WTK HOLDINGS BERHAD
(10141-M)

Annual Report 2015

WTK's commitment to sustainable forestry & forest management

Being one of the leading company in the Malaysian timber industry, the WTK Group is committed to adopt and implement sound forest management practices to ensure forestry is economically, environmentally and socially sustainable.

With strict adherence to the prescriptions of forest management plan in every concession area, the Group abides by the rules and regulations pertaining to cutting cycles, yield, annual allowable coupes, cutting rules, logging blocks, inoperable forest, obligatory species, merchantable tree sizes, enumeration and log measurement.

As a standard practice to ensure sound and sustainable forest management, the Group adheres to proper engineering specifications for the planning and construction of roads for its forest operations, strict compliance of a monthly production limit and in areas where required, carries out Environmental Impact Assessment (EIA) studies to ensure its timber operations are conducted with minimal environmental impact.

WTK Group is proud to be the pioneer in using helicopter-harvesting in Sarawak since 1993. Helicopter harvesting is recognized as the most environmental-friendly method of timber harvesting where freshly-cut logs are lifted vertically from the forest to a landing zone, thereby eliminating the need for skid trails that would further damage the forest floor.

The Group is committed to continually find new ways to improve its forest management practices and to carry out its role to ensure the sustainability of the production of forest resources.

contents

corporate information

BOARD OF DIRECTORS

Pemanca Datuk Wong Kie Yik
Non-Independent Non-Executive Director / Chairman

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)
Independent Non-Executive Director / Deputy Chairman

Mr. Patrick Wong Haw Yeong
Managing Director

Mr. Wong Kie Chie
Non-Independent Non-Executive Director

Ms. Tham Sau Kien
Independent Non-Executive Director

Ms. Ting Soon Eng
Non-Independent Non-Executive Director

Dr. Loh Leong Hua
Independent Non-Executive Director

En. Alfian Bin Mohamed Basir
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Ms. Tham Sau Kien *(Chairman)*
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)
Pemanca Datuk Wong Kie Yik

REMUNERATION COMMITTEE

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)
(Chairman)
Pemanca Datuk Wong Kie Yik
Ms. Tham Sau Kien

NOMINATION COMMITTEE

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)
(Chairman)
Ms. Tham Sau Kien
Ms. Ting Soon Eng

RISK MANAGEMENT COMMITTEE

Ms. Ting Soon Eng *(Chairman)*
Ms. Tham Sau Kien
Dr. Loh Leong Hua

CHIEF FINANCIAL OFFICER

Mr. Joseph Ling Wang Chiok

COMPANY SECRETARY

Ms. Tan Mee Lian
(MAICSA 0869665)

REGISTERED OFFICE

Lot No. 25(AB)
25th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur, Malaysia
Tel : 03 - 2078 8110
Fax : 03 - 2078 7718
Website: www.wtkholdings.com

AUDITORS

Deloitte
Chartered Accountants
3rd Floor, Sublot 6
Block E, Queen's Court, Jalan Wan Alwi
93350 Kuching, Sarawak, Malaysia
Tel : 082-463 311
Fax : 082-463 312

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 : 03-7841 8000 / 03-7849 0777
Fax : 03-7841 8151 / 03-7841 8152

PRINCIPAL BANKERS

Affin Bank Berhad
AmBank (M) Berhad
Bank of China (Malaysia) Berhad
Bank of Tokyo–Mitsubishi UFJ (Malaysia) Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listed on 2 May 1972
Stock Code: 4243
Stock Name: WTK
Sector: Industrial Product

PLACE AND DATE OF INCORPORATION AND DOMICILE

Incorporated in Malaysia on 25 November 1970

directors' profile

PEMANCA DATUK WONG KIE YIK

Pemanca Datuk Wong Kie Yik, Malaysian, age 75, was appointed as a Non-Executive Director of W T K Holdings Berhad ("WTK") on 3 February 1998. He is the Chairman of the Board of Directors of WTK and a member of the Audit Committee and Remuneration Committee of the Company.

Pemanca Datuk Wong Kie Yik, a Certified Accountant from the United Kingdom and a member of the Malaysian Institute of Accountants. He is actively involved in the development of the Malaysian Timber Industry, serving as the Chairman of Sarawak Timber Association. He was a Senator of Malaysia from 1986 to 1992. He was conferred the title "Datuk" by the Tuan Yang Terutama Yang DiPertua Negeri Sarawak on 11 September 1999. He was appointed as "Pemanca" by the State Government of Sarawak in January 2010.

His shareholdings in the shares of WTK as at 31 March 2016 are as follows:

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	11,025,160	2.31	146,860,406	30.76

By virtue of his interest (direct or otherwise) in the shares of WTK, he is deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Pemanca Datuk Wong Kie Yik is the father of Mr. Patrick Wong Haw Yeong, the Managing Director of the Company. He is also a brother of late Datuk Wong Kie Nai, a substantial shareholder of the Company and Mr. Wong Kie Chie, a Non-Executive Director and a substantial shareholder of the Company.

He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 35 to the financial statements.

He has had no conviction for any offences within the past ten (10) years.

Pemanca Datuk Wong Kie Yik has attended all the five (5) Board of Directors meetings held during the financial year. He has also attended the meeting of Audit Committee held while he was a member of the Audit Committee during the financial year.

directors' profile (cont'd)

LT. GENERAL DATUK SERI PANGLIMA ABDUL MANAP IBRAHIM (rtd)

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd), Malaysian, age 77, was appointed as an Independent Non-Executive Director of the Company on 22 May 1996. He is the Deputy Chairman of the Board of Directors, Chairman of the Remuneration Committee and Nomination Committee of the Company. He is also a member of the Audit Committee and the Senior Independent Director to whom concerns may be conveyed.

He is a graduate of the Royal Military College, Malaysia, the US Army Command and General Staff College in Fort Leavenworth, Kansas, the Naval Post Graduate School in Monterey, California and the US Army War College, Carlisle Barracks, Pennsylvania, USA. He retired in 1994 as a Deputy Chief of Army from the Malaysian Armed Forces after serving thirty-four (34) years in the military. He presently also sits on the Board of ACB Resources Berhad as an Independent Non-Executive Director.

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) does not have any interest in the securities of WTK or its subsidiaries. He does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has had no conviction for any offences throughout his life including within the past ten (10) years.

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) has attended all the five (5) Board of Directors meetings and all the six (6) Audit Committee meetings held during the financial year.

PATRICK WONG HAW YEONG

Mr. Patrick Wong Haw Yeong, Malaysian, age 46, was appointed as a Non-Executive Director of the Company on 10 January 2005. On 1 March 2013, he was appointed as the Managing Director of the Company.

Mr. Patrick Wong Haw Yeong, a Bachelor of Business Administration from the United Kingdom. Upon graduation in 1993, Mr. Patrick Wong Haw Yeong joined WTK family-owned group of companies in Sarawak and has been involved in the timber sector, namely the marketing of logs and plywood. Prior to his appointment as Managing Director, he oversees and is fully in-charge of the marketing of plywood sector of WTK Group.

His shareholdings in the shares of WTK as at 31 March 2016 are as follows:

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	1,000,000	0.21	Nil	Nil

Mr. Patrick Wong Haw Yeong is the son of Pemanca Datuk Wong Kie Yik, the Chairman of the Board of Directors and a substantial shareholder of the Company. He is also the nephew of late Datuk Wong Kie Nai, a substantial shareholder of the Company and Mr. Wong Kie Chie, a Non-Executive Director and a substantial shareholder of the Company.

He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 35 to the financial statements.

He has had no conviction for any offences within the past ten (10) years.

Mr. Patrick Wong Haw Yeong has attended all the five (5) Board of Directors meetings held during the financial year.

directors' profile (cont'd)

WONG KIE CHIE

Mr. Wong Kie Chie, Malaysian, age 68, was appointed as a Non-Executive Director of the Company on 3 February 1998.

Mr. Wong Kie Chie holds a Bachelor Degree in Chemistry from the University of New South Wales, Australia.

His shareholdings in the shares of WTK as at 31 March 2016 are as follows:

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	13,117,524	2.75	146,860,406	30.76

By virtue of his interest (direct or otherwise) in the shares of WTK, he is deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Mr. Wong Kie Chie is a brother of Pemanca Datuk Wong Kie Yik, the Chairman of the Board of Directors and a substantial shareholder of the Company. He is also the brother of late Datuk Wong Kie Nai, a substantial shareholder of the Company and an uncle of Mr. Patrick Wong Haw Yeong, the Managing Director of the Company.

He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 35 to the financial statements.

He has had no conviction for any offences within the past ten (10) years.

Mr. Wong Kie Chie has attended four (4) out of five (5) Board of Directors meetings held during the financial year. He extended his apology for the meeting of which he did not attend.

directors' profile (cont'd)

THAM SAU KIEN

Ms. Tham Sau Kien, Malaysian, age 55, was appointed as a Non-Executive Director of the Company on 28 February 2001. On 15 April 2008, she was redesignated as an Independent Non-Executive Director of the Company. She is the Chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and Risk Management Committee of the Company.

Ms. Tham Sau Kien holds a Bachelor of Science (Hons) Degree in Management and Political Science from Universiti Sains Malaysia and an MBA from Indiana University, USA. Ms. Tham is presently a Director of Comet Alliance Sdn Bhd, a corporate advisory firm; and Investment Partner of Crescent Equity Management Sdn Bhd, a boutique private equity fund management company, where she is the principal in-charge of managing the operational and financial affairs of both companies. Ms. Tham also serves as Director and Chairperson of Select TV Sdn Bhd, a leading provider of on-demand TV services to the hospitality sector in Southeast Asia, the Middle-East and North America. Prior to her present appointments, she last held the position of Principal in a global private equity fund management company where she gained many years of experience in mergers and acquisitions, corporate restructurings and initial public offerings of investee companies.

Ms. Tham Sau Kien does not have any interest in the securities of WTK and its subsidiaries. She does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which she has a personal interest.

She has had no conviction for any offences within the past ten (10) years.

Ms. Tham Sau Kien has attended all the five (5) Board of Directors meetings and all the six (6) Audit Committee meetings held during the financial year.

directors' profile (cont'd)

TING SOON ENG

Ms. Ting Soon Eng, Malaysian, age 62, was appointed as a Non-Independent Non-Executive Director of the Company on 1 March 2013. She is the Chairman of the Risk Management Committtee and a member of the Nomination Committee of the Company.

She is a Chartered Accountant of The Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Ms. Ting Soon Eng has accumulated more than thirty-nine (39) years of working experience in auditing, accounting and finance industries. Prior to joining WTK, she was trained and had nine (9) years working experience in Chartered Accounting firms in the United Kingdom. She joined WTK family-owned group of companies in Sarawak in 1982 and in 1998, she was then appointed as the Chief Financial Officer of the Company. On 28 February 2013, she retired from her position as Chief Financial Officer/Acting Chief Executive Officer of the Company.

Currently, she is attached to W T K Management Services Sdn Bhd as Chief Financial Officer.

Ms. Ting Soon Eng does not have any interest in the securities of WTK and its subsidiaries. She does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which she has a personal interest.

She has had no conviction for any offences within the past ten (10) years.

Ms. Ting Soon Eng has attended all the five (5) Board of Directors meetings held during the financial year.

directors' profile (cont'd)

DR. LOH LEONG HUA

Dr. Loh Leong Hua, Malaysian, age 59, was appointed as an Independent Non-Executive Director of the Company on 1 September 2014. He is a member of the Risk Management Committee of the Company.

Dr. Loh Leong Hua holds a PhD in Management Studies from Universiti Kebangsaan Malaysia (UKM) [National University of Malaysia]. Dr. Loh is also an Advanced Management Program (AMP) graduate from The Wharton School of University of Pennsylvania, USA.

He has accumulated more than thirty (30) years of experience in the financial services industry after having worked for several banking groups in various senior managerial capacities involving commercial, corporate, merchant and investment banking. Among others, he had served Eon Bank Berhad as Regional Head for Sarawak & Sabah and subsequently as Head of Commercial Banking, Affin Merchant Bank Berhad as Senior Vice President, and prior to leaving the banking sector in December 2011, he was a Senior Director of investment banking at Kenanga Investment Bank Berhad.

Dr. Loh Leong Hua is currently a member of the Board Risk Committee of Sarawak Economic Development Corporation (SEDC). He also sits on the board of YKGI Holdings Berhad and other private limited companies.

Dr. Loh Leong Hua does not have any interest in the securities of WTK and its subsidiaries. He does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has had no conviction for any offences within the past ten (10) years.

Dr. Loh Leong Hua has attended all the five (5) Board of Directors meetings held during the financial year.

directors' profile (cont'd)

ALFIAN BIN MOHAMED BASIR

En. Alfian Bin Mohamed Basir, Malaysian, age 42, was appointed as a Non-Independent Non-Executive Director of the Company on 27 February 2015.

He is a Chartered Accountant and a Member of Malaysian Institute of Accountants. He graduated from the University of Malaya with a Bachelor of Accounting (Hons) Degree.

En. Alfian Bin Mohamed Basir began his career in 1998 at Ernst & Young, Kuala Lumpur, a global accounting firm. Specialising in the financial institutions sector, he gained a wealth of experience managing financial audits and special due diligence assignments at various local financial institutions, as well as at overseas financial institutions. He left Ernst & Young in 2001 to pursue his interest in the field of ICT. He focused on providing ICT consultancy services, as well being involved in the telecommunications industry.

En. Alfian Bin Mohamed Basir began to venture into the Oil and Gas industry in 2010. Upon seeing the growth potential of the offshore marine business in Oil and Gas industry, he continued to fully focus his efforts on this segment.

He is also the Non-Executive Chairman and an Independent Non-Executive Director of Willowglen MSC Berhad.

His shareholdings in the shares of WTK as at 31 March 2016 are as follows:

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	6,235,313	1.31	Nil	Nil

En. Alfian Bin Mohamed Basir does not have any interest in the securities of the subsidiaries of WTK. He does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has had no conviction for any offences within the past ten (10) years.

Upon his appointment to the Board in February 2015, En. Alfian Bin Mohamed Basir attended four (4) Board of Directors meetings held during the financial year.

corporate structure

W T K HOLDINGS BERHAD
(10141-M)

TIMBER DIVISION

- Cairnfield Sdn Bhd
- First Count Sdn Bhd
- Kuching Plywood Berhad
- Limpah Mewah Sdn Bhd
- Linshanhao Plywood (Sarawak) Sdn Bhd
- Ninjas Development Sdn Bhd
- Piramid Intan Sdn Bhd
    - Interglobal Empire Sdn Bhd
- Sanitama Sendirian Berhad
- Sarawak Moulding Industries Berhad
- Song Logging Company Sendirian Berhad
- Sut Sawmill (3064) Sdn Bhd
- WTK Heli-Logging Sdn Bhd

OIL & GAS DIVISION

- Alanya Marine Ventures Sdn Bhd

OIL PALM/ FOREST PLANTATIONS DIVISION

- Biofresh Produce Sdn Bhd
    - Biofresh Produce Plantations Sdn Bhd
- Biogrow City Sdn Bhd
    - Biogrow City Plantations Sdn Bhd
- Borneo Agro-Industries Sdn Bhd
- Immense Fleet Sdn Bhd
- Towering Yield Sdn Bhd
    - Positive Deal Sdn Bhd

PROPERTY DIVISION

- Dusun Nyiur Sdn Bhd

TAPES DIVISION

- Central Mercantile Corporation (S) Ltd
- Loytape Industries Sdn Bhd
    - Central Mercantile Corporation (M) Sdn Bhd
        - Samanda Marketing & Sales Sdn Bhd
    - Samanda Trading Sdn Bhd

FOIL DIVISION

- General Aluminium Works (M) Sdn Bhd

directors' statement
on corporate governance

The Board of Directors ("Board") of W T K Holdings Berhad ("WTK" or "Company") is pleased to report that for the financial year under review, WTK has continued to apply good governance practices in managing and directing the business affairs of the Group, by adopting the substance and spirit of the principles advocated by the Malaysian Code on Corporate Governance 2012 ("Code") wherever possible.

In this Statement, the Board has considered the manner in which the principles of the Code have been applied and the extent of compliance with the recommendations of good governance as set out in the Code and the alternatives for departure from such recommendations.

THE ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is primarily responsible for the Group's overall strategic plans for business performance, overseeing the proper conduct of business, risk management, internal control, management information systems, succession planning and communication with shareholders and stakeholders. The Board, apart from the Executive Directors, is not involved in the day-to-day management of the business.

The Board is supported by the Management Committee who has the responsibilities in planning and formulating business strategies, finance, operating policies and in monitoring the achievement of the business strategies of the Group. The Management Committee reports thereon to the Board on these matters.

The Management Committee is also entrusted with the responsibility and authority to examine particular issues and reports back to the Board with its recommendations. The Board will then independently assess the merits of the Management Committee's proposals and satisfy itself that the Management Committee had considered the appropriate elements of a strategic plan and monitors the Management Committee's success in implementing its strategy. The final decision on all significant matters proposed by the Management Committee lies with the Board as a whole. Significant matters which are reserved for Board's consideration amongst others, are financial results, declaration of dividends, material capital investment matters, acquisitions and disposals of businesses and adoption of any significant change or departure in accounting policies and practices of the Company and its subsidiaries.

BOARD CHARTER

The Board had formally adopted a Board Charter, which provides guidance to the Board in fulfillment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Board Charter outlines amongst others, the structure, responsibilities, rights and procedures of the Board and the Board Committees. The Board Charter is available at the Company's website at www.wtkholdings.com.

The Board will periodically review the Charter to ensure it reflects changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations.

BOARD BALANCE AND INDEPENDENCE

The Board is made up of a good balance of one (1) Executive and seven (7) Non-Executive Directors of which three (3) are Independent Non-Executive Directors, representing one third (1/3) of the total composition of its members.

The Board has a good mix of members with expertise and experience in economics, investments, accounting and finance, marketing, consulting, technical, corporate management disciplines and business administration thereby ensuring a broader perspective and depth in the Board's decision making process.

directors' statement
on corporate governance (cont'd)

There is a clear segregation of roles and responsibilities between the Chairman and the Managing Director ("MD") to ensure a proper balance of power and authority. The Board approves and develops position descriptions of the MD and that of the Senior Management which identify their responsibilities. There is a direct link between the MD and the Senior Management team and an appropriate management structure is in place to ensure adequate succession support for continuity of business operations in the absence of key executives.

The Non-Executive Directors are independent of the Management. They bring external perspective, serve to inspire and challenge the Management in an objective and constructive manner, and contribute to decision making through their expertise and experience, thereby helping to ensure that no individual or group dominates the Board's decision making process.

The composition of the Board is further balanced by the presence of Independent Non-Executive Directors. The Independent Non-Executive Directors play a vital role in providing independent views on various issues and ensures a balanced and fair deliberation process to safeguard the interests of the minority shareholders.

Recommendation 3.5 of the Code states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director. Pemanca Datuk Wong Kie Yik, the Chairman of the Board, is a Non-Independent Non-Executive Director. Given the current composition of the Board which reflects sufficient independent element, the Board holds the view that there is balance of power and authority on the Board between Non-Independent and Independent Directors.

Recommendation 3.2 of the Code recommends that tenure of an independent director should not exceed a cumulative term of nine (9) years and upon completion of nine (9) years, the independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. However, at the annual assessment carried out, the Nomination Committee and the Board have determined that Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd), who has served on the Board for twenty (20) years, remain independent and objective in deliberations and decision making of the Board and Board Committees. Further, his position on the Board has not been compromised by his familiarity and long relationships with other Board members. He has exercised due care in the interest of the Company and the shareholders, and he has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director. The Board proposes to retain the status of Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as an Independent Director and the Board's proposal will be tabled for shareholders' approval at the forthcoming Annual General Meeting of the Company. Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as the Chairman of the Nomination Committee has abstained from any deliberations or voting pertaining to his own independence at the Nomination Committee and at the Board.

The Board does not fix a maximum tenure limit for Independent Directors as the Board is not of the view that a term of more than nine (9) years can impair independence. The Board believes that length of time is not the sole determinant of credibility and effectiveness of Independent Directors as it does not in any way affect or interferes with their exercise of independent judgement and ability to act in the best interest of the Company. The ability of a Director to serve effectively as an Independent Director is very much a function of his calibre, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his duties in good faith and in the best interest of the Company, and his duty to vigilantly safeguard the interests of the minority shareholders of the Company. Also, the Group benefits from long serving directors, such as Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd), who has proven commitment, experience and competence to effectively discharge his duties as an Independent Non-Executive Director.

directors' statement
on corporate governance (cont'd)

The Board has identified the Chairman of the Nomination Committee, Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as the Senior Independent Non-Executive Director to whom any concerns may be conveyed. Any concerns may be conveyed via electronic mail to the email address available at the Company's website at www.wtkholdings.com.

DIRECTORS' CODE OF ETHICS

The Directors observe the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("Code of Ethics for Directors") and the Code of Ethics for Directors is embedded in the Board Charter.

