lot 317 & 318 Block 15 Bruit LD	Provisional leasehold expiring on 18.05.2064	CPO Mill Building & Quarter	74.8447 hactares	6 years	542 31,530	01/Jan/2014
Bruit LD	Rented land	Oil Palm Estate Building & Quarter	52,880 hactares	–	1,112,655	2008
Retus, Mukah						
Lot 1, Block 6 Retus Land District	Leasehold land expiring on 23.2.2063	Oil Palm Estate Building & Quarter	72,331,816 sq metres	– 9 years	4,346 3,451	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	2,066 83,249	28/Aug/2003
OT 30623, Daro District	Provisional leasehold expiring on 30.10.2038	Vacant Agriculture land	16 acres	–	28	01/May/2007

MALAYSIA

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30-Jun-16 (RM'000)	Date of Acquisition
Sungai Pantak, Batang Igan, Sibu						
Lot 3418, Pasai-Siong Land District	Leasehold land expiring on 31.012.2068	Vacant Agriculture land	33,791 sq metres	–	72	28/Jun/2004
Sungai Buloh, Oya, Sibu						
Lot 113, Block 7 Oya-Dalat Land District	Leasehold land expiring on 11.04.2036	Vacant Agriculture land	8,660 sq metres	–	23	12/Aug/2005
Kuching						
Lot 11606, Block 16 Kuching Central Land District	Leasehold land expiring on 27.11.2061	Three-Storey Shophouse	167 sq metres	9 years	15,554	01/Apr/2008
Lot 22, 26 & 27 Borneo Highland	Pending issuance of Land Title	Bungalow lots Vacant	57,896 sq feet	6 years	4,296	15/May/2006
				Total	1,366,924	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Sixth 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, 24 November 2016 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 2016 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 1.3% for the financial year ended 30 June 2016. *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' Wong Sie Young *Resolution 2*
ii. Dato' Wong Lee Yun *Resolution 3*
iii. Datuk Talib Bin Haji Jamal *Resolution 4*

4 To consider and if thought fit, pass the following resolution:-

"THAT Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), 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 5*

5 To approve Directors' fees for the financial year ended 30 June 2016. *Resolution 6*

6 To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 7*

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. 5, approval be and is hereby given to Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) 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*

(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 9*

(c) "THAT subject to the passing of Ordinary Resolution No. 3, approval be and is hereby given to Dato' Wong Lee Yun 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 10*

(d) "THAT subject to the passing of Ordinary Resolution No. 4, approval be and is hereby given to Datuk Talib Bin Haji Jamal 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 11*

8 Proposed Renewal of Authority for the Company to Purchase its Own Shares ("Proposed Share Buy-Back") *Resolution 12*

"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 13*

"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 28 October 2016 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 1.3% for the financial year ended 30 June 2016, if approved at the Fifty-Sixth Annual General Meeting, will be paid on 16 December 2016 to Depositors whose names appear in the Record of Depositors on 30 November 2016.

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 28 November 2016 in respect of securities exempted from mandatory deposit;

b) Securities transferred into the Depositor's securities account before 4.00 p.m. on 30 November 2016 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

NGU UNG HUONG
MAICSA 7010077
Company Secretary

Sibu, Sarawak
28 October 2016

NOTES ON APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2016 shall be entitled to attend, speak and vote at this 56th 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 56th 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 AND SPECIAL BUSINESS

1. Audited Financial Statements

   Agenda 1 on the Audited Financial Statements is for discussion only and no voting is required under Section 169(1) and Section 169(3) of the Act..

2. Continuation in offices as Independent Directors

   Ordinary Resolutions No. 8, 9, 10 and 11

   The Board has via the Nominating Committee conducted performance evaluation and assessment of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), Mr John Leong Chung Loong, Dato' Wong Lee Yun and Datuk Talib Bin Haji Jamal, who had served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) 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.

3. Proposed Renewal of Authority for the Company to Purchase its Own Shares

   The Proposed Ordinary Resolution No. 12 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.

4. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

   The Proposed Ordinary Resolution No. 13 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.

5. Please refer to the Circular to Shareholders dated 28 October 2016 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.

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PROXY FORM

JAYA TIASA HOLDINGS BERHAD (3751-V)
(Incorporated in Malaysia)

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-Sixth 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, 24 November 2016 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 1.3% per ordinary share for the financial year ended 30 June 2016.		
2.	Re-election of Dato' Wong Sie Young as Director.		
3.	Re-election of Dato' Wong Lee Yun as Director.		
4.	Re-election of Datuk Talib Bin Haji Jamal as Director.		
5.	Re-appointment of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Director.		
6.	Approval of Directors' Fees for the financial year ended 30 June 2016.		
7.	Re-appointment of Auditors.		
8.	Continuation in office of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Independent Director.		
9.	Continuation in office of Mr John Leong Chung Loong as Independent Director.		
10.	Continuation in office of Dato' Wong Lee Yun as Independent Director.		
11.	Continuation in office of Datuk Talib Bin Haji Jamal as Independent Director.		
12.	Proposed Authority for the Company to purchase its own shares.		
13.	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.......................... 2016

Notes :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2016 shall be entitled to attend, speak and vote at this 56th AGM.
2. 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 56th 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.
7. Pursuant to Paragraph 8.29A(1) of Listing Requirement of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

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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

JAYA TIASA HOLDINGS BERHAD
(Company No. 3751-V)

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Fax : 084-213 855
Email : inquiry@jayatiasa.net
Website : www.jayatiasa.net