JAYA TIASA

ANNUAL REPORT 2017

VISION

To be Malaysia's preferred producer of renewable and sustainable quality oil palm and wood based products.

MISSION

To create a strong, viable corporate entity, a first choice employer, continuously improving by harnessing our resources of people, processes and technology contributing to the nation's development.

CORE VALUES

Integrity

We uphold professionalism, accountability, transparency and honesty always.

Diligence

We seek better way of doing everything, embrace change in adapting our business model to the market or environment and walk extra miles to get the desired results.

Team Spirit

We motivate achievement of Company's goals through recognition of every contribution towards the Company's success.

Building Relationship

We cultivate and maintain mutually beneficial relationship with our stakeholders.

CONTENTS

FINANCIAL HIGHLIGHTS

FINANCIAL STATISTICS PERFORMANCE	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	980,829	1,023,367	1,032,209	1,033,342	1,054,098
Profit Before Taxation	50,039	82,232	52,567	79,949	31,269
Profit After Taxation	14,559	56,995	34,445	55,619	22,271
Profit Atributable to					
Equity Holders	12,123	54,162	31,635	53,133	21,138
EBITDA	212,343	229,647	186,541	190,130	141,533
Equity Attributable to Equity Holders	1,806,803	1,814,259	1,769,069	1,751,939	1,708,483

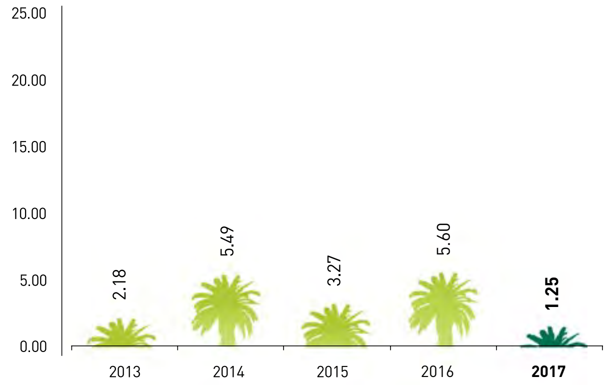
CORPORATE RATIOS					
Net Earnings Per Share (sen)	1.25	5.60	3.27	5.49	2.18
Net Assets Per Share Attributable to Equity Holders (RM)	1.87	1.87	1.83	1.81	1.76
Net Tangible Assets Per Share (RM)	1.87	1.81	1.76	1.73	1.66
Return on Equity (%)	0.7	3.0	1.8	3.0	1.2
Return on Total Assets (%)	0.4	1.7	1.0	1.8	0.7
Gross Dividend (sen)	0.5	1.3	1.0	1.5	1.0
Gearing Ratio (%)	36	36	34	31	32

PROFIT/(LOSS) BEFORE TAX BY BUSINESS SEGMENTS	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Timber Operations and Reforestation	(56,054)	97,808	74,642	49,826	33,470
Oil Palm Operations	104,827	(17,173)	(21,495)	33,486	(2,097)
Others	1,266	1,597	(580)	(3,363)	(104)
	50,039	82,232	52,567	79,949	31,269

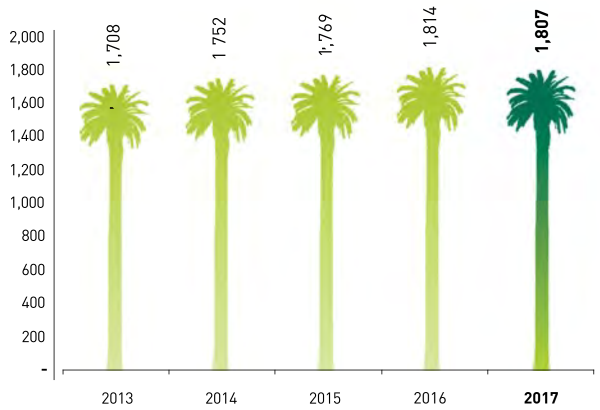
FINANCIAL HIGHLIGHTS (cont'd)

Revenue
(RM million)

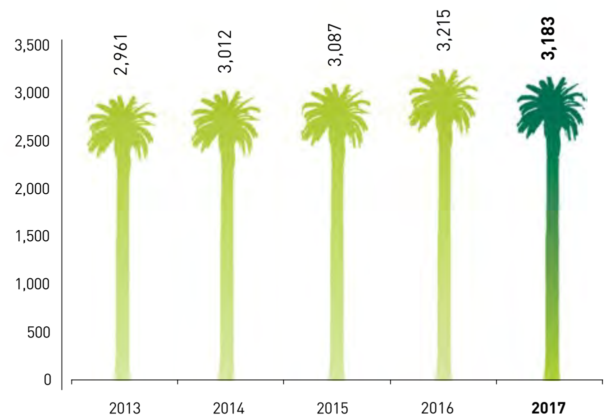
Earnings Per Share
(Sen)



Equity Attributable to Equity Holders
(RM million)

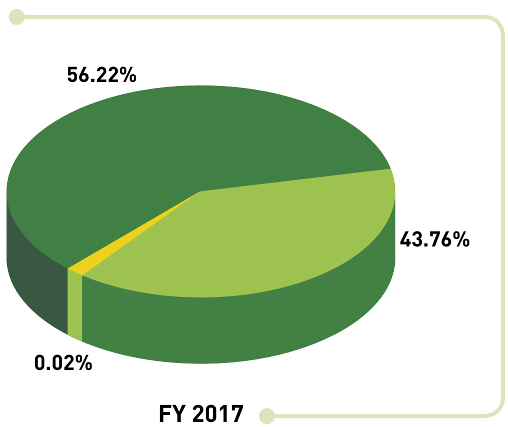


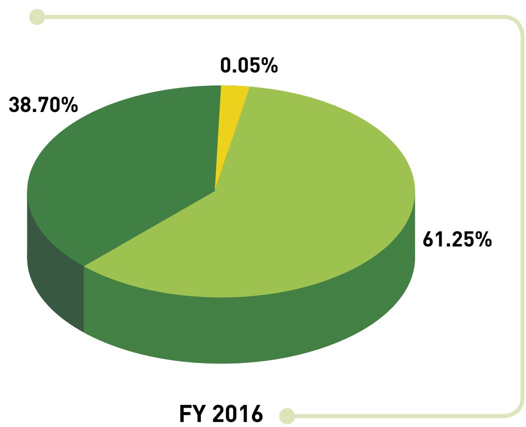
Total Assets
(RM million)



Breakdown of Revenue by Segment

Timber Operations Oil Palm Operations Others





CHAIRMAN'S LETTER TO SHAREHOLDERS

> "On behalf of the Board of Directors of Jaya Tiasa Holdings Berhad, I am pleased to present to you the Annual Report and Audited Financial Statement of the Group for the Financial Year Ended 30 June 2017."

ECONOMY OVERVIEW

Heightened policy uncertainty in the US and political tension in the Middle East marked another difficult year for the world economy. According to the World Bank, global growth was about 2.3% in 2016 – the weakest since the 2008 global financial crisis. On the domestic front, despite declining revenue caused by a lower commodities market and uncertain political development, our national economy maintained steady growth, with anticipation of growth under pressure in the coming year.

FINANCIAL REVIEW

We closed the year with revenue of RM981 million, a slight 4% drop from last year primarily due to lower sales volume from the timber division. Profit before tax decreased by 39% to RM50.0 million and net profit was RM14.6 million, a 74% decrease. Earning per share was 1.25 sen down from 5.60 sen recorded during the last financial year. Shareholder funds decreased to RM1,807 millions compared to RM1,814 million achieved for the preceding financial year. Net tangible assets per share stood at RM1.87 for the year ended 30 June 2017.

PERFROMANCE REVIEW

We achieved a turnaround in the oil palm division from the previous loss of RM17.2m to a profit of RM104.8m mainly due to improved production and higher commodity prices. Fresh Fruit Bunch ("FFB") production improved by 8% to 1,009,447MT and realised an average price of RM543 per MT. Crude Palm Oil ("CPO") production increased by 25% with an average CPO price of RM2,770 per MT.

We are undertaking Sustainable Forest Management Certification in line with the State government directive. Timber division profits have dropped from the previous year's RM97.8m to RM10.0m before impairment loss, mainly due to significant reduction in production of timber products. Log production contracted by 41%, plywood production dropped by 22%, while veneer production dropped by 43%. An impairment loss of RM66 million was recognized during the year due to goodwill written off on one of our subsidiaries that performed wood manufacturing and the plant and machinery's carrying value.

The Group's profit before tax before the impairment charge was RM116.1m, a 41% increase from previous year's RM82.2m. This is a commendable result from the Group's operations given the significant curtailment of the timber business. The impairment which resulted in 74% drop in net profit was a one-time charge.

Further details on the Group's financial performance and Certification can be found in the Management Discussion & Analysis section on page 6 – 12.

DIVIDEND

As part of our commitment to enhancing shareholder value, the Board has stayed true to its dividend policy of paying out no less than 20% of net profit, subject to not compromising the Group's pursuit of long term growth. As a result, the Board recommends a gross dividend of 0.5 sen per ordinary share representing about 33% on after tax profit with respect to the Financial Year Ended 30 June 2017 for approval by the shareholders at the forthcoming Annual General Meeting to be held on 29 November 2017.

SUSTAINABILITY

The Board will continue to uphold our commitment to Corporate Social Responsibility (CSR) and promote sustainability by more fully embedding our approach into the day-to-day management of the business. We will continue to protect the environment and be conscientious toward our stakeholders as a good employer, business partner and member of the community. An overview of our CSR undertakings is covered under the "Sustainability and Corporate Social Responsibility" section in this annual report on pages 21 – 24.

GOING FORWARD

According to the IMF, the world economy has turned the corner. Global growth is estimated to rise by 3.5% this year and 3.6% in 2018. Despite mixed performances from the major developed countries, most economies are picking up overall, although they are lower than pre-2008 crisis level.

In line with the directive from the State government on timber certification, overall timber output from Sarawak has been affected, including the Group's timber operations. Contribution from our timber segment will continue to be subdued. Nonetheless, we have diversified into the oil palm business since 2002, and our FFB production is expected to further improve with more palms maturing. We will consolidate our efforts into this profitable division and we are optimistic that this division will provide our trajectory of growth in the next financial year.

APPRECIATION

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

GEN TAN SRI ABDUL RAHMAN BIN ABDUL HAMID (RTD)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

> "Dear Shareholders, the aim of the Management Discussion and Analysis (MD&A) is to provide shareholders with an overview of the business operations of the Group, the financial review for the financial year ended 30 June 2017 and the Group's expectations on the business going into 2018."

OVERVIEW OF BUSINESS & OPERATIONS

Jaya Tiasa Group began as a downstream wood processing company in 1987. During the years when our timber operations were able to sustain the group, we diversified into palm oil business in 2002. That diversification served us well and today we are one of Malaysia's preferred producers of renewable and sustainable quality oil palm and wood based products.

Our main timber products include logs, veneer, and plywood. Our concession log extraction quota for the 2017/2018 Coupe Year was 630,400m3. Our downstream wood processing's current annual capacity in running for plywood and veneer is 180,000m3 and 162,000m3 respectively.

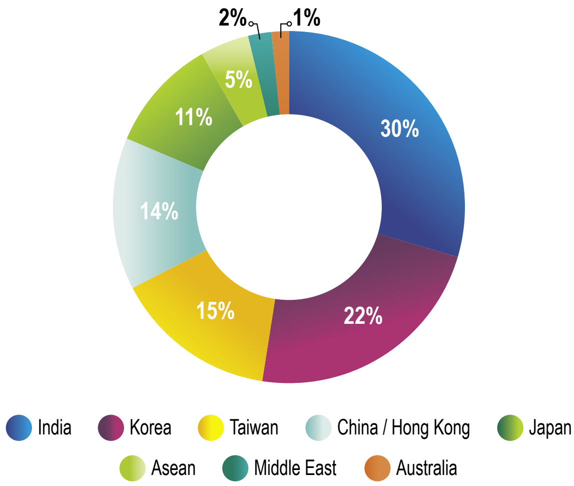
Our timber products are delivered to several major markets in the world. Most of our customers are loyal clients who have established long-term relationship and trust in us, a criterion which we believe is essential to maintain our track record besides seeking to penetrate new markets.

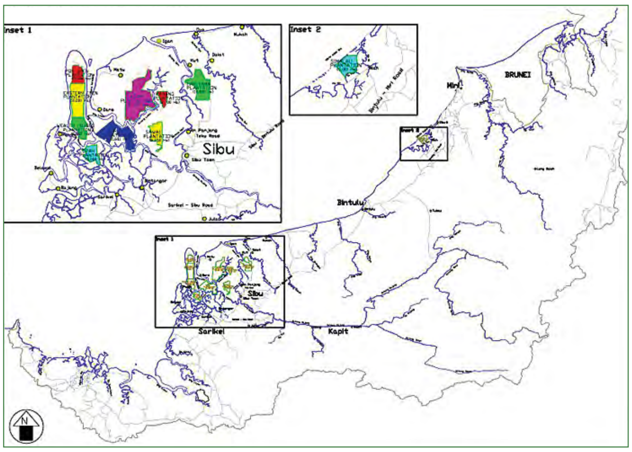
India has been our key market for logs over the years. Demand from the country remains robust despite the challenging economy and competition in supply from other regions. Our other important markets for our manufactured products include South Korea, Taiwan, China / Hong Kong, Japan and others.

We have scaled down our downstream wood processing activities recently following a decrease in logs supply due to changes in regulations and our commitment to Sustainable Forest Management Certification. We believe that managing both our operations and resources responsibly and sustainably by operating our factories at the optimal production level using available resources is the key towards long-term growth.

We are dedicated to focusing on our oil palm business which has developed to become one of our core businesses with a land bank of over 83 thousands hectares in the state of Sarawak, Malaysia. As at 30 June 2017, the Group's planted areas stood at 69,652 hectares (Ha) spreading over 10 plantations in Sarawak. Our matured area stood at 63,900 Ha, and the weighted average age of our trees is above 8 years.

Key Markets





Jaya Tiasa Oil Palm Division

Plantation	Land Area (Ha)	Plantable Area (Ha)	Planted-to-date (Ha)	Immature (Ha)	Matured (Ha)
Simalau	5,003	4,929	4,929	-	4,929
Hariyama	10,600	9,645	9,645	-	9,645
Wealth Houses	6,000	5,757	5,757	-	5,757
Lepah	5,149	4,099	4,099	-	4,099
Daro	11,681	9,841	9,841	-	9,841
Eastern Eden	10,000	8,580	8,580	2,020	6,560
Poh Zhen	5,000	2,933	2,933	1,467	1,466
Sawai	6,050	5,448	5,448	-	5,448
Lassa	21,300	16,287	16,287	2,265	14,022
Kabang	2,700	2,133	2,133	-	2,133
Total	**83,483**	**69,652**	**69,652**	**5,752**	**63,900**

In line with the rapid increase of our Fresh Fruit Bunches (FFB) production, we commissioned our first Crude Palm Oil (CPO) mill in 2009 followed by three (3) more. With all four (4) CPO mills now in operation, we are able to process 1,782,000MT per annum of FFB.

While we are committed to growing our business, we also strongly believe in sustainable development and thus employ green manufacturing practices to help protect our environment and wildlife. In view of that, we are currently managing a total area of 235,859 Ha for reforestation.

LPF	Gross Area (Ha)	Plantable Area (Ha)	Planted to date (Ha)
LPF0023	55,887	34,033	10,063
LPF0024	108,144	62,027	10,369
LPF0028	71,828	44,317	12,396
Total	**235,859**	**140,377**	**32,828**

OBJECTIVES AND STRATEGIES

In line with our vision of producing renewable and sustainable wood-based products, we have enhanced our Forest Management Plan (FMP) to gear towards sustainable forest management. This is founded on three (3) pillars, namely environmentally responsible, socially compatible and economically viable. The refined FMP has incorporated the latest scientific and research findings. These findings shall form the basis of developing standard operating procedures and will be systematically executed by our competent staffs at all levels. We strongly believe sustainable forest management is the only way forward for forest resource sustainability.

Our manufacturing processes are governed by strict protocol, and we adhere to international standards and guidelines to ensure our products are best in class. Our commitment to quality has won us many certifications. The CE marking certifies that our wood products have met the European Union health, safety, and environmental requirements, which ensure consumer safety. Other recognition includes the Japanese Agricultural Standards (JAS) certification.

As for the oil palm division, we are in the process of obtaining Malaysia Sustainable Palm Oil (MSPO) certification for our CPO mill and oil palm estates. We address the environmental, social and economic aspects of the oil palm production, and ensure that best practices are followed consistently in order to achieve our vision of producing sustainable quality oil palm products.

We are committed to replanting the forest as an investment for the future viability of the Group and supporting the world's move towards conservation of natural forests. With fast-growing tree species such as Eucalyptus Deglupta (Kamarere), Eucalyptus Pellita and Kelampayan planted across the plantation areas, the Group's forest planted area has been expanding and will continue to trend up steadily.

REVIEW OF FINANCIAL RESULTS

The Group's revenue of RM981 million was 4% lower than RM1,023 million reported in the previous year. The decrease in revenue was mainly due to a mixture of the following:

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Timber
- 32% decrease in revenue was caused by reduction of sales volume. Sales volume in the logging division dropped by 9% while plywood division dropped by 27%. The reductions were due to 41% and 22% decrease in production volume respectively.
- 13% and 7% decrease in the average selling prices for both log and plywood

Oil Palm
- 39% increase in revenue mainly contributed from the higher CPO and PK sales of 24% and 39% respectively.
- 8% higher in FFB production due to maturing trees

Profit before tax dropped by 39% to RM50.0 million for the current year from RM82.2 million in the previous year. This is mainly due to an impairment loss of RM62.3 million on goodwill that was recognized due to the downsizing of wood production activities in one of our wholly—owned subsidiaries, Rimbunan Hijau Plywood Sdn Bhd, during the year. Further impairment loss of RM3.7 million on the carrying value of its plant and machinery used in the wood production activities was recognized as well.

Selling and distribution cost reduced by 21% in line with the lower sales volume from the timber divisions. The recent completion of the four CPO mills reduced traveling distances that were undertaken from the plantations to third party mills previously. This contributed to lower logistics cost.

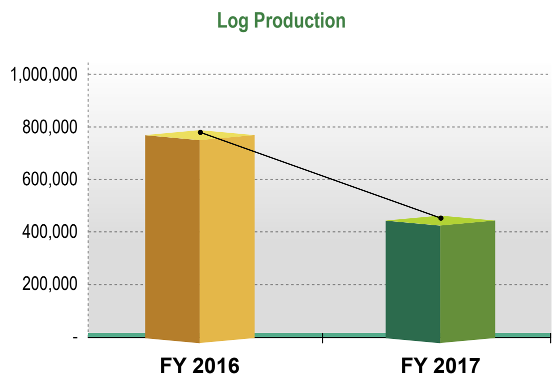
Finance cost increased by 6% to RM56.8 million which was mainly attributable to the increase in borrowings. During the year, we borrowed a further RM60 million for the Hariyama CPO mill construction. Nonetheless, our cash flow position has strengthened with cash flow from operating activities improving by 1%.

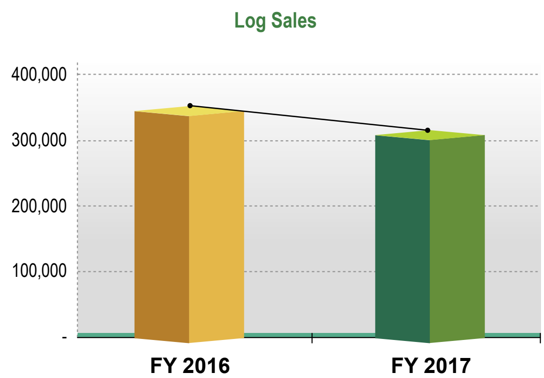
As for Property, Plant and Equipment (PPE), a RM13.7 million of truck and vehicles which are mostly from the timber divisions were disposed off during the year.

REVIEW OF OPERATING ACTIVITIES

Logging

The division contributed about 22% of the total Group's revenue. The average export price for logs remained stable at USD217 per m3 largely due to the tightening of log supply and the ongoing demand from our key market segments. More stringent control by the government also helped in stabilizing log prices.





Several factors continue to impact the log production in recent years. Unfavorable weather conditions as well as the impoundment of the Bakun and Murum hydroelectric dams have continued to impede the transportation of logs for downstream processing mills and exports. To mitigate these, we priortise transport of export-grade logs followed by milling logs to the nearest destination that is not affected by the water level and monitor logs aging to ensure freshness. We are also in the midst of applying for timber licenses extension and undertaking Sustainable Forest Certification. As such we foresee further lowering in production in the coming financial year.

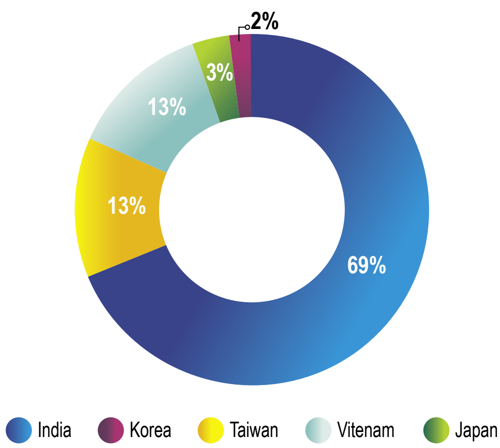
MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

During the year, India continues to be our largest exporting country with 69% of export sales, followed by Taiwan and Vietnam in par at 13% and then Japan and Korea.

We will continue to export logs in the coming financial year as we foresee the market demand for tropical logs to remain robust and timber prices to sustain due to supply constraint. USD against MYR is expected to remain strong in the near future which is favorable to our export sales in terms of currency exchange.