TIME COMMITMENT AND BOARD MEETINGS

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. Six (6) of the Directors do not hold any directorship in other listed issuers and each of the remaining two (2) Directors hold only one directorship in other listed issuer (ie, the Directors have observed the restriction of holding not more than five directorships in listed issuers as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

The Board meets on a quarterly basis with additional meetings convened as and when necessary with due notice given for all scheduled meetings. During the financial year ended 31 December 2015, the Board met a total of five (5) times. Details of Directors' attendance are as follows:

DIRECTORS	NUMBER OF MEETINGS ATTENDED
Pemanca Datuk Wong Kie Yik	5/5
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	5/5
Mr. Patrick Wong Haw Yeong	5/5
Mr. Wong Kie Chie	4/5
Ms. Tham Sau Kien	5/5
Ms. Ting Soon Eng	5/5
Dr. Loh Leong Hua	5/5
En. Alfian Bin Mohamed Basir *(appointed on 27 February 2015)*	4/4
Mr. See Huey Beng *(resigned on 20 August 2015)*	3/3
Mr. John Ko Wai Seng *(resigned on 13 May 2015)*	2/2

SUPPLY OF INFORMATION

The Directors have full access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. All Directors receive in advance, the agenda and Board papers containing information relevant to the business of the meeting for Board deliberations and decision-making. This is to allow time for the Directors to review the Board papers and to seek clarifications, if required.

All Directors have full access to the advice and services of the Company Secretary who ensure that Board procedures are adhered to at all times during meetings and advise the Board on matters relating to Directors' responsibilities in complying with relevant legislation and regulations.

The Directors may obtain independent advice at the Company's expense, if necessary, in the course of their duties.

APPOINTMENTS TO THE BOARD AND ANNUAL ASSESSMENT

The Board is assisted by the Nomination Committee on appointment, re-appointment and annual assessment of the Board, Board Committees and members of the Board.

The Nomination Committee established by the Board comprises exclusively of Non-Executive Directors, the majority are Independent Directors. The current Chairman of the Nomination Committee is the Senior Independent Non-Executive Director.

The primary responsibility of the Nomination Committee is to assist the Board on the following functions:

- assess and recommend new nominees for appointment to the Board and Board committees.
- review on annual basis, the required mix of skills and experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.
- assess on annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director.

In making recommendation on new appointments to the Board, the Nomination Committee will assess, amongst other criteria, whether the potential candidate has the necessary skills, knowledge, expertise and experience, time commitment, competence, professionalism and integrity. The Nomination Committee also takes into consideration on whether the potential candidate will be a strategic and effective fit for the Board and contribute to the overall desired composition and required mix of expertise and experience on the Board. The potential candidate, upon the review and assessment of the Nomination Committee, will be recommended to the Board for appointment.

Every year, the Nomination Committee reviews and recommends to the Board the structure, size, balance and composition of the Board and Board Committees. The annual review is based on specific criteria, covering areas such as Board composition and structures, roles and responsibilities of the Board, independence of the independent directors and qualities and contribution of individual directors. Following the review and the recommendations by the Nomination Committee, the Board will conclude whether the Board as a whole and its committees have perform well, effective and whether the Board has the necessary skills, experience and qualities to lead the Company.

directors' statement
on corporate governance (cont'd)

Presently, the Board does not intend to implement any formal diversity policy in term of gender, ethnicity and age. The Nomination Committee and the Board are of the view that Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. In particular, the presence of Ms. Tham Sau Kien and Ms. Ting Soon Eng reflects that the Board does not consider gender to be vetoed from Board membership and that the Board recognises the value of female members.

The Board has also undertaken an annual assessment of the independence of its Independent Directors, which is led by the Nomination Committee. The criteria for assessing the independence of Independent Directors includes the relationship between the Independent Director and the Company and his/her involvement in any significant transaction with the Company. The Nomination Committee and the Board have determined that its Independent Directors are able to carry out their duties independently and contribute effectively to the Board. The Independent Directors have also fulfilled the criteria as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on Independent Directors and provided written confirmations on their independence to the Nomination Committee.

The Nomination Committee meets as and when required, and at least once a year. During the financial year ended 31 December 2015, the Nomination Committee met a total of three (3) times. Details of the members' attendance are as follows:-

MEMBERS OF NOMINATION COMMITTEE	NUMBER OF MEETINGS ATTENDED
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) - Chairman	3/3
Ms. Tham Sau Kien	3/3
Ms. Ting Soon Eng	3/3

During the financial year ended 31 December 2015, the Nomination Committee undertook the following key activities:-

- assessed and recommended candidates for appointments to the Board, Board Committees and redesignation of members of Audit Committee.
- reviewed and assessed on annual basis, the existing Board structure, size, balance and composition, and the effectiveness and performance of the Board and Board Committees, members of the Board and the independence of the Independent Directors.
- assessed and recommended Independent Director whose term of office has exceeded 9 years to be retained as Independent Director pursuant to the Code.
- assessed and recommended the proposed re-election of retiring Directors and re-appointment of Directors at the Annual General Meeting of the Company.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting ("AGM").

All Directors who are appointed by the Board are subject to re-election by the shareholders at the first opportunity after their appointment, in accordance with the Company's Articles of Association.

The Articles of Association of the Company further provides that at least one third (1/3) of the remaining Directors are subject to retirement by rotation at the AGM of the Company at least once every three (3) years.

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to run the Group successfully. For Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Remuneration Committee established by the Board is composed of Non-Executive Directors, namely:

Chairman	:	Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) *(Independent Non-Executive Director)*
Members	:	Pemanca Datuk Wong Kie Yik *(Non-Independent Non-Executive Director/Chairman)*
		Ms. Tham Sau Kien *(Independent Non-Executive Director)*

The primary responsibility of the Remuneration Committee is to review and make recommendation to the Board on the remuneration packages of Executive Directors and key senior management officers of the Company. It is nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of Executive Directors.

In respect of the Non-Executive Directors, the yearly proposal of directors' fees and increments, if any, are approved by the shareholders of the Company at the AGM. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

directors' statement
on corporate governance (cont'd)

Details of the Directors' remuneration for each Director during the financial year ended 31 December 2015 are as follows:

	RM				
	SALARIES	FEES	BONUSES	OTHER REMUNERATION	TOTAL
Executive Director					
Mr. Patrick Wong Haw Yeong	432,000	-	144,000	76,740	652,740
Non-Executive Directors					
Pemanca Datuk Wong Kie Yik	-	72,000	-	64,080	136,080
Mr. Wong Kie Chie	-	72,000	-	4,000	76,000
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	-	84,000	-	7,000	91,000
Ms. Tham Sau Kien	-	84,000	-	9,000	93,000
Ms. Ting Soon Eng	-	72,000	-	9,000	81,000
Dr. Loh Leong Hua	-	72,000	-	6,000	78,000
En. Alfian Bin Mohamed Basir *(appointed on 27 February 2015)*	-	60,000	-	6,000	66,000
Mr. See Huey Beng *(resigned on 20 August 2015)*	-	53,516	-	4,000	57,516
Mr. John Ko Wai Seng *(resigned on 13 May 2015)*	-	26,516	-	2,000	28,516
TOTAL	**432,000**	**596,032**	**144,000**	**187,820**	**1,359,852**

DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board is mindful that the Directors should continue to update their skills and knowledge and to keep abreast with the regulatory requirements and business development. All Directors are encouraged to evaluate their own training needs on a continuous basis and to attend relevant programmes, workshops or conferences which may assist the Directors in discharging their duties and responsibilities.

directors' statement
on corporate governance (cont'd)

During the financial year ended 31 December 2015, the Directors have undergone training on areas relevant to their duties and responsibilities by attending external seminars/programmes, internally facilitated seminar and through reading materials. The external auditors also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

The Directors have in year 2015 attended seminars/programmes, briefings and conferences on various topics which include the following :-

- Executing Your Growth Strategy with Certainty
- Audit Committee Conference 2015 - Rising to new Challenges
- Deloitte Oil & Gas Summit - Managing the new Challenges of Oil & Gas Projects
- Effective Board Evaluations
- Lead the Change : Getting Women on Boards
- Company Secretaries Training Programme
- Global Sustainability and Impact Investing Forum
- Leadership Excellence from the Chair
- The Board's Response in Light of Rising Shareholder Engagements
- Governance, Director's Duties and Listing Requirements Updates for Directors of PLCs 2015
- Tone from the Chair and Establishing Boundaries
- The Interplay between Corporate Governance, Non-Financial Information and Investment Decision
- Future of Auditor Reporting - The Game Changer for Boardroom
- 2016 Budget and Tax Conference
- National Tax Seminar 2015
- Leadership Excellence : Lifelong Learning
- Board Reward & Recognition
- Environmental, Social & Governance Practices for Corporate Sustainability

TIMELY DISCLOSURE AND INVESTOR RELATIONS

The Company places strong emphasis on the importance of timely and equitable dissemination of information to the shareholders. The Company has a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Malaysia Securities Berhad, quarterly reports, Company's website and investor relations.

The Annual Report and quarterly reports served to communicate the Group's activities and financial performance to its shareholders and the public.

The Company also maintains a website at www.wtkholdings.com through which shareholders and members of the public in general can gain access to information about the Group and announcements made by the Company.

directors' statement
on corporate governance (cont'd)

ANNUAL GENERAL MEETING

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, Corporate Developments in the Group, the resolutions being proposed and on business of the Group in general at every AGM and Extraordinary General Meeting of the Company. Senior Officers and appropriate advisers are also available to respond to shareholders' questions during the meeting.

FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly announcements, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects to its shareholders and other stakeholders.

The Audit Committee assists the Board in this matter by reviewing and recommending information for disclosure.

INTERNAL CONTROLS

The Directors are mindful of their responsibilities in relation to the maintenance of a sound system of internal controls which provides reasonable assessment and review of the Company's effectiveness to safeguard shareholders' investment and Group's assets. The Board is continuously reviewing the adequacy and integrity of its system of internal controls.

A Statement on Risk Management and Internal Control is set out in the Annual Report.

RELATIONSHIP WITH THE AUDITORS

The relationship with the External Auditors is formally maintained through the Audit Committee as set out in its terms of reference of the Audit Committee in the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

- There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting at the end of the financial year ended 31 December 2015 or which entered into since the end of the previous financial year.

- The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2015 by the auditors, or firms or companies affiliated to the auditors was approximately RM293,000.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 29 March 2016.

audit committee report

COMPOSITION AND DESIGNATION OF THE AUDIT COMMITTEE

Ms. Tham Sau Kien - Chairman (redesignated as Chairman on 28 August 2015)
(Independent Non-Executive Director)

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) - Member
(Independent Non-Executive Director)

Pemanca Datuk Wong Kie Yik - Member (appointed as member on 28 August 2015)
(Non-Independent Non-Executive Director)

Mr. See Huey Beng - Chairman (ceased as Chairman and member on 20 August 2015)
(Independent Non-Executive Director)

A. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

i. Constitution

The Audit Committee was formed pursuant to a resolution passed on 20 September 1993 by the Board of Directors.

ii. Objectives

It is the objective of the Audit Committee to assure the shareholders of the Company that the Group has complied with applicable Approved Accounting Standards in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all shareholders of the Company. With this, the Audit Committee will review, evaluate and satisfy itself that the Management Committee, assisted by the internal audit team and risk management committee team, has exercised its role and carried out its function effectively to:

a. maintain a sound system of internal control to safeguard shareholders' interest and company assets;

b. assist the Board as a whole in setting appropriate policies and procedures to review the adequacy and integrity of the Group's system of internal control and management information systems including system for compliance with applicable laws, rules, directives and guidelines; and

c. identify principal risks and ensure the implementation of appropriate internal control systems to manage these affected risks.

iii. Membership

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise not fewer than three (3) members, all of whom shall be non-executive directors. The majority of the Audit Committee members shall be independent directors.

audit committee report (cont'd)

At least one (1) member of the Audit Committee:

a. must be a member of the Malaysian Institute of Accountants; or

b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

- he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

- he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

c. fulfils such other requirements as prescribed or approved by the exchange.

The members of the Audit Committee shall elect a chairman from among their numbers who shall be an independent non-executive director. The chairman elected shall be subject to endorsement by the Board.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members reducing to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members. No alternate director shall be appointed as a member of the Audit Committee.

iv. Functions

The duties of the Audit Committee shall be:

a. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published;

b. To recommend the appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

c. To review with the external auditors:
(i) the nature and scope of their audit plan;
(ii) the evaluation of the soundness of the system of internal control;
(iii) the audit report on the financial statements;
(iv) the management letter of their recommendations and findings; and
(v) the assistance which they can render to our internal audit function and the co-ordination between the external and internal audit.

d. To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

e. To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;

audit committee report (cont'd)

f. To review any appraisal or assessment of the performance of members of the internal audit function, approve any appointment or termination of senior staff members of the internal audit function, be informed of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

g. To consider any significant findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors;

h. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance to discharge their duties;

i. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

j. Any other functions as may be agreed by the Audit Committee and the Board of Directors or as directed by the Board of Directors.

v. Authority

The Audit Committee shall have the authority to:

a. investigate any matter within its terms of reference and shall have full, free and unrestricted access to all the Group's records, properties and personnel;

b. obtain external legal or other independent professional advice, if necessary; and

c. have direct communication channels with the external auditors and persons carrying out the internal audit function or activity.

vi. Meetings and Minutes

The Audit Committee will meet at least four (4) times a year although additional meetings may be called at any time, at the discretion of the Chairman. The quorum shall be two (2) members of which the majority present must be independent directors. The Group's Chief Financial Officer and other Board members or Senior Management officers may attend these meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

The internal and/or external auditors have the right to appear and be heard at any meetings of the Audit Committee and shall appear before the Audit Committee when required. Upon the request of the auditors, the Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters the auditors believe should bring to the attention of the Board of Directors or the shareholders.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board. The Secretary of the Company shall be the Secretary of the Audit Committee.

audit committee report (cont'd)

B. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Audit Committee met six (6) times during the financial year ended 31 December 2015. Details of attendance of the Audit Committee are set out as follows:

AUDIT COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED
Ms. Tham Sau Kien	6/6
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	6/6
Pemanca Datuk Wong Kie Yik *(appointed as member on 28 August 2015)*	1/1
Mr. See Huey Beng *(ceased as Chairman and member on 20 August 2015)*	4/4

The Group's Chief Financial Officer and other members of the Senior Management were also invited to attend these meetings. During the year under review, the Audit Committee carried out its duties and responsibilities in accordance with its Terms of Reference as follows:

i. Reviewed the Group's quarterly unaudited financial results and announcement before recommending them for the Board's approval;

ii. Discussed with the External Auditors the audit report and the evaluation of the system of internal controls;

iii. Reviewed and approved the External Auditors' Audit Plan, audit procedures, approach and scope of the review;

iv. Reviewed the Group's year-end audited financial statements and audit report on the financial statements of the Company as presented by the External Auditors prior to the approval by the Board of Directors, focusing particularly on:

- any changes in accounting policies and practices; and
- significant adjustments arising from the audit.

v. Reviewed the findings of internal audit reports presented by the Head of Internal Audit on the Company and its subsidiaries;

vi. Reviewed the enterprise risk management activities of the Group as reported by the Head of Internal Audit;

vii. Reviewed and approved the annual Audit Plan as proposed by the Head of Internal Audit;

viii. Discussed and reviewed fairness and transparency of recurrent related party transactions entered into by the Group and appropriate disclosure in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and

ix. Held independent meetings (without the presence of executive Board members and the Management) with the External Auditors.

C. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Internal Audit ("IA") function is considered an integral part of the assurance framework within the Group. The Group's Internal Audit Department ("IAD") primary function is to assist the Audit Committee in discharging its duties and responsibilities with regard to the regular review and / or appraisal of the effectiveness of the internal control system, risk management and corporate governance processes within the Group. The IAD provides independent assessments and objective assurance on the adequacy and effectiveness of the risk management and internal control framework in all key business activities within the Group.

The IA function was performed by the in-house Group Internal Audit Department.

For the financial year ended 31 December 2015, the IAD has performed regular audit assignments namely financial, operational as well as compliance audits on subsidiary companies covering all major operating areas. These were carried out in accordance with the annual audit plan or special ad-hoc audit at the request of the Management Committee.

At every quarterly meeting of the Audit Committee during the financial year, Internal Audit Reports of the Group's subsidiary companies were tabled and deliberated. In its undertaking of each audit, the Internal Auditors reviewed the internal control system and performed relevant compliance and substantive risk based audit procedures of the auditee company.

During the year under review, the IAD has also assisted the Audit Committee in conducting reviews on the risk management process implemented by the Management Committee for identifying, evaluating and monitoring significant risk exposures through the application of "risk audit checklist" methodology on a regular basis.

The review will provide the Audit Committee with an efficient and effective level of audit coverage.

The cost incurred for maintaining the Group's in-house internal audit function for the financial year ended 31 December 2015 was approximately RM975,000 which included expenses.

statement on risk management
& internal control

THE BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") of W T K Holdings Berhad ("the Group") acknowledges its overall responsibility for the Group's system of internal control and risk management practices to safeguard the shareholders' investment and the Group's assets. The Board ensures effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations through regular reviews.

The review covers financial, operational and compliance controls of the Group. In view of the inherent limitations in any system of internal controls, the system is designed to manage and mitigate the effects rather than eliminate the risk of failure to achieve its corporate objectives.

It should be noted that such system is designed to manage the Group's risk within acceptable risk profile, rather than eliminate the risk of failure to achieve business objectives. As such, a system of internal controls can provide only reasonable and not absolute assurance against material errors, misstatement of management and financial information or irregularities.

This Statement on Risk Management and Internal Control has been prepared in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system. To this end, the Group has established the appropriate risk management infrastructure to ensure that the Group's assets are well-protected and shareholders' value is enhanced.

The Board, through its Risk Management Committee (RMC), is entrusted with the responsibility of monitoring and reviewing the appropriate risk management framework, among others, the Group has:

- adopted a structured and systematic risk assessment, monitoring and reporting framework;
- heightened risk awareness culture in the business processes through risk owners' accountability;
- fostered a culture of continuous improvement in risk management through risk review meetings; and
- provided a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritizing risk action plans.

The Group has in place an on-going process that lays the foundation for effective control framework for identifying, evaluating and managing the principal risks of the Group in a proactive manner for the year under review up to date of this Statement.

The RMC is set up to assist the Board in its responsibility to achieve the Group's business objective and to ensure that the Group is always vigilant to any situation that might affect its assets, income and profits.

statement on risk management & internal control (cont'd)

INTERNAL AUDIT FUNCTION

The Internal Audit Function established by the Board, provides independent assurance on the effectiveness of the Group's system of internal controls and the function is centralized at the Group level. The Internal Audit Function reports to the Audit Committee of the Group on a quarterly basis. However, the Internal Audit Function may report to the Audit Committee on more frequent basis if circumstances arise.

It undertakes regular and systematic reviews on system of internal control and governance processes to ensure reasonable assurance that such system operates satisfactorily and effectively within the respective subsidiaries across the Group.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations as follows:

- Clear organizational structure with defined reporting lines;
- Clearly documented standard operating procedure manuals which include the system flows and clearly defined job description for the purpose of succession planning;
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and internal control activities;
- Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks and implementing appropriate internal control measures to their respective business areas;
- Internal audit function provides assurance of the effectiveness of the system of internal control within the Group. Regular internal audit visits are undertaken to review the effectiveness of the control procedures;
- Review of internal audit reports and follow-up on findings by the Audit Committee;
- Regular Board and Audit Committee meetings to assess the Group's internal controls, performance and risks;
- Management Committee monitors the operations of the operating units; the Management Committee is chaired by the Managing Director, assisted by the Chief Financial Officer, Senior Finance Manager and other senior management officers;
- Submission and presentation of annual budgets by the operating unit heads to the Management Committee for review and endorsement;
- Review of monthly management accounts with focus on performance and achievement of budgets set by the Management Committee;
- Management Committee meets quarterly with the respective operating unit heads to deliberate on quarterly results and business strategies in response to changing business environment; and
- Regular visits to the subsidiary companies by the members of Management Committee are carried out and reports any areas of concern thereof to the Board on a quarterly basis.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The processes adopted to monitor and review the adequacy and integrity of the system of risk management and internal control include:

- Periodic confirmation by the reporting unit heads on the effectiveness of the system of risk management and internal control, highlighting any weaknesses and changes in risk profile.
- Periodic examination of business processes and the state of internal control by internal audit function. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the Audit Committee.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate fully that possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances. The Board is of the view that the system of risk management and internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

WEAKNESSES IN RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the financial year under review as a result of weaknesses in the system of risk management and internal control. Management continues to take measures to strengthen the control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Recommended Practice Guide 5 (Revised) (RPG 5) issued by Malaysian Institute of Accountants for inclusion in the annual report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of the risk management and internal control system of the Group.

ASSURANCE

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

This statement does not include the state of risk management and internal controls in jointly controlled entity and associate company which has not been dealt with as part of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 29 March 2016.

chairman's statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of W T K Holdings Berhad, it is my pleasure to present the Annual Report of the Group for the financial year ended 31 December 2015.

FINANCIAL PERFORMANCE

The Group achieved total revenue of RM724.7 million and net profits of RM58.6 million. While revenue growth was marginal, net profits increased almost 50% as compared to the year before. The improved financial performance were attributed to turnover growth in the timber division, sale of investment properties and dividend income received from the oil and gas division. As a result of the better performance, the Group's earnings per share (EPS) rose 37% to 12.5 sen from last year's EPS of 9.1 sen.

Timber

For the timber division, the major markets were Japan and India, which accounted for 75% and 80% respectively of the Group's plywood and round logs.

During the year in review, prospects improved in Japan due to the stimulus measures by the Government to boost productivity and economic growth; and the deferment of an increase in consumption tax to 2017 to counter downward pressure on the economy. There was a spike in demand in anticipation of the consumption tax which has tapered off. All these factors positively impacted the demand for housing. Likewise, in India where efforts to sustain economic growth led the Government to increase infrastructure spending, and the ensuing construction activities drove demand for round logs. India presently account for almost 60% of Sarawak's log production.

From the supply side, the cyclical wet weather at the start of the year and the enforcement of controls by the State Government to curb illegal harvesting of logs and to enhance its forest management practices resulted in administrative backlogs from adjusting to new procedures which slowed log production in the 1H2015. In the 2H2015, the supply situation normalized progressively as these procedures reached full implementation. Prices remained firm during the year.

chairman's statement (cont'd)

Oil Palm and Forest Plantations

During the year, approximately 3,300 hectares of oil palm plantations have matured and this raised the Group's total matured area to 4,600 hectares. As for forest plantations, approximately 8,500 hectares have been planted to-date. The prime tree species include Kelampayan, Acacia Hybrid and Batai. These trees will eventually be used in the production of the Group's downstream products, in line with sustainable forest management practices.

Packaging (Manufacturing and Trading)

The Group's packaging division (manufacturing and trading of aluminium foil and adhesive tapes) sustained its performance on the back of a challenging year with changes in packaging trends, influx of substitute products and the implementation of the Goods and Services Tax (GST) which slowed consumer spending. Nevertheless, the division bolstered its competitiveness by the development of new value-add products for both the local and export markets and are in the final stages of receiving the FSSC (Food and Safety System Certification) accreditation.

Oil & Gas

The Group's foray into oil and gas division is through wholly-owned Alanya Marine Ventures Sdn. Bhd. (AMV) and its associate company. Despite the challenges prevalent in the industry, the division sustained a commendable performance for the year, owing primarily to the segment they operate in, which is the provision of DP2 Accommodation WorkBoats (AWBs). During the year, AMV successfully deployed four (4) AWBs to support PETRONAS and its PSCs, as well as to support the Pipeline Pre-Commissioning project in Sarawak. Although the division is cautiously optimistic of its prospects being a major DP2 operator in the country, it is cognizant of the challenges in the industry and are continuously exploring opportunities beyond Malaysia as well.

PROSPECTS

The world's major economies are expected to grow modestly in 2016, although macro-economic challenges that persists renders this outlook fragile. These challenges include low commodity prices like oil that weighs on the growth prospects of oil exporters, the gradual slowdown in China arising from its economic rebalancing and the tightening of monetary policy in the US versus monetary easing in the EU and Japan. These may cause financial volatility in the emerging market economies including causing currency depreciation. Amidst this backdrop, the Group remains alert and competitive to preserve its position in its major markets in Japan, India and the ASEAN region.

Japan envisage a moderate recovery with expected GDP growth of over 1% in 2016. Housing demand is expected to improve and may spike prior to the imposition of the consumption tax hike to 10% in April 2017 from the previous 8%. Positive developments in the economy, in addition to government spending and a favourable employment situation, is expected to drive consumption including private housing. This impacts positively the demand for the Group's plywood products.

In India, the IMF has projected GDP growth rates of 7.5% during the next two fiscal years and is touted as the fastest-growing economy in the world. Major reforms and investment initiatives including infrastructure spending by its Government has boosted consumer confidence and drove domestic demand. This augurs well for the Group in the supply of round logs for India's construction activities.

As for the Group's FFB production, the oil palm plantations are maturing into higher yields cycles and is expected to contribute significantly to Group earnings in future. CPO prices are likely to stabilize at a higher level in 2016 due to the effects of El Nino. For the Group's forest plantations, investments were made in R&D efforts to increase seedling yields and reduce planting costs. The long-term objective is to eventually replace the use of timber from natural forests with timber from the forest plantations which is in line with the state's sustainable forest management practices.

In the Group's manufacturing and trading division, the market segments with growth prospects are tobacco and food packaging (with the completion of the FSSC 22000 certification). With all these efforts in place, the Group is cautiously optimistic of a modest growth in 2016.

For the Group's oil and gas division, the uncertain industry outlook has heightened a prudent and efficient management of operations. Although PETRONAS recently announced plans to cut up to RM50 billion in operating and capital expenditures over the next four years to cushion the impact of low crude oil prices, the demand for the Group's DP2 AWBs remains steady and all four (4) vessels are being deployed to support PETRONAS and its PSCs. In addition to the Pipeline Pre-Commission project, the Group further supplement its order books by actively participating in project tenders in Malaysia and regionally. Given the strong track record with PETRONAS and other oil majors thus far, the Group is confident of securing additional projects during the year to sustain its growth and profitability.

chairman's statement (cont'd)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

WTK is fully committed towards ensuring that our forests resources are sustainably managed and that all timber and timber products produced by the Group are verifiable and only from legal sources.

In support of the State Government's implementation of forest management certification scheme for licensed timber areas within the "Heart of Borneo (HOB) Sarawak by 2017, WTK has initiated and carried out in-house training to enhance forest management practices and awareness with such programs as "Awareness and Requirements of MC&I (Natural Forests)", "Planning in Forest Resource Assessment", "Establishment of Permanent Sample Plots" and "Development of Forest Management Plan for Forest Management Certification".

The Group is also mindful that it is operating in an environment that involves numerous stakeholders. Hence, WTK would continue to uphold a balance of economic, social and environmental responsibilities, especially within the communities where it operates. The Group, where required, has provided basic amenities and infrastructure development to connect communities in the rural areas to main rivers and roads, including jointly with the Sarawak Timber Association, carried out improvements and upgrades of rural schools and facilities.

DIVIDEND

During the year, the Company has paid a final single-tier dividend of 3.66% for the financial year ended 31 December 2014 on 3 August 2015 amounting to RM8,738,000.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015, of 4.98% or 2.49 sen net per share of RM0.50 each on 481,344,552 ordinary shares, less shares bought back and held as treasury shares, amounting to a dividend payable of approximately RM11,889,000 will be proposed for shareholders' approval.

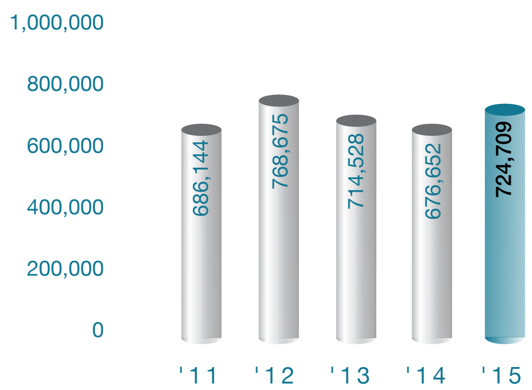
APPRECIATION

On behalf of the Board, I wish to extend our deepest appreciation to the management team and employees for their hard work, dedication, and commitment to the Group. I would also take this opportunity to express my sincere gratitude to our shareholders, customers, suppliers, financial institutions, business associates and the various regulatory authorities for their continuous support and confidence in the Group.

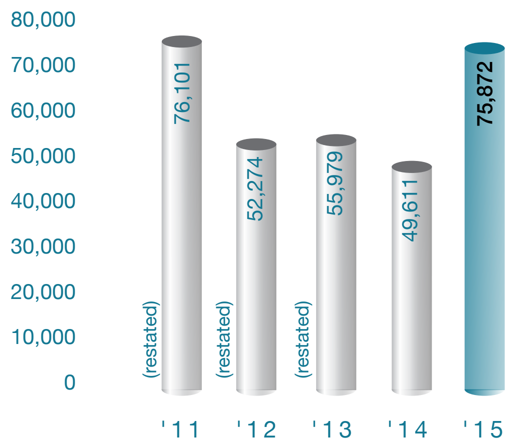
PEMANCA DATUK WONG KIE YIK
Chairman
8 April 2016

financial highlights

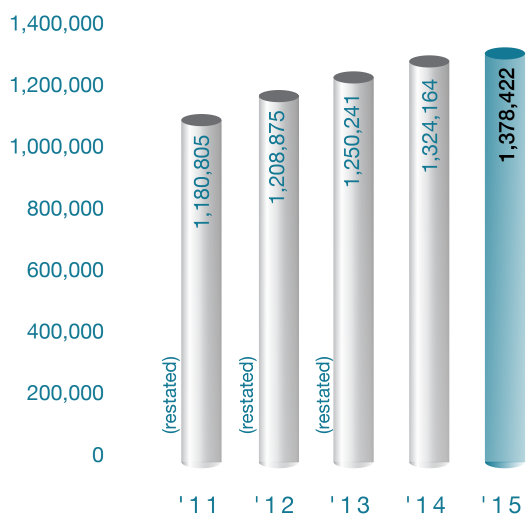
Turnover
(RM'000)



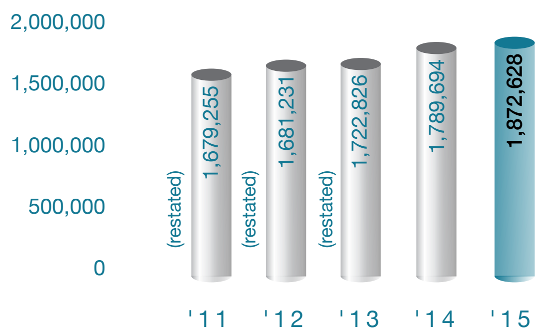
Profit Before Tax
(RM'000)



Total Equity Attributable
To Equity Holders
(RM'000)



Total Assets
(RM'000)



statement of directors' responsibility
in preparing the financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year in accordance with the applicable Approved Accounting Standards in Malaysia and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable Approved Accounting Standards in Malaysia have been followed; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records, which discloses with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking the necessary steps to safeguard the assets of the Group 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 31 December 2015.

Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries and an associate are described in Note 16 and Note 17 respectively, to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year	58,550	7,202
Attributable to:		
Owners of the Company	59,562	7,202
Non-controlling interests	(1,012)	-
	58,550	7,202

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

Dividends

The amount of dividend paid by the Company since 31 December 2014 was as follows:

In respect of the financial year ended 31 December 2014 as reported in the directors' report of that year:

	RM'000
Final single-tier dividend of 3.66% on 477,503,552 ordinary shares of RM0.50 each, declared on 26 June 2015 and paid on 3 August 2015	8,738

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015, of 4.98% or 2.49 sen net per share of RM0.50 each on 481,344,552 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of approximately RM11,889,000 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 shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

Reserves and provisions

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

Directors

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

Datuk Wong Kie Yik	
Lt. General Datuk Seri Panglima Abdul Manap bin Ibrahim (rtd)	
Patrick Wong Haw Yeong	
Wong Kie Chie	
Tham Sau Kien	
Ting Soon Eng	
Dr. Loh Leong Hua	
Alfian Bin Mohamed Basir	
John Ko Wai Seng	(resigned on 13 May 2015)
See Huey Beng	(resigned on 20 August 2015)

In accordance with Article 96 of the Company's Articles of Association, Wong Kie Chie and Tham Sau Kien retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Lt. General Datuk Seri Panglima Abdul Manap bin Ibrahim (rtd) and Datuk Wong Kie Yik retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting and offer themselves for re-appointment and to hold office until the conclusion of the next Annual General Meeting of the Company.

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 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 35 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM0.50 each in the Company			
Name of director	As at 1.1.2015/ Date of appointment	Bought	Sold	As at 31.12.2015
Direct Interest:				
Datuk Wong Kie Yik	10,144,160	931,000	-	**11,075,160**
Wong Kie Chie	13,117,524	-	-	**13,117,524**
Patrick Wong Haw Yeong	1,000,000	-	-	**1,000,000**
Alfian Bin Mohamed Basir	6,235,313	-	-	**6,235,313**
Indirect Interest:				
Datuk Wong Kie Yik *	146,860,406	-	-	**146,860,406**
Wong Kie Chie *	146,860,406	-	-	**146,860,406**

* Deemed interest through W T K Realty Sdn. Bhd., Harbour-View Realty Sdn. Bhd. and Ocarina Development Sdn. Bhd. by virtue of Section 6A(4)(c) of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Datuk Wong Kie Yik and Wong Kie Chie are also deemed to have interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

Treasury shares

At the Annual General Meeting held on 26 June 2015, the Company obtained a renewal of shareholders' mandate to purchase its own shares on Bursa Malaysia Securities Berhad.

During the financial year, the Company repurchased a total of 20,000 of its issued ordinary shares of RM0.50 each from the open market at an average price of RM1.05 per share. The total consideration paid for the repurchase including transaction costs was RM21,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2015, the Company held as treasury shares a total of 3,851,000 of its 481,344,552 issued ordinary shares. Such treasury shares are held at a carrying amount of RM8,131,808 and further details are disclosed in Note 32 (c) to the financial statements.

Other statutory information

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

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

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

Other statutory information (cont'd)

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Significant events

The Group has entered into agreements to dispose investment properties as disclosed in Note 15 to the financial statements.

Auditors

The auditors, Messrs. Deloitte, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2016.

Patrick Wong Haw Yeong

**Lt. General Datuk Seri Panglima
Abdul Manap bin Ibrahim (rtd)**

statement by directors

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

We, Patrick Wong Haw Yeong and Lt. General Datuk Seri Panglima Abdul Manap bin Ibrahim (rtd), being two of the directors of W T K Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 140 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act,1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 44, which is not part of the financial statements, is prepared in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2016.

Patrick Wong Haw Yeong

**Lt. General Datuk Seri Panglima
Abdul Manap bin Ibrahim (rtd)**

statutory declaration

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

I, Ling Wang Chiok, being the officer primarily responsible for the financial management of W T K Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company 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 Ling Wang Chiok at Kuala Lumpur,
Wilayah Persekutuan on 29 March 2016

Ling Wang Chiok

Before me,

JAMILAH ISMAIL
Commissioner for Oath
Kuala Lumpur

independent auditors' report

to the members of W T K Holdings Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of W T K Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as of 31 December 2015 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 140.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

independent auditors' report (cont'd)
to the members of W T K Holdings Berhad
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, the accounting and other records and the registers required by the Act, to be kept by the Company and its subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors, which are indicated in Note 16 to the Financial Statements, being financial statements that have been included in the consolidated financial statements;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 44 on page 141 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 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors and are presented here merely for comparative purposes. The report issued by the predecessor auditors, which was dated 27 April 2015, was not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

DELOITTE
AF 0080
Chartered Accountants

MARK EVELYN THOMSON
Partner - 3080/06/17 (J)
Chartered Accountant

Kuching
29 March 2016

statements of profit or loss
and other comprehensive income
for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	**724,709**	676,652	**15,895**	50,048
Cost of sales	5	**(567,223)**	(549,540)	**-**	-
Gross profit		**157,486**	127,112	**15,895**	50,048
Other income	6	**29,288**	17,417	**931**	240
Other items of income/(expense)					
Selling and distribution expenses		**(55,320)**	(51,408)	**-**	-
Administrative and other expenses		**(45,577)**	(37,495)	**(8,692)**	(4,178)
Finance costs	7	**(11,102)**	(6,031)	**(549)**	(38)
Share of results of an associate		**1,097**	-	**-**	-
Share of results of a joint venture		**-**	16	**-**	-
Profit before tax	8	**75,872**	49,611	**7,585**	46,072
Income tax expense	11	**(17,322)**	(10,113)	**(383)**	(934)
Profit for the year		**58,550**	39,498	**7,202**	45,138
Other comprehensive income/(loss)					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Net gain/(loss) on available-for-sale financial assets					
- Gain/(Loss) on fair value changes		**4**	(103)	**44**	(56)
Foreign currency translation		**3,451**	386	**-**	-
Other comprehensive income/(loss) for the year, net of tax		**3,455**	283	**44**	(56)
Total comprehensive income for the year		**62,005**	39,781	**7,246**	45,082
Profit attributable to:					
Owners of the Company		**59,562**	39,978	**7,202**	45,138
Non-controlling interests		**(1,012)**	(480)	**-**	-
		58,550	39,498	**7,202**	45,138
Total comprehensive income attributable to:					
Owners of the Company		**63,017**	40,261	**7,246**	45,082
Non-controlling interests		**(1,012)**	(480)	**-**	-
		62,005	39,781	**7,246**	45,082
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted earnings	12	**12.47**	9.13		
Net dividends (sen per share)	43			**1.83**	2.52

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

statements of financial position

as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**657,452**	685,359	**322**	440
Prepaid land lease payments	14	**34,000**	35,000	**-**	-
Investment properties	15	**-**	34,742	**-**	2,868
Investments in subsidiaries	16	**-**	-	**533,312**	529,925
Investment in an associate	17	**71,214**	70,377	**-**	-
Investment in a joint venture	18	**1,582**	1,582	**-**	-
Other investments	19	**14,102**	12,752	**1,102**	1,058
Intangible assets	20	**64,093**	72,555	**-**	-
Biological assets	21	**371,977**	339,065	**-**	-
Deferred tax assets	22	**43**	2,136	**-**	-
		1,214,463	1,253,568	**534,736**	534,291
Current assets					
Prepaid land lease payments	14	**1,000**	1,000	**-**	-
Inventories	23	**156,669**	179,924	**-**	-
Trade and other receivables	24	**119,225**	68,139	**41,879**	40,025
Other current assets	25	**14,162**	14,475	**162**	40
Cash and bank balances	26	**352,626**	272,588	**24,338**	27,466
		643,682	536,126	**66,379**	67,531
Assets classified as held for sale	27	**14,483**	-	**-**	-
		658,165	536,126	**66,379**	67,531
TOTAL ASSETS		**1,872,628**	1,789,694	**601,115**	601,822
EQUITY AND LIABILITIES					
Current liabilities					
Retirement benefit obligations	28	**257**	214	**-**	-
Loans and borrowings	29	**167,851**	127,263	**66**	102
Trade and other payables	30	**87,668**	81,001	**23,604**	18,510
Land premium payable	31	**-**	424	**-**	-
Income tax payable		**2,360**	3,551	**-**	-
		258,136	212,453	**23,670**	18,612
Net current assets		**400,029**	323,673	**42,709**	48,919

statements of financial position (cont'd)

as at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current liabilities					
Deferred tax liabilities	22	**76,251**	75,937	**17**	38
Retirement benefit obligations	28	**2,348**	2,325	**-**	-
Loans and borrowings	29	**142,831**	154,941	**32**	98
Other payables	30	**-**	4,165	**-**	4,165
		221,430	237,368	**49**	4,301
TOTAL LIABILITIES		**479,566**	449,821	**23,719**	22,913
Net assets		**1,393,062**	1,339,873	**577,396**	578,909
Equity attributable to owners of the Company					
Share capital	32	**240,672**	240,672	**240,672**	240,672
Share premium	32	**68,674**	68,674	**68,674**	68,674
Treasury shares	32	**(8,132)**	(8,111)	**(8,132)**	(8,111)
Other reserves	33	**5,842**	2,387	**256**	212
Retained earnings	34	**1,071,366**	1,020,542	**275,926**	277,462
		1,378,422	1,324,164	**577,396**	578,909
Non-controlling interests		**14,640**	15,709	**-**	-
TOTAL EQUITY		**1,393,062**	1,339,873	**577,396**	578,909
TOTAL EQUITY AND LIABILITIES		**1,872,628**	1,789,694	**601,115**	601,822

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

statements of changes in equity

for the financial year ended 31 December 2015

				Attributable to owners of the Company							
				Non-distributable			Distributable	Non-distributable			
		Total equity	Total equity attributable to the owners of the Company	Share capital	Share premium	Treasury shares	Retained earnings	Total other reserves	Foreign currency translation reserve	Fair value adjustment reserve	Non-controlling interests
				Note 32			Note 34		Note 33		
Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2015		1,339,873	1,324,164	240,672	68,674	(8,111)	1,020,542	2,387	2,587	(200)	15,709
Profit for the year		58,550	59,562	-	-	-	59,562	-	-	-	(1,012)
Other comprehensive income		3,455	3,455	-	-	-	-	3,455	3,451	4	-
Total comprehensive income		62,005	63,017	-	-	-	59,562	3,455	3,451	4	(1,012)
Transactions with owners											
Dividends on ordinary shares	43	(8,738)	(8,738)	-	-	-	(8,738)	-	-	-	-
Dividends paid to non-controlling interests		(57)	-	-	-	-	-	-	-	-	(57)
Repurchase of treasury shares		(21)	(21)	-	-	(21)	-	-	-	-	-
		(8,816)	(8,759)	-	-	(21)	(8,738)	-	-	-	(57)
At 31 December 2015		**1,393,062**	**1,378,422**	**240,672**	**68,674**	**(8,132)**	**1,071,366**	**5,842**	**6,038**	**(196)**	**14,640**

statements of changes in equity (cont'd)

for the financial year ended 31 December 2015

Group (cont'd)	Note	Total equity RM'000	Total equity attributable to the owners of the Company RM'000	Share capital RM'000	Share premium Note 32 RM'000	Treasury shares RM'000	Retained earnings Note 34 RM'000	Total other reserves RM'000	Foreign currency translation reserve Note 33 RM'000	Fair value adjustment reserve Note 33 RM'000	Non-controlling interests RM'000
			Attributable to owners of the Company								
				Non-distributable			Distributable	Non-distributable			
At 1 January 2014		1,266,661	1,250,241	219,007	45,708	(8,084)	991,506	2,104	2,201	(97)	16,420
Profit for the year		39,498	39,978	-	-	-	39,978	-	-	-	(480)
Other comprehensive income		283	283	-	-	-	-	283	386	(103)	-
Total comprehensive income		39,781	40,261	-	-	-	39,978	283	386	(103)	(480)
Transactions with owners											
Dividends on ordinary shares	43	(10,942)	(10,942)	-	-	-	(10,942)	-	-	-	-
Dividends paid to non-controlling interests		(231)	-	-	-	-	-	-	-	-	(231)
Repurchase of treasury shares		(27)	(27)	-	-	(27)	-	-	-	-	-
Shares issued for acquisition of a subsidiary		44,631	44,631	21,665	22,966	-	-	-	-	-	-
		33,431	33,662	21,665	22,966	(27)	(10,942)	-	-	-	(231)
At 31 December 2014		1,339,873	1,324,164	240,672	68,674	(8,111)	1,020,542	2,387	2,587	(200)	15,709

statements of changes in equity (cont'd)
for the financial year ended 31 December 2015