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

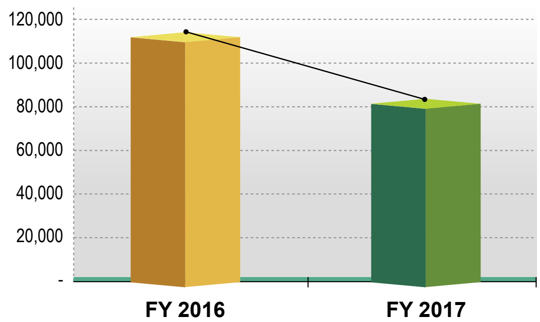
Log Key Markets



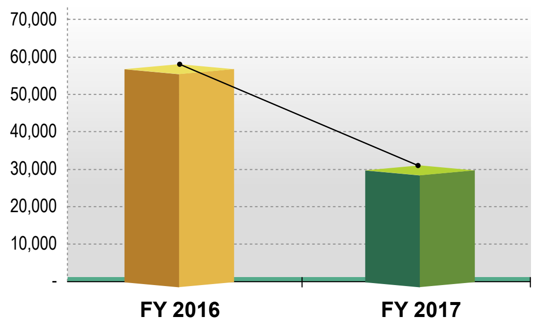
WOOD MANUFACTURING

The division contributed about 21% to the total revenue of the Group. Plywood sales volumes decreased by 27% YoY, while the average selling prices decreased by 7%. For Veneer, sales volume decreased by 47% and the average selling prices decreased by 3%.

Plywood Sales



Veneer Sales



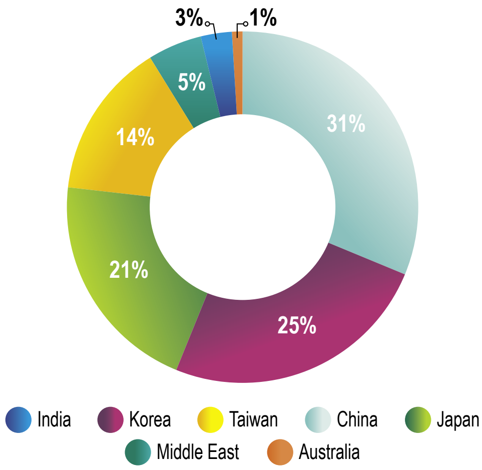
Wood Products	Annual installed capacity (m^3)	FY2017		FY2016	
		Production (m^3)	Utilization (%)	Production (m^3)	Utilization (%)
Plywood	180,000	82,685	46%	105,707	59%
Veneer	162,000	74,560	46%	131,407	81%

The utilization rate for the reported financial year for plywood and veneer facilities was approximately 46% respectively. Log supply has been decreasing and with rising cost of operation, our unit cost is on the rise. Rivalry and threat of substitute are getting more and more intense due to technological breakthroughs.

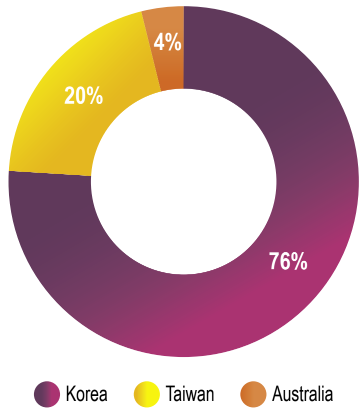
MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

During the year, China was our largest export destination, accounting for 31% of the total plywood exports of the Group, closely followed by Korea, Japan, and Taiwan. Other markets include the Middle East, India, Australia and others.

Plywood Key Markets



Veneer Key Markets



The market for plywood and veneer has been challenging ever since the economic downturn. To maximize our revenue and profit as well as to retain our existing markets, we maintained our strategy in producing more high value products. The downsizing of our plywood manufacturing facility was in response to market conditions and limited timber resources.

Our focus will be on large importing countries such as South Korea, Taiwan, China / Hong Kong and Japan. The Group will adopt a dynamic strategic approach in an increasingly competitive global environment, taking into account the decreasing resources, the volatility of foreign exchange rates and crude oil prices. The Group will strengthen its current measures to maintain and enhance its competitive edge, and these include harnessing its existing production technology towards improving operational efficiency and product quality, and being innovative in producing more value-added products for niche markets to enhance margins.

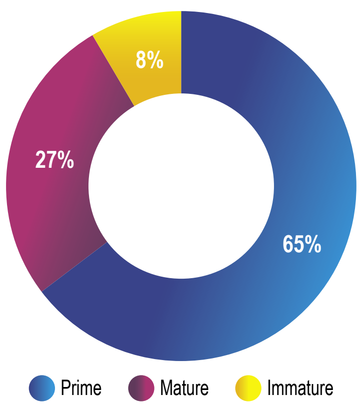
OIL PALM

Oil palm division has become our core business by contributing 56% of the Group's revenue. The division recorded a profit before tax of RM104.8m which is 209% of the Group's total. The average FFB price was RM543 per MT, an increase of 30% while CPO price was at RM2,770 per MT, a 23% increase.

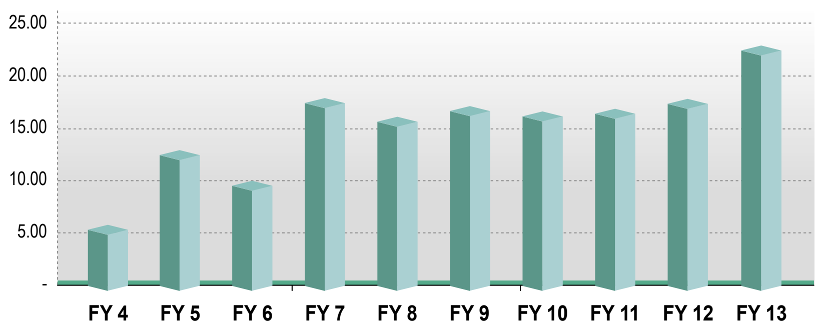
	Average Selling Price (RM/MT)		OER / KER (%)	
	FY17	FY16	FY17	FY16
CPO	2,770	2,255	17.4%	17.1%
PK	2,458	1,755	3.2%	2.9%
FFB	543	417		

FFB production for the year increased by 8% to 1,009,447 metric tones (MT) from the previous year's 931,745 MT as 65% of our trees are in their prime. As at 30 June 2017, the weighted average palm age is just above 8 years. We expect our FFB yield (MT) per hectare to improve and consequently reduce our cost of production.

Palm Tree Age Profile



FFB Yield (MT per Ha)



By completing our fourth CPO mill, we are now able to process FFB from all of our estates. We managed to cut cost on transportation and more importantly, preserve the freshness of our FFB for processing. The Group's palm oil mills produced 149,061 MT of CPO and 27,076 MT of palm kernel (PK).

CPO Mills	Capacity (MT per annum)	FY2017		FY2016	
		FFB Input (MT)	Utilization %	FFB Input (MT)	Utilization %
Wealth Houses CPO Mill	486,000	239,044	49%	230,512	47%
Daro Jaya CPO Mill	324,000	296,499	92%	248,803	77%
Lassa CPO Mill	648,000	254,116	39%	218,586	34%
Hariyama CPO Mill	324,000	*64,633	n/a	-	n/a
Total	**1,782,000**	**854,292**		**473,858**	

* *Commissioned during the year.*

Some of our mills are currently under-utilized but we are confident that all mills will be optimized in the near term as our crop production increases. We will continue to improve our Oil Extraction Rate (OER) from our CPO mills by imposing stringent control over operational efficiency and FFB input quality. With further fine-tuning, we expect the production volume and efficiency to improve in the next financial year.

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

REFORESTATION

The Group has planted 32,828 hectare of forest plantation. During the financial year, the progress of tree planting and maintenance works were carried out according to our planned work schedules. A total of 313,329 seedlings were planted under the Industrial Tree Planting Method and the new chemical weed control regime. The average survival rate of the E. Pellita seedlings at one month is above 90%.

		No of Seedlings	Areas (ha)
LPF0023	EP/AF	496,983	504.7
LPF0024	EP/AF	322,500	384.5
LPF0028	EP/AF	168,138	172.5
		987,621	**1,061.7**

The division is not expected to contribute to earnings in the short term given that the planted forest has a gestation period of 12 to 15 years before it can be ready for commercial harvesting. The challenge of the Group is to improvise silvicultural practices, better wood properties, pest and disease control and recruitment of field workers. We place great emphasis on stringent quality control over new plantings and their maintenance so as to improve the survival rate and optimum growth of planted trees.

ANTICIPATED OR KNOWN RISK

Our logging business has been affected by the state government's current initiatives requiring all industry players to revise the methodology on operation. Production has dropped due to our undertaking in Sustainable Forest Certification. We are fully committed to comply but risk unforeseen delay in its renewal. Also, the hike in log premium will adversely impact our profit margin. To mitigate this risk, we will strive to lower our operating cost further.

Shortage of worker remains the primary risk to our palm oil business. Most of the processes such as harvesting, manuring, upkeep and maintenance are performed manually. Any shortage of workers will critically disrupt the normal workflows and eventually translate to financial loss to the Group. To mitigate this, we have invested on machineries and infrastructure as part of its mechanization initiatives to alleviate this operational risk. Extreme weather caused by global warming is another risk that will impact the productivity of the palm trees. To mitigate this, we will use better water management to ensure our trees get adequate water supply throughout the year.

Political risk in terms of changes in government policy is also a significant factor. Any changes in government policy pertaining to minimum wages, foreign workers levy, foreign workers insurance and others will have substantial impact on the Group's operating costs. In response, the Group will endeavor to lower our cost of production.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FORWARD LOOKING

We are cautiously optimistic with regards to export log price due to sustained demand from our major markets. Higher log premium will impact our earnings in the coming financial year. Plywood demand is anticipated to gradually improve with the commencement of Tokyo 2020 Olympics project.

FFB yield will continue to rise as more trees are growing into their prime. CPO production will be boosted as a result while expanding vertical integration should contribute positively to the oil palm division in the next financial year. We lay strong emphasis on the importance of our core values and the necessity to adapt to the ever changing and challenging business environment.

DATO' WONG SIE YOUNG
Chief Executive Officer

CORPORATE INFORMATION

BOARD OF DIRECTORS

Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)
Independent Non-Executive Chairman

Dato' Sri Tiong Chiong Hoo
Deputy Executive Chairman

Dato' Wong Sie Young
Chief Executive Officer

Dato' Sri Dr Tiong Ik King
Non-Independent Non-Executive Director

Mdm Tiong Choon
Non-Independent Non-Executive Director

Mr Tiong Chiong Hee
Non-Independent Non-Executive Director

Mr John Leong Chung Loong
Independent Non-Executive Director

Dato' Wong Lee Yun
Independent Non-Executive Director

REGISTERED OFFICE

No. 1-9, Pusat Suria Permata
Lorong Upper Lanang 10A
96000 Sibu, Sarawak
Tel : 084-213255 **Fax** : 084-213855
E-mail: inquiry@jayatiasa.net
Website: www.jayatiasa.net

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03-7849 0777 **Fax** : 03-7841 8151/52

COMPANY SECRETARY

Ms Ngu Ung Huong

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

AmBank Berhad
RHB Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Asian Finance Bank Berhad

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad
Stock Name: JTIASA
Stock Code: 4383

DIRECTORS' PROFILE

GEN TAN SRI ABDUL RAHMAN BIN ABDUL HAMID (RTD)

Independent Non-Executive Chairman
Aged 79, Malaysian, Male

Board Committee : Audit Committee - Chairman

Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) was appointed to the Board on 27 March 1995 and has been serving as the Chairman of the Board since then.

He graduated from the Royal Military College, Malaysia and Army Staff College, Camberlay, United Kingdom.

Tan Sri was the Chief of the Malaysian Army and Defence Force between 1992 and 1994 and was the Acting Governor of Penang in 1994. From 1958 to 1994, he served in various capacities and appointments covering field command, staff development and foreign services including serving 2 years as Defence Attache in the Embassy of Malaysia in the Philippines.

Presently, he is the Chairman of Halex Holdings Berhad, Key Alliance Group Berhad (an ICT company listed on the ACE Market) and AXA Affin Life Insurance Berhad (a joint-venture company of Lembaga Tabung Angkatan Tentera). He is also the Chairman and Director of a few other multinational and private companies incorporated in Malaysia.

Tan Sri has no family relationship with any Directors and/or major shareholders sof the Company.

DATO' SRI TIONG CHIONG HOO

Deputy Executive Chairman
Aged 57, Malaysian, Male

Dato' Sri Tiong Chiong Hoo was appointed as the Executive Director on 27 March 1995, re-designated as the Managing Director and Deputy Executive Chairman on 26 April 1995 and 01 January 2013 respectively.

He holds a Bachelor of Law and Bachelor of Economics degree from Monash University, Australia and is a registered barrister.

Dato' Sri is responsible for developing the corporate/business strategies and attaining the long-term growth objectives of the Group. His relevant experience and knowledge in the timber and plantation industries gained over time and familiarity with markets of our products have enabled him to address strategic issues and risks relating to the Group's businesses. His long standing experience with the regulatory authorities' policies are invaluable to the group.

He is the son of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. His uncle, Dato' Sri Dr Tiong Ik King, sister, Mdm Tiong Choon, and cousin, Mr Tiong Chiong Hee are also members of the Board.

DIRECTORS' PROFILE (cont'd)

DATO' WONG SIE YOUNG
Chief Executive Officer
Aged 58, Malaysian, Male

Dato' Wong Sie Young was appointed as the Chief Executive Officer (CEO) on 01 January 2013. He is the chairman of the Risk Management Committee.

He graduated with a Bachelor of Science in Electrical Engineering degree from University of Arkansas, USA in 1984.

Dato' Wong manages the daily business operations and ensures effective implementation of the strategic plans and policies established by the Board. Prior to his appointment as CEO, he has served in various senior positions within the Group for more than 25 years during which he has acquired extensive experience in the running of the Group's operations. He has been involved in the designing and setting up of all the timber processing plants, the construction projects at oil palm estates and the designing and construction of all palm oil mills. He is well equipped to manage the Group due to his familiarity and in-depth knowledge of the many facets of the Group's operations.

He has no family relationship with any Directors and/or major shareholders of the Company.

DATO' SRI DR TIONG IK KING
Non-Independent Non-Executive Director
Aged 67, Malaysian, Male
Board Committee: Nominating Committee - Member
Remuneration Committee - Member

Dato' Sri Dr Tiong Ik King joined the Board on 27 March 1995.

Dato' Sri Dr Tiong graduated with an M.B.B.S degree from the National University of Singapore in 1975 and subsequently obtained his M.R.C.P. from the Royal College of Physicians, UK in 1977.

Dato' Sri Dr Tiong has extensive experience in many industries including media and publishing, information technology, timber, plantation and manufacturing industries.

Currently, he also serves on the Board of Media Chinese International Limited, a listed company in both Hong Kong and Malaysia, and RH Petrogas Limited, a listed company in Singapore.

Dato' Sri Dr Tiong is the brother of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. His nephews, Dato' Sri Tiong Chiong Hoo and Mr Tiong Chiong Hee, and his niece, Mdm Tiong Choon are also members of the Board.

DIRECTORS' PROFILE (cont'd)

MDM TIONG CHOON
Non-Independent Non-Executive Director
Aged 48, Malaysian, Female

Mdm Tiong Choon was appointed to the Board on 3 May 1999.

She holds a Bachelor of Economics degree from Monash University, Australia. She has been with Rimbunan Hijau Group since 1991 and has served in various managerial and senior positions in plantation and hospitality sectors.

Currently, she is an Executive Director of Media Chinese International Limited, a listed company in both Hong Kong and Malaysia.

She is the daughter of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. Her uncle, Dato' Sri Dr Tiong Ik King, brother, Dato' Sri Tiong Chiong Hoo, and cousin, Mr Tiong Chiong Hee are also members of the Board.

MR TIONG CHIONG HEE
Non-Independent Non-Executive Director
Aged 43, Malaysian, Male

Mr Tiong Chiong Hee was appointed to the Board on 14 May 1999.

He holds a Bachelor of Commerce degree from University of Melbourne, Australia.

He is the Managing Director of Mafrica Corporation Sdn Bhd, a company with operations in logging (both in Malaysia and Overseas), oil palm plantations and aquaculture prawn farming since 1997.

He is the nephew of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. His uncle, Dato' Sri Dr Tiong Ik King and cousins, Dato' Sri Tiong Chiong Hoo and Mdm Tiong Choon are also members of the Board.

MR JOHN LEONG CHUNG LOONG

Independent Non-Executive Director
Aged 70, Malaysian, Male

Board Committee: Audit Committee - Member
Nominating Committee - Member
Remuneration Committee - Chairman

Mr John Leong Chung Loong was appointed to the Board on 28 March 2002.

He holds a Bachelor of Economics degree majoring in Accounting from Sydney University, NSW, Australia.

He is an Approved Company Auditor and a member of several professional bodies, including the Australian Society of Certified Practising Accountants, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Taxation (Associate). He started his career as an Accountant in Tractors Malaysia Berhad, Sandakan Branch in 1972 and left in 1973 to join John Liaw & Co as an audit manager. He was a Partner of Liaw, Leong, Wong & Co from 1986 to 1997 and a Partner of Ernst & Young from 1997 to 2001.

He has no family relationship with any Directors and/or major shareholders of the Company.

DATO' WONG LEE YUN

Independent Non-Executive Director
Aged 64, Malaysian, Female

Board Committee: Audit Committee - Member
Nominating Committee - Chairperson
Remuneration Committee - Member

Dato' Wong Lee Yun was appointed to the Board on 21 June 2007.

She is a Certified Public Accountant by profession.

She has extensive experience in investment banking, finance and strategic planning for large investment projects, acquisition of strategic businesses, fund raising and investor relations. She was a Corporate Finance Manager at Permata Chartered Merchant Bank and Vice President at Chase Manhattan Bank. From 1991 to 1996, she was the Director of Finance and Strategy for the Renong Group of Companies. She became the Chief Executive of Jaya Tiasa Holdings Berhad from 1997 to 2000. She was also a Director of Sin Chew Media Corporation Bhd from 2004 to early 2008. She is the chairman for Malaysia for TC Capital, a regional investment bank based in Singapore. She actively invests in businesses and holds directorship in several private limited companies which she founded.

She has no family relationship with any Directors and/or major shareholders of the Company.

None of the Directors:

- has been convicted for any offences within the past 5 years other than traffic offences and there was no public sanction or penalty imposed on any of them by the relevant regulatory bodies during the financial year.
- has been involved in situation that will create a conflict of interest with the Company.

KEY MANAGEMENT PROFILE

DATO' WONG PACK

Chief Operations Officer, Wood Manufacturing Operations
Aged 57, Malaysian, Male

Dato' Wong Pack graduated with a Bachelor of Economics degree from Monash University in 1984. He is also a member of the Institute of Approved Company Secretaries.

Dato' Wong Pack worked in the banking sector prior to joining Jaya Tiasa Holdings Berhad in August 1989. He served as a Factory Operations Manager before his appointment as Chief Operations Officer, Wood Manufacturing Operations of the Group on 01 June 2001.

MR THOMAS HII KHING SIEW

Chief Financial Officer
Aged 52, Malaysian, Male

Mr Thomas Hii is a Chartered Accountant and holds a Master of Business Administration (Finance) from University of Leicester, UK. He is also a member of the Chartered Institute of Management Accountants (UK), CPA Australia and Fellow of the Chartered Tax Institute Malaysia.

Mr Thomas Hii was trained in an international audit firm prior to joining Jaya Tiasa Holdings Berhad in 1995 and he was responsible for the setting up of internal audit function. Thereafter, he had served in various capacities and functions in the Group, including financial reporting, corporate finance and taxation, risk management and investor relations before his appointment as Chief Financial Officer on 1 January 2011.

DR PETER LIM KIM HUAN

Chief Operations Officer, Plantation Operations
Aged 69, Malaysian, Male

Dr Peter Lim Kim Huan was appointed as Chief Operations Officer, Plantation Operations of the Group on May 29, 2017.

Dr Peter Lim holds a Bachelor degree in the Agricultural Science from University of Malaya, a Master's degree in Soil Science and a Doctorate degree in Agricultural Sciences from the State University of Ghent, Belgium.

He started his career as a Lecturer in the Agricultural Faculty, University of Malaya. Since 1982, he has worked in the oil palm plantation industry in several big companies in Malaysia and Indonesia. He has more than 35 years of experience in oil palm operations, especially in matters related to agronomy and sustainability.

MR TEOH KHENG HOCK

Chief Operations Officer, Oil Milling Operations
Aged 59, Malaysian, Male

Mr Teoh Kheng Hock was appointed as Chief Operations Officer, Oil Milling Operations of the Group on October 6, 2016.

Mr Teoh Kheng Hock graduated with a Diploma in Rubber Research Institute of Malaysia and a Diploma in Palm Oil Milling Technology and Management from the Palm Oil Research Institute of Malaysia. He also obtained a 1st Grade Steam Engineer in year 2003.

He started his career in the rubber and latex industry from 1985 to 1996. Subsequently, he joined the palm oil mill industry and held various senior positions in several big companies in Kuala Lumpur and Sabah. He has more than 20 years of experience in palm oil milling operations.

MS JENNY WONG NANG HUNG

General Manager, Forest Operations
Aged 53, Malaysian, Female

Ms Jenny Wong Nang Hung graduated with a Bachelor of Science degree in Computer Science from University of New South Wales in 1986.

Prior to joining Jaya Tiasa Holdings Berhad in March 1999, Ms Jenny Wong worked in two other companies in various capacities including Head of Computer Department and Deputy Registrar. She served in various senior positions in the Group, from a System Analyst Manager to an Assistant General Manager in the Managing Director's Office before her appointment as General Manager in the Chief Executive Officer's Office on 1 January 2015.