			Non-distributable			Distributable	Non-distributable		
Company	Note	Total equity RM'000	Share capital RM'000	Share premium Note 32 RM'000	Treasury shares RM'000	Retained earnings Note 34 RM'000	Total other reserves RM'000	Capital reserve RM'000	Fair value adjustment reserve Note 33 RM'000
At 1 January 2015		578,909	240,672	68,674	(8,111)	277,462	212	400	(188)
Profit for the year		7,202	-	-	-	7,202	-	-	-
Other comprehensive income		44	-	-	-	-	44	-	44
Total comprehensive income		7,246	-	-	-	7,202	44	-	44
Transactions with owners									
Dividends on ordinary shares	43	(8,738)	-	-	-	(8,738)	-	-	-
Repurchase of treasury shares		(21)	-	-	(21)	-	-	-	-
		(8,759)	-	-	(21)	(8,738)	-	-	-
At 31 December 2015		**577,396**	**240,672**	**68,674**	**(8,132)**	**275,926**	**256**	**400**	**(144)**
At 1 January 2014		500,165	219,007	45,708	(8,084)	243,266	268	400	(132)
Profit for the year		45,138	-	-	-	45,138	-	-	-
Other comprehensive income		(56)	-	-	-	-	(56)	-	(56)
Total comprehensive income		45,082	-	-	-	45,138	(56)	-	(56)
Transactions with owners									
Dividends on ordinary shares	43	(10,942)	-	-	-	(10,942)	-	-	-
Repurchase of treasury shares		(27)	-	-	(27)	-	-	-	-
Shares issued for acquisition of a subsidiary		44,631	21,665	22,966	-	-	-	-	-
		33,662	21,665	22,966	(27)	(10,942)	-	-	-
At 31 December 2014		578,909	240,672	68,674	(8,111)	277,462	212	400	(188)

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

statements of cash flows

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Operating activities					
Profit before tax		**75,872**	49,611	**7,585**	46,072
Adjustments for:					
Accretion of interest on Redeemable Convertible Preference Shares	6	**(1,339)**	-	**-**	-
Allowance for impairment:					
- trade receivables	8	**4,288**	1,482	**-**	-
- other receivables	8	**5,672**	2,477	**-**	-
Amortisation:					
- timber rights	8	**6,154**	6,154	**-**	-
- prepaid land lease payments	8	**1,000**	1,000	**-**	-
Bad debts written off	8	**-**	17	**-**	-
Depreciation:					
- property, plant and equipment	8	**39,505**	38,091	**126**	128
- investment properties	8	**194**	259	**8**	10
Dividend income from:					
- investment in Redeemable Convertible Preference Shares	4	**(5,315)**	-	**-**	-
- investment securities	4,6	**(146)**	(42)	**(24)**	(12)
- subsidiaries	4	**-**	-	**(15,046)**	(45,354)
Impairment losses on:					
- investments in subsidiaries	8	**-**	-	**4,100**	-
- intangible asset	8	**2,308**	-	**-**	-
Interest expense	7	**11,102**	6,031	**549**	38
Interest income	4,6	**(5,843)**	(4,984)	**(825)**	(1,094)
Inventories written down	8	**17**	-	**-**	-
Inventories written off	8	**470**	83	**-**	-
Net (gain)/loss on disposal of:					
- investment properties	6	**(9,902)**	-	**(594)**	-
- property, plant and equipment	6,8	**177**	(105)	**-**	-
Property, plant and equipment written off	8	**212**	344	**-**	-
Retirement benefit obligations	9	**213**	211	**-**	-
Bad debts recovered	6	**(10)**	-	**-**	-
Reversal of impairment losses on:					
- receivables	6	**(264)**	(5,844)	**(172)**	(67)
- inventories	6	**(31)**	-	**-**	-
Share of results in an associate		**(1,097)**	-	**-**	-
Share of results in a joint venture		**-**	(16)	**-**	-
Unrealised gain on foreign exchange	6	**(2,191)**	(131)	**-**	-
Total adjustments		**45,174**	45,027	**(11,878)**	(46,351)

statements of cash flows (cont'd)
for the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities (cont'd)					
Operating profit/(loss) before working capital changes		**121,046**	94,638	**(4,293)**	(279)
Changes in working capital:					
Inventories		**23,176**	(30,179)	**-**	-
Receivables		**(25,684)**	69,731	**1,530**	1,655
Payables		**1,505**	(8,975)	**388**	(1,850)
Land premium payable		**(424)**	(394)	**-**	-
Other current assets		**677**	351	**(3)**	10
Cash flows from/(used in) operations		**120,296**	125,172	**(2,378)**	(464)
Income taxes paid		**(16,528)**	(13,180)	**(523)**	(891)
Interest paid		**(19,482)**	(17,153)	**(8)**	(38)
Interest received		**5,843**	4,984	**825**	1,094
Payment of retirement benefit	28	**(147)**	(137)	**-**	-
Net cash from/(used in) operating activities		**89,982**	99,686	**(2,084)**	(299)
Investing activities					
Acquisition of a subsidiary	16(b)	**-**	(26,719)	**-**	(26,775)
Additional investments in subsidiaries		**-**	-	**(7,487)**	(4,900)
Addition of biological assets		**(20,409)**	(19,678)	**-**	-
Purchase of investment properties	15	**-**	(198)	**-**	-
Purchase of property, plant and equipment	13(b)	**(12,433)**	(23,082)	**(8)**	(54)
Purchase of investment securities		**-**	(14)	**-**	(14)
Proceeds from disposal of investment properties	A	**2,098**	-	**242**	-
Proceeds from disposals of property, plant and equipment		**623**	1,294	**-**	-
Net dividend received from:					
- subsidiaries		**-**	-	**15,046**	45,354
- investment securities		**146**	42	**24**	12
Net cash (used in)/from investing activities		**(29,975)**	(68,355)	**7,817**	13,623

statements of cash flows (cont'd)
for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Financing activities					
Dividends paid to non-controlling interests		**(57)**	(231)	**-**	-
Dividends paid to owners of the Company	43	**(8,738)**	(10,942)	**(8,738)**	(10,942)
Drawdown of term loans		**16,251**	24,188	**-**	-
Drawdown of trade financing facilities		**302,025**	187,200	**-**	-
Decrease/(Increase) in fixed deposits pledged to licensed financial institutions		**322**	(384)	**-**	-
Purchase of treasury shares	32(c)	**(21)**	(27)	**(21)**	(27)
Repayment of finance leases		**(4,274)**	(2,029)	**(102)**	(95)
Repayment of term loans		**(15,933)**	(9,580)	**-**	-
Repayment of trade financing facilities		**(274,534)**	(207,940)	**-**	-
Net cash from/(used in) financing activities		**15,041**	(19,745)	**(8,861)**	(11,064)
Net increase/(decrease) in cash and cash equivalents		**75,048**	11,586	**(3,128)**	2,260
Effects of exchange rate changes		**2,924**	259	**-**	-
Net cash and cash equivalents at beginning of year		**245,480**	233,635	**27,466**	25,206
Net cash and cash equivalents at end of year	26	**323,452**	245,480	**24,338**	27,466

Note to Statements of Cash Flows

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
A. Proceeds from disposal of investment properties				
Investment properties were disposed by the following means:				
Total proceeds	**29,967**	-	**3,454**	-
Increase in receivables	**(27,869)**	-	**(3,212)**	-
	2,098	-	**242**	-

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

notes to the financial statements
for the financial year ended 31 December 2015

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries and an associate are described in Note 16 and Note 17 respectively.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2015 as described more fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, unless otherwise indicated in the summary of accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

2.2 Changes in accounting policies

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

In the current financial year, the Group and the Company have adopted a number of amendments to FRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for annual periods beginning on or after 1 January 2015 as follows:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRSs	Annual Improvements to FRSs 2010-2012 Cycle
Amendments to FRSs	Annual Improvements to FRSs 2011-2013 Cycle

The adoption of the above Standards did not have any effect on the financial performance of the Group and of the Company.

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

2.3 Standards issued but not yet effective

At the date of authorisation for issue of these financial statements, the Group and the Company have not adopted the following new and revised FRSs that have been issued but not yet effective:

FRS 9	Financial Instruments[2]
FRS 14	Regulatory Deferral Accounts[1]
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception[1]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to FRS 101	Disclosure Initiative[1]
Amendments to FRS 127	Equity Method in Separate Financial Statements[1]
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to FRSs	Annual Improvements to FRSs 2012-2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[3] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

The directors anticipate that the abovementioned Standards will be adopted in the financial statements of the Group and of the Company when they become effective and that the adoption of these Standards will have no impact on the amounts reported in the financial statements of the Group and of the Company in the period of initial application except as discussed below:

FRS 9 Financial Instruments

FRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. FRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of FRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (“FVTOCI”) measure category for certain simple debt instruments.

Key requirements of FRS 9:

- all recognised financial assets that are within the scope of FRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

FRS 9 Financial Instruments (cont'd)

Key requirements of FRS 9: (cont'd)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, FRS 9 reflects an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under FRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Group and of the Company anticipate that the application of FRS 9 in the future may have a material impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities. However, it is not practical to provide a reasonable estimate of the effect of FRS 9 until the Group and the Company undertake a detailed review.

Amendments to FRS 101 Disclosure Initiative

The amendments to FRS 101 aim at clarifying FRS 101 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The amendments make the following changes:

- They clarify that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

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

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

Amendments to FRS 101 Disclosure Initiative (cont'd)

- They introduce a clarification that the list of line items to be presented in the statements of financial position and the statements of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- They add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The directors of the Group and of the Company do not anticipate that the application of these amendments to FRS 101 will have a material impact on these financial statements as these amendments deal with the presentation of financial statements.

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

The amendments to FRS 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 138 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group and the Company use straight-line method for depreciation and amortisation for its property, plant and equipment. The directors of the Group and of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Group and of the Company do not anticipate that the application of these amendments to FRS 116 and FRS 138 will have a material impact on these financial statements.

Annual Improvements to FRSs 2012-2014 Cycle

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

The amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operation add specific guidance in FRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to FRS 7 Financial Instruments: Disclosures clarify the applicability of the amendments to FRS 7 on offsetting disclosures to condensed interim financial statements.

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

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

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

The amendments to FRS 119 Employee Benefits clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendments to FRS 134 Interim Financial Reporting clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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

Malaysian Financial Reporting Standards

On 19 November 2011, MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were allowed to defer the adoption of MFRS Framework until such time as mandated by MASB. On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that TEs which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017. However, following the announcement by MASB on 28 October 2015, the effective date of MFRS 15 is now deferred to annual periods beginning on or after 1 January 2018.

The Group and the Company, being TEs, have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements for the financial year ending 31 December 2018.

The directors anticipate that the adoption of the other MFRSs will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

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

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

Malaysian Financial Reporting Standards (cont'd)

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

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Group and of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company perform a detailed review.

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The amendments to MFRS 116 and MFRS 141 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with MFRS 116, instead of MFRS 141. The produce growing on bearer plants continues to be accounted for in accordance with MFRS 141.

The directors of the Group and of the Company anticipate that the application of MFRS 116 and MFRS 141 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 116 and MFRS 141 until the Group and the Company perform a detailed review.

2.4 Basis of consolidation

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

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

2.4 Basis of consolidation (cont'd)

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

Business combinations

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

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

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.11(a).

2.5 Subsidiaries

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2.6 Associates and joint ventures

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.

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

2.6 Associates and joint ventures (cont'd)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, 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 over the cost of investment after reassessment, is recognised immediately in profit or loss for the period in which the investment is acquired.

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

Under the equity method, on initial recognition the investment in an associate or a joint venture 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 or a joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures 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 or joint venture. 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 cost 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, investments in associates and joint ventures 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. Summary of significant accounting policies (cont'd)

2.7 Transactions with non-controlling interests

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

2.8 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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.

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

2.8 Foreign currency (cont'd)

(c) Foreign operations

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

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

2.9 Property, plant and equipment

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Long and short-term leasehold land are amortised over its remaining lease term. Construction in progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory buildings and improvements	2% - 20%
Furniture, fittings, equipment, renovations and installations	5% - 66.7%
Plant, machinery, moulds and loose tools	1.67% - 25%
Motor vehicles	4% - 20%
Road, bridges and wharf	5% - 10%

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.

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

2.9 Property, plant and equipment (cont'd)

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

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

2.10 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation of the Group.

Properties which are occupied by the companies in the Group are accounted for as property, plant and equipment under Note 2.9.

Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2.9.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of 40 years.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

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.

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

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

2.11 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 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) Timber rights

This represents initial cost incurred in obtaining the right to fell, extract and harvest merchantable timber logs from the concession area granted under forest timber licence.

Timber rights are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the unexpired period of the timber licences.

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

2.12 Prepaid land lease payments

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation and accumulated impairment losses. The prepaid land lease payments are amortised over their lease terms.

2.13 Biological assets

(i) Oil palm plantation 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 the statements of profit or loss and other comprehensive income.

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) is stated at cost less impairment, if any.

Expenditure on planted forest in the form of planting and upkeep of trees, administrative expenses and interest incurred up to the time of harvest is capitalised in the statements of financial position and will only be charged to profit or loss upon harvesting based on the areas harvested.

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.

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

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

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.

2.15 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.

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

2.15 Financial assets (cont'd)

(b) Loans and receivables (cont'd)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(c) Held-to-maturity investments

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

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

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

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's 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.

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

2.15 Financial assets (cont'd)

A financial asset is derecognised when 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.

(a) 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.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

2.16 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.17 Fair value measurement

The Group and the Company measure financial instruments at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 39.

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

- In the principal market for the asset or liability, or

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

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

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

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

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

2.17 Fair value measurement (cont'd)

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

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

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

2.18 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and fixed deposits pledged to licensed financial institutions as they are considered an integral part of the Group's cash management.

The Group and the Company adopt the indirect method in preparation of the statements of cash flows.

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 condition are accounted for as follows:

- Raw materials: purchase costs at cost valued at either first-in-first-out or 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.

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

- Consumable inventories are stated at cost and are valued on the first-in-first-out basis.

- Properties held for resale (vacant lots) are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

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

2.19 Inventories (cont'd)

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 has 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 risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

(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.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(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.

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

2.21 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

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

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

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

2.22 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.

2.24 Employee benefits

(a) 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 of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

2.24 Employee benefits (cont'd)

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees' Provident Fund ("EPF") 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. The Group also contributes to EPF at 3% above the statutory rate for certain eligible senior employees. A foreign subsidiary of the Group makes contributions to its country's statutory pension scheme. Such contributions are recognised as an expense in the profit or loss as incurred.

(c) Defined benefit plan

One of the subsidiaries of the Group operates an unfunded defined benefit retirement scheme for its eligible employees. Provision for the unfunded retirement benefit obligations is made in accordance with the terms stipulated in the Collective Agreement for all eligible employees. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

Re-measurements, comprising of actuarial gains and losses, excluding net interest, are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and

- The date the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognised the following changes in the net defined benefit obligation in the statements of comprehensive income:

- Net interest expense or income

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

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

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 amortised 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 amortised 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(c).

2.26 Revenue recognition

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

(b) Revenue from services

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

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

2.26 Revenue recognition (cont'd)

(c) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the leases. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) Interest income

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

(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.

(g) Carpark income

Revenue from carpark operation are recognised at the time of parking fees are collected.

2.27 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

2.27 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

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

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

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

(c) Sales tax

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

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

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

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

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

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 Chief Operating Decision Maker, which in this case is 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 42, 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 recognised as equity that have not been cancelled are reacquired, the amount of consideration paid is recognised directly 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 event(s) not wholly within the control of the Group.

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

2.32 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the carrying amounts of the assets are measured in accordance with the applicable FRSs. Upon classification as held for sale, non-current assets are measured at lower of carrying amount and fair value less costs to sell and it is not depreciated. Any differences are recognised in profit or loss.

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 and 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.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Allocation of cost between land and buildings

The Group has established certain basis for the allocation of the costs of investment properties and property, plant and equipment between the land and building portions. Judgement is made by reference to market indication of transaction prices of similar properties to determine the portion of cost relating to land.

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of plant, machinery and equipment

The cost of plant, machinery and equipment for the timber division is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant, machinery and equipment to be within 3 to 60 years.

These are common life expectancies applied in the timber industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant, machinery and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3% (2014: 4%) change in the Group's profit for the year.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Impairment of loans and receivables

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

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

3.2 Key sources of estimation uncertainty (cont'd)

(c) Impairment of loans and receivables (cont'd)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's loans and receivables at the reporting date is disclosed in Note 24.

(d) Income taxes

Judgement is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 22.

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

(f) Defined benefits plan

The cost of retirement benefit plan ("the Plan") as well as the present value of the obligation under the Plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, future salary increase rate and mortality rate. All assumptions are reviewed at each reporting date. The net employee liability of the Group as at 31 December 2015 is RM2,605,000 (2014: RM2,539,000). Further details are given in Note 28.

In determining the appropriate discount rate, management has derived the applicable interest rates from long-term corporate bonds and government bonds in the country. The bonds have been selected based on the expected duration of the defined benefit obligation and taking into consideration the yield curve respectively.

Future salary increase rate is based on the recent average salary increase rate and also based on the agreed salary adjustments in the Collective Agreement for year 2013 to 2015 while the mortality rate is based on publicly available mortality tables for the country.

Further details about the assumptions used are given in Note 28.

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

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

3.2 Key sources of estimation uncertainty (cont'd)

(g) Maturity of plantations

The Group determines the oil palm plantations to be matured approximately three years upon completion of field planting.

The tree planting plantations are estimated to be ready for harvesting in fifteen years upon completion of tree planting.

(h) Timber rights

The Group has timber licenses and the rights to timber licenses. The licenses will expire in year 2021 and 2022. The Directors are of the view that the timber rights are renewable but have nonetheless amortised the timber rights in accordance within their respective legal expiry terms.

4. Revenue

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of timber and related products	**573,671**	547,577	**-**	-
Sale of aluminium foils and tapes	**110,671**	121,525	**-**	-
Sale of fresh fruit bunches	**11,015**	3,820	**-**	-
Rendering of services	**19,450**	-	**-**	-
Rental income from investment properties	**1,367**	1,321	**-**	-
Carpark income	**1,591**	1,649	**-**	-
Dividend income from investment in Redeemable Convertible Preference Shares	**5,315**	-	**-**	-
Dividend income from subsidiaries	**-**	-	**15,046**	45,354
Dividend income from investment securites	**24**	12	**24**	12
Interest income	**825**	748	**825**	1,094
Management fee from an associate	**780**	-	**-**	-
Management fee from subsidiaries	**-**	-	**-**	3,588
	724,709	676,652	**15,895**	50,048

5. Cost of sales

Cost of sales represents cost of inventories sold and costs of services provided.

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

6. Other income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Accretion of interest on Redeemable Convertible Preference Shares	**1,339**	-	**-**	-
Bad debts recovered	**10**	-	**-**	-
By product and scrap sales	**1,445**	1,135	**-**	-
Contract and service fee received	**1,137**	607	**-**	-
Dividend income from unquoted equity instruments	**122**	30	**-**	-
Gain on foreign exchange:				
- realised (trade)	**2,309**	588	**-**	-
- unrealised (trade)	**113**	131	**-**	-
- unrealised (non-trade)	**2,078**	-	**-**	-
Gain on disposal of:				
- investment properties	**9,902**	-	**594**	-
- property, plant and equipment	**61**	609	**-**	-
Hire of machinery	**488**	643	**-**	-
Interest income from loans and receivables	**2,423**	2,236	**-**	-
Interest income from short-term deposits	**2,595**	2,000	**-**	-
Rental income	**609**	401	**165**	173
Reversal of allowance for impairment of:				
- trade receivables (Note 24 (a))	**-**	3,844	**-**	-
- other receivables (Note 24 (b))	**264**	2,000	**172**	67
- inventories	**31**	-	**-**	-
Road toll received	**2,447**	1,610	**-**	-
Others	**1,915**	1,583	**-**	-
	29,288	17,417	**931**	240

7. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- term loans	**8,259**	8,290	**-**	-
- bank overdrafts	**4,815**	2,604	**-**	-
- obligations under finance leases	**316**	415	**8**	13
- trade financing facilities	**6,092**	5,844	**-**	-
- amount due to a subsidiary	**-**	-	**-**	25
- contingent consideration liability	**541**	-	**541**	-
	20,023	17,153	**549**	38
Less: Interest expense capitalised in:				
- Biological assets (Note 21)	**(8,921)**	(11,122)	**-**	-
Total finance costs	**11,102**	6,031	**549**	38

notes to the financial statements (cont'd)

for the financial year ended 31 December 2015

8. Profit before tax

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Allowance for impairment of financial assets:				
- trade receivables (Note 24 (a))				
- third parties	**1,921**	1,482	**-**	-
- related parties	**2,367**	-	**-**	-
- other receivables (Note 24 (b))				
- third parties	**1,715**	2,477	**-**	-
- related parties	**3,957**	-	**-**	-
Amortisation:				
- timber rights (Note 20)	**6,154**	6,154	**-**	-
- prepaid land lease payments (Note 14)	**1,000**	1,000	**-**	-
Auditors' remuneration:				
- current	**949**	852	**150**	130
- under provision in respect of previous years	**32**	21	**-**	10
Bad debts written off	**-**	17	**-**	-
Depreciation:				
- property, plant and equipment (Note 13)	**39,505**	38,091	**126**	128
- investment properties (Note 15)	**194**	259	**8**	10
Employee benefits expense (Note 9)	**100,046**	98,595	**1,581**	1,722
Inventories written down	**17**	-	**-**	-
Inventories written off	**470**	83	**-**	-
Impairment losses on:				
- investments in subsidiaries	**-**	-	**4,100**	-
- intangible asset (Note 20)	**2,308**	-	**-**	-
Loss on disposal of property, plant and equipment	**238**	504	**-**	-
Non-executive directors' remuneration (Note 10)	**1,540**	1,099	**707**	614
Property, plant and equipment written off	**212**	344	**-**	-
Rental of equipment	**23**	16	**-**	-
Rental of premises	**1,254**	1,197	**181**	181

9. Employee benefits expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries, wages and bonus	**95,395**	94,387	**1,409**	1,537
Social security costs	**652**	627	**7**	7
Contributions to defined contribution plan	**6,814**	6,624	**165**	178
Retirement benefit obligations (Note 28)	**213**	211	**-**	-
Other benefits	**1,090**	1,636	**-**	-
	104,164	103,485	**1,581**	1,722
Less: Amount capitalised in				
- Biological assets (Note 21)	**(4,118)**	(4,890)	**-**	-
	100,046	98,595	**1,581**	1,722

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

9. Employee benefits expense (cont'd)

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,089,000 (2014: RM1,826,000) and RM653,000 (2014: RM581,000) respectively as disclosed in Note 10.

10. Directors' remuneration

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Executive:				
- salaries and other emoluments	**1,413**	1,319	**440**	391
- bonus	**385**	244	**144**	128
- fee	**72**	72	**-**	-
- defined contribution plan	**219**	191	**69**	62
Total executive directors' remuneration	**2,089**	1,826	**653**	581
Non-executive:				
- salaries and other emoluments	**235**	222	**111**	98
- bonus	**120**	120	**-**	-
- fees	**1,171**	743	**596**	516
- defined contribution plan	**14**	14	**-**	-
	1,540	1,099	**707**	614
- estimated monetary value of benefits-in-kind	**22**	24	**-**	-
Total non-executive directors' remuneration (including benefits-in-kind)	**1,562**	1,123	**707**	614
Total directors remuneration (Note 35(iii))	**3,651**	2,949	**1,360**	1,195

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

	Number of directors			
	2015		2014	
	Executive directors	Non-executive directors	Executive directors	Non-executive directors
Below RM50,000	**-**	**1**	-	2
RM50,001 - RM100,000	**-**	**5**	-	4
RM150,001 - RM200,000	**-**	**1**	-	1
RM400,001 - RM450,000	**-**	**1**	-	-
RM500,001 - RM550,000	**-**	**1**	-	1
RM2,000,001 - RM2,500,000	**1**	**-**	1	-

11. Income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 31 December 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Statements of profit or loss and other comprehensive income				
Current income tax				
- Malaysian income tax	**13,240**	15,132	**187**	934
- Foreign tax	**152**	467	**-**	-
	13,392	15,599	**187**	934
Under/(Over) provision in respect of previous years				
- Malaysian income tax	**754**	(1,816)	**113**	-
- Foreign tax	**(122)**	(168)	**-**	-
	632	(1,984)	**113**	-
Real property gains tax	**900**	-	**104**	-
	14,924	13,615	**404**	934
Deferred income tax (Note 22)				
- Origination and reversal of temporary differences	**1,520**	(4,829)	**-**	-
- Under/(Over) provision in respect of previous years	**878**	1,327	**(21)**	-
	2,398	(3,502)	**(21)**	-
Income tax expense recognised in profit or loss	**17,322**	10,113	**383**	934

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 31 December 2014 are as follows:

Group	2015 RM'000	2014 RM'000
Accounting profit before tax	**75,872**	49,611
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	**18,968**	12,403
Effect of different tax rates in other country	**(202)**	(232)
Adjustments:		
Income not subject to tax	**(5,857)**	(976)
Non-deductible expenses	**8,335**	5,373
Utilisation of previously unutilised tax losses, unabsorbed capital allowances	**-**	(1,178)
Deferred tax assets not recognised	**1,425**	971
Double deduction of expenses	**(7,482)**	(5,587)
Underprovision of deferred tax in respect of previous years	**878**	1,327
Under/(Over) provision of income tax in respect of previous years	**632**	(1,984)
Share of results of associate and joint venture	**(275)**	(4)
Real property gains tax	**900**	-
Income tax expense recognised in profit or loss	**17,322**	10,113

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

11. Income tax expense (cont'd)

Company	2015 RM'000	2014 RM'000
Accounting profit before tax	**7,585**	46,072
Tax at Malaysian statutory rate of 25% (2014: 25%)	**1,896**	11,518
Adjustments:		
Income not subject to tax	**(3,959)**	(11,428)
Non-deductible expenses	**2,250**	844
Overprovision of deferred tax in respect of previous years	**(21)**	-
Underprovision of income tax in respect of previous years	**113**	-
Real property gains tax	**104**	-
Income tax expense recognised in profit or loss	**383**	934

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevaling in the respective jurisdictions.

The Finance (No. 2) Act 2014 which was gazetted on 30 December 2014 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following this, the applicable tax rate to be used for the measurement of any applicable deferred tax will be the abovementioned expected rate.

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year net of tax, attributable to owners of the Company by 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 years ended 31 December 2015 and 31 December 2014:

	Group	
	2015	2014
Profit net of tax attributable to owners of the Company (RM'000)	**59,562**	39,978
Weighted average number of ordinary shares in issue ('000)	**477,502**	437,802
Basic earnings per share (sen)	**12.47**	9.13

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

13. Property, plant and equipment

Group	Land and buildings RM'000	Furniture, fittings, equipment, renovations and installations RM'000	Plant, machinery, moulds and loose tools RM'000	Motor vehicles RM'000	Road, bridges and wharf RM'000	Construction in progress RM'000	Total RM'000
Cost							
At 1 January 2015	**446,643**	**25,615**	**596,536**	**21,272**	**269,520**	**2,314**	**1,361,900**
Additions	**1,620**	**818**	**2,877**	**842**	**907**	**7,645**	**14,709**
Disposals	**(48)**	**(22)**	**(1,281)**	**(513)**	**-**	**-**	**(1,864)**
Written off	**(21)**	**(860)**	**(553)**	**(250)**	**-**	**(194)**	**(1,878)**
Reclassifications	**379**	**87**	**4,395**	**31**	**261**	**(5,153)**	**-**
Transfer to biological assets (Note 21)	**-**	**-**	**-**	**-**	**-**	**(8)**	**(8)**
Exchange differences	**1,638**	**234**	**86**	**175**	**-**	**-**	**2,133**
At 31 December 2015	**450,211**	**25,872**	**602,060**	**21,557**	**270,688**	**4,604**	**1,374,992**
At 1 January 2014	439,368	24,711	569,932	20,681	268,083	16,509	1,339,284
Additions	3,687	1,209	9,188	540	894	9,538	25,056
Disposals	(173)	(18)	(1,392)	(356)	-	(51)	(1,990)
Written off	(33)	(324)	-	-	-	(308)	(665)
Reclassifications	3,584	6	18,797	385	543	(23,315)	-
Transfer to biological assets (Note 21)	-	-	-	-	-	(59)	(59)
Exchange differences	210	31	11	22	-	-	274
At 31 December 2014	446,643	25,615	596,536	21,272	269,520	2,314	1,361,900
Accumulated depreciation							
At 1 January 2015	**128,615**	**20,269**	**344,484**	**12,202**	**170,971**	**-**	**676,541**
Depreciation charge for the year:	**11,598**	**1,359**	**18,340**	**1,031**	**10,751**	**-**	**43,079**
Recognised in profit or loss (Note 8)	**9,703**	**1,022**	**17,948**	**930**	**9,902**	**-**	**39,505**
Capitalised in biological assets (Note 21)	**1,895**	**337**	**392**	**101**	**849**	**-**	**3,574**
Disposals	**(10)**	**(11)**	**(629)**	**(414)**	**-**	**-**	**(1,064)**
Written off	**(17)**	**(846)**	**(553)**	**(250)**	**-**	**-**	**(1,666)**
Exchange differences	**291**	**157**	**84**	**118**	**-**	**-**	**650**
At 31 December 2015	**140,477**	**20,928**	**361,726**	**12,687**	**181,722**	**-**	**717,540**

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

Group (cont'd)	Land and buildings RM'000	Furniture, fittings, equipment, renovations and installations RM'000	Plant, machinery, moulds and loose tools RM'000	Motor vehicles RM'000	Road, bridges and wharf RM'000	Construction in progress RM'000	Total RM'000
Accumulated depreciation (cont'd)							
At 1 January 2014	117,117	19,247	328,141	11,384	159,058	-	634,947
Depreciation charge for the year:	11,488	1,311	16,920	998	11,913	-	42,630
Recognised in profit or loss (Note 8)	9,018	927	16,434	871	10,841	-	38,091
Capitalised in biological assets (Note 21)	2,470	384	486	127	1,072	-	4,539
Disposals	-	(18)	(588)	(195)	-	-	(801)
Written off	(26)	(295)	-	-	-	-	(321)
Exchange differences	36	24	11	15	-	-	86
At 31 December 2014	128,615	20,269	344,484	12,202	170,971	-	676,541
Net carrying amount							
At 31 December 2015	**309,734**	**4,944**	**240,334**	**8,870**	**88,966**	**4,604**	**657,452**
At 31 December 2014	318,028	5,346	252,052	9,070	98,549	2,314	685,359

Details of land and buildings are as follows:

Group	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Factory buildings and improvements RM'000	Total Land and buildings RM'000
Cost						
At 1 January 2015	**25,411**	**30,222**	**90,618**	**21,108**	**279,284**	**446,643**
Additions	**-**	**360**	**-**	**759**	**501**	**1,620**
Disposals	**-**	**-**	**-**	**-**	**(48)**	**(48)**
Written off	**-**	**-**	**-**	**-**	**(21)**	**(21)**
Reclassifications	**-**	**353**	**3,710**	**(3,710)**	**26**	**379**
Exchange differences	**1,175**	**-**	**-**	**-**	**463**	**1,638**
At 31 December 2015	**26,586**	**30,935**	**94,328**	**18,157**	**280,205**	**450,211**

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

Details of land and buildings are as follows: (cont'd)

Group (cont'd)	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Factory buildings and improvements RM'000	Total Land and buildings RM'000
Cost (cont'd)						
At 1 January 2014	25,434	28,834	91,141	20,585	273,374	439,368
Additions	-	1,339	-	-	2,348	3,687
Disposals	(173)	-	-	-	-	(173)
Written off	-	-	-	-	(33)	(33)
Reclassifications	-	49	(523)	523	3,535	3,584
Exchange differences	150	-	-	-	60	210
At 31 December 2014	25,411	30,222	90,618	21,108	279,284	446,643
Accumulated depreciation						
At 1 January 2015	**-**	**13,333**	**5,704**	**10,846**	**98,732**	**128,615**
Depreciation charge for the year:	**-**	**1,716**	**1,706**	**287**	**7,889**	**11,598**
Recognised in profit or loss	**-**	**695**	**832**	**287**	**7,889**	**9,703**
Capitalised in biological assets	**-**	**1,021**	**874**	**-**	**-**	**1,895**
Disposals	**-**	**-**	**-**	**-**	**(10)**	**(10)**
Written off	**-**	**-**	**-**	**-**	**(17)**	**(17)**
Reclassifications	**-**	**-**	**2,262**	**(2,262)**	**-**	**-**
Exchange differences	**-**	**-**	**-**	**-**	**291**	**291**
At 31 December 2015	**-**	**15,049**	**9,672**	**8,871**	**106,885**	**140,477**
At 1 January 2014	-	11,746	4,069	10,234	91,068	117,117
Depreciation charge for the year:	-	1,587	1,635	612	7,654	11,488
Recognised in profit or loss	-	427	459	612	7,520	9,018
Capitalised in biological assets	-	1,160	1,176	-	134	2,470
Written off	-	-	-	-	(26)	(26)
Exchange differences	-	-	-	-	36	36
At 31 December 2014	-	13,333	5,704	10,846	98,732	128,615
Net carrying amount						
At 31 December 2015	**26,586**	**15,886**	**84,656**	**9,286**	**173,320**	**309,734**
At 31 December 2014	25,411	16,889	84,914	10,262	180,552	318,028

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

Company	Furniture, fittings, equipment and installations RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2015	**521**	**93**	**1,170**	**1,784**
Additions	**8**	**-**	**-**	**8**
Written off	**(290)**	**(15)**	**-**	**(305)**
At 31 December 2015	**239**	**78**	**1,170**	**1,487**
At 1 January 2014	496	87	1,170	1,753
Additions	25	29	-	54
Written off	-	(23)	-	(23)
At 31 December 2014	521	93	1,170	1,784
Accumulated depreciation				
At 1 January 2015	**412**	**48**	**884**	**1,344**
Depreciation charge for the year (Note 8)	**28**	**8**	**90**	**126**
Written off	**(290)**	**(15)**	**-**	**(305)**
At 31 December 2015	**150**	**41**	**974**	**1,165**
At 1 January 2014	383	62	794	1,239
Depreciation charge for the year (Note 8)	29	9	90	128
Written off	-	(23)	-	(23)
At 31 December 2014	412	48	884	1,344
Net carrying amount				
At 31 December 2015	**89**	**37**	**196**	**322**
At 31 December 2014	109	45	286	440

(a) Assets pledged as security

Property, plant and equipment with carrying amount of RM173,380,000 (2014: RM255,322,000) have been pledged to licensed banks for credit facilities as stated in Note 29.

(b) Acquisition of property, plant and equipment

Acquisition of property, plant and equipment during the financial year were by the following means:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash	**12,433**	23,082	**8**	54
Finance leases	**2,276**	1,974	**-**	-
	14,709	25,056	**8**	54

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

(b) Acquisition of property, plant and equipment (cont'd)

Net carrying amount of property, plant and equipment held under finance lease arrangements are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	**8,825**	15,797	**196**	286

Leased assets are pledged as security for the related finance lease liabilities (Note 37).

14. Prepaid land lease payments

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1 January and 31 December	**45,000**	45,000
Accumulated amortisation		
At 1 January	**9,000**	8,000
Amortisation for the year (Note 8)	**1,000**	1,000
At 31 December	**10,000**	9,000
Net carrying amount	**35,000**	36,000

Leasehold land with carrying amount of RM35,000,000 (2014: RM36,000,000) are pledged to licensed banks for credit facilities as stated in Note 29.

	Group	
	2015 RM'000	2014 RM'000
Amount to be amortised:		
Current		
- Not later than 1 year	**1,000**	1,000
Non-current		
- Later than 1 year but not later than 5 years	**5,000**	5,000
- Later than 5 years	**29,000**	30,000
	34,000	35,000
	35,000	36,000

15. Investment properties

	Group RM'000	Company RM'000
Cost		
At 1 January 2014	41,869	3,691
Additions	198	-
At 31 December 2014 and 1 January 2015	**42,067**	**3,691**
Disposals	**(27,549)**	**(3,691)**
Transfer to assets classified as held for sale (Note 27)	**(14,518)**	**-**
At 31 December 2015	**-**	**-**
Accumulated depreciation		
At 1 January 2014	7,066	813
Depreciation charge for the year (Note 8)	259	10
At 31 December 2014 and 1 January 2015	**7,325**	**823**
Depreciation charge for the year (Note 8)	**194**	**8**
Disposals	**(7,484)**	**(831)**
Transfer to assets classified as held for sale (Note 27)	**(35)**	**-**
At 31 December 2015	**-**	**-**
Net carrying amount		
At 31 December 2015	**-**	**-**
At 31 December 2014	34,742	2,868
Fair value		
At 31 December 2015	**-**	**-**
At 31 December 2014	42,829	3,077

The fair value of the properties were based on valuation performed by an accredited independent valuer.

The Group and the Company had on 9 October 2015 entered into Sale and Purchase Agreements ("SPAs") with the respective Purchasers to dispose the Group's and the Company's entire investment properties located at Wisma Central for a total cash consideration of RM51,000,000 and RM3,454,000 respectively.

Further to the SPAs that were signed, a subsidiary, Dusun Nyiur Sdn Bhd has on 28 December 2015 entered into a Supplemental Agreement with the Purchaser to amend the terms of the SPA pertaining to one parcel of property. This was due to that parcel's original strata title deed has been damaged at the Land Office and the replacement strata title deed is still pending from the Land Office. Under the circumstances, until the disposal of this parcel is completed, the carrying amount of its value is presented in the Statements of Financial Position as "Assets classified as held for sale". Once the disposal of this parcel is completed, the Group would then recognise the gain on disposal of approximately RM6,000,000.

With the exception of the above parcel, the remaining parcels of properties signed in the SPAs of the Group and of the Company were successfully completed and a disposal gain of RM9,902,000 and RM594,000 respectively were recognised in the financial year ended 31 December 2015.

16. Investments in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost	**538,509**	531,022
Less: Accumulated impairment losses	**(5,197)**	(1,097)
	533,312	529,925

Details of the subsidiaries are as follows:

Name of subsidiaries	Proportion of ownership interest (%) 2015	Proportion of ownership interest (%) 2014	Principal activities
Incorporated in Malaysia (except as identified):			
Held by the Company:			
Alanya Marine Ventures Sdn. Bhd.	**100**	100	Investment holding and provision of oil and gas related services
Biofresh Produce Sdn. Bhd.	**100**	100	Investment holding
Biogrow City Sdn. Bhd.	**100**	100	Investment holding
Borneo Agro-Industries Sdn. Bhd.	**100**	100	Cultivation of oil palms
Cairnfield Sdn. Bhd.	**100**	100	Manufacturing and sale of veneer, plywood and sawn timber
Central Mercantile Corporation (S) Ltd. * (Incorporated in Singapore)	**100**	100	Trading in tapes, foil and papers
Dusun Nyiur Sdn. Bhd.	**100**	100	Property investment and car park operation
First Count Sdn. Bhd.	**100**	100	Extraction and sale of logs
Gopoint Sdn. Bhd.	**100**	100	Swiflet farming
Immense Fleet Sdn. Bhd.	**100**	100	Timber trading, reforestation, planting and management of oil palm plantation
Kuching Plywood Berhad	**100**	100	Manufacturing and selling of plywood
Limpah Mewah Sdn. Bhd.	**100**	100	Extraction and sale of timber
Linshanhao Plywood (Sarawak) Sdn. Bhd.	**100**	100	Manufacture and sale of plywood
Loytape Industries Sdn. Bhd.	**100**	100	Manufacture and trading of adhesive tapes, gummed tapes and investment holding
Ninjas Development Sdn. Bhd.	**100**	100	Extraction and sale of logs
Piramid Intan Sdn. Bhd.	**100**	100	Extraction and sale of logs
Sanitama Sendirian Berhad	**100**	100	Extraction and sale of logs
Sarawak Moulding Industries Berhad	**100**	100	Manufacture, purchase and sale of sawn timber and logs
Song Logging Company Sendirian Berhad	**100**	100	Sawmilling, extraction and sale of timber

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

16. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Proportion of ownership interest (%) 2015	2014	Principal activities
Incorporated in Malaysia (except as identified): (cont'd)			
Held by the Company: (cont'd)			
Sut Sawmill (3064) Sdn. Bhd.	**100**	100	Extraction and sale of logs
Towering Yield Sdn. Bhd.	**100**	100	Investment holding
Winning Plantation Sdn. Bhd.	**100**	100	Investment holding
Woodbanks Industries (M) Sdn. Bhd.	**100**	100	Processing and sale of sawn timber
WTK Heli-Logging Sdn. Bhd.	**100**	100	Logging contractor and operation of barge
General Aluminium Works (M) Sdn. Bhd.	**93.40**	93.40	Conversion of aluminium foils into various foil products for sale
Biofield Plantations Sdn. Bhd.	**100**	100	Dormant
Biogreen Success Sdn. Bhd.	**100**	100	Dormant
Bioworld Synergies Sdn. Bhd.	**100**	100	Dormant
Samanda Equities Sdn. Bhd.	**100**	100	Dormant
WTK-Yink Heli Harvesting Sdn. Bhd.	**100**	100	Dormant
Held through subsidiaries:			
Subsidiary of Biofresh Produce Sdn. Bhd.			
Biofresh Produce Plantations Sdn. Bhd.	**80**	80	Planting and management of oil palm plantation
Subsidiary of Biogrow City Sdn. Bhd.			
Biogrow City Plantations Sdn. Bhd.	**85**	85	Planting and management of oil palm plantation
Subsidiaries of Loytape Industries Sdn. Bhd.			
Samanda Trading Sdn. Bhd.	**100**	100	Marketing of adhesive and gummed tapes and packaging related products
Central Mercantile Corporation (M) Sdn. Bhd.	**100**	100	Investment holding
Subsidiaries of Central Mercantile Corporation (M) Sdn. Bhd.			
Samanda Marketing Corporation Sdn. Bhd.	**100**	100	Dormant
Samanda Marketing & Sales Sdn. Bhd.	**99.60**	99.60	Trading of adhesive tapes
Subsidiary of Piramid Intan Sdn. Bhd.			
Interglobal Empire Sdn. Bhd.	**100**	100	Extraction and sale of logs

16. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Proportion of ownership interest (%) 2015	2014	Principal activities
Incorporated in Malaysia (except as identified):			
Held through subsidiaries (cont'd):			
Subsidiary of Towering Yield Sdn. Bhd.			
Positive Deal Sdn. Bhd.	**65**	65	Planting and management of oil palm plantation
Subsidiaries of General Aluminium Works (M) Sdn. Bhd.			
Zapstat Sdn. Bhd.	**93.40**	93.40	General and commission agent
QPA Sdn. Bhd.	**59.54**	59.54	Ceased operations

* The financial statements of the subsidiary company was not audited by the auditors of the Company.