None of the Key Senior Management:

- holds directorship in any public companies and/or listed issuers.
- has family relationship with any directors and/or major shareholders of the Company .
- has been convicted for any offences within the past 5 years other than traffic offences and there was no public sanction or penalty imposed on any of them by the relevant regulatory bodies during the financial year.
- has been involved in situation that will create a conflict of interest with the Company.

CORPORATE STRUCTURE

JAYA TIASA

OIL PALM DIVISION

Plantation

100%	Simalau Plantation Sdn Bhd
100%	Eastern Eden Sdn Bhd
100%	Poh Zhen Sdn Bhd
100%	Erajaya Synergy Sdn Bhd

Oil Mill

100%	Hariyama Sdn Bhd (Plantation & Oil Mill)
100%	JT Oil Palm Development Sdn Bhd
100%	Maujaya Sdn Bhd
100%	Maxiwealth Holdings Sdn Bhd

OTHER

100%	Guanaco Sdn Bhd
100%	Jaya Tiasa Aviation Sdn Bhd
100%	Jaya Tiasa R&D Sdn Bhd
100%	Multi Greenview Sdn Bhd

TIMBER DIVISION

Logging

100%	JT Logging Sdn Bhd
100%	Mantan Sdn Bhd
88.9%	Sericahaya Sdn Bhd
88.9%	Curiah Sdn Bhd

Manufacturing

100%	Jaya Tiasa Plywood Sdn Bhd
100%	Jaya Tiasa Timber Products Sdn Bhd
100%	Rimbunan Hijau Plywood Sdn Bhd

Reforestation

100%	Jaya Tiasa Forest Plantation Sdn Bhd

Marketing

100%	Hak Jaya Sdn Bhd
100%	Kunari Timber Sdn Bhd

Notes:

- The companies listed above are operating subsidiaries.
- The full list of companies within Jaya Tiasa Group is set out in Note 18 to the Financial Statements on pages 93 to 94 in the Financial Statements section of this Annual Report.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

Jaya Tiasa recognizes the inseparable need to be socially and environmentally responsible to remain economically sustainable in its operations in the long term. Corporate Social Responsibility (CSR) and sustainability are important aspects of long-term business success. During the year under review, we continue to maintain our commitment to CSR and promote sustainability by embedding our approach more fully into the day-to-day management of the business. We continue taking responsibility towards stakeholders, protecting the environment, and being a good employer, business partner, and member of the community. Our approach to CSR is primarily conducted in four areas, the so-called pillars: Environment, Workplace, Community and Marketplace.

ENVIRONMENT

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

Sustainable Forest Management

In line with our efforts to reduce the impact of harvesting operations on the environment, we have already embarked on Forest Management Certification for all of our timber licences in the Heart of Borneo. We are also using the Reduce Impact Logging (RIL) Harvesting System to reduce soil disturbance, and minimise damage to residual stands and effects on wildlife.

Improved Forest Productivity

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

Good and Sustainable Agricultural Practice

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

Recycle And Reuse By-Products

By-products from our palm oil mill, such as Mesocarp fibre and palm kernel shells, are also utilised as feedstock for power generation in our palm oil mill. Empty fruit bunches (EFB) are recycled for application in the fields as mulch, whereas palm oil mill effluents (POME) are biologically treated before it is discharged to the watercourse. In addition, we have installed a composting plant at our existing CPO mill to turn oil mill wastes composed mainly of EFB and POME into bio-organic fertilizers.


Festive Gathering


Staff Training


Financial Aid

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY (cont'd)

WORKPLACE

To meet future challenges and remain competitive, we strive to be an attractive employer with the ability to recruit, develop, and retain the best people. Competent employees with great dedication to drive change and go beyond what is required to deliver on Group strategy and performance objectives are crucial to the continued growth of our business. We seek to develop our employees through training and education, respect individual integrity and human rights, offer fair pay and advancement opportunities and maintain a safe and motivating working environment. As at 30 June, 2017, the Group has a workforce of around 7,100 employees with a diverse mix of backgrounds, experience and expertise across its operations.

Skills Development

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

Performance Oriented Culture

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

Work-Life Balance And Healthy Living

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

Health And Safety At Work

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


Financial Aid


First Sarawak Auxiliary Police Meeting cum Dialogue

Workforce Diversity Policy

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

COMMUNITY

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

Giving Back To The Society

We encourage our employees to participate in community and charitable activities. Over the last 12 months, our efforts included charity drives for the school and other local society care centres. In addition to this area of focus, our blood donation drives are conducted yearly to meet the continuous need for blood supply at hospitals and blood banks.

Supporting Local Communities

The Group strongly believes that its business success can only be sustained when local communities grow and prosper together with the Group. The Group continues to support the local communities associated with its operations and FY2017 was no exception. We have established a symbiotic relationship with the local communities and make every endeavour to bring about mutual benefits. We have been consistently rendering support in monetary terms and in-kind to ensure that the basic needs and expectations of the surrounding communities are attended to.

MARKETPLACE

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

Environmentally Responsible Products

It is our ongoing policy to ensure that our products and their sources comply with all regulatory criteria and adhere strictly to sustainable forestry and plantation practices. Research shows that competitiveness is strengthened as consumers increasingly choose products they perceive as "ethical" and "environmental-friendly." We have established strong customer loyalty as we strive to ensure that our manufactured products are of the highest quality that meets the stringent quality assurance and control, product safety standards, and environmental requirements. A reflection of the Group's commitment towards this is manifested in its efforts to achieve green certification for its products which include:

- **CE Marking**

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

Badminton Competition


Blood Donation


Annual Dinner

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY (cont'd)

- **Japanese Agricultural Standards (JAS) certification**

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

- **Wood Packaging Material Treatment Providers certification**

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

In the financial year 2017, we continued our sustainability journey by passing the surveillance audits for the above certification. The group is committed to work towards continuous improvement in the quality of its products and services through implementation of feedback from our customers, suppliers and employees together with internal and external audits. We believe that we have an obligation to go beyond certification and compliance and invest in continued improvements.

Highest Principles Of Integrity

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

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


Korea Trip


Staff Trainings


Donation


Orientation

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

Jaya Tiasa Holdings Berhad ("Jaya Tiasa" or the "Company") believes in embracing high standards of corporate governance practices as fundamental to creating sustainable growth and remaining aligned with the long-term interests of all stakeholders. The Board of Directors ("the Board") is committed to ensuring that the businesses and affairs of the Company are carried out in accordance with the required standards of governance as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The following sections outline how the Company has applied the Principles and Recommendations set out in MCCG 2012 during the financial year ended 30 June 2017. The Board is further aware of the new MCCG which came into effect in April 2017 and shall endeavor to apply the practices contained therein in due course.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board and Management

The Board has established clear functions reserved for the Board and those delegated to the Management. The Discretionary Authority Limits ("DAL") 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 DAL is reviewed as and when required, to ensure efficient and effective decision-making.

Key matters reserved for the collective decision of the Board include strategic issues and planning, performance reviews, capital expenditures, approval of financial statements and dividend policy, risk management and internal control, as well as announcements to Bursa Malaysia Securities Berhad ("Bursa Securities").

The DEC is responsible for developing the corporate/business strategy and attaining the long term growth objective of the Group. The CEO ensures effective implementation of the Group's strategic plan and policies established by the Board and manages the daily business operations.

The ultimate responsibility for decision making, however, rests with the Board.

1.2 Roles and Responsibilities

The Board is responsible for the oversight and overall management of the Company. The Board has established a governance structure where specific powers of the Board are delegated to the Board Committees and Management.

Board Committees

The following Board Committees have been established to assist the Board in fulfilling its ongoing oversight and to ensure effective discharge of its responsibilities:-

- Audit Committee ("AC");
- Nominating Committee ("NC"); and
- Remuneration Committee ("RC").

The Board Committees have the authority to examine specific issues within their respective terms of reference ("TOR") approved by the Board. Details of the TOR of AC, NC and RC are set out in the Company's website at www.jayatiasa.net. The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Management Governance Framework

The Risk Management Committee ("RMC") ensures effective risk management processes are in place and aligned with the Group's business objectives. The function of the RMC is to drive effective risk management guided by the Group's risk management policy and framework to ensure effective identification and management of risks that may have considerable impact on the Group.

The Senior Management Team, led by the CEO, oversees the day-to-day business operations within the Group. The CEO chairs meetings regularly at both management and operational levels to monitor the performance and profitability of the Group's business.

Other Governance Framework

Other governance framework includes Board Charter, Internal Audit Manual, Policy on Auditor Independence, Dividend Policy, Gender Diversity Policy, Code of Ethics, Whistleblowing Policy and Corporate Disclosure Policy.

The governance framework serves as a guide for the Board, Board Committees and Management in the discharge of their duties and responsibilities. It also ensures establishment of appropriate roles for the Board and Board Committees as well as collaborative and constructive relationship between the Board and Senior Management.

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

- reviewing and adopting a strategic plan of the Company and the Group;

  It has in place a planning process, whereby management presents to the Board its proposed business plan for the ensuing year for Board's review and approval. 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 and evaluating whether or not the business is being properly managed;

  The Board reviews the performance of the Group and it is measured against the KPIs. Management's performance is assessed by the Board through the financial statements, performance review report and operational review report which are tabled at the Board Meeting for review and/or approval during each reporting period.

- ensuring the implementation of appropriate system to manage risk;

  The Board approves the annual risk assessment plan and oversees the risk management of the Group through RMC. The RMC advises the Board on key risks faced by the Group and the adequacy of the related compliance and controls throughout the Group.

- establishing a succession planning program which includes identifying, appointing and training of key officers;

  Selected officers are rotated to head different divisions so they can acquire expertise in the various functions of the Group's operations. This enables the management to match capabilities of senior management with job functions and nurture a pool of employees for senior positions and future expansion. This practice has enabled the Board to put in place adequate support for business continuity in the absence of any key senior management.

- overseeing the development and implementation of a shareholder communications 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 which are upgraded from time to time.

1.3 Code of Conduct and Ethics

The Board has established a Code of Conduct and Ethics setting out core areas of ethical conduct expected from the Directors and employees in the performance of their duties to engender good corporate behaviour. The Code of Conduct and Ethics forms an integral part of the Company's Board Charter and is available on the Company's website at www.jayatiasa.net.

Whistle Blowing Policy

In addition to the above, the Whistle Blowing Policy adopted by the Board 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 outlines when, how and to whom a concern may be properly raised about improper conducts such as fraud, corruption, bribery or any other form of unethical practices involving employees within the Group. It sets out the internal channel/procedures for the whistle-blower to raise concerns 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

The Board is mindful of the importance of business sustainability. In developing the strategic corporate objective and business plan, its impact on the economic, environment and social aspects are taken into consideration.

Details of the activities promoting sustainability for the year under review are set out in the Sustainability and Corporate Social Responsibility Statement on pages 21 to 24 of this Annual Report.

1.5 Access to Information and Advice

The Board is provided with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board meeting reports or upon request, for informed decision making and effective discharge of its responsibilities. The Directors also have the liberty to seek independent professional advice if so required by them at the Company's expense in accordance with the established procedures set out in the Board Charter.

The Board and Board Committee meeting papers are forwarded to each Director for their perusal at least five (5) working days, or shorter time where it is unavoidable, prior to the date of the Board and Board Committee Meetings. Senior Management Staff and external advisers are invited to attend the Board and Board Committee Meetings to provide additional professional views, advice and explanation on specific items on the meeting agenda.

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 providing governance advice and ensuring adherence to the Board policies and procedures as well as compliance with regulatory and statutory requirements. She ensures that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management.

1.7 Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Board Committees 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 on the Company's website at www.jayatiasa.net and was last reviewed on 17 October 2017.

2. STRENGTHEN COMPOSITION

Board Composition

Following the demise of Datuk Talib Bin Haji Jamal on 27 December 2016 and as at the date of this statement, the Board has 8 members comprises 2 Executive Directors and 6 Non-Executive Directors. 3 Directors are Independent Non-Executive Directors. This composition is conductive to decision making with appropriate balance of executive, independent and non-independent Directors. The profile of each Director is presented on pages 14 to 17 of this Annual Report.

2.1 Nominating Committee ("NC")

The NC has 3 members, all of whom are Non-Executive Directors. A majority (2/3) of the committee members are independent directors. The NC is chaired by an independent director.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The following Directors are members of the NC:-

Chairperson	-	Dato' Wong Lee Yun* (Independent Non-Executive Director)
Members	-	Dato' Sri Dr. Tiong Ik King (Non-Independent Non-Executive Director)
	-	Mr John Leong Chung Loong (Independent Non-Executive Director)

** Appointed on 23 February 2017 to fill the vacancy arising from the demise of Datuk Talib Bin Haji Jamal*

The key responsibilities of NC include assisting the Board in the selection of Directors, assessing the performance of the Board, Board Committee and individual directors and makes recommendation to the Board. Details of the terms of reference of the NC are available on the Company's website at www.jayatiasa.net.

2.2 Criteria for Recruitment and Annual Assessment of Directors

<u>Appointment to the Board</u>

The Board delegated to the NC the responsibility of recommending the appointment of any new Directors with the objective of securing the best composition to meet the needs of the Company.

The process for the appointment of a new Director is summarised below:-

i) The candidate is identified by the existing Directors, shareholders or consultants;

ii) In evaluating the suitability of candidates for new appointment, the NC considers among others, the competency, experience and skill, character, integrity and commitment of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Director, the candidates' independence;

iii) Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the Board Committee; and

iv) Final decision to be made by the Board on the proposed new appointment, including appointment to the Board Committee.

<u>Re-election of Directors</u>

Article 78 of the Company's Article of Association (the "Constitution") provides that one third of the Directors shall retire by rotation at each Annual General Meeting ("AGM") and that all Directors shall retire once in every there (3) years. The retiring Directors are eligible for re-election. At the Company's forthcoming AGM, Dato' Sri Tiong Chiong Hoo, Mr Tiong Chiong Hee and Mr John Leong Chung Loong will be retiring by rotation.

Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) will be retiring under a resolution passed at the AGM held last year on 24 November 2016 pursuant to Section 129 of the Companies Act 1965 which was then in force.

All retiring Directors have sought re-election.

The Board has via the NC conducted an assessment and collectively agreed that all the aforesaid Directors due for re-election met the criteria of character, experience, competence, integrity and time commitment to effectively discharge their respective roles as directors and therefore recommended to the Board for their re-election at the forthcoming AGM.

<u>Annual Assessment</u>

The NC conducts annual evaluation to assess effectiveness of the Board, Board Committees and performance of individual Directors.

The evaluation of the Board and Board Committees involves NC members completing evaluation questionnaires during NC meeting on specific criteria such as mix and composition, quality of information and decision making as well as meeting activities and processes.

The annual assessment on performance of individual Directors involves individual Directors completing self-evaluation questionnaires based on criteria such as fit and proper, contribution and performance as well as calibre and personality. The Company Secretary compiles the duly completed questionnaires and tables them at the NC meeting for deliberation.

The assessment process is led by the Chairman of the NC who reports the evaluation results on Board, Board Committee and performance of individual director together with recommendation, if any, to the full Board after the meeting of the NC.

A summary of key activities of the NC during the financial year ended 30 June 2017 are as follows:-

- reviewed Board mix and composition and was of the consensus that the present Board has an appropriate mix of people having the required business, financial, technical, legal and regulatory knowledge and independence that suit the Company's objectives and strategic goals;

- assessed the effectiveness of the Board and the Board Committees. It was satisfied that the present Board has performed as a whole and has discharged its duties and responsibilities effectively. The Board Committees has provided useful recommendations in assisting the Board for better decision making.

- evaluated the performance of individual Directors and was of the opinion that all the eight (8) members of the Board have discharged their duties and responsibilities effectively, efficiently and in a competent manner in overseeing the direction and conduct of the Company's business. They have sufficient expertise to contribute effectively to the Board.

- reviewed performance of the CEO and recommended his re-appointment for another term of two (2) years effective 01 January 2017;

- assessed Dato' Wong Lee Yun and recommended her appointment as chairman of the NC and member of the RC to fill the vacancies arising from the demise of Datuk Talib Bin Haji Jamal;

- evaluated and recommended the re-election of Directors who were subject to retirement by rotation based on the assessment conducted;

- assessed the independence of the independent Directors based on the criteria set out in the Main Market Listing Requirements ("LR") of Bursa Securities; and

- reviewed and recommended the retention of Independent Non-Executive Directors ("INED") who have served for a cumulative period of more than nine (9) years to continue in office as INED. Justifications for the recommendations are set out in Section 3.1 under Independence of Director of this Statement.

The NC meets as and when required. Two (2) meetings were held during the financial year and was attended by all the members. All recommendations of the NC are subject to the approval of the Board.

Diversity

The Company's Gender Diversity Policy promotes corporate culture that embraces diversity when determining composition of employees at all level from a diverse pool of qualified candidates. Although the Board does not endorse quotas on gender, it does commit to having an increasing representation of women on the Board and senior positions in the Company. The Board through the Nominating Committee reviews the proportion of the female to male Board members during recruitment and annual Board assessment taking into consideration the appropriate skills, experience and characteristics required of the Board Members, in the context of the needs of 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 ethnic and age diversity policy as the Company is providing fair and equal opportunities and nurturing diversity in the context of the needs of the Company.

2.3 Remuneration Committee

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

The following Directors are members of the RC:-

Chairman	-	Mr John Leong Chung Loong (Independent Non-Executive Director)
Members	-	Dato' Sri Dr. Tiong Ik King (Non-Independent Non-Executive Director)
	-	Dato' Wong Lee Yun* (Independent Non-Executive Director)

** Appointed on 23 February 2017 to fill the vacancy arising from the demise of Datuk Talib Bin Haji Jamal*

The RC is responsible for reviewing and recommending to the Board the framework and remuneration packages including performance related pay scheme for Executive Directors. The terms of reference of the RC is available on the Company's website at www.jayatiasa.net.

One meeting was held during the financial year 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.

Directors' Remuneration

The Company's remuneration policy for Directors is to provide remuneration at the level and make-up sufficient to attract, motivate and retain the Directors needed to manage the business of the Group successfully.

Remuneration packages of Executive Directors are a matter to be decided by the Board as a whole, taking into consideration the recommendations of the RC with the individual Director abstaining from discussion on his/her own remuneration. On annual basis, the RC evaluates the Executive Directors' remunerations taking into account remunerations of other similar sized companies in the same industry as well as corporate results and individual performance and recommends the remuneration packages of the Executive Directors for Board's approval.

For Non-Executive Directors, the amount of remuneration varies with the level of responsibilities undertaken by the individual Non-Executive Director. All Non-Executive Directors are paid fixed annual Directors fees as members of the Board and Board Committees. In addition to fixed annual Director fees, all Non–Executive Director are paid a meeting attendance allowance for each Board meeting attended. In recognition of the additional time and commitment required, the Chairman of the Board is paid a monthly fixed allowance while the Non-Executive Director responsible for investor relations is paid monthly fixed advisory fees. The fees and benefits payable to Non-Executive Directors are determined by the Board and approved by the shareholders of the Company at AGM.

The remuneration package for Directors comprises the following:-

(a) Salaries – Basic salaries for the Executive Directors as recommended by the RC to the Board for approval;

(b) Fees – Fees payable to the Non-executive Directors as recommended by the Board and approved by the shareholders at AGM;

(c) Bonus – Bonus payable to Executive Directors comprises contractual bonus fixed in the contracts of service and variable bonus which is linked to the individual and corporate performance;

(d) Other Emoluments – Emoluments such as fixed allowance, meeting attendance allowance, advisory fees and statutory contributions; and

(e) Benefits-in-kind – Customary benefits such as provision of motor vehicle are made available to the Executive Directors and Chairman of the Board.

For the financial year ended 30 June 2017, details of the remuneration receivable by the Directors of the Company are as follows:-

	Salary RM	Fees RM	Bonus RM	Other Emoluments RM	Benefits in kind RM	Total RM
Executive Directors						
Dato' Sri Tiong Chiong Hoo	617,500		514,600	147,173	13,325	1,292,598
Dato' Wong Sie Young	557,500		464,600	132,873	9,900	1,164,873
Non-Executive Directors						
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)		85,000		60,700	13,325	159,025
Dato' Sri Dr Tiong Ik King		76,000		7,700		83,700
Tiong Choon		70,000		6,200		76,200
Tiong Chiong Hee		70,000		7,700		77,700
John Leong Chung Loong		84,000		7,700		91,700
Dato' Wong Lee Yun		79,500		136,200		215,700
Late Datuk Talib Bin Haji Jamal (Demised on 27.12.2016)		42,000		4,500		46,500*
Total	**1,175,000**	**506,500**	**979,200**	**510,746**	**36,550**	**3,207,996**

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
Below RM50,000*	-	1
RM50,001 to RM100,000	-	4
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	1
RM1,150,000 to RM1,200,000	1	-
RM1,250,001 to RM1,300,000	1	-

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

Note: * Remuneration for six (6) months from July 2016 to December 2016.

3. REINFORCE INDEPENDENCE

3.1 Independence of Directors

The Board recognises the importance of Independent Directors to facilitate objective deliberation, review and decision-making process in the Board.

The Board, through the NC, assessed the Independence of Directors on an annual basis to ensure that they continue to bring independent and objective judgements to the Board. The Board adopted the same criteria used in the definition of independence as set out in the LR of Bursa Securities.

Currently, there are 3 Independent Non-Executive Directors on the Board, namely, Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), Mr John Leong Chung Loong and Dato' Wong Lee Yun. All of them have been on the Board for more than nine (9) years.