(a) Additional investment in the subsidiaries during the financial year

(i) On 9 January 2015, the Company subscribed additional 4,996,778 new ordinary shares of RM1.00 each issued by its wholly-owned subsidiary, Alanya Marine Ventures Sdn. Bhd. ("AMV") for a total cash consideration of RM4,996,778.

(ii) On 29 October 2015, the Company subscribed additional 2,490,000 new ordinary shares of RM1.00 each issued by its wholly-owned subsidiary, Borneo Agro-Industries Sdn. Bhd. for a total cash consideration of RM2,490,000.

(b) Additional investment in the subsidiaries and changes in composition of the Group in previous financial year

(i) Acquisition of subsidiary

The Company had on 28 November 2014 entered into a conditional share sale agreement for the proposed acquisition of the entire equity interest in AMV for a total consideration of up to RM94,580,513 to be satisfied by via a combination of cash amounting up to RM38,250,000 and the issuance of 43,331,164 new ordinary shares of RM0.50 each of the Company at an issue price of RM1.30 per share (collectively referred as “Acquisition”). AMV holds 49% equity interest in Nautical Returns Sdn. Bhd. ("NRSB") and 100% of the redeemable convertible preference shares of RM1.00 each in NRSB. The Acquisition would enable the Group to venture into the oil and gas industry via AMV’s interest in NRSB who principally engaged in the business of providing offshore support vessels, equipment and engineering consultation for oil and gas activities. Out of the purchase consideration, a total cash amount of RM11,475,000 will be considered as contingent consideration as it will be payable to the vendors upon achievement of the following:

(a) RM6,885,000 in the event NRSB achieves a minimum profit after tax of RM10,945,268 for the financial year ended 31 December 2015; and

(b) RM4,590,000 in the event NRSB achieves a minimum profit after tax of RM17,189,198 for the financial year ending 31 December 2016.

16. Investments in subsidiaries (cont'd)

(b) Additional investment in the subsidiaries and changes in composition of the Group in previous financial year (cont'd)

(i) Acquisition of subsidiary (cont'd)

Subsequent to the said announcement, the Company had on 23 December 2014 further announced the completion of the Acquisition. Consequently, the share price in connection with the partial discharge of purchase consideration was fair valued at RM1.03 per share, being the published price of the shares of the Company at the acquisition date. As a result of this, the fair value of share consideration was RM44,631,000 and the premium arising from the issuance of shares which amounted to RM22,966,000 has been included in the share premium account. The directors are confident that NRSB will achieve the minimum profit after tax for the two years and have accordingly accrued for the contingent consideration liabilities (Note 30). The fair value of the contingent consideration was estimated to be RM10,721,000, using the discounted cash flow method at the discount rate of 5%. The total purchase consideration was summarised as below:

	RM'000
Cash paid	**26,775**
Issuance of shares, at fair values	**44,631**
Contingent consideration liabilities	**10,721**
	82,127

The acquisition of AMV had been determined to be a purchase of asset as AMV itself is not a business. The purchase consideration of RM82,126,507 had been allocated to the following assets in AMV:

	RM'000
Investment in an associate, NRSB	**70,377**
Redeemable Convertible Preference Shares in NRSB	**11,522**
Trade and other receivables	**870**
Cash and cash equivalents	**56**
Income tax payable	**(217)**
Trade and other payables	**(481)**
	82,127

The effect of the acquisition on cash flow is as follows:

	RM'000
Total purchase consideration	**82,127**
Less: Non-cash consideration	**(55,352)**
Consideration settled in cash	**26,775**
Less: Cash and cash equivalents of subsidiary acquired	**(56)**
Net cash outflow on acquisition	**26,719**

(ii) On 18 February 2014, the Company subscribed additional 4,900,000 new ordinary shares of RM1.00 each issued by its wholly-owned subsidiary, Biogreen Success Sdn. Bhd. for a total cash consideration of RM4,900,000.

16. Investments in subsidiaries (cont'd)

(b) Additional investment in the subsidiaries and changes in composition of the Group in previous financial year (cont'd)

(iii) On 13 March 2014, the Company had completed the acquisition of its indirect subsidiary, Borneo Agro-Industries Sdn. Bhd. from Winning Plantation Sdn. Bhd., a wholly-owned subsidiary, for a total consideration of RM10,660,243.

(c) Summarised financial information of Biofresh Produce Plantations Sdn. Bhd. and Biogrow City Plantations Sdn. Bhd. which have non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group.

	Biofresh Produce Plantations Sdn. Bhd.		Biogrow City Plantations Sdn. Bhd.		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(i) Summarised statements of financial position						
Non-current assets	**106,561**	102,821	**88,628**	85,552	**195,189**	188,373
Current assets	**3,419**	1,642	**3,243**	1,586	**6,662**	3,228
Total assets	**109,980**	104,463	**91,871**	87,138	**201,851**	191,601
Current liabilities	**36,689**	27,823	**35,924**	27,593	**72,613**	55,416
Non-current liabilities	**40,702**	41,490	**32,778**	32,410	**73,480**	73,900
Total liabilities	**77,391**	69,313	**68,702**	60,003	**146,093**	129,316
Net assets	**32,589**	35,150	**23,169**	27,135	**55,758**	62,285
Equity attributable to owners of the Company	**26,071**	28,120	**19,694**	23,065	**45,765**	51,185
Non-controlling interests	**6,518**	7,030	**3,475**	4,070	**9,993**	11,100
(ii) Summarised statements of profit or loss and other comprehensive income						
Revenue	**1,569**	474	**2,307**	-	**3,876**	474
Loss for the year	**(2,561)**	(1,698)	**(3,966)**	(1,313)	**(6,527)**	(3,011)
Loss attributable to owners of the Company	**(2,049)**	(1,358)	**(3,371)**	(1,116)	**(5,420)**	(2,474)
Loss attributable to non-controlling interests	**(512)**	(340)	**(595)**	(197)	**(1,107)**	(537)

16. Investments in subsidiaries (cont'd)

(c) Summarised financial information of Biofresh Produce Plantations Sdn. Bhd. and Biogrow City Plantations Sdn. Bhd. which have non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group. (cont'd)

	Biofresh Produce Plantations Sdn. Bhd.		Biogrow City Plantations Sdn. Bhd.		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(iii) Summarised statements of cash flows						
Net cash flows used in operating activities	**(3,446)**	(2,474)	**(3,435)**	(2,647)	**(6,881)**	(5,121)
Net cash flows used in investing activities	**(2,153)**	(2,579)	**(1,986)**	(3,512)	**(4,139)**	(6,091)
Net cash flows from financing activities	**3,671**	5,536	**2,860**	5,991	**6,531**	11,527
Net (decrease)/increase in cash and cash equivalents	**(1,928)**	483	**(2,561)**	(168)	**(4,489)**	315
Cash and cash equivalents at beginning of the year	**(8,712)**	(9,195)	**(8,734)**	(8,566)	**(17,446)**	(17,761)
Cash and cash equivalents at end of the year	**(10,640)**	(8,712)	**(11,295)**	(8,734)	**(21,935)**	(17,446)

17. Investment in an associate

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	**71,214**	70,377
Represented by:		
Share of net identifiable assets	**17,749**	16,912
Goodwill on acquisition	**53,465**	53,465
	71,214	70,377

(i) Additional investment in an associate through newly acquired subsidiary in previous financial year

The investment in an associate was acquired through the acquisition of a subsidiary, AMV in the previous financial year as disclosed in Note 16(b). As at 31 December 2014, the fair value of share of net identifiable's assets and liabilities of NRSB could only be determined provisionally pending the completion of the purchase price allocation ("PPA") exercise on NRSB's identifiable assets and liabilities. The acquistion of NRSB has been accounted for using the provisional values. The initial accounting entry by using the provisional values has resulted in a goodwill on acquisition amounting to RM53,465,000 reflected as part of investment of an associate of the Group as at 31 December 2014. The PPA has been completed in 2015 and there is no change to the above provisional values.

17. Investment in an associate (cont'd)

(i) Additional investment in an associate through newly acquired subsidiary in previous financial year (cont'd)

Details of the Group's associate, which is incorporated in Malaysia, are as follows:

Name of the associate	Proportion of ownership interest (%) 2015	2014	Principal activities
Held through subsidiary:			
Alanya Marine Ventures Sdn. Bhd.			
Nautical Returns Sdn. Bhd.	**49**	49	Chartering and managing oil and gas exploration support vessels

The summarised financial information represents the amount in the financial statements of the associate and not the Group's share of those amounts.

	2015 RM'000	2014 RM'000
Assets and liabilities		
Current assets	**109,711**	41,397
Non-current assets	**8,868**	458
Total assets	**118,579**	41,855
Current liabilities	**93,764**	23,568
Non-current liabilities	**14,564**	15,167
Total liabilities	**108,328**	38,735
Net assets	**10,251**	3,120

Summarised statement of profit or loss and other comprehensive income

	2015 RM'000	2014 RM'000
Revenue	**142,597**	59,581
Profit for the year representing total comprehensive income	**12,977**	1,423

17. Investment in an associate (cont'd)

(ii) Reconciliation of the summarised financial information presented above to the carrying value of the Group's interest in associate company

	Group 2015 RM'000
Share of net identifiable assets	
At 1 January 2015	**16,912**
Share of post acquisition profit during the financial year	**6,358**
At 31 December 2015	**23,270**
Less: Dividends received on ordinary shares	**(260)**
Dividends received on investment in Redeemable Convertible Preference Shares	**(2,604)**
Adjustments on amortisation of intangible asset embedded in cost of investment	**(2,657)**
Carrying value of Group's interest in the associate company	**17,749**

No reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate has been presented in the previous financial year as the Company acquired the associate at the previous financial year end.

(iii) There is no share of commitments and contingent liabilities from the associate company to the Group.

18. Investment in a joint venture

	Group 2015 RM'000	Group 2014 RM'000
Unquoted shares, at cost	**2,226**	2,226
Share of post acquisition reserves	**(244)**	(244)
	1,982	1,982
Less: Accumulated impairment losses	**(400)**	(400)
	1,582	1,582
Represented by:		
Share of net tangible assets	**1,496**	1,496
Goodwill on acquisition	**86**	86
	1,582	1,582

The Group's interest in the joint venture is accounted for using the equity method in the consolidated financial statements.

18. Investment in a joint venture (cont'd)

(a) Details of the joint venture, which is incorporated in Malaysia, is as follows:

Name of the joint venture	Proportion of ownership interest (%) 2015	2014	Principal activities
Held through a subsidiary			
General Aluminium Works (M) Sdn. Bhd.			
TANN-GAW (M) Sdn. Bhd.	**50**	50	Members' voluntary liquidation

The joint venture was not audited by the auditors of the Company.

On 8 September 2014, the jointly controlled entity was placed under members' voluntary liquidation pursuant to a members' resolution passed at an Extraordinary General Meeting held on that date. A liquidator for the jointly controlled entity has been appointed.

(b) The summarised information represents the amounts in the financial statements of the joint venture and not the Group’s share of those amounts.

(i) Summarised Statement of Financial Position

	2015 RM'000	2014 RM'000
Cash and cash equivalents	**3,797**	3,797
Other receivables	**45**	45
Total assets	**3,842**	3,842
Other payables	**40**	40
Income tax payable	**10**	10
Total liabilities	**50**	50
Net assets	**3,792**	3,792

(ii) Summarised Statement of Profit or Loss and Other Comprehensive Income

	2015 RM'000	2014 RM'000
Profit before tax	**-**	48
Profit after tax	**-**	31
Total profit or loss and other comprehensive income	**-**	31

18. Investment in a joint venture (cont'd)

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint venture

	Group	
	2015 RM'000	2014 RM'000
Net assets at 1 January	**3,792**	3,761
Proft for the year	**-**	31
Net assets at 31 December	**3,792**	3,792
Share of net assets	**1,896**	1,896
Add: Goodwill on acquisition	**86**	86
Less: Accumulated impairment losses	**(400)**	(400)
Carrying value of Group's interest in joint venture	**1,582**	1,582

(d) The joint venture has no capital commitments or contingent liabilities as at the reporting date.

19. Other investments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Available-for-sale financial assets				
Equity instruments (quoted in Malaysia)	**1,104**	1,061	**1,102**	1,058
Equity instruments (quoted outside Malaysia)	**37**	69	**-**	-
	1,141	1,130	**1,102**	1,058
Equity instruments (unquoted), at cost	**14,537**	14,537	**-**	-
Less : Accumulated impairment losses	**(14,437)**	(14,437)	**-**	-
	100	100	**-**	-
Loans and receivables				
Investment in redeemable convertible preference shares	**12,861**	11,522	**-**	-
Total other investments	**14,102**	12,752	**1,102**	1,058
Market value of quoted shares				
- in Malaysia	**1,104**	1,061	**1,102**	1,058
- outside Malaysia	**37**	69	**-**	-

20. Intangible assets

Group	Goodwill RM'000	Timber rights RM'000	Total RM'000
Cost			
At 1 January 2014 and 31 December 2014	33,728	111,584	145,312
At 1 January 2015 and 31 December 2015	**33,728**	**111,584**	**145,312**
Accumulated amortisation and impairment			
At 1 January 2014	5,506	61,097	66,603
Amortisation (Note 8)	-	6,154	6,154
At 31 December 2014 and 1 January 2015	**5,506**	**67,251**	**72,757**
Amortisation (Note 8)	**-**	**6,154**	**6,154**
Impairment loss (Note 8)	**2,308**	**-**	**2,308**
At 31 December 2015	**7,814**	**73,405**	**81,219**
Net carrying amount			
At 31 December 2015	**25,914**	**38,179**	**64,093**
At 31 December 2014	28,222	44,333	72,555

(a) Impairment testing of goodwill

Allocation of goodwill

Goodwill acquired through business combinations is allocated to the Group's cash-generating units ("CGU") as follows:

	Goodwill 2015 RM'000	Goodwill 2014 RM'000
At 31 December		
Timber division	**24,598**	24,598
Trading division	**1,308**	3,616
Manufacturing division	**8**	8
	25,914	28,222

The recoverable amount of goodwill is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period and/or over the period of the rights granted. The assumptions used for value-in-use calculations are:

	Growth Rates		Discount Rates	
	2015	2014	2015	2014
Timber division	**1%**	1%	**12%**	12%
Trading division	**1%**	1%	**11%**	9%

20. Intangible assets (cont'd)

(a) Impairment testing of goodwill (cont'd)

The following are the key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

(iii) Growth rates

The forecasted growth are based on industry research.

The Group believes that there are no reasonable possible change in the above key assumptions applied that is likely to materially cause the recoverable amount to be lower than its carrying amount.

21. Biological assets

Group	Oil palm plantation development expenditure RM'000	Reforestation (Tree planting) RM'000	Total RM'000
Cost			
At 1 January 2014	237,285	66,382	303,667
Additions	27,053	8,286	35,339
Transfer from property, plant and equipment (Note 13)	59	-	59
At 31 December 2014 / 1 January 2015	**264,397**	**74,668**	**339,065**
Additions	**25,101**	**7,803**	**32,904**
Transfer from property, plant and equipment (Note 13)	**8**	**-**	**8**
At 31 December 2015	**289,506**	**82,471**	**371,977**

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

	Group	
	2015 RM'000	2014 RM'000
Depreciation of property, plant and equipment (Note 13)	**3,574**	4,539
Employee benefits expense (Note 9)	**4,118**	4,890
Finance costs (Note 7)	**8,921**	11,122

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

21. Biological assets (cont'd)

The biological assets with carrying amount of RM339,843,000 (2014: RM312,164,000) have been pledged for certain term loans as disclosed in Note 29.

22. Deferred tax

Group	As at 1 January 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	Exchange Difference RM'000	As at 31 December 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	Exchange Difference RM'000	As at 31 December 2015 RM'000
Deferred tax liabilities:							
Property, plant and equipment	(104,163)	(5,107)	(1)	(109,271)	(644)	(9)	**(109,924)**
Timber rights	(5,923)	582	-	(5,341)	722	-	**(4,619)**
Biological assets	(53,108)	(28,903)	-	(82,011)	(2,118)	-	**(84,129)**
Others	-	-	-	-	(149)	-	**(149)**
	(163,194)	(33,428)	(1)	(196,623)	(2,189)	(9)	**(198,821)**
Deferred tax assets:							
Retirement benefit obligations	616	18	-	634	17	-	**651**
Unabsorbed capital allowance and unutilised tax losses	83,907	36,759	-	120,666	(1,319)	-	**119,347**
Unabsorbed reinvestment allowance	1,079	107	-	1,186	1,052	-	**2,238**
Allowance for impairment losses	45	18	-	63	(25)	-	**38**
Others	245	28	-	273	66	-	**339**
	85,892	36,930	-	122,822	(209)	-	**122,613**

Company	As at 1 January 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2015 RM'000
Deferred tax liabilities:					
Property, plant and equipment	(53)	-	(53)	36	**(17)**
Deferred tax assets:					
Unabsorbed capital allowance and unutilised tax losses	12	-	12	(12)	**-**
Allowance for doubtful debts	3	-	3	(3)	**-**
	15	-	15	(15)	**-**
	(38)	-	(38)	21	**(17)**

22. Deferred tax (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**43**	2,136	**-**	-
Deferred tax liabilities	**(76,251)**	(75,937)	**(17)**	(38)
	(76,208)	(73,801)	**(17)**	(38)

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

	Group	
	2015 RM'000	2014 RM'000
Unutilised tax losses	**11,752**	6,050
Unabsorbed capital allowances	**1,325**	1,325
Unabsorbed reinvestment allowances	**420**	420
	13,497	7,795

The deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances can be utilised. The availability of the unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances for offsetting against future taxable profits of the Group is subject to agreement by the tax authorities.

23. Inventories

	Group	
	2015 RM'000	2014 RM'000
At cost		
Finished goods	**110,777**	115,818
Work-in-progress	**8,920**	11,688
Raw materials	**14,432**	25,563
Consumable inventories	**17,976**	18,258
Materials in transit	**272**	340
Vacant lots	**1,251**	1,251
At net realisable value		
Work-in-progress	**3,008**	3,225
Finished goods	**33**	3,781
	156,669	179,924

The Group's inventories of RM1,251,000 (2014: RM1,251,000) are expected to be recovered after more than twelve months.

notes to the financial statements (cont'd)

for the financial year ended 31 December 2015

24. Trade and other receivables

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade receivables				
Third parties	**40,060**	46,885	**-**	-
Amount due from subsidiaries	**-**	-	**2,114**	6,789
	40,060	46,885	**2,114**	6,789
Less: Allowance for impairment	**(4,678)**	(2,417)	**-**	-
Trade receivables, net	**35,382**	44,468	**2,114**	6,789
Other receivables:				
Amount due from an associate	**36,771**	-	**-**	-
Amount due from subsidiaries	**-**	-	**42,828**	39,790
Refundable deposits	**4,517**	1,133	**144**	143
Sundry receivables	**47,242**	26,410	**3,332**	14
	88,530	27,543	**46,304**	39,947
Less: Allowance for impairment				
Third parties	**(4,687)**	(3,872)	**-**	-
Amount due from subsidiaries	**-**	-	**(6,539)**	(6,711)
	(4,687)	(3,872)	**(6,539)**	(6,711)
Other receivables, net	**83,843**	23,671	**39,765**	33,236
Total trade and other receivables (Note 38)	**119,225**	68,139	**41,879**	40,025

(a) Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 120 days (2014: 30 to 120 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included in third parties trade receivables of the Group is RM5,755,000 (2014: RM3,112,000) due from related parties. The amounts are unsecured, interest free and are repayable on demand.

24. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	**29,495**	37,500	**-**	336
1 to 30 days past due but not impaired	**3,104**	2,745	**-**	131
31 to 60 days past due but not impaired	**232**	1,635	**-**	114
61 to 90 days past due but not impaired	**225**	500	**-**	166
91 to 120 days past due but not impaired	**682**	852	**-**	79
More than 121 days past due but not impaired	**1,644**	1,236	**2,114**	5,963
	5,887	6,968	**2,114**	6,453
Impaired	**4,678**	2,417	**-**	-
	40,060	46,885	**2,114**	6,789

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Most of the Group's and the Company's trade receivables arise from customers with more than 5 years of experience with the Group and the Company and losses have occurred infrequently.

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 RM5,887,000 (2014: RM6,968,000) and RM2,114,000 (2014: RM6,453,000) respectively that are past due at the reporting date but not impaired. These receivables are unsecured. None of the past due account holders have history of default records. The management is confident in making collection from these receivables in the near future.

24. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group'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:

	Group					
	Collectively impaired		Individually impaired		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables - nominal amounts	**23**	20	**4,655**	2,397	**4,678**	2,417
Less: Allowance for impairment	**(23)**	(20)	**(4,655)**	(2,397)	**(4,678)**	(2,417)
	-	-	**-**	-	**-**	-

Movements in allowance accounts:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	**2,417**	5,235
Charge for the year (Note 8)	**4,288**	1,482
Written off	**(2,036)**	(292)
Reclassification to other receivables (Note 24(b))	**-**	(165)
Reversal of impairment losses (Note 6)	**-**	(3,844)
Exchange difference	**9**	1
At 31 December	**4,678**	2,417

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. Included in trade receivables of the Group that are impaired is an amount of RM2,367,000 (2014: RM Nil) pertaining to related parties.

(b) Other receivables

Included in other receivables of the Company are amounts due from subsidiaries which are unsecured, repayable on demand and interest free except for RM6,590,837 due from two subsidiaries, which earn interest at rate of BLR + 0.875% per annum in the previous financial year. Included in sundry receivables of the Group is RM5,819,000 (2014: RM15,326,000) due from related parties. The amounts are unsecured, interest free and are repayable on demand.

24. Trade and other receivables (cont'd)

(b) Other receivables (cont'd)

Other receivables that are impaired

The Group's and the Company's other 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables - nominal amounts	**6,024**	5,679	**6,539**	6,711
Less: Allowance for impairment	**(4,687)**	(3,872)	**(6,539)**	(6,711)
	1,337	1,807	**-**	-

Movements in allowance accounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	**3,872**	3,230	**6,711**	6,778
Charge for the year (Note 8)	**5,672**	2,477	**-**	-
Reclassification from trade receivables (Note 24(a))	**-**	165	**-**	-
Reversal of impairment losses (Note 6)	**(264)**	(2,000)	**(172)**	(67)
Written off	**(4,593)**	-	**-**	-
At 31 December	**4,687**	3,872	**6,539**	6,711

Included in other receivables of the Group that are impaired is an amount of RM2,006,000 (2014: RM458,000) pertaining to related parties.

(c) Sundry receivables

Included in sundry receivables of the Group and of the Company is an amount of RM26,970,300 (2014: RM Nil) and RM3,108,600 (2014: RM Nil) respectively representing balance purchase price for disposal of investment properties as disclosed in Note 15.

(d) Amount due from an associate

The amount due from an associate is unsecured, interest free and is repayable on demand.

25. Other current assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax recoverable	**9,603**	9,239	**142**	23
Prepayments	**4,559**	5,236	**20**	17
	14,162	14,475	**162**	40

26. Cash and bank balances

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash on hand and at banks	**195,797**	179,786	**3,591**	2,961
Short-term deposits with licensed financial institutions	**156,829**	92,802	**20,747**	24,505
Cash and bank balances	**352,626**	272,588	**24,338**	27,466

Certain amounts of cash at bank earns interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods of between one day and twelve months (2014: one day and three months) depending on the immediate cash requirements of the Group and the Company and earn interest at the respective short-term deposits rates. The weighted average effective interest rates per annum for deposits at the end of the financial year are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Licensed financial institutions	**2.74**	2.46	**4.09**	3.39

Included in deposits of the Group were fixed deposits of RM62,000 (2014: RM384,000) pledged to licensed financial institutions for bank guarantee facilities granted to the Group.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	**352,626**	272,588	**24,338**	27,466
Less: Bank overdrafts (Note 29)	**(29,112)**	(26,724)	**-**	-
Less: Fixed deposits pledged to licensed financial institutions	**(62)**	(384)	**-**	-
Cash and cash equivalents	**323,452**	245,480	**24,338**	27,466

27. Assets classified as held for sale

	Group	
	2015 RM'000	2014 RM'000
At 1 January	**-**	-
Transfer from investment properties (Note 15)	**14,483**	-
At 31 December	**14,483**	-

7% of the total cash consideration of RM21,033,000 has been received as deposit during the year as disclosed in Note 30. The disposal transaction has yet to be completed as at the reporting date.

28. Retirement benefit obligations

One of the subsidiaries of the Group operates an unfunded defined benefit plan for its eligible employees in accordance with the terms and conditions of employment between the subsidiary and its employees.

The amounts recognised in the statements of financial position are determined as follows:

	Group	
	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	**2,605**	2,539
Analysed as:		
Current		
Not later than 1 year	**257**	214
Non-current:		
Later than 1 year but not later than 2 years	**167**	263
Later than 2 years but not later than 5 years	**752**	588
Later than 5 years	**1,429**	1,474
	2,348	2,325
	2,605	2,539

The amounts recognised in the profit or loss are as follows:

	Group	
	2015 RM'000	2014 RM'000
Current service cost	**102**	102
Interest cost	**111**	109
Total, included in employees benefits expenses (Note 9)	**213**	211

28. Retirement benefit obligations (cont'd)

Movements in the net liability in the current year were as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	**2,539**	2,465
Add: Current year provision (Note 9)	**213**	211
	2,752	2,676
Less: Paid during the year	**(147)**	(137)
At 31 December	**2,605**	2,539

The principal assumptions used in determining the defined benefit plan are shown below:

	Group	
	2015 %	2014 %
Discount rate	**4.5**	4.5
Expected rate of salary increases:		
- below age 25	**5.0**	5.0
- ages 25 - 29	**5.0**	5.0
- ages 30 - 34	**5.0**	5.0
- ages 35 - 39	**4.5**	4.5
- ages 40 - 44	**4.0**	4.0
- from age 45	**4.0**	4.0

A quantitative sensitivity analysis of the change in the discount rate and future salary increase rate is shown below:

	Impact on defined benefit obligation (decrease)/increase	
	2015 RM'000	2014 RM'000
1% increase in discount rate	**(145)**	(145)
1% increase in salary	**209**	209

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

29. Loans and borrowings

	Group		Group	
	2015 Maturity	2014 Maturity	2015 RM'000	2014 RM'000
Current				
Secured:				
Bank overdrafts	**On demand**	On demand	**29,112**	26,724
Term loans:				
- RM loan at lender's cost of fund + 1.25% p.a.	**2016**	2015	**17,250**	12,000
- RM loan at lender's cost of fund + 1.00% p.a.	**2016**	2015	**8,780**	3,690
- RM loan at lender's cost of fund + 1.50% p.a.	**2016**	2015	**1,500**	-
- SGD loan at lender's cost of fund - 1.82% (2014: - 2.75%) p.a.	**2016**	2015	**263**	220
Trade financing facilities	**2016**	2015	**71,555**	19,794
Obligations under finance lease (Note 37)	**2016**	2015	**2,847**	4,021
			131,307	66,449
Unsecured:				
Trade financing facilities	**2016**	2015	**36,544**	60,814
			167,851	127,263
Non-current				
Secured:				
Term loans				
- RM loan at lender's cost of fund + 1.25% p.a.	**2017**	2017	**5,400**	18,100
- RM loan at lender's cost of fund + 1.25% p.a.	**2017 - 2019**	2017 - 2019	**25,450**	30,000
- RM loan at lender's cost of fund + 1.50% p.a.	**2017 - 2020**	2016 - 2020	**24,800**	24,200
- RM loan at lender's cost of fund + 1.00% p.a.	**2017 - 2019**	2016 - 2019	**29,530**	30,310
- RM loan at lender's cost of fund + 1.375% p.a.	**2020 - 2023**	2021 - 2022	**6,000**	4,000
- RM loan at lender's cost of fund + 1.00% p.a.	**2019 - 2022**	2019 - 2022	**30,750**	27,000
- SGD loan at lender's cost of fund - 1.82% (2014: - 2.75%) p.a.	**2017 - 2022**	2016 - 2022	**1,615**	1,646
- 3.00% p.a. fixed rate RM loan	**2024 - 2029**	2024 - 2029	**17,174**	16,773
Obligations under finance lease (Note 37)	**2017 - 2018**	2016 - 2017	**2,112**	2,912
			142,831	154,941
Total loans and borrowings (Note 38)			**310,682**	282,204

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

29. Loans and borrowings (cont'd)

	Company		Company	
	2015 Maturity	2014 Maturity	2015 RM'000	2014 RM'000
Current				
Secured:				
Obligations under finance lease (Note 37)	**2016**	2015	**66**	102
Non-current				
Secured:				
Obligations under finance lease (Note 37)	**2017**	2016 - 2017	**32**	98
Total loans and borrowings (Note 38)			**98**	200

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total loans and borrowings				
Bank overdrafts (Note 26)	**29,112**	26,724	**-**	-
Term loans	**168,512**	167,939	**-**	-
Trade financing facilities	**108,099**	80,608	**-**	-
Obligations under finance lease (Note 37)	**4,959**	6,933	**98**	200
	310,682	282,204	**98**	200

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	**167,851**	127,263	**66**	102
Later than 1 year but not later than 2 years	**31,531**	35,933	**32**	98
Later than 2 years but not later than 5 years	**70,515**	70,507	**-**	-
Later than 5 years	**40,785**	48,501	**-**	-
	310,682	282,204	**98**	200

The weighted average of interest rates per annum for borrowings at the end of the financial year were as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	**7.48**	7.35	**-**	-
Term loans	**4.09**	5.05	**-**	-
Trade financing facilities	**4.39**	4.54	**-**	-
Obligations under finance lease	**4.02**	4.08	**2.68**	2.68

29. Loans and borrowings (cont'd)

The bank overdrafts, term loans and trade financing facilities of the Group are secured by certain assets of the Group as disclosed in Note 13.

RM loan at lender's cost of fund + 1.25% p.a. & RM loan at lender's cost of fund + 1.375% p.a.

The term loans are secured by a fixed and floating charge over all the assets as disclosed in Note 13, Note 14 and Note 21 of one of the subsidiaries excluding the License for Planted Forest, both present and future and is secured by corporate guarantee issued by the Company.

3.00% p.a. fixed rate RM loan (Forest Plantation Development Sdn. Bhd.)

The term loan is secured by an unconditional and irrevocable corporate guarantee and indemnity by the Company and a first party deed of assignment over the project area within License No. LPF/0032. In addition, it is also secured by a power of attorney in favour of Forest Plantation Development Sdn. Bhd..

RM loan at lender's cost of fund + 1.00% p.a.

The term loans are secured by a fixed and floating charge over all the assets as disclosed in Note 13, Note 14 and Note 21 of certain subsidiaries of the Group, both present and future and is secured by corporate guarantee issued by the Company.

RM loan at lender's cost of fund + 1.50% p.a.

The term loans are secured by a fixed and floating charge over all the assets as disclosed in Note 13, Note 14 and Note 21 of certain subsidiaries of the Group, both present and future and is secured by corporate guarantee issued by the Company.

SGD loan at lender's cost of fund - 1.82% p.a. (2014: lender's cost of fund - 2.75% p.a.)

The term loan is secured over one of the subsidiaries of the Group's building and freehold land as disclosed in Note 13 and Note 14 and is secured by corporate guarantee issued by the Company.

30. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables				
Third parties	**50,108**	49,400	**-**	-
Other payables:				
Accruals	**14,363**	12,902	**737**	592
Sundry payables	**23,197**	22,864	**11,979**	11,923
Amount due to subsidiaries	**-**	-	**10,888**	10,160
	37,560	35,766	**23,604**	22,675
Total trade and other payables (Note 38)	**87,668**	85,166	**23,604**	22,675
Less: Amount due within 12 months	**(87,668)**	(81,001)	**(23,604)**	(18,510)
Amount due after 12 months	**-**	4,165	**-**	4,165

30. Trade and other payables (cont'd)

(a) Trade payables

Trade payables are non-interest bearing. Trade payables are normally settled on 30 to 120 days (2014: 30 to 120 days) terms. Included in trade payables of the Group is RM5,824,000 (2014: RM12,886,000) due to related parties. The amounts are unsecured, interest free and are repayable on demand.

(b) Sundry payables

Sundry payables are non-interest bearing. Sundry payables are normally settled on an average of 2 to 6 months (2014: on average 6 months). Included in sundry payables of the Group and of the Company is an amount of RM11,261,633 (2014: RM10,720,408) relating to the deferred purchase consideration for the acquisition of Alanya Marine Ventures Sdn. Bhd. as disclosed in Note 16(b)(i) and Nautical Returns Sdn. Bhd. has achieved the minimum profit after tax of RM10,945,268 for the year ended 31 December 2015. Included in sundry payables of the Group is deposit received for assets classified as held for sale of RM1,472,310 (2014: RM Nil) as disclosed in Note 27.

Included in sundry payables of the Group is RM363,000 (2014: RM2,083,000) due to related parties. The amounts are unsecured, interest free and are repayable on demand.

(c) Amount due to subsidiaries

Amount due to subsidiaries of the Company is unsecured, interest-free and is repayable on demand except for RM3,746,380 which is due to one of the subsidiaries, which bears interest rate of 4.74% per annum in the previous financial year.

31. Land premium payable

	Group	
	2015 RM'000	2014 RM'000
Amount payable for acquisition of land (Note 38)	-	424
Less: Not later than 1 year	-	(424)
Later than 1 year	-	-
Maturity of payable:		
Not later than 1 year	-	424

The amount payable for acquisition of land was in respect of the purchase of short-term leasehold land. Under the term of purchase, the payments would be made in accordance with the payment schedule in the agreement. The amount borne interest of 8% per annum in the previous financial year.

32. Share capital, share premium and treasury shares

	Group and Company					
	Number of ordinary shares of RM0.50 each		Amount			
	Share Capital (issued and fully paid) '000	Treasury shares '000	Share Capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 1 January 2014	438,014	(3,811)	219,007	45,708	264,715	(8,084)
Purchase of treasury shares	-	(20)	-	-	-	(27)
Shares issued for acquisition of a subsidiary	43,331	-	21,665	22,966	44,631	-
At 31 December 2014	481,345	(3,831)	240,672	68,674	309,346	(8,111)
Purchase of treasury shares	-	(20)	-	-	-	(21)
At 31 December 2015	**481,345**	**(3,851)**	**240,672**	**68,674**	**309,346**	**(8,132)**

	Number of ordinary shares of RM0.50 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised share capital				
At 1 January / 31 December	**2,000,000**	2,000,000	**1,000,000**	1,000,000

(a) Share capital

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

In the previous financial year, the Company issued 43,331,164 new ordinary shares of RM0.50 each at a fair value of RM1.03 per share, being the published price of the shares of the Company at the date of acquisition amounting to RM44,631,000, as partial discharge of purchase consideration for the acquisition of 100% equity interest in Alanya Marine Ventures Sdn. Bhd. as disclosed in Note 16(b)(i). The share premium of RM22,966,000 arising from the issuance of the said ordinary shares has been included in the share premium account.

(b) Share premium

Share premium account can be utilised for distribution to the members of the Company by way of bonus share issue.

(c) 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.

32. Share capital, share premium and treasury shares (cont'd)

(c) Treasury shares (cont'd)

The Company acquired 20,000 shares (2014: 20,000 shares) in the Company through purchases on the Bursa Malaysia during the financial year. The total amount paid to acquire the shares was RM21,000 (2014: RM27,000) and this was presented as a component within shareholders' equity. The repurchase transactions were financed by internally generated funds. The share repurchased are being held as treasury shares.

Of the total 481,344,552 issued and fully paid ordinary shares as at 31 December 2015, 3,851,000 shares are held as treasury shares by the Company. As at 31 December 2015, the number of outstanding ordinary shares in issued after set-off is therefore 477,493,552.

There has been no resale of treasury shares or cancellation of shares bought back during the financial year.

The monthly breakdown of shares repurchased for the financial years ended 31 December 2015 and 31 December 2014 were as follows:

Treasury shares	Number of ordinary shares	Purchase price per share Lowest RM	Purchase price per share Highest RM	Average price per share RM	Total cost RM
Balance as at 1 January 2015 (Net of shares re-sold RM0.50 each)	**3,831,000**				**8,110,801**
Shares bought back during the year:					
Months					
March	**10,000**	**1.17**	**1.17**	**1.17**	**11,700**
August	**10,000**	**0.92**	**0.92**	**0.92**	**9,200**
Balance as at 31 December 2015 (Net of shares re-sold at RM0.50 each)	**3,851,000**				**8,131,701**
				Transaction costs:	**107**
					8,131,808
Balance as at 1 January 2014 (Net of shares re-sold RM0.50 each)	3,811,000				8,083,805
Shares bought back during the year:					
Months					
March	10,000	1.32	1.32	1.32	13,200
September	10,000	1.36	1.36	1.36	13,600
Balance as at 31 December 2014 (Net of shares re-sold at RM0.50 each)	3,831,000				8,110,605
				Transaction costs:	196
					8,110,801

33. Other reserves

	Foreign currency translation reserve RM'000	Fair value adjustment reserve RM'000	Total RM'000
Group			
At 1 January 2015	**2,587**	**(200)**	**2,387**
Other comprehensive income:			
Available-for-sale financial assets:			
- Gain on fair value changes	**-**	**4**	**4**
Foreign currency translation	**3,451**	**-**	**3,451**
At 31 December 2015	**6,038**	**(196)**	**5,842**
At 1 January 2014	2,201	(97)	2,104
Other comprehensive income:			
Available-for-sale financial assets:			
- Loss on fair value changes	-	(103)	(103)
Foreign currency translation	386	-	386
At 31 December 2014	2,587	(200)	2,387

	Capital reserve RM'000	Fair value adjustment reserve RM'000	Total RM'000
Company			
At 1 January 2015	**400**	**(188)**	**212**
Other comprehensive income:			
Available-for-sale financial assets:			
- Gain on fair value changes	**-**	**44**	**44**
At 31 December 2015	**400**	**(144)**	**256**
At 1 January 2014	400	(132)	268
Other comprehensive income:			
Available-for-sale financial assets:			
- Loss on fair value changes	-	(56)	(56)
At 31 December 2014	400	(188)	212

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

33. Other reserves (cont'd)

(b) Fair value adjustment reserve

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

34. Retained earnings

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

The balance of the entire retained earnings as at 31 December 2015 and 31 December 2014 may be distributed as dividends under the single tier system.

35. Related party transactions

(i) Transactions with subsidiaries

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with subsidiaries during the financial year:

	Company	
	2015 RM'000	2014 RM'000
Management fees income received from subsidiaries	**-**	3,588
Interest income received from subsidiaries	**-**	346
Interest expense paid to a subsidiary	**-**	25
Gross dividends received from subsidiaries	**15,046**	45,354

	Company	
	2015 RM'000	2014 RM'000
Gross dividends received from subsidiaries:		
Loytape Industries Sdn. Bhd.	**740**	2,001
Central Mercantile Corporation (S) Ltd.	**-**	5,154
Cairnfield Sdn. Bhd.	**2,400**	4,000
Dusun Nyiur Sdn. Bhd.	**360**	-
General Aluminium Works (M) Sdn. Bhd.	**786**	3,199
Gopoint Sdn. Bhd.	**2,500**	-
Linshanhao Plywood (Sarawak) Sdn. Bhd.	**1,200**	9,000
Kuching Plywood Berhad	**740**	7,500
Piramid Intan Sdn. Bhd.	**2,400**	4,000
Sut Sawmill (3064) Sdn. Bhd.	**1,320**	3,000
Song Logging Company Sendirian Berhad	**2,600**	7,500
	15,046	45,354

35. Related party transactions (cont'd)

(ii) Transactions with other related parties

	Note	Group Transaction value 2015 RM'000	2014 RM'000
Contract fees paid in relation to logging operations:			
Ann Yun Logistics Sdn. Bhd.	a	**3,240**	3,238
Harbour-View Realty Sdn. Bhd.	b	**-**	312
Hung Ling Sawmill Sdn. Bhd.	c	**-**	552
United Agencies Sdn. Bhd.	d	**8,002**	11,282
W T K Realty Builder Sdn. Bhd.	e	**70**	354
W T K Realty Sdn. Bhd.	f	**317**	270
		11,629	16,008
Literage and freight:			
Master Ace Territory Sdn. Bhd.	i	**1,218**	1,257
Ocarina Development Sdn. Bhd.	h	**2,052**	1,786
W T K Realty Sdn. Bhd.	f	**7,164**	6,785
		10,434	9,828
Purchase of logs:			
Faedah Mulia Sdn. Bhd.	j	**3,443**	10,630
Harbour-View Realty Sdn. Bhd.	b	**4,201**	618
Harvard Rank Sdn. Bhd.	k	**-**	10,121
Ocarina Development Sdn. Bhd.	h	**41,754**	21,003
Protection Gloves Sdn. Bhd.	l	**3,378**	14,004
Sabal Sawmill Sdn. Bhd.	m	**-**	442
Sunrise Megaway Sdn. Bhd.	n	**-**	4,106
		52,776	60,924
Purchase of fertilizer:			
WTK Service & Warehousing Sdn. Bhd.	o	**9,595**	6,669
Purchase of frozen food:			
Sing Chew Coldstorage Sdn. Bhd.	p	**1,717**	1,771
Purchase of hardware and lubricants:			
WTK Service & Warehousing Sdn. Bhd.	o	**13,498**	14,505
W.T.K. Trading Sdn. Bhd.	q	**27**	293
		13,525	14,798

35. Related party transactions (cont'd)

(ii) Transactions with other related parties (cont'd)

	Note	Group Transaction value 2015 RM'000	2014 RM'000
Purchase of spare parts:			
WTK Service & Warehousing Sdn. Bhd.	o	**6,891**	10,064
W.T.K. Enterprises Sdn. Bhd.	r	**32**	48
		6,923	10,112
Road toll received:			
Elite Honour Sdn. Bhd.	g	**-**	1,542
Sales of logs:			
Harbour-View Realty Sdn. Bhd.	b	**-**	599
Sales of sawn timber:			
W T K Realty Builder Sdn. Bhd.	e	**131**	-
W T K Realty Sdn. Bhd.	f	**72**	-
		203	-

(a) Ann Yun Logistics Sdn. Bhd.