The Company does not have tenure limit for Independent directors. As such, approval will be sought from the shareholders at the forthcoming Fifty-Seventh (57th) Annual General Meeting ("AGM") to be held on 29 November 2017 to allow all of them to continue their offices as Independent Non-Executive Directors in line with Recommendation 3.3 of MCCG 2012.

Key justifications for the recommendation are as follows:-

- they have the professionalism and ability to challenge management in a constructive manner thus providing effective management oversight;
- the invaluable knowledge and experience that they have obtained over the years enables them to participate objectively in deliberations and decision making process at the Committee and Board meetings;
- 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;
- they have been very committed and devoted sufficient time in attending Committee and Board Meetings; and
- they have met the criteria of "independence" as specified in the LR of Bursa Securities.

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 are 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 plans, policies and decisions adopted by the Board and oversees the daily operations 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 to.

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 high attendances at Board and Committee meetings.

The Board holds scheduled meetings regularly, with additional meetings convened as and when necessary. The annual meeting calendar providing scheduled dates for meetings is prepared and circulated to the Directors at the beginning of the 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.

A total of five (5) Board of Directors Meetings were held during the financial year ended 30 June 2017. 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)*	5/5
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)*	5/5
Mr John Leong Chung Loong *(Independent Non-Executive Director)*	5/5
Dato' Wong Lee Yun *(Independent Non-Executive Director)*	4/5

4.2 Directors' Training

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

Induction programme is arranged for new Director, 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.

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)	Investor Stewardship and Future Key Priorities
	Talk on MFRS 9 – Financial Instruments Key Audit Matters ICAAP
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	Sustainable Forum For Directors/CEOs: "The Velocity of Global Change & Sustainability – The New Business Model"
	Driving Financial Integrity and Performance – Enhancing Financial Literacy A Programme for Audit Committee
	Internal Control Reviews of Procurement Function
Dato' Sri Tiong Chiong Hoo	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
Dato' Wong Sie Young	15th International Peat Congress 2016 Theme: Peatland in Harmony – Agriculture, Industry and Nature
	Global Timber Conference 2016: Harnessing Sustainable Global Growth
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	MEOA 'LAB' Seminar 2016: "Manuring Oil Palm: What You Need To Know"
	3rd Annual Smart Plantation Management: Revamping Plantation Management for Less Cost and Better Yield
	Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2017): "100 Years of Palm Oil in Malaysia – More Sustainable through Bursa Palm Oil Futures"
Dato' Sri Dr Tiong Ik King	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry

Director	Title of Programmes/Seminar/Courses/Forum
Tiong Choon	China's Internet + Strategies and Practices
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
Tiong Chiong Hee	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2017): "100 Years of Palm Oil in Malaysia – More Sustainable through Bursa Palm Oil Futures"
John Leong Chung Loong	Companies Bill 2015: A Snapshot of Changes
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	Mastering MPERS Fully Illustrated – Translation of the Standard into Practical Examples and Impact of 2015 Updates
	Seminar Percukaian Kebangsaan 2016
	CG Breakfast Series With Directors: "The Cybersecurity Threat And How Board Should Mitigate The Risks"
	Seminar on Transition from PERS to Malaysian Private Entities Reporting Standard ("MPERS")
Dato' Wong Lee Yun	Dinner Talk "Leading in Turbulent Times"
	Khazanah Mega Trends Forum 2016
	Sustainable Business – Environment and Social Introduction Training for Palm Oil Industry
	CG Breakfast Series with Directors: "The Cybersecurity Threat and How Board Should Mitigate the Risks"
	Fireside Chat "Global Economy – Escape Velocity at Last? Outlook for ASEAN, especially Malaysia"
	CIMB Dinner Talk "Emerging Global Trends"

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standard

The Company has an Audit Committee with the key responsibility of assisting the Board in overseeing the integrity and reliability of the financial statements and ensuring that they comply with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 2016 as well as the LR of Bursa Securities. Such financial statements include the quarterly financial statements announced to Bursa Securities and the annual audited financial statements.

A full Audit Committee Report detailing its composition and summary of work including its oversight role on financial reporting, internal and external audit during the financial year is set out on pages 41 to 44 of this Annual Report.

The Directors' Responsibility Statement in preparing the annual audited financial statements of the Group and the Company is set out on page 45 of this Annual Report.

5.2 Suitability and Independence of External Auditors

The Company undertakes an annual assessment of the external auditors Messrs Ernst & Young ("EY"), via the Audit Committee, based on the following criteria as set out in the Auditor Independence Policy ("Policy"):

- quality of audit services;
- audit fees; and
- auditors' independence.

Assessment was based on feedback obtained via assessment questionnaires from personnel who had substantial contact with EY throughout the year.

In supporting the Audit Committee's assessment of their independence, EY had provided a written assurance, confirming that in relation to their audit of the Company's financial statements for the financial year under review, they were not aware of any relationships or matters that in their professional judgement, may reasonably be thought to bear on their independence.

Audit and Non-Audit Fees

Audit and non-audit fees paid by the Group and the Company to the External Auditors during the financial year ended 30 June 2017 are set out below:

	Group FY2017 RM	Company FY2017 RM
Statutory audit fee paid to:		
- EY Malaysia	765,000	200,000
Total (a)	765,000	200,000
Non-audit fees paid to:		
- EY Malaysia	15,000	15,000
- Affiliates of EY Malaysia	147,900	16,000
Total (b)	162,900	31,000
% of non-audit fee (b/a)	21%	16%

In reviewing the provision of non-audit services by EY for the financial year under review, the AC was satisfied that it was not likely to create any conflict or impair the independence and objectivity of EY as external auditors of the Company.

The AC was also satisfied with the quality of services provided by EY for the financial year ended 30 June 2017.

Having regard to the outcome of the annual assessment, the Board approved AC's recommendation for EY re-appointment as External Auditors of the Company for the ensuing financial year subject to shareholders' approval at the AGM.

6. RECOGNISE AND MANAGE RISKS

6.1 Risk Management and Internal Control

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

The Statement on Risk Management and Internal Control providing an overview of the state of risk management and internal controls within the Group is set out on pages 38 to 40 of this Annual Report.

6.2 Internal Audit Function

The Company has in place an adequately resourced internal audit department ("IAD") which reports directly to AC.

The primary function of IAD is to assist AC in discharging its oversight role in assuring the adequacy and integrity of the Group's system of internal control. The AC approves the annual audit plan. The internal audit function adopts a risk-based approach in executing the internal audit plan that focuses on major business units and operations within the Group.

Details of the work of the Internal Audit Function are set out in the AC Report on pages 43 to 44 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

7. TIMELY 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 LR of Bursa Securities and other securities law.

7.2 Leverage on Information Technology

The Company maintained a website at www.jayatiasa.net where shareholders as well as members of the public can access the latest information on the Company and the Group.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholder Participation at Annual General Meeting ("AGM")

The AGM is the principal platform for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and question and answer sessions and thereafter to vote on all resolutions.

The Notice of AGM together with the Annual Report are circulated more than 21 clear days before the date of the meeting to give shareholders sufficient time to consider the resolutions that will be decided at the AGM. The Notice also provides explanatory notes including details of the resolutions proposed along with relevant background information for the resolutions proposed to enable shareholders to make an informed decision in exercising their voting rights.

All the Directors including Chairman of the AC, NC, RC and Risk Management Committee as well as the Chief Financial Officer, Chief Operating Officers and External Auditors were in attendance at the AGM held during the financial year to engage directly with the shareholders and to allow shareholders to raise questions and concerns directly to those responsible. 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.

8.2 Poll Voting

In line with the LR of Bursa Securities, voting at the 56th AGM held on 24 November 2016 was conducted by poll in accordance with the principle of "one share one vote". The Company appointed Symphony Share Registrations Services Sdn Bhd as the poll administrator to conduct the polling process and TMF Administrative Services Malaysia Sdn Bhd as the independent Scrutineer to validate the votes cast at the 56th AGM.

8.3 Communication and Proactive Engagement

The Company has established an Investor Relations ("IR") Function to undertake ongoing engagement and communication with investors. Investors are continuously informed of the Group's developments via the corporate presentation slides released to the Company's website on quarterly basis immediately after the Board approves the quarterly results. The Director responsible for IR Function and the IR Team conduct regular engagements and communications with stakeholders including briefings to investors and analyst to facilitate mutual understanding of each other's objectives and expectations. IR Reports containing IR activities and investors' concerns are presented to the Board semi-annually for deliberations to enable the Company to understand stakeholders' concerns and to take these concerns into account when making decisions.

Other channels of communications include:-

- Bursa Securities via quarterly financial statements, relevant announcements and circulars;
- General meetings of shareholders; and
- Company's website at www.jayatiasa.net where stakeholders can access corporate information, annual reports, financial information, corporate presentations, Company announcements and stock information.

9. COMPLIANCE STATEMENT

The Board is of the view that the Company has, in all material aspects applied the Principles and complied with the Recommendations of the Code, save for the recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years.

This Corporate Governance Statement was approved by the Board on 17 October 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to Paragraph 15.26 (b) of the Listing Requirements and the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") with regards to the Group's state of internal control, the Board of Directors ("Board") is pleased to present below the Group's Statement on Risk Management and Internal Control 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 and 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 MCCG 2012.

Board's Responsibility

The Board affirms its responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate internal control environment and risk management framework as well as reviewing its adequacy and effectiveness. The system of risk management and internal control consists of financial controls, organizational, operational and compliance controls and risk management processes to safeguard shareholders' investments and the Group's assets.

However, in view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage rather than eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

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 Framework

The Board continues to affirm its commitment to ensure adequate stewardship and culture for implementation of effective risk management principles at a holistic level through the implementation of the Group Risk Management Framework ("RM Framework").

The Group RM Framework sets out the risk management governance, guidelines, processes and control responsibilities and underpins the Group Risk Management Policy ("RM Policy"). It seeks to ensure that there is a consistency to the methods used in managing risks throughout the Group and that risk management efforts are aligned with the Group's business objectives. It also outlines enhanced and explicit requirements for managing risks and assists in understanding the impact of uncertainties inherent in business decisions. An important objective is to promote a balanced approach to risk that optimizes risk and return.

The Board is assisted by the Risk Management Committee ("RMC") which is chaired by the Group Chief Executive Officer and comprises representatives from key senior management. The function of the RMC is to drive effective risk management guided by the Group RM Policy and RM Framework to ensure effective identification of emerging risks and management of identified risks through implementation of appropriate controls and risk treatment strategies while being cognizant of the business outlook, opportunities and financial sustainability.

The RMC works closely with the Risk Management Department ("RMD") to ensure effective and consistent adoption of risk management practices. The RMD meets with the risk owners made up of managers or heads from the divisional units to identify and evaluate the risks related to their areas and to establish the risk profiles of the Group during the risk assessment sessions. 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 risk owners are to monitor and update their risk profiles on an on-going basis. The update of the risk profiles includes the identification of emerging risks arising from changing business outlook and/or new initiatives being implemented as well as evaluation of the effectiveness of existing controls and risk management initiatives.

The RMC maintains and reviews both the Group top risk and divisional risk profiles with the assistance from the RMD every two months. The Group top risk profiles as well as the emerging risks are presented and deliberated by the RMC to ensure that the overall risks impacting the Group are adequately identified and managed within an acceptable risk appetite. Some of the major risk factors and mitigation actions deliberated during the financial year include market competition and requirements, quality target, supply of manpower, FFB harvesting, delivery and processing. The risk management report is then presented to the Board on half yearly basis. As part of the Board's efforts to ensure risk management and internal control processes are adequate and effective, risk treatment strategies and internal controls for major risks are periodically reviewed by the internal audit with areas for improvement highlighted and to be implemented by relevant divisional units.

The Board and management inculcate a proactive and sustainable risk management culture by ensuring that employees at different levels would have a better understanding of effective risk management practices through on-going risk communication.

Key Elements of the Group's Internal Control

An effective check and balance control environment is fundamental for ensuring a sound internal control system in the Group. The Board and Management are committed to maintain an effective internal control environment by continuously enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance to regulatory guidelines. The key elements and/or features of our Group's internal control system established for maintaining strong corporate governance are as follows:

- The Group's reporting structure incorporating checks and balances is aligned to the business requirements.
- Authority limits are in place for approving capital expenditure and matters on financial, treasury, operations and personnel, keeping potential risk exposures under control.
- Documented policies and procedures are also in place subject to review every now and then to ensure that it maintains its effectiveness to support the Group's business activities.
- Annual budgets are prepared by the Group's operations. Analysis and reporting of variances against budget are presented in the Group's management meetings which act as a monitoring mechanism.
- 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 involved in the running of the day-to-day business operations by meeting up with both management and operation 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 every two months with significant variances explained and appropriate actions taken or plans put in place.
- Management meetings are conducted monthly with the Group Chief Executive Officer and senior management in attendance. The meetings address the major operational performance and challenges as well as inform and update on policies and/or administrative matters.
- The Group has a comprehensive information system that enables the production of timely, reliable and relevant data to enhance management in decision making.
- Guidelines on employment, performance appraisal, training and retention of employees are in place to ensure the Group's ability to operate in an effective and efficient manner.
- 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.
- The Group undertakes adequate insurance coverage on both its employees and assets to ensure both are sufficiently insured against any mishap that will result in financial or material losses.
- The Intranet Portal is used as an effective dissemination tool to share up-to-date information on development and happenings.
- The Group has initiated the implementation of KPI reporting to drive awareness of shared management responsibility on their contribution towards enhancing the operating performance in achieving the business objectives.
- Internal audit function includes performing regular reviews of business processes to assess the effectiveness of the internal control system and to highlight significant risks impacting the Group with recommendations for improvement.
- Senior management team conducts regular visits to the Group's operations for better understanding to facilitate cognizance in decision-making capability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Audit

The Group's Internal Audit Department ("IAD"), reports independently to the Audit Committee ("AC") to provide the Board with adequate assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance processes.

The IAD carries out its functions in accordance with the annual audit plan approved by the AC each year and it adopts a risk-based approach in executing the audit plan that focuses on major business units and/or operations within the Group. The IAD reports directly to the AC on the outcome of its appraisal of the operational activities. Significant audit findings are presented and deliberated by the AC on a quarterly basis or as appropriate. The IAD also monitors the implementation of audit recommendations in order to obtain assurance that all major risks and controls measures identified have been reasonably addressed by the management in the most effective and timely manner.

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 internal control. The management is continuously taking necessary measures to improve and strengthen the risk management and internal control system of the Group.

Review of the Statement by External Auditors

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 30 June 2017 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditor was made solely for and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

The statement was approved by the Board on 17 October 2017.

AUDIT COMMITTEE REPORT

The Board of Directors of Jaya Tiasa Holdings Berhad is pleased to present the Audit Committee ("AC") Report for the financial year ended 30 June 2017.

COMPOSITION AND MEETINGS

Following the demise of Datuk Talib Bin Haji Jamal on 27 December 2016 and as at the date of this Report, AC has three (3) members, all of whom are Independent Non-Executive Directors.

Name of AC Members	Meeting Attendance
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) Chairman/Senior Independent Non-Executive Director	5/5
Mr John Leong Chung Loong Member/Independent Non-Executive Director	5/5
Dato' Wong Lee Yun Member/Independent Non-Executive Director	4/5

The Chairman of AC, Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) ("TSAR") is currently also Chairman of the Board. Subsequent to the financial year end, the Board had on 24 August 2017 re-designated Dato' Wong Lee Yun as Chairman of AC in place of TSAR. Following the re-designation of AC chairmanship, TSAR will continue to serve on AC as a member. The re-designations will take effect from 01 November 2017.

All the members of AC are financially literate. Both John Leong Chung Loong and Dato' Wong Lee Yun, being members of professional bodies, have more than adequately fulfilled this criteria. TSAR has familiarised himself with financial knowledge gained over the years as directors of a few listed companies, thus considered him as financially literate.

The AC met five (5) times during the financial year under review. Details of the attendance of the members are stated in the Table above.

Senior Management officers including Chief Executive Officer and Chief Financial Officer were invited to attend all the AC meetings to brief AC or clarify on matters relating to their areas of responsibilities. The Head of the internal audit presented his Internal Audit Reports to the AC for review and discussion at the quarterly AC meetings. The External Auditors were also invited to attend two (2) of these meetings.

The AC chairman reported the AC's findings and conclusions to the full Board after each meeting.

RESPONSIBILITIES OF AC

The key responsibilities of the AC is to provide oversight on the financial reporting process, the audit process and system of internal controls. Detail of the terms of reference of AC is available on the Company's website at www.jayatiasa.net.

SUMMARY OF WORK OF AC

The main activities of the AC during the financial year included the following:-

Financial Reporting

(a) Reviewed the unaudited quarterly financial statements and the annual audited financial statements of the Company and the Group.

In reviewing the unaudited quarterly financial statements, the AC had:-

- Assessed the appropriateness of the accounting policies applied and significant issues relating to the adoption of accounting policies and financial reporting standards;

AUDIT COMMITTEE REPORT (cont'd)

- Sought additional information and reports from the Chief Financial Officer ("CFO") and Chief Executive Officer on the reasons for the fluctuations in the quarterly and year-to-date financial performance of the Company and the Group, including key income, operating expenses and capital expenditures;

- Focused on profits contribution by business segments and their respective challenges;

- Enquired into variations in production figures for both the timber and oil palm divisions from those budgeted and discussed management's actions to address challenges on resources like labour, reduction in log production due to compliance with stringent certification rules introduced by the auhtority on all our timber licences;

- Studied and analysed the financial implications of reducing plywood production to determine the optimal production level in the utilisation of available resources; and

- Addressed the gearing of the Group and monitored action taken to balance the loan profiles/tenure to better match the cash flow.

For the annual audited financial statements of the Company and the Group, the AC reviewed it with the external auditor, Messrs. Ernst & Young ("EY") with particular focus on:

- Significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed; and

- Compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements.

(b) Discussed with EY on the audit coverage in relation to the Company's financial reporting processes, focusing on the consistency in the methodology used for impairment assessment and computation of impairment allowance, and the adequacy of the processes and procedures put in place to account for the significant adjustments made to the financial statements.

The AC, based on its review and discussions with Management and EY, considered that the financial statements were fairly presented in conformity with the relevant accounting standards in all material aspects for the financial year ended 30 June 2017.

Internal Audit

(a) Reviewed and approved the 2017 internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Company and the Group and that all high risk areas are audited annually;

(b) Reviewed the internal audit reports presented by the internal auditors at the quarterly AC meetings to ensure that appropriate actions had been taken to implement the audit recommendations. Where appropriate, internal audit findings were raised at Board meetings for further discussion of Management's responses and their adequacy;

(c) Reviewed the internal control processes and considered recommendations including the Management's responses to ensure control weaknesses were being properly addressed; and

(d) Monitored the progress of the corrective actions taken by the Management to ensure appropriate remedial actions were taken on a timely basis to address all key risk areas and control issues.

External Audit

(a) Reviewed the external auditors' report which summarized significant audit, accounting and internal control issues identified during statutory audit for the year ended 30 June 2017; and

(b) Reviewed with the external auditors, their audit plan for the financial year ended 30 June 2017, outlining the audit materiality, audit scope, methodology and timetable, areas of focus, key changes of the Companies Act 2016, new accounting standards and proposed fees for the audit services rendered by the external auditors for the financial year ended 30 June 2017.

Recurrent Related Party Transactions ("RRPT")

(a) Reviewed and discussed report on RRPT to ensure that all RRPT were undertaken on arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies which are not more favourable than those generally available to the public and are not detrimental to the minority shareholders;

(b) Monitored the threshold of RRPT to ensure compliance with the LR of Bursa Securities; and

(c) Reviewed and recommended to the Board for approval the Circular to Shareholders in relation to the proposed renewal of shareholders mandate for the Company and its subsidiaries to enter into RRPT of a revenue or trading nature with related parties.

Others

- Reviewed and recommended to the Board for approval the Statement on Corporate Governance, AC Report and Statement on Risk Management and Internal Control for inclusion in annual report.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is carried out independently by Internal Audit Department ("IAD"). IAD is established to assist management and the board of directors through Audit Committee ("AC"), in ensuring internal controls over safeguarding of shareholders' investment, the interest of stakeholders and the Group's resources are adequate and effective. IAD is guided by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors.

Objective

The objective of IAD is to provide independent and objective assurance on governance, risk management and control systems adopted by the Group and make recommendations to improve the Group's operations.

Audit Scope and Coverage

IAD adopts a risk based auditing approach, prioritizing audit assignments based on the group's key business operations, risk management and past audit findings. The key audit findings with recommendations and status of previous audits' recommendations were presented to head office senior management and operation unit management in the exit conference. During the Financial Year, IAD issued 27 audit reports. The Head of IAD presents quarterly his key audit findings to the AC at the AC meeting.

IAD executes audit assignments based on approved audit plan and performs the following tasks in accordance with its overall strategy:

- Verify the existence of assets and recommend proper safeguards for their protection;
- Evaluate the adequacy of the system of internal controls;
- Recommend improvements in controls;
- Assess compliance with the Group policies and procedures;
- Assess compliance with government obligations;
- Review Management action plans to ascertain whether the plans are being carried out as planned; and
- Investigate reported occurrences of irregularities and wastages.

AUDIT COMMITTEE REPORT (cont'd)

Key Activities of Areas audited during the Financial Year

- Oil Palm Plantation Operations
    - FFB production growth monitoring
    - Harvesting frequency
    - Worker payroll and contract works payment verification
    - FFB delivery control
    - Field Upkeep and Maintenance activities
    - Labor workforce
    - Store/inventory Management
    - Fixed Assets
- Crude Palm Oil (CPO) Mill Operations
    - OER & KER performance
    - CPO/Kernel quantity control
    - Store/inventory Management
    - Fixed Assets
    - House Keeping
- IT system
    - System Security
    - Data Integrity
- Human Resource
    - Recruitment costs for the Group's key operations
- Planted Forest
    - Ground Planting Progress Verification
    - Labor Workforce

IAD Team and spending

IAD team has a total of 13 auditors as at 30 June 2017.

All the members of IAD do not have any conflicts of interests with the companies within the Group. During the year, all the internal audit activities were performed in-house and the total cost incurred was RM522,442 for the financial year ended 30 June 2017.

This Audit Committee Report was approved by the Board on 17 October 2017.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Appendix 9C of the Main Market Listing Requirements of Bursa Securities:

i) Utilisation of Proceeds Raised from Corporate Proposals

There was no fund raising corporate proposal during the financial year.

ii) 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 involving the interests of directors, chief executive who is not a director or major shareholders during the financial year.

iii) Directors' Responsibility Statement For Preparing 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, 2016 in Malaysia as well as the Main Market Listing Requirements of Bursa Securities.

In preparing the financial statements, 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, 2016 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.

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 2017.

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	14,559	10,302
Profit attributable to:		
Owners of the parent	12,123	10,302
Non-controlling interests	2,436	-
	14,559	10,302

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 amount of dividends paid/distributed by the Company since 30 June 2016 were as follows:

In respect of the financial year ended 30 June 2016 as reported in the directors' report of that year:

	RM'000
First and final single-tier dividend of 1.3 sen per ordinary share on 967,991,797 ordinary shares, declared on 24 November 2016 and paid on 16 December 2016	12,584

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 30 June 2017 of 0.5 sen on 967,990,797 in issue (net of treasury shares) at book closure date amounting to a dividend payable of RM4,840,000 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 2018.

DIRECTORS' REPORT (cont'd)

Directors

The names of the directors of the Group and of the Company in office since the beginning of the financial year to the date of this report are:

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	Chairman
Dato' Sri Tiong Chiong Hoo	Deputy Executive Chairman, also a director of all the companies in the Group
Dato' Wong Sie Young	Chief Executive Officer
Dato' Sri Dr. Tiong Ik King	
Tiong Choon	(also a director of certain subsidiaries)
Tiong Chiong Hee	(also a director of certain subsidiaries)
John Leong Chung Loong	
Dato' Wong Lee Yun	
Datuk Talib Bin Haji Jamal	(Demised on 27 December 2016)

Directors of the subsidiaries

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
Datuk Tiong Thai King
Nayun Ak Sanup
Sim Kui Hock
Tan Yoke Seng

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 32 to the financial statements.

The total amount of insurance premium for the directors of the Company in respect of the liability for any act or omission in their capacity as an officer of the Company or cost incurred by them in defending or settling any claim or proceedings relating to any such liability as at the financial year end is RM10,822.

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:

	Number of ordinary shares As at 1 July 2016 and 30 June 2017
Name of director	
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

Directors' interests (contd.)

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.

Directors' remuneration

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	1,829	1,403	1,829	1,403
Fees	140	120	140	120
Contributions to defined contribution plans	236	181	236	181
Estimated money value of benefit-in-kind	23	23	23	23
Total executive directors' remuneration (including benefit-in-kind)	2,228	1,727	2,228	1,727
Non-executive:				
Fees	603	556	507	460
Other emoluments	217	218	217	218
Estimated money value of benefit-in-kind	13	13	13	13
Total non-executive directors' remuneration (including benefit-in-kind)	833	787	737	691
Total directors' remuneration	3,061	2,514	2,965	2,418

Included in the analysis above is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016.

Share buy-backs

During the financial year, the Company repurchased a total of 2,000 of its issued ordinary shares from the open market for a total cost of RM2,630. The average cost paid for the shares repurchased during the year was RM1.31 per share.

The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016. Of the total 973,717,797 (2016: 973,717,797) issued and fully paid ordinary shares as at 30 June 2017, 5,727,000 (2016: 5,725,000) are held as treasury shares by the Company. As at 30 June 2017, the number of outstanding ordinary shares in issue after the set-off is therefore 967,990,797 (2016: 967,992,797) ordinary shares.

Movements on share buy-backs

	Number of shares	**Total cost** RM'000	**Average price per share** RM
At 30 June 2016	5,725,000	13,684	2.39
Repurchased during the year ended 30 June 2017 1.31		2,000	3
At 30 June 2017 and at the date of this report	5,727,000	13,687	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.

DIRECTORS' REPORT (cont'd)

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position 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 and 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 and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and 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 and of the Company for the financial year in which this report is made.

Auditors and auditors' remuneration

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

Auditors' remuneration are disclosed in Note 8 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 October 2017

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)

Dato' Sri Tiong Chiong Hoo

STATEMENT BY DIRECTORS
pursuant to Section 251(2) of the Companies Act 2016

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 56 to 123 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 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 17 October 2017

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)

Dato' Sri Tiong Chiong Hoo

STATUTORY DECLARATION
pursuant to Section 251(1)(b) of the Companies Act 2016

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 56 to 124 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 17 October 2017

Hii Khing Siew

Before me

INDEPENDENT AUDITORS' REPORT
to the Members of Jaya Tiasa Holdings Berhad

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Jaya Tiasa Holdings Berhad**, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Goodwill

The Group's goodwill amounting to RM62.3million, which arose from the acquisition of a subsidiary engaged in manufacturing of wood products in prior years, was fully impaired during the financial year as shown in Note 8 and Note 16 to the financial statements. The goodwill was impaired due to the subject subsidiary's continuous weak financial performance which led to the downsizing of its wood manufacturing activities. The annual impairment test for goodwill is significant to our audit as the assessment process is complex, highly judgmental and the quantum involved is material to the Group.

The Group estimated the recoverable amount of the cash-generating units ("CGU") to which the goodwill was allocated based on the value-in-use ("VIU"). Estimating the VIU of the CGU involved estimating the future cash inflows and outflows that will be generated by the CGU, and discounting it at an appropriate rate. Significant judgement was required in determining the assumptions to be used to estimate the recoverable amount of the CGU to which the above goodwill had been allocated to and was based on assumptions that are affected by expected future demand or economic conditions. The assumptions used included estimates of future sales volumes, prices, operating costs, terminal value growth rates and discount rates.

Our audit procedures, among others, included assessing whether the assumptions on which the cash flow projections were based were consistent with past actual outcomes, in particular the assumptions about estimated revenue growth rates and possible variations in the timing of those future cash flows.

We also assessed the discount rate, to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expected to derive from the asset.

Report on the audit of the financial statements (contd.)

Goodwill (contd.)

In addition, we also evaluated the adequacy of the disclosures of the key assumptions on which the Group had based its cash flow projections. Key assumptions are those to which the unit's recoverable amount is most sensitive and are disclosed in Note 16 to the financial statements.

Impairment assessment of biological assets

The Group is engaged in oil palm plantation activities. The carrying amount of its biological assets stood at RM1.6 billion as at 30 June 2017 which accounted for some 52% of the Group's total assets.

The Group assesses annually whether there are any indications that the carrying amount of the biological assets may be impaired. A history of losses incurred by certain plantations was identified as an indicator of impairment.

The estimated recoverable amount of the Group's biological assets is determined based on the higher of the assets' VIU and fair value less costs of disposal ("FV"). Where the recoverable amount is lower than the carrying value of the biological assets, the carrying value of the assets are reduced to their estimated recoverable amount and the difference is regarded as an impairment loss.

The Group regards each plantation as a separate CGU. Value-in-use is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount received in the event the plantation is sold on a willing buyer and a willing seller basis.

Based on the outcome of the impairment assessment, the carrying amount of the plantation development expenditure incurred on these plantations exceeded their recoverable amount and therefore, was not impaired.

The impairment assessment of the biological assets is significant to our audit due to the magnitude in value and the use of significant judgement and estimates in determining the recoverable amount of the CGUs. The assumptions used include estimates of future yields, prices, operating cost, growth rate and discount rate. Our audit procedures included evaluating management's definition of a CGU and assessing the assumptions and estimates made by the management in determining the net cash inflows generated by the CGUs by comparing with past actual outcomes and current market information. We also assessed the discount rate used by reference to the current market assessments of the time value of money and the risks specific to the asset. We also considered the sensitivity analysis of key assumptions, particularly the discount rate used, yields, operating costs and crude palm oil prices.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT (cont'd)

to the Members of Jaya Tiasa Holdings Berhad

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 40 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

AU YONG SWEE YIN
3101/02/18 (J)
Chartered Accountant

Kuching, Malaysia.
Date: 17 October 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	4	980,829	1,023,367	247,356	380,985
Cost of sales	5	(716,038)	(773,792)	(195,925)	(261,507)
Gross profit		264,791	249,575	51,431	119,478
Other items of income					
Other income	6	10,671	14,461	102,048	231,405
Other items of expense					
Selling expenses		(53,774)	(68,361)	(12,829)	(19,399)
Administrative expenses		(45,402)	(42,147)	(107,173)	(18,762)
Other expenses		(69,410)	(17,504)	-	-
Finance costs	7	(56,837)	(53,792)	(18,704)	(20,668)
Profit before tax	8	50,039	82,232	14,773	292,054
Income tax expense	11	(35,480)	(25,237)	(4,471)	(22,378)
Profit net of tax		14,559	56,995	10,302	269,676
Other comprehensive income:					
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:					
Foreign currency translation, net of tax		8	9	-	-
Net (loss)/gain on available-for-sale financial assets		(7,000)	700	-	-
		(6,992)	709	-	-
Total comprehensive income for the year		7,567	57,704	10,302	269,676
Profit attributable to:					
Owners of the parent		12,123	54,162	10,302	269,676
Non-controlling interests		2,436	2,833	-	-
		14,559	56,995	10,302	269,676
Total comprehensive income attributable to:					
Owners of the parent		5,131	54,871	10,302	269,676
Non-controlling interests		2,436	2,833	-	-
		7,567	57,704	10,302	269,676

	Note	2017	2016
Earnings per share attributable to owners of the parent (sen per share):			
Basic, for profit for the year	12	1.25	5.60

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

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,171,915	1,182,202	155,979	196,204
Land use rights	14	40	45	21	23
Biological assets	15	1,639,812	1,594,721	-	-
Goodwill on consolidation	16	-	62,337	-	-
Other intangible assets	17	610	553	588	528
Investments in subsidiaries	18	-	-	1,728,551	1,746,076
Investment in associate	19	-	-	-	-
Investment securities	24	68,700	75,700	5,000	5,000
Deferred tax assets	20	22,492	21,192	-	-
		2,903,569	2,936,750	1,890,139	1,947,831
Current assets					
Inventories	21	139,649	137,311	11,484	13,728
Trade and other receivables	22	59,584	66,932	422,297	388,580
Other current assets	23	14,663	12,396	1,173	2,632
Derivative assets	25	252	2,705	252	1,982
Cash and bank balances	26	65,234	58,914	12,205	3,685
		279,382	278,258	447,411	410,607
TOTAL ASSETS		3,182,951	3,215,008	2,337,550	2,358,438
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	27	487,479	507,958	153,171	196,426
Trade and other payables	28	136,195	184,634	115,993	191,924
Income tax payable		4,968	13,873	2,384	13,120
Derivative liabilities	25	304	-	-	-
		628,946	706,465	271,548	401,470
Net current (liabilities)/assets		(349,564)	(428,207)	175,863	9,137
Non-current liabilities					
Loans and borrowings	27	589,358	564,818	12,322	23,486
Trade and other payables	28	-	-	124,872	-
Deferred tax liabilities	20	146,534	120,592	17,285	19,674
		735,892	685,410	154,479	43,160
TOTAL LIABILITIES		1,364,838	1,391,875	426,027	444,630
Net assets		1,818,113	1,823,133	1,911,523	1,913,808
Equity attributable to owners of the parent					
Share capital	29	977,402	973,718	977,402	973,718
Treasury shares	29	(13,687)	(13,684)	(13,687)	(13,684)
Other reserves	30	(12,741)	(2,065)	-	3,684
Retained earnings		855,829	856,290	947,808	950,090
		1,806,803	1,814,259	1,911,523	1,913,808
Non-controlling interests		11,310	8,874	-	-
TOTAL EQUITY		1,818,113	1,823,133	1,911,523	1,913,808
TOTAL EQUITY AND LIABILITIES		3,182,951	3,215,008	2,337,550	2,358,438

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 2017

	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
			← Attributable to owners of the parent				→	
Group								
Opening balance at 1 July 2016		1,823,133	1,814,259	973,718	(13,684)	(2,065)	856,290	8,874
Profit for the year		14,559	12,123	-	-	-	12,123	2,436
Other comprehensive income		(6,992)	(6,992)	-	-	(6,992)	-	-
Total comprehensive income		7,567	5,131	-	-	(6,992)	12,123	2,436
Transfer of capital redemption reserve	30	-	-	3,684	-	(3,684)	-	-
Transactions with owners								
Acquisition of treasury shares		(3)	(3)	-	(3)	-	-	-
Dividends on ordinary shares	38	(12,584)	(12,584)	-	-	-	(12,584)	-
Total transactions with owners		(12,587)	(12,587)	-	(3)	-	(12,584)	-
Closing balance at 30 June 2017		1,818,113	1,806,803	977,402	(13,687)	(12,741)	855,829	11,310
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	38	(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

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 2017

	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 RM'000
Company						
Opening balance at 1 July 2016		1,913,808	973,718	(13,684)	3,684	950,090
Transfer of capital redemption reserve	30	-	3,684	-	(3,684)	-
Profit net of tax, representing total comprehensive income for the year		10,302	-	-	-	10,302
Transactions with owners						
Acquisitions of treasury shares		(3)	-	(3)	-	-
Dividends on ordinary shares	38	(12,584)	-	-	-	(12,584)
Total transactions with owners		(12,587)	-	(3)	-	(12,584)
Closing balance at 30 June 2017		1,911,523	977,402	(13,687)	-	947,808
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	38	(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

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 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Operating activities					
Profit before tax		50,039	82,232	14,773	292,054
Adjustments for:					
Amortisation of land use rights	8	5	4	2	1
Amortisation of other intangible assets	8	101	2,684	98	516
Bad debts written off	8	2,558	12,068	-	-
Depreciation of property, plant and equipment	8	107,633	93,548	23,861	26,376
Fair value loss/(gain) on derivatives	8	2,757	(2,705)	1,730	(1,982)
Gross dividend income from subsidiaries	8	-	-	-	(195,000)
Gain of disposal of biological assets	8	(569)	-	-	-
Impairment loss on:					
- goodwill	8	62,337	-	-	-
- investment in subsidiaries	8	-	-	84,700	-
- property, plant and equipment	8	3,748	-	-	-
- trade and other receivables	8	-	782	-	-
Interest expense	8	54,565	51,179	18,368	20,269
Interest income	8	(202)	(85)	(14,456)	(29,824)
Net loss on disposal of property, plant and equipment, net	8	3,098	5,715	763	3,081
Net unrealised foreign exchange loss	8	397	877	1,360	1,154
Property, plant and equipment written off	8	1,569	24	1,453	-
Reversal of allowance for impairment of trade and other receivables	8	(186)	(319)	(84,817)	(38)
Reversal of unrealised gain on inventories, net	8	1,551	797	-	-
Total adjustments		239,362	164,569	33,062	(175,447)

STATEMENTS OF CASH FLOWS (cont'd)
For the financial year ended 30 June 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Operating cash flows before changes in working capital		289,401	246,801	47,835	116,607
Changes in working capital					
(Increase)/decrease in inventories		(3,475)	9,366	2,244	8,654
Decrease/(increase) in receivables		4,985	39,158	43,917	(262,420)
Decrease/(increase) in prepayments		2,716	(4,132)	1,459	(2,390)
Decrease in payables		(48,439)	(46,812)	(23,090)	(48,399)
Total changes in working capital		(44,213)	(2,420)	24,530	(304,555)
Cash flows from/(used in) operations		245,188	244,381	72,365	(187,948)
Interest received		202	85	14,456	29,824
Interest paid		(58,915)	(57,362)	(18,368)	(20,269)
Income taxes paid, net of refund		(24,726)	(27,148)	(5,565)	(8,377)
Net cash flows from/(used in) operating activities		161,749	159,956	62,888	(186,770)
Investing activities					
Acquisition of property, plant and equipment (excluding interest charge capitalised)	13	(104,379)	(121,561)	(3,905)	(3,192)
Acquisition of biological assets (excluding amortisation, depreciation, loss on disposal of property, plant and equipment and interest charge capitalised)	15	(39,667)	(37,499)	-	-
Acquisition of other intangible assets	17	(48)	-	(48)	-
Acquisition of investment securities		-	(70,000)	-	-
Dividends received from subsidiaries		-	-	-	195,000
Proceeds from disposal of property, plant and equipment		15,396	12,589	18,738	8,495
Proceeds from disposal of biological asset		1,825	-	-	-
Proceeds from disposal of investment securities		-	7	-	7
Net cash flows (used in)/from investing activities		(126,873)	(216,464)	14,785	200,310

STATEMENTS OF CASH FLOWS (cont'd)
For the financial year ended 30 June 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Financing activities					
Acquisition of treasury shares	29	(3)	(1)	(3)	(1)
Dividends paid on ordinary shares	38	(12,584)	(9,680)	(12,584)	(9,680)
Repayment of finance lease payables		(29,139)	(23,708)	(4,593)	(6,567)
(Repayment of)/proceeds from bankers' acceptances, net		(61,083)	(9,536)	(33,376)	234
Proceeds from/(repayment of) revolving credit, net		55,000	270,000	(5,000)	5,000
Proceeds from term loans		60,900	-	-	-
Repayment of term loans		(43,568)	(146,616)	(8,000)	(7,000)
Net cash flows (used in)/from financing activities		(30,477)	80,459	(63,556)	(18,014)
Net increase/(decrease) in cash and cash equivalents		4,399	23,951	14,117	(4,474)
Effects of exchange rate changes		959	209	5	78
Cash and cash equivalents at the beginning of the year		(79,150)	(103,310)	(17,575)	(13,179)
Cash and cash equivalents at the end of the year	26	(73,792)	(79,150)	(3,453)	(17,575)

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 2017

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. Basis of preparation and 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 2016 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 except as follows:

On 1 July 2016, the Group and the Company adopted the following new and amended FRSs and Annual Improvements which are mandatory for annual financial periods beginning on or after 1 January 2016.

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

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.

(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. This amendment is applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Annual Improvements to FRSs 2012 - 2014 Cycle (contd.)

The Annual Improvements to FRSs 2012 - 2014 Cycle include a number of amendments to various FRSs, which are summarised below. (contd.)

(ii) FRS 134: Interim Financial Reporting

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. This amendment is applied retrospectively.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in their separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in their separate financial statements, they will be required to apply this method from the date of transition to FRS. These amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiatives

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

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

The amendments do not have any 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 provide 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 do not have any impact on the Group's financial statements as the Group does not apply the consolidation exception.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective

The standards and interpretations 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
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRS Standards 2014-2016 Cycle - Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Amendments to FRS 107: Disclosure Initiative

The amendments to FRS 107 Statement of Cash Flows 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. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

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 and the Company fall within the scope definition of Transitioning Entities and accordingly, will be preparing their financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 30 June 2019. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained 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 2017 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. Basis of preparation and summary of significant accounting policies (contd.)

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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.5 Basis of consolidation (contd.)

Business combinations

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

2. Basis of preparation and summary of significant accounting policies (contd.)

2.7 Investments in associates (contd.)

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

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

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 profit or loss and other 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. Basis of preparation and summary of significant accounting policies (contd.)

2.9 Foreign currency (contd.)

(b) Foreign currency transactions (contd.)

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

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

2. Basis of preparation and summary of significant accounting policies (contd.)

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.

(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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Intangible assets (contd.)

(b) Other intangible assets (contd.)

(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.

2.13 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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Basis of preparation and summary of significant accounting policies (contd.)

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, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.15 Financial assets (contd.)

(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 asset 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 the Group and the Company's right to receive payment is established.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 30 June 2017

2. Basis of preparation and summary of significant accounting policies (contd.)

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 and demand short-term deposit with maturity of three months or less. 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. Basis of preparation and summary of significant accounting policies (contd.)

2.21 Financial liabilities (contd.)

(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 other financial liabilities include trade payables, 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. Basis of preparation and summary of significant accounting policies (contd.)

2.24 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes 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.

(ii) Short term benefits

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

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.

(c) Interest income

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.26 Revenue (contd.)

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. (contd.)

(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 Taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.27 Taxes (contd.)

(b) Deferred tax (contd.)

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 37, 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.

2.31 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. Basis of preparation and summary of significant accounting policies (contd.)

2.32 Fair value measurements

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

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

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

A fair value measurement of a non-financial 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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair 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 determines 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 has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability 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) 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 ("VIU") of the cash-generating units to which goodwill is allocated.

When VIU calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating-unit ("CGU") 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.

3. Significant accounting judgements and estimates (contd.)

Key sources of estimation uncertainty (contd.)

(b) Impairment assessment of property, plant and equipment

Impairment exists when the carrying value of any assets exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its VIU.

The Group reassesses whether there are indicators of impairment for its property, plant and equipment at each reporting date. During the current financial year, the Group carried out the impairment tests on the plant and machinery of the manufacturing segment based on VIU.

The impairment assessment of the plant and machinery involved significant judgement and estimates in determining the recoverable amount of the plant and machinery. The assumptions used include estimates of prices, operating costs and discount rate.

An impairment loss of RM3,748,000 was recognised for a subsidiary that had downsized its wood manufacturing activities as disclosed in Note 8.

The carrying amount of plant and machinery of the manufacturing segment included in the property, plant and equipment of the Group as at 30 June 2017 was RM47,037,000 (2016: RM54,800,500).

(c) Impairment of biological assets

The carrying amount of the Group's biological assets stands at RM1,639,812,000 (2016: RM1,594,721,000) which represents 52% (2016: 50%) of the Group's total assets.

The Group assesses annually whether there are any indicators that the carrying amount of the biological assets may be impaired. A history of losses incurred by certain plantations was identified as an indicator of impairment.

The estimated recoverable amount is determined based on the higher of an asset's VIU and fair value less costs of disposal ("FV"). Where the recoverable amount is higher than the carrying value of the biological assets, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

The Group regards each plantation as a separate CGU. VIU is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount to be received in the event the plantation is sold on a willing buyer and a willing seller basis.

4. Revenue

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Sale of timber and related products	429,220	626,808	247,356	380,985
Sale of crude palm oil, palm kernel and fresh fruit bunches	551,416	396,081	-	-
Others	193	478	-	-
	980,829	1,023,367	247,356	380,985

5. Cost of sales

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Cost of timber and related products	332,481	418,040	195,925	261,507
Cost of crude palm oil, palm kernel and fresh fruit bunches	377,254	348,859	-	-
Others	6,303	6,893	-	-
	716,038	773,792	195,925	261,507

6. Other income

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Freight and handling income	1,911	2,677	1,229	1,540
Foreign exchange gain				
- realised	1,007	1,965	103	8
- unrealised	965	468	-	-
Gain on disposal of property, plant and equipment	296	1	-	-
Gain on disposal of biological assets (Note 8)	569	-	-	-
Gross dividend income from subsidiaries (Note 8)	-	-	-	195,000
Commission earned	27	23	27	23
Interest income (Note 8)	202	85	14,456	29,824
Logpond facilities income	30	30	30	30
Rental income (Note 8)	1,181	2,062	325	1,031
Fair value gain on derivatives	-	2,705	-	1,982
Reversal of allowance for impairment of:				
- trade receivables (Note 22(a))	21	199	-	-
- other receivables (Note 22(d))	165	120	84,817	38
Others	4,297	4,126	1,061	1,929
	10,671	14,461	102,048	231,405

7. Finance costs

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
Bank loans and bank overdrafts	56,681	54,657	10,708	12,638
Finance leases	2,234	2,705	189	428
Amount due to subsidiaries	-	-	7,471	7,203
	58,915	57,362	18,368	20,269
Less: Interest expense capitalised in property, plant and equipment (Note 13)	(1,024)	(300)	-	-
Interest expense capitalised in biological assets (Note 15)	(3,326)	(5,883)	-	-
Interest expense (Note 8)	54,565	51,179	18,368	20,269
Add: Other charges				
Bank charges	1,129	1,876	88	229
Commitment fee	1,143	737	248	170
	2,272	2,613	336	399
	56,837	53,792	18,704	20,668

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 30 June 2017

8. Profit before tax

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Amortisation of land use rights (Note 14)	5	4	2	1
Amortisation of other intangible assets (Note 17)	101	2,684	98	516
Auditors' remuneration	853	717	235	195
Statutory audit				
- current year	765	692	200	180
- under provision in previous years	73	10	20	-
Other services	15	15	15	15
Bad debts written off	2,558	12,068	-	-
Depreciation of property, plant and equipment (Note 13)	107,633	93,548	23,861	26,376
Employee benefits expense (Note 9)	127,686	121,985	17,817	17,228
Fair value loss/(gain) on derivatives (Note 25)	2,757	(2,705)	1,730	(1,982)
Gain on disposal of biological assets (Note 6)	(569)	-	-	-
Gross dividend income from subsidiaries (Note 6)	-	-	-	(195,000)
Hiring charges	-	20	2,400	3,000
Impairment loss on:				
- goodwill (Note 16)	62,337	-	-	-
- investment in subsidiaries (Note 18)	-	-	84,700	-
- other receivables (Note 22(d))	-	782	-	-
- property, plant and equipment (Note 13)	3,748	-	-	-
Interest expense (Note 7)	54,565	51,179	18,368	20,269
Interest income (Note 6)	(202)	(85)	(14,456)	(29,824)
Net loss on disposal of property, plant and equipment	3,098	5,715	763	3,081
Net foreign exchange loss/(gain)				
- realised	6,625	(2,959)	817	57
- unrealised	397	877	1,360	1,154
Non-executive directors' remuneration (Note 10)	724	678	724	678
Property, plant and equipment written off	1,569	24	1,453	-
Rental expense	520	557	488	-
Rental income (Note 6)	(1,181)	(2,062)	(325)	(1,031)
Reversal of allowance for impairment of trade and other receivables (Note 6)	(186)	(319)	(84,817)	(38)
Reversal of unrealised gain on inventories, net	1,551	797	-	-

9. Employee benefits expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, wages, allowances and bonus	122,647	116,782	15,569	15,053
Social security contributions	1,164	2,649	166	146
Contributions to defined contribution plan	10,202	7,795	1,820	1,794
Other benefits	505	776	262	235
Total employee benefits expense (including executive directors)	134,518	128,002	17,817	17,228
Less: Employee benefits expense capitalised in:				
- biological assets (Note 15)	(5,744)	(5,168)	-	-
- work-in-progress (Note 21)	(1,088)	(849)	-	-
Total employee benefits expense (Note 8)	127,686	121,985	17,817	17,228

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,227,593 (2016: RM1,726,973) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive:				
Salaries and other emoluments	1,829	1,403	1,829	1,403
Fees	140	120	140	120
Defined contribution plan	236	181	236	181
Total executive directors' remuneration (excluding benefit-in-kind)	2,205	1,704	2,205	1,704
Estimated money value of benefit-in-kind	23	23	23	23
Total executive directors' remuneration (including benefit-in-kind) (Note 9)	2,228	1,727	2,228	1,727
Non-executive:				
Fees	507	460	507	460
Other emoluments	217	218	217	218
Total non-executive directors' remuneration (excluding benefit-in-kind) (Note 8)	724	678	724	678
Estimated money value of benefit-in-kind	13	13	13	13
Total non-executive directors' remuneration (including benefit-in-kind)	737	691	737	691
Total directors' remuneration (Note 32 (b))	2,965	2,418	2,965	2,418

10. Directors' remuneration (contd.)

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

	2017	2016
Number of Directors		
Executive director:		
RM750,001 - RM800,000	-	1
RM900,001 - RM950,000	-	1
RM1,050,001 - RM1,100,000	1	-
RM1,150,000 - RM1,200,000	1	-
Non-executive directors:		
RM1 – RM50,000	1	-
RM50,001 - RM100,000	4	5
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	-

11. Income tax expense

The major components of income tax expense for the year ended 30 June 2017 and 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	23,006	37,342	6,885	23,755
Overprovision in respect of previous years	(12,168)	(15,086)	(25)	(882)
	10,838	22,256	6,860	22,873
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	12,473	(13,746)	(2,541)	(125)
Under/(over) provision in respect of previous years	12,169	16,727	152	(370)
	24,642	2,981	(2,389)	(495)
Income tax expense recognised in profit or loss	35,480	25,237	4,471	22,378

11. Income tax expense (contd.)

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 30 June 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Accounting profit before tax	50,039	82,232	14,773	292,054
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	12,009	19,736	3,546	70,093
Adjustments:				
Non-deductible expenses	21,344	7,561	798	337
Income not subject to tax	(656)	(140)	-	(46,800)
Benefits from previously unrecognised unabsorbed capital allowances, export incentives and unused tax losses	-	(3,776)	-	-
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and unused tax losses	2,782	215	-	-
Over provision of income tax in respect of previous years	(12,168)	(15,086)	(25)	(882)
Under/(over) provision of deferred tax in respect of previous years	12,169	16,727	152	(370)
Income tax expense recognised in profit or loss	35,480	25,237	4,471	22,378

Current income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) 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 2017 and 2016:

	Group	
	2017 RM'000	**2016** RM'000
Profit net of tax attributable to owners of the parent	12,123	54,162
Weighted average number of ordinary shares in issue ('000)	967,992	967,994
Basic earnings per share (sen)	1.25	5.60

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 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 and 1 July 2016	9,443	91,811	554,547	1,209,608	321,271	42,702	127,153	2,356,535
Additions	-	-	1,436	29,366	10,561	2,841	80,831	125,035
Disposals/written off	(1,054)	(57)	(5,901)	(25,339)	(56)	(766)	(2,133)	(35,306)
Reclassifications	-	-	56,868	49,928	9,733	2,016	(118,545)	-
Reclassified to intangible assets (Note 17)	-	-	-	-	-	-	(110)	(110)
At 30 June 2017	8,389	91,754	606,950	1,263,563	341,509	46,793	87,196	2,446,154
Accumulated depreciation								
At 1 July 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

13. Property, plant and equipment (contd.)

	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
Group (contd.)								
Accumulated depreciation (contd.)								
At 30 June 2016	-	13,417	223,559	715,445	191,433	30,479	-	1,174,333
Depreciation charge for the year	-	1,770	32,653	58,534	16,421	2,023	-	111,401
Recognised in profit or loss (Note 8)	-	972	31,100	57,312	16,329	1,920	-	107,633
Capitalised in biological assets (Note 15)	-	783	1,397	986	92	96	-	3,354
Capitalised in work-in-progress (Note 21)	-	15	156	236	-	7	-	414
Impairment loss recognised in profit or loss (Note 8)	-	-	-	3,748	-	-	-	3,748
Disposals/written off	-	(17)	(2,224)	(12,455)	-	(547)	-	(15,243)
Reclassification	-	-	(5)	5	-	-	-	-
At 30 June 2017	-	15,170	253,983	765,277	207,854	31,955	-	1,274,239
Net carrying amount								
At 30 June 2016	9,443	78,394	330,988	494,163	129,838	12,223	127,153	1,182,202
At 30 June 2017	8,389	76,584	352,967	498,286	133,655	14,838	87,196	1,171,915

13. Property, plant and equipment (contd.)

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 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 and 1 July 2016	4,919	18,018	267,756	170,676	16,470	2,999	480,838
Additions	-	459	1,971	114	157	1,999	4,700
Disposals/written off	(1,054)	(2,390)	(37,547)	-	(336)	(565)	(41,892)
Reclassifications to intangible assets (Note 17)	-	-	-	-	-	(110)	(110)
Reclassifications	-	-	70	114	71	(255)	-
At 30 June 2017	3,865	16,087	232,250	170,904	16,362	4,068	443,536
Accumulated depreciation							
At 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 and 1 July 2016	-	6,961	136,442	126,371	14,860	-	284,634
Depreciation charge for the year (Note 8)	-	607	14,774	8,153	327	-	23,861
Disposals/written off	-	(307)	(20,384)	-	(247)	-	(20,938)
At 30 June 2017	-	7,261	130,832	134,524	14,940	-	287,557
Net carrying amount							
At 30 June 2016	4,919	11,057	131,314	44,305	1,610	2,999	196,204
At 30 June 2017	3,865	8,826	101,418	36,380	1,422	4,068	155,979

13. Property, plant and equipment (contd.)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Cash	105,403	121,861	3,905	3,192
Finance leases	19,632	16,147	795	-
	125,035	138,008	4,700	3,192

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	57,917	77,127	7,490	16,536

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	
	2017	**2016**
	RM'000	RM'000
Interest expense (Note 7)	1,024	300

14. Land use rights

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 July 2016/2015 and 30 June 2017/2016	1,303	1,303	36	36
Accumulated amortisation				
At 1 July 2016/2015	1,258	1,254	13	12
Amortisation for the year (Note 8)	5	4	2	1
At 30 June 2017/2016	1,263	1,258	15	13
Net carrying amount At 30 June 2017/2016	40	45	21	23
Amount to be amortised:				
- Not later than one year	5	4	2	1
- Later than one year but not later than five years	19	15	8	4
- Later than five years	16	26	11	18

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 (2016: 9 to 21 years) and 20 years (2016: 21 years), respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

15. Biological assets

	Oil palm plantation development expenditure RM'000	Reforestation (Tree planting) expenditure RM'000	Total RM'000
Group			
Cost			
At 1 July 2015	1,501,590	47,100	1,548,690
Additions	37,542	8,489	46,031
At 30 June 2016 and 1 July 2016	1,539,132	55,589	1,594,721
Additions	36,639	9,708	46,347
Disposals	(1,256)	-	(1,256)
At 30 June 2017	1,574,515	65,297	1,639,812

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

	Group 2017 RM'000	Group 2016 RM'000
Depreciation of property, plant and equipment (Note 13)	3,354	2,649
Employee benefits expenses (Note 9)	5,744	5,168
Interest expense (Note 7)	3,326	5,883

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 RM'000	Group RM'000
Cost		
At 30 June 2017/2016	62,337	62,337
Accumulated impairment loss		
At 1 July 2016/2015	-	-
Recognised in profit or loss (Note 8)	62,337	-
At 30 June 2017/2016	62,337	-
Net carrying amount		
At 30 June 2017/2016	-	62,337

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

	Group 2017 RM'000	Group 2016 RM'000
Manufacturing segment		
- Rimbunan Hijau Plywood Sdn. Bhd.	-	62,337

16. Goodwill on consolidation (contd.)

Key assumptions used in value-in-use ("VIU") 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 VIU calculations are:

	Growth Rates		Discount Rates	
	As at 2017	As at 2016	As at 2017	As at 2016
Manufacturing segment	-	1%	11.5%	11.5%

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.

(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.

Impairment loss recognised

During the financial year, an impairment loss of RM62,337,000 was recognised in other expenses in the statement of profit or loss to write down the goodwill as a result of the weak financial performance and the downsizing of the wood production activities of its subsidiary, Rimbunan Hijau Plywood Sdn. Bhd..

17. Other intangible assets

	Prepaid timber rights RM'000	Computer software RM'000	Total RM'000
Group			
Cost			
At 1 July 2015/30 June 2016 and 1 July 2016	298,447	4,467	302,914
Additions	-	48	48
Reclassification from property, plant and equipment (Note 13)	-	110	110
At 30 June 2017	298,447	4,625	303,072
Accumulated amortisation			
At 1 July 2015	295,870	3,807	299,677
Amortisation for the year (Note 8)	2,577	107	2,684
At 30 June 2016 and 1 July 2016	298,447	3,914	302,361
Amortisation for the year (Note 8)	-	101	101
At 30 June 2017	298,447	4,015	302,462
Net carrying amount			
At 30 June 2016	-	553	553
At 30 June 2017	-	610	610
Company			
Cost			
At 1 July 2015/30 June 2016 and 1 July 2016	247,724	4,434	252,158
Additions	-	48	48
Reclassification from property, plant and equipment (Note 13)	-	110	110
At 30 June 2017	247,724	4,592	252,316
Accumulated amortisation			
At 1 July 2015	247,311	3,803	251,114
Amortisation for the year (Note 8)	413	103	516
At 30 June 2016 and 1 July 2016	247,724	3,906	251,630
Amortisation for the year (Note 8)	-	98	98
At 30 June 2017	247,724	4,004	251,728
Net carrying amount			
At 30 June 2016	-	528	528
At 30 June 2017	-	588	588

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

18. Investments in subsidiaries

	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at cost	1,813,270	1,746,095
Less: Accumulated impairment losses	(84,719)	(19)
	1,728,551	1,746,076

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	Proportion of ownership interest 2016 %
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, palm oil processing and its related activities	100	100
Jaras Sdn. Bhd.	Malaysia	Dormant	100	100
Jaya Tiasa Aviation Sdn. Bhd.	Malaysia	Provision of air transportation services	100	100
Jaya Tiasa Forest Plantation Sdn. Bhd.	Malaysia	Development and maintenance of planted forests and forest plantation contractor	100	100
Jaya Tiasa R&D Sdn. Bhd.	Malaysia	Research and development and sale of seeds	100	100
Jaya Tiasa Plywood Sdn. Bhd.	Malaysia	Manufacturing and sale of sawn timber, blockboard and veneer as well as plywood contract manufacturing	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

18. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
Direct subsidiaries of the Company (contd.)				
Jaya Tiasa Timber Products Sdn. Bhd.	Malaysia	Manufacturing and sale of sawn timber, plywood and veneer	100	100
JT Logging Sdn. Bhd.	Malaysia	Timber logging	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, fabrication, repair and maintenance of machinery and its related activities	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	Dormant	100	100
Atlantic Timber Holdings Limited	Cayman Islands	Dormant	100	100
Pacific Timber Holdings Limited	Cayman Islands	Dormant	100	100
Subsidiary of Atlantic Evergreen Holdings				
Western Timber Resources Limited	Cayman Islands	Dormant	100	100

18. Investments in subsidiaries (contd.)

(i) Increase in paid-up capital of subsidiaries

During the year, the Company subscribed for new ordinary shares amounting to RM67,175,000 (by way of settlement of advances rendered) in the following subsidiaries:

Name of subsidiaries	Number of shares
Jaya Tiasa Plywood Sdn. Bhd.	17,000,000
Jaya Tiasa Timber Products Sdn. Bhd.	43,000,000
Guanaco Sdn. Bhd.	1,575,000
Jaya Tiasa R & D Sdn. Bhd.	5,600,000
	67,175,000

(ii) Non-controlling interests

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

19. Investment in associate

	Group		Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Unquoted shares, at cost	2,000	2,000	2,000	2,000
Redeemable non-cumulative preference shares, at cost	2,400	2,400	2,400	2,400
	4,400	4,400	4,400	4,400
Less: Accumulated impairment losses	(2,400)	(2,400)	(4,400)	(4,400)
	2,000	2,000	-	-
Share of post-acquisition losses	(2,000)	(2,000)	-	-
	-	-	-	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest As at 2017 %	As at 2016 %
Mafrica Trading Sdn. Bhd.*	Malaysia	Dormant	40	40

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

19. Investment in associate (contd.)

The summarised financial information of the associate are as follows:

	Group	
	2017	**2016**
	RM'000	RM'000
Assets and liabilities		
Current assets	4	44
Current liabilities	2,601	2,602

	Group	
	2017	**2016**
	%	%
Equity		
Proportion of the Group's ownership	40	40
Carrying amount of investment	-	-

	Group	
	2017	**2016**
	RM'000	RM'000
Results		
Loss for the year	2	2

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

	Group	
	2017	**2016**
	RM'000	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 2015 RM'000	Recognised in profit or loss RM'000	As at 30 June 2016 RM'000	Recognised in profit or loss RM'000	As at 30 June 2017 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(71,604)	(9,935)	(81,539)	(8,556)	(90,095)
Biological assets	(363,629)	(15,007)	(378,636)	(11,222)	(389,858)
Derivatives asset	-	(476)	(476)	415	(61)
	(435,233)	(25,418)	(460,651)	(19,363)	(480,014)
Deferred tax assets:					
Unused tax losses and unabsorbed capital allowances	327,863	24,098	351,961	(4,560)	347,401
Property, plant and equipment	10,762	(1,845)	8,917	(420)	8,497
Others	189	184	373	(299)	74
	338,814	22,437	361,251	(5,279)	355,972
	(96,419)	(2,981)	(99,400)	(24,642)	(124,042)
Company					
Deferred tax liabilities:					
Property, plant and equipment	(20,169)	971	(19,198)	1,974	(17,224)
Derivatives asset	-	(476)	(476)	415	(61)
	(20,169)	495	(19,674)	2,389	(17,285)

	Group		Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Deferred tax (liabilities)/assets:				
Presented after appropriate offsetting as follows:				
Deferred tax assets	22,492	21,192	-	-
Deferred tax liabilities	(146,534)	(120,592)	(17,285)	(19,674)
	(124,042)	(99,400)	(17,285)	(19,674)

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

	Group	
	2017 RM'000	**2016** RM'000
Unused tax losses	13,472	6,958
Unabsorbed capital allowances	5,152	73
	18,624	7,031

As at 30 June 2017, 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

21. Inventories

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost				
Crude palm oil	4,463	13,582	-	-
Fresh fruit bunches	1,009	1,127	-	-
General stores	49,905	34,745	1,780	1,887
Logs	20,754	29,146	9,704	11,841
Palm kernel	2,012	2,324	-	-
Plywood	28,436	7	-	-
Seeds	-	308	-	-
Sawn timber	161	-	-	-
Veneer	16,768	25,396	-	-
Work-in-progress	1,743	4,734	-	-
	125,251	111,369	11,484	13,728
At net realisable value				
Fancy plywood	-	4	-	-
Crude palm oil	14,223	-	-	-
Plywood	-	24,813	-	-
Sawn timber	175	1,125	-	-
	14,398	25,942	-	-
	139,649	137,311	11,484	13,728

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

	Group	
	2017 RM'000	2016 RM'000
Depreciation of property, plant and equipment (Note 13)	414	530
Employee benefits expense (Note 9)	1,088	849

22. Trade and other receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables				
Third parties	48,487	53,056	7,511	2,027
Amount due from subsidiaries	-	-	1,249	42
Less: Allowance for impairment				
Third parties	(407)	(526)	-	-
Trade receivables, net	48,080	52,530	8,760	2,069

22. Trade and other receivables (contd.)

	Group		Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Other receivables				
Sundry receivables	12,060	19,498	1,335	5,331
Amount due from subsidiaries	-	-	412,380	467,680
Amount due from associate	2,600	2,600	2,600	2,600
	14,660	22,098	416,315	475,611
Less: Allowance for impairment				
Sundry receivables	(1,270)	(5,585)	-	(1,643)
Amount due from associate	(2,600)	(2,600)	(2,600)	(2,600)
Amount due from subsidiaries	-	-	(272)	(84,926)
	(3,870)	(8,185)	(2,872)	(89,169)
Other receivables, net	10,790	13,913	413,443	386,442
Refundable deposits	714	489	94	69
	11,504	14,402	413,537	386,511
Total trade and other receivables	59,584	66,932	422,297	388,580
Add: Cash and bank balances (Note 26)	65,234	58,914	12,205	3,685
Total loans and receivables	124,818	125,846	434,502	392,265

(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 (2016: 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 afore-mentioned 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	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Neither past due nor impaired	40,177	36,679	5,117	1,202
1 to 30 days past due not impaired	5,966	7,086	1,768	813
31 to 60 days past due not impaired	1,817	998	1,782	54
61 to 90 days past due not impaired	120	-	93	-
	7,903	8,084	3,643	867
Impaired	407	8,293	-	-
	48,487	53,056	8,760	2,069

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

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 RM7,903,000 (2016: RM8,084,000) and RM3,643,000 (2016: RM867,000), respectively, that are past due at the reporting date but not impaired.

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			
	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Trade receivables	407	8,293	-	-
Less: Allowance for impairment	(407)	(526)	-	-
	-	7,767	-	-

Movement in allowance accounts:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2016/2015	526	725	-	-
Reversal of impairment loss (Note 6)	(21)	(199)	-	-
Written off	(98)	-	-	-
At 30 June 2017/2016	407	526	-	-

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 under other receivables earns interest at the rate of 4% (2016: 4%) per annum.

(c) Amount due from associate

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

22. Trade and other receivables (contd.)

(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 2016/2015	8,185	7,523	89,169	89,207
Charge for the year (Note 8)	-	782	-	-
Reversal of impairment loss (Note 6)	(165)	(120)	(84,817)	(38)
Written off	(4,150)	-	(1,480)	-
At 30 June 2017/2016	3,870	8,185	2,872	89,169

23. Other current assets

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Tax recoverable	9,416	4,433	-	-
Prepayments	5,247	7,963	1,173	2,632
	14,663	12,396	1,173	2,632

24. Investment securities

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
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	63,700	70,700	-	-
	68,700	75,700	5,000	5,000
Market value of quoted shares in Malaysia	63,700	70,700	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

25. Derivatives

	2017 RM'000			2016 RM'000		
	Contract/ Notional Amount	Fair value through profit or loss Assets	Fair value through profit or loss Liabilities	Contract/ Notional Amount	Fair value through profit or loss Assets	Fair value through profit or loss Liabilities
Group						
Non-hedging derivatives:						
Forward currency contracts	62,184	252	304	112,773	2,705	-
Company						
Non-hedging derivatives:						
Forward currency contracts	11,730	252	-	87,537	1,982	-

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's and the Company's sales denominated in USD for which firm commitments existed at the reporting date.

The Group and the Company recognised a loss of RM2,757,000 (2016: gain of RM2,705,000) and RM1,730,000 (2016: gain of RM1,982,000), respectively, 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 33.

26. Cash and bank balances

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash at banks and on hand	65,234	58,914	12,205	3,685

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

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash at banks and on hand	65,234	58,914	12,205	3,685
Bank overdrafts (Note 27)	(139,026)	(138,064)	(15,658)	(21,260)
Cash and cash equivalents	(73,792)	(79,150)	(3,453)	(17,575)

27. Loans and borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Current				
Secured:				
Obligations under finance leases (Note 31(d))	22,832	24,922	1,748	4,382
Unsecured:				
Bank overdrafts (Note 26)	139,026	138,064	15,658	21,260
Bankers' acceptances	41,213	102,296	9,300	42,676
Revolving credit	223,500	140,000	95,000	100,000
Term loans	39,443	82,568	10,000	8,000
USD denominated revolving credit	21,465	20,108	21,465	20,108
	464,647	483,036	151,423	192,044
	487,479	507,958	153,171	196,426
Non-current				
Secured:				
Obligations under finance leases (Note 31(d))	13,289	20,706	322	1,486
Unsecured:				
Revolving credit	271,500	300,000	-	-
Term loans	304,569	244,112	12,000	22,000
	576,069	544,112	12,000	22,000
	589,358	564,818	12,322	23,486
Total loans and borrowings (Note 28)	1,076,837	1,072,776	165,493	219,912

The remaining maturities of the loans and borrowings as at 30 June 2017 and 2016 are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Maturity period of borrowings:				
Repayable within one year	487,479	507,958	153,171	196,426
One year to five years	434,441	239,118	12,322	23,486
Over five years	154,917	325,700	-	-
	1,076,837	1,072,776	165,493	219,912

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Bank overdrafts	7.15 - 7.95	7.35 - 8.10	7.15 - 7.95	7.35 - 7.60
Bankers' acceptances	3.52 - 4.73	3.72 - 5.14	4.20 - 4.65	4.30 - 4.77
Revolving credit	2.59 - 6.00	2.59 - 6.00	2.59 - 5.54	2.59 - 5.49
Term loans	4.53 - 6.00	5.16 - 6.00	4.53 - 6.00	6.00

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

27. Loans and borrowings (contd.)

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 5.50% (2016: 4.76% to 6.52%) per annum and 5.33% (2016: 5.49%) per annum, respectively.

Other borrowings

Certain unsecured borrowings of the Group and of the Company amounting to RM320,289,000 (2016: RM545,679,000) and RM78,802,926 (2016: RM93,264,240), 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	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Current				
Trade payables				
Third parties	100,257	137,462	19,360	42,336
Amount due to subsidiaries	-	-	1,576	-
	100,257	137,462	20,936	42,336
Other payables				
Accruals	17,807	24,777	2,620	9,916
Sundry payables	18,131	22,395	2,438	5,396
Amount due to subsidiaries	-	-	89,999	134,276
	35,938	47,172	95,057	149,588
	136,195	184,634	115,993	191,924
Non-current				
Other payables				
Amount due to subsidiaries	-	-	124,872	-
Total trade and other payables	136,195	184,634	240,865	191,924
Add: Loans and borrowings (Note 27)	1,076,837	1,072,776	165,493	219,912
Total financial liabilities carried at amortised cost	1,213,032	1,257,410	406,358	411,836

28. Trade and other payables (contd.)

(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 (2016: 30 to 180 days).

(b) Amount due to subsidiaries (current)

The amount due to subsidiaries under other payables bears interest at the rate of 4% (2016: 4%) per annum. The amount is repayable on demand.

(c) Amount due to subsidiaries (non-current)

The amount due to subsidiaries under other payables bears interest at the rate of 4% (2016: 4%) per annum.

29. Share capital and treasury shares

	Group and Company			
	Number of Ordinary Shares		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 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)
Acquisition of treasury shares	-	(2)	-	(3)
Transfer from capital redemption reserve (Note 30)	-	-	3,684	-
At 30 June 2017	973,718	(5,727)	977,402	(13,687)

(a) The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the capital redemption reserve become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its capital redemption reserve of RM3,684,000 for purposes as set out in Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(b) Treasury shares

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

The Company acquired 2,000 (2016: 1,000) shares in the Company through purchases on Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM2,630 (2016: RM1,485) and this was presented as a component within shareholders' equity. The average cost paid for the shares repurchased during the financial year was RM1.31 (2016: RM1.49) per share.

Of the total 973,717,797 (2016: 973,717,797) issued and fully paid ordinary shares as at 30 June 2017, 5,727,000 (2016: 5,725,000) are held as treasury shares by the Company. As at 30 June 2017, the number of outstanding ordinary shares in issue after the set-off is therefore 967,990,797 (2016: 967,992,797) ordinary shares of RM1 each.

29. Share capital and treasury shares (contd.)

(b) Treasury shares (contd.)

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 127 of the Companies Act 2016.

Movements on share buy-backs

	Number of shares	**Total cost** RM'000	**Average price per share** RM
At 1 July 2016	5,725,000	13,684	2.39
Repurchased during the year ended 30 June 2017	2,000	3	1.31
At 30 June 2017	5,727,000	13,687	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 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)
Other comprehensive income:				
Foreign currency translation	-	-	8	8
Loss on fair value changes for available-for-sale financial assets	-	(7,000)	-	(7,000)
Transfer to share capital (Note 29)	(3,684)	-	-	(3,684)
At 30 June 2017	-	(6,300)	(6,441)	(12,741)
Company				
At 1 July 2016/2015 and 30 June 2016	3,684	-	-	3,684
Transfer to share capital (Note 29)	(3,684)	-	-	(3,684)
At 30 June 2017	-	-	-	-

(a) Capital redemption reserve

This relates to the nominal amount of shares arising from the Company's repurchase of its own shares in 1998. The amounts standing to the credit of the capital redemption reserves become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the new Companies Act 2016 as explained in Note 29(a).

30. Other reserves (contd.)

(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. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	13,092	32,461	-	-
Approved but not contracted for:				
Property, plant and equipment	-	235	-	235
	13,092	32,696	-	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	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	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	829	878	-	-
	1,073	1,122	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

31. Commitments (contd.)

(c) Operating lease commitments - as lessor (contd.)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Not later than 1 year	716	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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum lease payments:				
Not later than 1 year	24,125	26,741	1,800	4,577
Later than 1 year but not later than 2 years	10,263	18,167	286	1,515
Later than 2 years but not later than 5 years	3,538	3,170	48	-
Total minimum lease payments	37,926	48,078	2,134	6,092
Less: Amounts representing finance charges	(1,805)	(2,450)	(64)	(224)
Present value of minimum lease payment	36,121	45,628	2,070	5,868
Present value of payments:				
Not later than 1 year	22,832	24,922	1,748	4,382
Later than 1 year but not later than 2 years	9,819	17,596	276	1,486
Later than 2 years but not later than 5 years	3,470	3,110	46	-
Present value of minimum lease payments	36,121	45,628	2,070	5,868
Less: Amount due within 12 months (Note 27)	(22,832)	(24,922)	(1,748)	(4,382)
Amount due after 12 months (Note 27)	13,289	20,706	322	1,486

32. 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	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Sale of timber products to:				
- Subsidiaries	-	-	167,143	337,682
- Subur Group (i)	6,709	28,196	-	-
- Rimbunan Hijau General Trading Sdn. Bhd. (ii)	108	-	-	-
Sale of fresh fruit bunches to:				
- R.H. Selangau Palm Oil Mill Sdn. Bhd. (iii)	6,290	7,123	-	-
Contract income received from:				
- Tapak Megah Sdn. Bhd. (iv)	7,964	9,097	7,964	9,097
Contract fees paid to subsidiaries	-	-	17,757	44,406
Helicopter chartering services provided to:				
- Subur Group (i)	-	274	-	-
- R.H. Forest Corporation Sdn. Bhd. (v)	-	125	-	-
Hiring charges paid to subsidiaries	-	-	2,400	3,000
Towage and freight charges paid to Subur Group (i)	569	739	139	265
Purchase of timber products from:				
- Subsidiaries	-	-	39,756	3,206
- Binamewah Sdn. Bhd. (vi)	17,335	21,773	17,335	21,773
- Subur Group (i)	110	-	-	-
Purchase of raw materials from Petanak Enterprises Sdn. Bhd. (vii)	12,334	16,618	-	-
Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries:				
- Rimbunan Hijau General Trading Sdn. Bhd. (ii)	5,618	6,950	210	294
- Kejuruteraan Utama Sentiasa Sdn. Bhd. (viii)	30	1,651	-	-
Purchase of air tickets from:				
- R.H.Tours and Travel Agency Sdn. Bhd. (ix)	65	119	38	47
Logpond/office/warehouse rental paid to				
- Subsidiaries	-	-	96	96
- Tiong Toh Siong & Sons Sdn. Bhd. (x)	191	191	191	191
Hotel accommodation paid to Regalia Ritz Enterprise Sdn. Bhd. (xi)	56	16	54	15
Land rental paid to:				
- Rejang Heights Sdn. Bhd. (xii)	2,437	2,283	-	-
- R.H. Forest Corporation Sdn. Bhd. (v)	3,464	2,895	-	-
- Wealth Houses Development Sdn. Bhd. (xiii)	466	499	-	-
Purchase of motor vehicles and spare parts from:				
- Rimbunan Hijau Auto Services Sdn. Bhd. (xiv)	1,766	1,504	-	-
- Kejuruteraan Utama Sentiasa Sdn. Bhd. (viii)	1,946	-	-	-
- R.H. Forest Corporation Sdn. Bhd. (v)	159	-	-	-
Technical and advisory fee paid to:				
- RH Development (Sarawak) Sdn. Bhd. (xv)	1,339	5,262	850	4,805
Purchase of seedling:				
- WoodiJaya Sdn. Bhd. (xvi)	26	635	-	-
Purchase of investments from:				
- Pemandangan Jauh Plantation Sdn. Bhd. (xvii)	-	50,000	-	-
- Tiong Toh Siong Holdings Sdn. Bhd. (xviii)	-	20,000	-	-
Interest income received from subsidiaries	-	-	14,443	29,822
Interest expense paid to subsidiaries	-	-	7,471	7,203
Commission paid to subsidiaries	-	-	1,140	2,020
Purchase of plywood from subsidiaries	-	-	29	1
Fabrication and repair expense paid to subsidiaries	-	-	123	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

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%.

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

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

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

- Tan Sri THK (a director of RHGT) - direct interest 2.46% and indirect interest 72%.
- TTSH - direct interest 49.36%.

Datuk Tiong Thai King ("Datuk TTK") a director of certain subsidiaries, is also a director of RHGT. He holds indirect interest of 2.46% in RHGT.

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

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

- Tan Sri THK (a director of RHS) - direct interest 1.8% and indirect interest 90%.
- TTSH - direct interest 24.59%.

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

Tan Sri THK, a major shareholder of the Company, has direct interest of 6% and indirect interest of 55% in TMSB.

Datuk TTK a director of certain subsidiaries is also a director of TMSB and holds direct interest of 7%.

A director of the Company, Dato Sri' Dr. Tiong Ik King ("Dato' Sri Dr. TIK"), holds direct interest of 7% in TMSB.

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

(v) 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 99.50% in RHFC.

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

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

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

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

Datuk TTK is also a director of BSB and has indirect interest of 7%.

A major shareholder of the Company, Tan Sri THK, has direct interest of 6% and indirect interest of 27% in BSB.

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

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

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

The major shareholders of the Company, TTSH and Tan Sri THK have indirect interests of 51% in PESB.

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

Tan Sri THK a major shareholder of the Company holds indirect interest of 100% in KUSB.

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

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

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

Datuk TTK, is also a common director of RHTT hold direct interest of 1.83% in RHTT.

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

Tan Sri THK, a major shareholder of the Company, is a director of TTSS and has indirect interest of 80%.

TTSH a major shareholder of the Company has direct interest of 80% in TTSS.

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

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

Tiong Choon ("TC") a director of the Company is also common director in RRE.

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

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

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

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

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

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

(xiv) 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 50%
- Dato' Sri Dr. TIK - direct interest of 10%.

Datuk TTK is also a common director in RHAS and holds indirect interest of 30%.

(xv) 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%.

TTSH, a major shareholder of the Company, holds direct interest of 40% in RHDS.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

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

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

WJSB is a wholly-owned subsidiary of Rimbunan Sawit Berhad.

Tan Sri THK, a major shareholder of the Company, is a common director in WJSB. He holds indirect interest of 100% in WJSB.

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

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

Dato' Sri Dr. TIK holds direct interest of 9.1% in PJSB.

TTSH, a major shareholder of the Company, holds direct interest of 45.4% in PJPSB.

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

TTSH is a major shareholder of the Company.

Tan Sri THK, a major shareholder of the Company, holds direct and indirect interest of 10.2% and 25.5%, respectively, in TTSH. He is also a Director of TTSH.

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

Datuk TTK, a director of certain subsidiaries, holds direct interest of 13.48% in TTSH. He is also a Director of TTSH.

Information regarding outstanding balances arising from transactions with related parties as at 30 June 2017 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	2017: (RM1,124) 2016: (RM719)	2017: (RM1,124) 2016: (RM1,081)
(i) (b)	Subur Tiasa Plywood Sdn. Bhd.	Sale of timber products	2017: RM966 2016: RM9	2017: Nil 2016: Nil
(ii)	Rimbunan Hijau General Trading Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries	2017: (RM1,154) 2016: (RM1,775)	2017: (RM44) 2016: (RM103)
(iii)	R.H. Selangau Palm Oil Mill Sdn. Bhd.	Sale of fresh fruit bunches	2017: Nil 2016: Nil	2017: Nil 2016: Nil
(iv)	Tapak Megah Sdn. Bhd.	Contract income received	2017: Nil 2016: Nil	2017: Nil 2016: Nil
(v)	R.H. Forest Corporation Sdn. Bhd.	Contract income received Helicopter chartering services Purchase of timber products Land rental paid	2017: RM1,241 2016: RM22	2017: Nil 2016: Nil

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

Information regarding outstanding balances arising from transactions with related parties as at 30 June 2017 are as follows: (contd.)

			Outstanding balances	
Related parties		**Nature of transactions**	**Group** '000	**Company** '000
(vi)	Binamewah Sdn. Bhd.	Purchase of timber products	2017: RM626 2016: (RM184)	2017: RM626 2016: (RM184)
(vii)	Petanak Enterprises Sdn. Bhd.	Purchase of raw materials	2017: (RM3,342) 2016: (RM1,462)	2017: Nil 2016: Nil
(viii)	Kejuruteraan Utama Sentiasa Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries	2017: (RM397) 2016: (RM531)	2017: Nil 2016: Nil
(ix)	RH Tours & Travel Agency Sdn. Bhd.	Purchase of air tickets	2017: Nil 2016: (RM99)	2017: Nil 2016: (RM47)
(x)	Tiong Toh Siong & Sons Sdn. Bhd.	Logpond and office rental paid	2017: (RM110) 2016: RM1,928	2017: (RM110) 2016: RM1,928
(xi)	Regalia Ritz Enterprise Sdn. Bhd.	Hotel accommodation incurred	2017: (RM1) 2016: (RM6)	2017: Nil 2016: (RM4)
(xii)	Rejang Heights Sdn. Bhd.	Land rental paid	2017: (RM428) 2016: (RM691)	2017: Nil 2016: Nil
(xiii)	Wealth Houses Development Sdn. Bhd.	Land rental paid	2017: (RM93) 2016: (RM177)	2017: Nil 2016: Nil
(xiv)	Rimbunan Hijau Auto Services Sdn. Bhd.	Purchase of motor vehicles and spare parts	2017: (RM427) 2016: RM1,000	2017: Nil 2016: RM1,000
(xv)	RH Development (Sarawak) Sdn. Bhd.	Technical and advisory fee incurred	2017: (RM5,732) 2016: (RM562)	2017: (RM5,558) 2016: (RM291)
(xvi)	WoodiJaya Sdn. Bhd.	Purchase of seedlings	2017: Nil 2016: Nil	2017: Nil 2016: Nil
(xvii)	Pemandangan Jauh Plantation Sdn. Bhd.	Purchase of investments	2017: Nil 2016: Nil	2017: Nil 2016: Nil
(xviii)	Tiong Toh Siong Holdings Sdn. Bhd.	Logpond and office rental paid	2017: Nil 2016: Nil	2017: Nil 2016: 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		Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Short-term employee benefits	1,273	4,045	802	3,737
Post-employment benefits:				
Defined contribution plan	152	390	98	351
	1,425	4,435	900	4,088
Included in total key management personnel are:				
Directors' remuneration (Note 10)	2,965	2,418	2,965	2,418

33. 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

	2017		2016	
	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	13,289	13,262	20,706	20,475
Financial liabilities:				
Company				
Loans and borrowings (Note 27):				
- Non-current obligations under finance leases	322	323	1,486	1,433

(b) Determination of fair value

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

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

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

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

(ii) Trade receivables and trade payables

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

(iii) 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.

(iv) Loans and borrowings (non-current obligations under finance leases)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(v) Derivatives

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.

33. Fair value of financial instruments (contd.)

(b) Determination of fair value (contd.)

(vi) Financial guarantees

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

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

34. Fair value of measurement

Fair value hierarchy

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

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

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

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

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2017

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 2017	63,700	-	-	63,700
Derivatives (Note 25)					
- Forward currency contracts	30 June 2017	-	252	-	252
		63,700	252	-	63,952
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33 (a))					
- Non-current obligations under finance leases	30 June 2017	-	13,262	-	13,262
Derivatives (Note 25)					
- Forward currency contracts	30 June 2017	-	304	-	304
		-	13,566	-	13,566

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

34. Fair value of measurement (contd.)

Fair value hierarchy (contd.)

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					
Loans and borrowings (Note 33 (a))					
- Non-current obligations under finance leases	30 June 2016	-	20,475	-	20,475

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2017

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 2017	-	252	-	252
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33(a))					
- Non-current obligations under finance leases	30 June 2017	-	323	-	323

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					
Loans and borrowings (Note 33(a))					
- Non-current obligations under finance leases	30 June 2016	-	1,433	-	1,433

There have been no transfers between levels during the financial year.

35. 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 the 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.

(ii) A nominal amount of RM1,189,815,000 (2016: RM1,485,265,000) and RM10,419,050 (2016: RM6,619,000) relating to corporate guarantees provided by the Company to banks on subsidiaries' loans and borrowings and suppliers of the Group, 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			
	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
China	1,723	4	-	-
India	1,743	4	10,763	20
Korea	2,731	6	1,957	4
Malaysia	39,116	81	26,443	50
Japan	910	2	1,013	2
Singapore	-	-	7,095	14
Taiwan	635	1	1,083	2
Vietnam	-	-	380	1
Other countries	1,222	2	3,796	7
	48,080	100	52,530	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

35. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

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.

	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 2017				
Group				
Financial liabilities:				
Trade and other payables	136,195	-	-	136,195
Loans and borrowings	540,085	519,118	160,354	1,219,557
Total undiscounted financial liabilities	676,280	519,118	160,354	1,355,752
Company				
Financial liabilities:				
Trade and other payables	119,655	129,867	-	249,522
Loans and borrowings	156,417	12,783	-	169,200
Financial guarantee contracts*	1,189,815	-	-	1,189,815
Total undiscounted financial liabilities	1,465,887	142,650	-	1,608,537

35. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	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 2016				
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*	1,485,265	-	-	1,485,265
Total undiscounted financial liabilities	1,885,028	25,060	-	1,910,088

* 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 RM1,240,240 and RM491,946 (2016: RM1,233,538 and RM69,059) respectively, arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company have exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. It is the Group's policy to hedge these risks where the exposures are certain and cost-efficient.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

35. Financial risk management objectives and policies (contd.)

(d) Foreign currency risk (contd.)

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
USD - Strengthen 5% (2016: 5%)	2,242	3,035	806	754
USD - Weaken 5% (2016: 5%)	(2,242)	(3,035)	(806)	(754)

(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 Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was RM63,700,000 (2016: RM70,700,000). A decrease of 5% on the FTSE Bursa Malaysia KLCI could have an impact of approximately RM3,185,000 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.

36. 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 2017 and 2016.

The Group reviews its capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

36. Capital management (contd.)

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	**2017** RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Loans and borrowings	27	1,076,837	1,072,776	165,493	219,912
Less: Cash and bank balances	26	(65,234)	(58,914)	(12,205)	(3,685)
Net debt		1,011,603	1,013,862	153,288	216,227
Equity attributable to owners of the parent		1,806,803	1,814,259	1,911,523	1,913,808
Capital and net debt		2,818,406	2,828,121	2,064,811	2,130,035
Gearing ratio		36%	36%	7%	10%

37. 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, palm oil processing and its related activities; and

iv. Others - mainly comprises 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

37. Segment information (contd.)

	Logs Trading		Manufacturing		Oil Palm		Others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:													
External customers	218,446	279,624	210,777	347,187	551,416	396,081	190	475	-	-		980,829	1,023,367
Inter-segment	89,514	181,327	3,885	1,088	-	-	8,718	9,414	(102,117)	(191,829)	A	-	-
Total revenue	307,960	460,951	214,662	348,275	551,416	396,081	8,908	9,889	(102,117)	(191,829)		980,829	1,023,367
Results:													
Interest income	11,582	29,733	2,116	3,528	2,336	857	42	-	(15,874)	(34,033)		202	85
Dividend income	-	166,500	-	-	-	-	-	-	-	(166,500)		-	-
Depreciation and amortisation	31,718	34,453	14,580	14,178	59,515	43,933	1,688	1,293	238	2,379		107,739	96,236
Segment profit/(loss)	43,990	134,406	(24,260)	(8,903)	96,537	(36,249)	866	1,190	(67,094)	(8,212)		50,039	82,232
Assets:													
Additions to non-current assets	19,848	24,579	936	2,772	154,218	158,321	920	3,476	(4,540)	(5,109)	B	171,382	184,039
Segment assets	2,708,309	2,504,363	408,459	255,936	2,576,292	2,418,019	93,085	100,136	(2,603,194)	(2,063,446)	C	3,182,951	3,215,008
Segment liabilities	369,685	430,931	203,633	174,182	1,247,850	1,236,474	14,346	25,028	(470,676)	(474,740)	D	1,364,838	1,391,875

37. Segment information (contd.)

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:

	2017 RM'000	2016 RM'000
Property, plant and equipment	125,035	138,008
Biological assets	46,347	46,031
	171,382	184,039

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

	2017 RM'000	2016 RM'000
Deferred tax assets	22,492	21,192
Tax recoverable	9,416	4,433
Inter-segment assets	(2,635,102)	(2,089,071)
	(2,603,194)	(2,063,446)

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

	2017 RM'000	2016 RM'000
Deferred tax liabilities	146,534	120,592
Income tax payable	4,968	13,873
Loans and borrowings	1,076,837	1,072,776
Inter-segment liabilities	(1,699,015)	(1,681,981)
	(470,676)	(474,740)

38. Dividends

	Group and Company	
	2017 RM'000	2016 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
First and final single-tier dividend for 2016: 1.3 sen	12,584	-
First and final single-tier dividend for 2015: 1.0 sen	-	9,680

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the financial year ended 30 June 2017 of 0.5 sen on 967,990,797 in issue (net of treasury shares) at book closure date amounting to a dividend payable of RM4,840,000 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 2018.

39. 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 17 October 2017

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
For the financial year ended 30 June 2017

40. 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 2017 and 30 June 2016 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	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	1,206,747	1,114,301	966,453	970,918
- Unrealised	(122,441)	(100,432)	(18,645)	(20,828)
Less: Consolidation adjustments	(228,477)	(157,579)	-	-
Retained profits as per financial statements	855,829	856,290	947,808	950,090

DISCLOSURE ON RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 24 November 2016, the Company obtained a shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Securities, the details of the recurrent related party transactions conducted during the financial year ended 30 June 2017 pursuant to the shareholders' mandate are as follows:

Transacting Related Parties[1]	Nature of Transactions entered into by the Company (JTH) and/or its subsidiary(ies)[2]	Amount Transacted During the Financial Year RM'000
Binamewah Sdn Bhd	Purchase of logs by JTH	17,335
Petanak Enterprises Sdn Bhd	Purchase of raw materials (glue) by JTP and RHP	12,334
Subur Group[3]	Logpond handling charges payable by JTH, JTP and CSB	569
	Sale of veneer by JTP	6,709
Tapak Megah Sdn Bhd	Logging contract fee receivable by JTH	7,964
R.H. Development (Sarawak) Sdn Bhd	Reforestation planning and advisory fee payable by JTH, CSB and SSB	1,339
R H Selangau Palm Oil Mill Sdn Bhd	Sale of fresh fruit bunches by HSB	6,290
R.H. Forest Corporation Sdn Bhd	Land rental payable by ESSB	3,464
Rejang Height Sdn Bhd	Land rental payable by ESSB	2,437
Wealth Houses Development Sdn Bhd	Land rental payable by ESSB	466
Rimbunan Hijau General Trading Sdn Bhd	Purchase of lubricant and spare parts by JTH, JTP, JTTP, RHP, MSB, JTL, SPSB, ESSB, HSB, PZSB, EESB, JTOP, MJSB, MHSB, JTFP and JTRD	5,618

Notes:

1 Relationship of Related Parties with the Company

The transacting Related Parties are companies in which major shareholder of the Company, Tan Sri Datuk Sir Tiong Hiew King and/or person(s) connected with him have substantial interests.

2 Name of subsidiaries of the Company:-

CSB – Curiah Sdn Bhd
ESSB – Erajaya Synergy Sdn Bhd
HSB – Hariyama Sdn Bhd
JTFP – Jaya Tiasa Forest Plantation Sdn Bhd
JTL – JT Logging Sdn Bhd
JTOP – JT Oil Palm Development Sdn Bhd
JTP – Jaya Tiasa Plywood Sdn Bhd
JTRD – Jaya Tiasa R&D Sdn Bhd
JTTP – Jaya Tiasa Timber Products Sdn Bhd
MJSB – Maujaya Sdn Bhd
MHSB – Maxiwealth Holdings Sdn Bhd
MSB – Mantan Sdn Bhd
PZSB – Poh Zhen Sdn Bhd
RHP – Rimbunan Hijau Plywood Sdn Bhd
SPSB – Simalau Plantation Sdn Bhd
SSB – Sericahaya Sdn Bhd

3 Subur Group includes Subur Tiasa Holdings Berhad and its wholly-owned subsidiary, Subur Tiasa Plywood Sdn Bhd.

PROPERTIES OWNED BY THE GROUP

MALAYSIA

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30-Jun-17 (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	30 years	2,178	19/Jun/1996
Sibu O.T.838	Leasehold land expiring on 06.03.2111					01/Jan/1997
Engkilo L.D. Blk 8 Lot 517	Leasehold land expiring on 18.01.2116					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	25 years	1,870	31/Mar/1993
Sibu O.T 655	Leasehold land expiring on 13.02.2111					31/Mar/1993
Engkilo L.D. Blk 8 Lot 519	Leasehold land expiring on 18.01.2116					
Engkilo L.D Blk 8 Lot 819	Leasehold land expiring on 31.12.2911	Vacant Agriculture land	8,966 sq metres	-	10	24/Mar/2004
Sibu O.T. 12262	Leasehold land expiring on 13.02.2111	Vacant Agriculture land	16,183 sq metres	-	1,424	26/Jul/2000
Putai, Kapit Concession land		Factory, warehouse and staff quarter		25 years	11,028	1992
Sibu Town Sibu Town District Blk 10 Lots 790~802	Leasehold expiring on 06.09.2071	Building	103,943 sq metres	14 years	15,081	30/Apr/2005
Lot 851 Blk 10 Sibu Town District	Leasehold expiring on 07.09.2071	Shophouse	125 sq metres	6 years	1,154	07/Sep/2011
Lot 3372 Blk 19 Seduan Land District	Leasehold land expiring on 17.10.2098	Residential House	495 sq metres	5 years	548	08/Nov/2011
Salim, Sibu Seduan L.D. Blk 10 Lot 1393	Leasehold land expiring on 31.12.2915	Warehouse	19,981 sq metres	19 years	1,432	14/Nov/1995
Lot 920 & 1373, Block 16, Seduan Land District	Leasehold expiring on 31.12.2915	Agriculture land	1.12 hectares	5 years	2,740 866	14/Mar/2008 31/May/2008
Sibu Airport Lot 05807 Block, Menyan LD	Rented land	Hangar	4105 sq metres	5 years	18,860	01/Jul/2012
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	19 years	53 4,275	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	-	1,462	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

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-17 (RM'000)	Date of Acquisition
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	- 12 years	1,383 1,522	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	- 12 years	1,503 1,331	30/Apr/2001
Pulau Bruit, Daro, Mukah Lot 5, 6, 14, 15 Block 11 Bruit LD	Provisional leasehold expiring on 18.05.2064	Oil Palm Estate Building & Quarter	100,002,946 sq metres	- 5 years	5,652 12,517	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	- 7 years	2,839 6,146	09/Dec/2004
Lot 317 & 318 Block 15 Bruit LD	Provisional leasehold expiring on 18.05.2064	CPO Mill Building & Quarter	74.8447 hectares	7 years	530 28,860	01/Jan/2014
Bruit LD	Rented land	Oil Palm Estate Building & Quarter	52,880 hectares	-	222,187	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	- 10 years	4,253 1,863	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	- 9 years	2,014 57,527	28/Aug/2003
OT 30623 Pulau Bruit Land District	Provisional leasehold expiring on 30.10.2038	Vacant Agriculture land	16 acres	-	27	01/May/2007
Sungai Pantak, Batang Igan, Sibu Lot 3418, Pasai-Siong Land District	Leasehold land expiring on 31.12.2068	Vacant Agriculture land	33,791 sq metres	-	65	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	-	21	12/Aug/2005
Kuching Lot 22, 26 & 27 Borneo Highland	Pending issuance of Land Title	Bungalow lots Vacant	57,896 sq feet	7 years	3,242	15/May/2006
				Total	417,721	

ANALYSIS OF SHAREHOLDINGS

As at 28 September 2017

Issued share capital : RM973,717,797
Class of shares : Ordinary shares
Voting Right : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	125	1.47	4,399	0.00
100 – 1,000	688	8.07	480,577	0.05
1,001 – 10,000	4,659	54.64	25,206,708	2.60
10,001 – 100,000	2,592	30.40	86,794,319	8.97
100,001 to less than 5% of issued shares	458	5.37	523,545,057	54.09
5% and above of issued shares	4	0.05	331,959,737	34.29
TOTAL	**8,526**	**100.00**	**967,990,797***	**100.00**

* Excluding a total of 5,727,000 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 Issued Shares	% of Issued Shares
1	Tiong Toh Siong Holdings Sdn Bhd	165,030,565	17.05
2	RHB Capital Nominees (Asing) Sdn Bhd RHB Bank (L) Ltd for Genine Chain Limited	66,080,164	6.83
3	Tiong Toh Siong Enterprises Sdn Bhd	50,449,008	5.21
4	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amanas Sdn Bhd (SBU-CR ADMIN)	50,400,000	5.21
5	Asanas Sdn Bhd	47,259,343	4.88
6	HSBC Nominees (Asing) Sdn Bhd Gold Palace Profits Limited	37,272,750	3.85
7	Zaman Pemimpin Sdn Bhd	26,448,811	2.73
8	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Nustinas Sdn Bhd	25,279,000	2.61
9	AMSEC Nominees (Asing) Sdn Bhd KGI Securities (Singapore) Pte. Ltd. For Genine Chain Limited	24,975,000	2.58
10	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd (SBU-CR ADMIN)	18,725,000	1.93
11	CIMB Group Nominees (Asing) Sdn Bhd Exempt An For DBS Bank Ltd (SFS-PB)	16,790,250	1.73
12	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Insan Anggun Sdn Bhd	14,400,000	1.49
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	Pertumbuhan Abadi Asia Sdn Bhd	10,488,411	1.08
18	Malaysia Nominees (Tempatan) Sendirian Berhad OCBC Labuan for Tiong Toh Siong Holdings Sdn Bhd	9,000,000	0.93
19	Diong Hiew King @ Tiong Hiew King	8,871,408	0.92
20	Pertumbuhan Keselamatan Sosial	6,847,900	0.71
21	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Thai King	5,491,735	0.57
22	Huang Tiong Sii	5,322,900	0.55
23	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	5,300,000	0.55
24	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	5,239,833	0.54
25	Olive Lim Swee Lian	4,940,250	0.51

26	Insan Anggun Sdn Bhd	4,535,000	0.47
27	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (CEB)	4,330,000	0.45
28	Sia Yee @ Sia Say Yee	3,823,950	0.40
29	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tiong Chiong Ong	3,335,896	0.34
30	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For DBS Bank Ltd (SFS-PB)	3,307,500	0.34

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		
Name	**No. of Issued Shares**	**% of Issued Shares**	**No. of Issued Shares**		**% of Issued Shares**
Tiong Toh Siong Holdings Sdn Bhd	206,755,565	21.36	2,918,451	(a)	0.30
Genine Chain Limited	91,055,164	9.41			
Amanas Sdn Bhd	50,479,961	5.21			
Tiong Toh Siong Enterprises Sdn Bhd	50,449,008	5.21			
Tan Sri Datuk Sir Tiong Hiew King	8,871,408	0.92	271,881,515	(b)	28.09
Teck Sing Lik Enterprise Sdn Bhd	1,270,080	0.13	50,449,008	(c)	5.21
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 in shares held by Tiong Toh Siong & Sons Sdn Bhd and Kuntum Enterprises Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.
b. Deemed interested in shares held by Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd, Kuntum Enterprises Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd and Pertumbuhan Abadi Asia Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.
c. Deemed interested in shares held by Tiong Toh Siong Enterprises Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.
d. Deemed interested in shares held by Genine Chain Limited by virtue of Section 8(4) of the Companies Act 2016.
e. Deemed interested in shares held by Amanas Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Shares held in the Company

	Direct Interest		Deemed Interest	
Name	**No. of Issued Shares**	**% of Issued Shares**	**No. of Issued Shares**	**% of Issued Shares**
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	-	-	-	-

Notes:

* *Deemed interested in shares held by Hoojin Holding Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.*

** *Deemed interested in shares held by her spouse.*

Shares held in Subsidiary Company

None of the Directors holds any shares in subsidiary Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting of the Company will be held at the Auditorium, Ground Floor, No. 62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Wednesday, 29 November 2017 at 9.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1 To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1 of the Explanatory Notes)*

2 To declare a Final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2017. *Resolution 1*

3 To re-elect the following Directors retiring by rotation pursuant to Article 78 of the Company's Articles of Association: -

i. Dato' Sri Tiong Chiong Hoo *Resolution 2*
ii. Mr Tiong Chiong Hee *Resolution 3*
iii. Mr John Leong Chung Loong *Resolution 4*

4 To re-appoint Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Director of the Company. *Resolution 5*

5 To approve the payment of Directors' fees amounting to RM506,500 to the Non-Executive Directors for the financial year ended 30 June 2017. *Resolution 6*

6 To approve the payment of Directors' benefits to the Non-Executive Directors with effect from February 2017 until otherwise resolved. *Resolution 7*

7 To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 8*

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following ordinary resolutions:-

8. Continuation in office 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) to continue to serve as an Independent Non-Executive Director of the Company notwithstanding that his tenure as an Independent Director has exceeded a cumulative term of more than nine (9) years. *Resolution 9*

(b) "THAT subject to the passing of Ordinary Resolution No. 4, approval be and is hereby given to Mr John Leong Chung Loong to continue to serve as an Independent Non-Executive Director of the Company notwithstanding that his tenure as an Independent Director has exceeded a cumulative term of more than nine (9) years." *Resolution 10*

(c) "THAT approval be and is hereby given to Dato' Wong Lee Yun to continue to serve as an Independent Non-Executive Director of the Company notwithstanding that her tenure as an Independent Director has exceeded a cumulative term of more than nine (9) years." *Resolution 11*

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

"THAT subject to the Companies Act 2016, 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 authorized:

i). to utilise an amount not exceeding the total retained profits of the Company for the time being, to purchase such number of ordinary shares of the Company provided that at the time of purchase, the aggregate number of shares which may be purchased and or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company; and ii). to decide in their absolute discretion to either retain and hold the shares purchased as treasury shares (which may subsequently be distributed as share dividends, resold, transferred or cancelled) or to cancel the shares so purchased or a combination of both.

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 the Directors be and are hereby authorised to do all such acts and 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."

10 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 27 October 2017 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 do all such acts and things as they may consider expedient or necessary to give full effect to the transactions authorised by this resolution."

11 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, 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a Final single-tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2017, if approved at the Fifty-Seventh Annual General Meeting, will be paid on 19 December 2017 to Depositors whose names appear in the Record of Depositors on 4 December 2017.

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 29 November 2017 in respect of securities exempted from mandatory deposit;

b) Securities transferred into the Depositor's securities account before 4.00 p.m. on 4 December 2017 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
27 October 2017

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTES ON APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 November 2017 shall be entitled to attend, speak and vote at this 57th 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.

3. A member shall not be entitled to appoint more than 2 proxies to attend and vote at this 57th 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. 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. Where a member of the Company is an exempt authorized nominee who holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be signed by the appointor or by his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

6. 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.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

EXPLANATORY NOTES 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 340(1)(a) of the Companies Act, 2016.

2. Re-appointment of Director

   There is no age limit provision for directors in the Companies Act 2016 which came into force on 31 January 2017.

   At the 56th Annual General Meeting (AGM) of Jaya Tiasa Holdings Berhad held on 24 November 2016, Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) who was over the age of 70, was re-appointed pursuant to Section 129 of the Companies Act 1965 (which was then in force) to hold office until this 57th AGM. Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) has offered himself for re-appointment.

   The Resolution No. 5, if passed, will enable Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) to continue to act as Director of the Company and he shall thereafter be subject to retirement by rotation in accordance with the Articles of Association of the Company.

3. Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 requires the fees and benefits payable to the Directors of the Company to be approved at a general meeting.

The Resolution No. 6, if approved, will authorise the payment of Directors' fees to the Non-Executive Directors ("NED") of the Company.

The Resolution No. 7, if approved, will authorise the payment of Directors' benefits to the NED of the Company comprising the following which shall take effect from February 2017 onwards until such time a revision is proposed:

Directors' Benefits	
Meeting Allowances	RM1,600 per board meeting attended for all Non-Executive Directors
Monthly Fixed Allowances	▪ RM5,000 per month to the Non-Executive Chairman ▪ RM12,000 per month to the Non-Executive Director responsible for investor relations advisory services
Other Benefits	▪ Car benefits for the Non-Executive Chairman ▪ Travel and other claimable benefits for all Non-Executive Directors

4. Continuation in offices as Independent Directors

Resolutions No. 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 and Dato' Wong Lee Yun 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 based on the following justifications:

- they have the professionalism and ability to challenge management in a constructive manner thus providing effective management oversight;
- the invaluable knowledge and experience that they have obtained over the years enable them to participate objectively in deliberations and decision making process at the Committee and Board meetings;
- 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;
- they have been very committed and devoted sufficient time in attending Committee and Board Meetings; and
- they have met the criteria of 'independence" as specified in the LR of Bursa Securities.

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

The Resolution No. 12 if passed, will authorise the Company to purchase up to 10% of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad.

6. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The 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.

7. Please refer to the Circular to Shareholders dated 27 October 2017 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-Seventh Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Wednesday, 29 November 2017 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 Final single-tier dividend of 0.5 sen per ordinary share.		
2.	Re-election of Dato' Sri Tiong Chiong Hoo as Director.		
3.	Re-election of Mr Tiong Chiong Hee as Director.		
4.	Re-election of Mr John Leong Chung Loong 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 2017.		
7.	Approval of Directors' Benefits with effect from February 2017 until otherwise resolved.		
8.	Re-appointment of Auditors.		
9.	Continuation in office of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Independent Director.		
10.	Continuation in office of Mr John Leong Chung Loong as Independent Director.		
11.	Continuation in office of Dato' Wong Lee Yun 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: -

	No. of shares held	Percentage (%)
First proxy		
Second proxy		
Total		

Dated this ________________ day of ____________________ 2017

____
Signature / Common Seal of Member

Notes :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 November 2017 shall be entitled to attend, speak and vote at this 57th 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.
3. A member shall not be entitled to appoint more than 2 proxies to attend and vote at this 57th 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. Where a member appoints 2 proxies, the appointment shall invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorized nominee which holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be signed by the appointor or by his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
6. 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.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements 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)

No.1-9, Pusat Suria Permata
Lorong Upper Lanang 10A
96000 Sibu, Sarawak
Tel : 084-213 255
Fax : 084-213 855
Email : inquiry@jayatiasa.net
Website : www.jayatiasa.net