The family members of the late Datuk Wong Kie Nai are directors and major shareholders of Ann Yun Logistics Sdn. Bhd..

(b) Harbour-View Realty Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Harbour-View Realty Sdn. Bhd. whilst family members of late Datuk Wong Kie Nai and Wong Kie Chie are also directors and major shareholders of Harbour-View Realty Sdn. Bhd..

(c) Hung Ling Sawmill Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or a major shareholder of Hung Ling Sawmill Sdn. Bhd..

(d) United Agencies Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of United Agencies Sdn. Bhd..

35. Related party transactions (cont'd)

(ii) Transactions with other related parties (cont'd)

(e) W T K Realty Builder Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate) and Wong Kie Chie are directors and/or major shareholders of W T K Realty Builder Sdn. Bhd., whilst family members of the late Datuk Wong Kie Nai are also directors and/or major shareholders of W T K Realty Builder Sdn. Bhd..

(f) W T K Realty Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of W T K Realty Sdn. Bhd., whilst family members of Wong Kie Chie and the late Datuk Wong Kie Nai are also directors and/or a major shareholder of W T K Realty Sdn. Bhd..

(g) Elite Honour Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Elite Honour Sdn. Bhd., whilst family members of Datuk Wong Kie Yik and the late Datuk Wong Kie Nai are also directors and/or a major shareholder of Elite Honour Sdn. Bhd..

(h) Ocarina Development Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie, Patrick Wong Haw Yeong and W T K Realty Sdn. Bhd. are directors and/or major shareholders of Ocarina Development Sdn. Bhd., whilst family members of Wong Kie Chie and the late Datuk Wong Kie Nai are also directors and/or a major shareholder of Ocarina Development Sdn. Bhd..

(i) Master Ace Territory Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate) and Patrick Wong Haw Yeong are directors and/or major shareholders of Master Ace Territory Sdn. Bhd., whilst a family member of the late Datuk Wong Kie Nai is also a director of Master Ace Territory Sdn. Bhd..

(j) Faedah Mulia Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Faedah Mulia Sdn. Bhd., whilst a family member of the late Datuk Wong Kie Nai is also a director of Faedah Mulia Sdn. Bhd..

(k) Harvard Rank Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie, Patrick Wong Haw Yeong are directors and/or major shareholders of Harvard Rank Sdn. Bhd., whilst family members of Datuk Wong Kie Yik and the late Datuk Wong Kie Nai are also directors and/or a major shareholder of Harvard Rank Sdn. Bhd..

35. Related party transactions (cont'd)

(ii) Transactions with other related parties (cont'd)

(l) Protection Gloves Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Protection Gloves Sdn. Bhd..

(m) Sabal Sawmill Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or a major shareholder of Sabal Sawmill Sdn. Bhd.. Siew Doh Development Co. Sdn. Bhd. and Double E. Holdings Sdn. Bhd. are major shareholders of Sabal Sawmill Sdn. Bhd. and they are companies deemed connected to Datuk Wong Kie Yik and the late Datuk Wong Kie Nai (estate).

(n) Sunrise Megaway Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik and the late Datuk Wong Kie Nai (estate) are major shareholders of Sunrise Megaway Sdn. Bhd., whilst family members of the late Datuk Wong Kie Nai are also directors of Sunrise Megaway Sdn. Bhd..

(o) WTK Service & Warehousing Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Wong Kie Chie and Patrick Wong Haw Yeong are directors of WTK Service & Warehousing Sdn. Bhd. ("WTK Service & Warehousing"), whilst WTK Service & Warehousing is wholly-owned by W T K Realty Sdn. Bhd., a major shareholder of the Company. W T K Realty Sdn. Bhd. is also a company deemed connected to Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate) and Wong Kie Chie by virtue of their substantial shareholdings in W T K Realty Sdn. Bhd..

(p) Sing Chew Coldstorage Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik and Patrick Wong Haw Yeong are directors of Sing Chew Coldstorage Sdn. Bhd. ("Sing Chew"), whilst Sing Chew is wholly-owned by TMC Importer & Exporter Sdn. Bhd., a company deemed connected to Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate) and Wong Kie Chie and W T K Realty Sdn. Bhd..

(q) W.T.K. Trading Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie, Patrick Wong Haw Yeong are directors and/or major shareholders of W.T.K. Trading Sdn. Bhd. and the family members of late Datuk Wong Kie Nai are directors and/or major shareholders of W.T.K. Trading Sdn. Bhd..

35. Related party transactions (cont'd)

(ii) Transactions with other related parties (cont'd)

(r) W.T.K. Enterprises Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, the late Datuk Wong Kie Nai (estate), Wong Kie Chie and W T K Realty Sdn. Bhd. are directors and/or major shareholders of W.T.K. Enterprises Sdn. Bhd., whilst family members of the late Datuk Wong Kie Nai are also directors and/or major shareholders of W.T.K. Enterprises Sdn. Bhd..

Related parties are entities with common direct or indirect shareholders and/or directors. Related parties also include entities in which certain directors and/or substantial shareholders of the Company or persons connected to such directors and/or substantial shareholders have interest. Parties are considered to be related if the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 and 31 December 2014 are disclosed in Note 24 and Note 30.

(iii) Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits	**6,698**	5,299	**1,407**	1,398
Post-employment benefits:				
- Defined contribution plan	**548**	481	**113**	105
	7,246	5,780	**1,520**	1,503

Included in the remuneration of key management personnel are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total directors' remuneration (including benefits-in-kind) (Note 10)	**3,651**	2,949	**1,360**	1,195

36. Capital commitments

Capital expenditures as at the reporting date are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**-**	549	**-**	-

37. Other commitments

Finance lease commitments

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 13). These finance leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments:				
Not later than 1 year	**3,032**	4,273	**69**	109
Later than 1 year but not later than 2 years	**1,913**	2,382	**33**	103
Later than 2 years but not later than 5 years	**279**	652	**-**	-
Total minimum lease payments	**5,224**	7,307	**102**	212
Less: Amount representing finance charges	**(265)**	(374)	**(4)**	(12)
Present value of minimum lease payments	**4,959**	6,933	**98**	200

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Present value of minimum lease payments:				
Not later than 1 year	**2,847**	4,021	**66**	102
Later than 1 year but not later than 2 years	**1,786**	2,220	**32**	98
Later than 2 years but not later than 5 years	**326**	692	**-**	-
Present value of minimum lease payments	**4,959**	6,933	**98**	200
Less: Amount due within 12 months (Note 29)	**(2,847)**	(4,021)	**(66)**	(102)
Amount due after 12 months (Note 29)	**2,112**	2,912	**32**	98

38. Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies in Note 2 describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and financial liabilities measured at amortised cost by category as defined in FRS 139 and by statements of financial position heading.

38. Analysis of financial assets and liabilities by measurement basis (cont'd)

	Note	Financial assets and financial liabilities at amortised cost Group RM'000	Company RM'000
At 31 December 2015			
Financial assets			
Investment in reedemable convertible preference shares	19	**12,861**	**-**
Trade and other receivables	24	**119,225**	**41,879**
Cash and bank balances	26	**352,626**	**24,338**
		484,712	**66,217**
Financial liabilities			
Loans and borrowings	29	**310,682**	**98**
Trade and other payables	30	**87,668**	**23,604**
		398,350	**23,702**
At 31 December 2014			
Financial assets			
Investment in reedemable convertible preference shares	19	11,522	-
Trade and other receivables	24	68,139	40,025
Cash and bank balances	26	272,588	27,466
		352,249	67,491
Financial liabilities			
Loans and borrowings	29	282,204	200
Trade and other payables	30	85,166	22,675
Land premium payables	31	424	-
		367,794	22,875

Financial assets measured at fair value are disclosed in Note 39(c).

notes to the financial statements (cont'd)
for the financial year ended 31 December 2015

39. Fair value of financial instruments

(a) Set out below is a comparison of the carrying amounts and fair values of the Group’s financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

	Note	Carrying amount 2015 RM'000	Carrying amount 2014 RM'000	Fair value 2015 RM'000	Fair value 2014 RM'000
Financial assets					
Group					
Available-for-sale financial assets					
Unquoted investments	19	**100**	100	*	*

* Fair value information has not been disclosed for the Group's investment in equity instruments that is carried at cost because fair value cannot be measured reliably.

	Note	Carrying amount 2015 RM'000	Carrying amount 2014 RM'000	Fair value 2015 RM'000	Fair value 2014 RM'000
Financial liabilities					
Group					
Loans and borrowings (non-current)					
3.00% p.a. fixed rate RM loan	29	**17,174**	16,773	**12,837**	12,408

(b) Determination of fair value

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

	Note
Investment in redeemable convertible preference shares	19
Trade and other receivables (current)	24
Loans and borrowings (current and non-current except for obligation under finance lease and 3.00% p.a. fixed rate RM loan)	29
Trade and other payables (current)	30

(i) Investment in redeemable convertible preference shares

Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest and assumptions regarding market liquidity.

(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) Other receivables and other payables

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

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

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

(iv) Loans and borrowings

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

(c) Fair value hierarchy

The Group and the Company classify 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 and of the Company's assets and liabilities.

Quantitative disclosures of the fair value measurement hierarchy as at 31 December 2015 and 31 December 2014 were as follows:

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value:					
Group					
Available-for-sale financial assets					
- Quoted investments	31 December 2015	**1,141**	**-**	**-**	**1,141**
	31 December 2014	1,130	-	-	1,130
Company					
Available-for-sale financial assets					
- Quoted investments	31 December 2015	**1,102**	**-**	**-**	**1,102**
	31 December 2014	1,058	-	-	1,058

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

(c) Fair value hierarchy (cont'd)

Quantitative disclosures of the fair value measurement hierarchy as at 31 December 2015 and 31 December 2014 were as follows: (cont'd):

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets for which fair values are disclosed:					
Group					
Investment properties	31 December 2015	**-**	**-**	**-**	**-**
	31 December 2014	-	-	42,829	42,829
Company					
Investment properties	31 December 2015	**-**	**-**	**-**	**-**
	31 December 2014	-	-	3,077	3,077
Liabilities for which fair values are disclosed:					
Group					
Interest-bearing loans and borrowings					
- 3.00% p.a. fixed rate RM loan	31 December 2015	**-**	**12,837**	**-**	**12,837**
	31 December 2014	-	12,408	-	12,408

There have been no transfers between Level 1 to Level 3 during the financial year.

40. 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 key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer, Group Finance Manager and Finance Managers of each subsidiary. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing mainly with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades 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:

- The carrying amount of each class of financial assets recognised in the statements of financial position, and

- A nominal amount of RM269,179,000 (2014: RM214,457,000) relating to corporate guarantees to banks and financial institutions on behalf of subsidiaries.

  As at the reporting date, no values are placed on the unsecured corporate guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the corporate guarantees to be minimal and the likelihood of default to be low.

Credit risk concentration profile

Trade receivables

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2015		2014	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	**14,325**	**40%**	18,242	41%
India	**261**	**1%**	138	0%
Japan	**8,690**	**25%**	15,415	35%
Australia	**1,042**	**3%**	1,361	3%
Philippines	**528**	**1%**	361	1%
Indonesia	**174**	**1%**	94	0%
Singapore	**6,683**	**19%**	5,882	13%
Other countries	**3,679**	**10%**	2,975	7%
	35,382	**100%**	44,468	100%

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

(a) Credit risk (cont'd)

Other receivables

Included in other receivables of the Group and of the Company are amounts due from an associate, subsidiaries and related parties. The Group provided unsecured advances to an associate and undertook certain transactions with related parties. The Company also provided unsecured advances to subsidiaries. There are no fixed repayment terms imposed on amounts due from an associate, subsidiaries and related parties as the credit risk is managed on a Group basis by the management of the Group to ensure that risk of losses incurred by the Group and the Company due to non-repayment by these companies is minimised.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

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 24. Deposits with banks and other financial institutions and investment securities 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 is disclosed in Note 24.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting 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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that not more than 80% (2014: 80%) of loans and borrowings should mature in the next one year period, and to maintain sufficient liquid financial assets. At the reporting date, approximately 54% (2014: 45%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements (Note 29).

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Financial liabilities:	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2015				
Group				
Trade and other payables	**87,881**	**-**	**-**	**87,881**
Loans and borrowings	**160,591**	**111,000**	**45,161**	**316,752**
Total undiscounted financial liabilities	**248,472**	**111,000**	**45,161**	**404,633**
Company				
Trade and other payables, excluding financial guarantees*	**23,604**	**-**	**-**	**23,604**
Loans and borrowings	**69**	**33**	**-**	**102**
Total undiscounted financial liabilities	**23,673**	**33**	**-**	**23,706**
2014				
Group				
Trade and other payables	81,330	4,590	-	85,920
Loans and borrowings	138,079	122,692	58,569	319,340
Land premium payable	424	-	-	424
Total undiscounted financial liabilities	219,833	127,282	58,569	405,684
Company				
Trade and other payables, excluding financial guarantees*	18,839	4,590	-	23,429
Loans and borrowings	109	103	-	212
Total undiscounted financial liabilities	18,948	4,693	-	23,641

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

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

(c) Interest rate risk (cont'd)

The Group’s and the Company’s exposure to interest rate risk arises primarily from their loans and borrowings at floating rates. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM1,082,000 (2014: RM969,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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 has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollar (USD), Singapore Dollar (SGD), Japanese Yen (JPY) and Hong Kong Dollar (HKD).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in Singapore. The Group’s net investments in Singapore are not hedged as currency positions in SGD is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group’s profit net of tax to a reasonably possible change in the USD, SGD, JPY and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group Profit net of tax	
		2015 RM’000	2014 RM’000
USD/RM	- strengthened 5%	**610**	1,288
	- weakened 5%	**(610)**	(1,288)
SGD/RM	- strengthened 5%	**1**	30
	- weakened 5%	**(1)**	(30)
JPY/RM	- strengthened 5%	**-**	2
	- weakened 5%	**-**	(2)
HKD/RM	- strengthened 5%	**39**	-
	- weakened 5%	**(39)**	-

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

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are substantially listed on the Tokyo Stock Exchange in Japan. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

At the reporting date, 8% (2014: 8%) of the Group's equity portfolio consists of non-investment grade shares of companies operating in Malaysia, while the remaining portion of the equity portfolio comprises investment grade shares included in the Bursa Malaysia and Tokyo Stock Exchange in Japan.

Sensitivity analysis for equity price risk

At the reporting date, if the Bursa Malaysia had been 5% (2014: 5%) higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM55,000 (2014: RM53,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

At the reporting date, if the Tokyo Stock Exchange in Japan had been 5% (2014: 5%) higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM1,800 (2014: RM3,400) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for sale.

41. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the Company less the fair value adjustment reserve.

41. Capital management (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Loans and borrowings	29	**310,682**	282,204	**98**	200
Trade and other payables	30	**87,668**	85,166	**23,604**	22,675
Less: Cash and bank balances	26	**(352,626)**	(272,588)	**(24,338)**	(27,466)
Net debt/(cash)		**45,724**	94,782	**(636)**	(4,591)
Equity attributable to the owners of the Company		**1,378,422**	1,324,164	**577,396**	578,909
Less: Fair value adjustment reserve	33	**(196)**	(200)	**(144)**	(188)
Total capital		**1,378,618**	1,324,364	**577,540**	579,097
Capital and debt		**1,424,342**	1,419,146	**576,904**	574,506
Gearing ratio		**3%**	7%	**N/A***	N/A*

* Not applicable as the Company was in a net cash position.

42. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(i) Timber - the extraction and sale of timber, manufacture and sale of plywood, veneer and sawn timber.

(ii) Plantation - cultivation of oil palm and tree planting.

(iii) Trading - the trading of tapes, foil, papers and electrostatic discharge products.

(iv) Manufacturing - conversion of aluminium foils, flexible packaging, metallized and electrostatic discharge products, manufacture and sale of adhesive and gummed tapes.

(v) Investment holding and others - investment holding, property investment, property rental and car park operation, none of which are of a sufficient size to be reported separately.

(vi) Oil and gas - provision of Offshore Service Vessels (OSV) to the oil majors in Malaysia and the regions, specifically Accommodation Work Boats (AWB), a segment within the OSV sector.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

42. Segment information (cont'd)

	Timber		Plantation		Trading		Manufacturing		Investment holding and others		Oil and gas		Adjustments and eliminations			Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	Notes	2015 RM'000	2014 RM'000
Revenue																	
External sales	**573,671**	547,577	**11,015**	3,820	**47,584**	45,359	**63,087**	76,166	**3,807**	3,730	**25,545**	-	**-**	-		**724,709**	676,652
Inter-segment sales	**195,061**	166,151	**798**	2,138	**354**	359	**17,710**	17,419	**15,046**	49,288	**-**	-	**(228,969)**	(235,355)	A	**-**	-
Total revenue	**768,732**	713,728	**11,813**	5,958	**47,938**	45,718	**80,797**	93,585	**18,853**	53,018	**25,545**	-	**(228,969)**	(235,355)		**724,709**	676,652
Results																	
Interest income	**4,420**	4,180	**6**	-	**60**	23	**45**	-	**927**	1,127	**385**	-	**-**	(346)		**5,843**	4,984
Dividend income	**105**	30	**-**	-	**-**	-	**-**	1,000	**15,087**	45,366	**-**	-	**(15,046)**	(46,354)		**146**	42
Depreciation and amortisation	**38,037**	37,627	**1,863**	696	**528**	306	**3,098**	3,364	**491**	613	**-**	-	**2,836**	2,898		**46,853**	45,504
Share of result of an associate	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**3,754**	-	**(2,657)**	-		**1,097**	-
Share of result of a joint venture	**-**	-	**-**	-	**-**	-	**-**	16	**-**	-	**-**	-	**-**	-		**-**	16
Other non-cash expenses/(gain)	**9,384**	2,029	**1,728**	2,483	**16**	33	**121**	72	**(4,656)**	(562)	**-**	-	**(4,700)**	243	B	**1,893**	4,298
Profit/(loss) before tax	**65,254**	38,804	**(12,792)**	(8,500)	**4,590**	4,416	**8,674**	7,920	**14,906**	47,079	**9,905**	-	**(14,665)**	(40,108)	C	**75,872**	49,611
Assets																	
Investment in an associate	**-**	-	**-**	-	**-**	-	**-**	-	**81,477**	70,377	**-**	-	**(10,263)**	-		**71,214**	70,377
Investment in a joint venture	**-**	-	**-**	-	**-**	-	**1,582**	1,582	**-**	-	**-**	-	**-**	-		**1,582**	1,582
Additions to non-current assets	**10,822**	19,894	**35,824**	38,869	**682**	111	**2,303**	1,969	**27**	81,953	**-**	-	**(2,037)**	(443)	D	**47,621**	142,353
Segment assets	**582,008**	581,495	**526,683**	494,541	**41,325**	34,632	**113,081**	116,114	**542,567**	549,955	**55,736**	-	**11,228**	12,957	E	**1,872,628**	1,789,694
Segment liabilities	**324,233**	120,696	**6,731**	204,000	**6,257**	6,602	**18,227**	25,234	**16,473**	13,801	**29,034**	-	**78,611**	79,488	F	**479,566**	449,821

42. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses/(gain) consist of the following items as presented in the respective notes to the financial statements:

	2015 RM'000	2014 RM'000
Accretion of interest on Redeemable Convertible Preference Shares	**(1,339)**	-
Allowance for impairment of financial assets	**9,960**	3,959
Bad debts recovered	**(10)**	-
Bad debts written off	**-**	17
Gain on disposal of investment properties	**(9,902)**	-
Inventories written down	**17**	-
Inventories written off	**470**	83
Impairment loss on intangible asset	**2,308**	-
Net loss/(gain) on disposal of property, plant and equipment	**177**	(105)
Property, plant and equipment written off	**212**	344
	1,893	4,298

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statements of profit or loss and other comprehensive income:

	2015 RM'000	2014 RM'000
Finance costs	**-**	346
Profit from inter-segment dividend received	**(15,762)**	(40,459)
Share of results of an associate	**1,097**	-
Share of results of a joint venture	**-**	16
Unallocated corporate income	**-**	(11)
	(14,665)	(40,108)

D Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Biological assets	**32,912**	35,398
Investment in an associate	**-**	70,377
Investment in Redeemable Convertible Preference Shares	**-**	11,522
Property, plant and equipment	**14,709**	25,056
	47,621	142,353

42. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

E The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:

	2015 RM'000	2014 RM'000
Deferred tax assets	**43**	2,136
Investment in a joint venture	**1,582**	1,582
Tax recoverable	**9,603**	9,239
	11,228	12,957

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2015 RM'000	2014 RM'000
Deferred tax liabilities	**76,251**	75,937
Income tax payable	**2,360**	3,551
	78,611	79,488

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	**110,561**	88,227	**1,115,787**	1,155,321
Japan	**341,233**	322,671	**-**	-
India	**96,268**	90,371	**-**	-
Taiwan	**65,094**	61,982	**-**	-
Singapore	**35,119**	30,671	**11,735**	11,400
Philippines	**20,730**	16,779	**-**	-
People's Republic of China	**18,638**	20,522	**-**	-
Indonesia	**6,571**	12,340	**-**	-
Australia	**9,753**	10,909	**-**	-
Thailand	**4,775**	6,132	**-**	-
Vietnam	**7,871**	6,527	**-**	-
Korea	**3,166**	4,479	**-**	-
Other countries	**4,930**	5,042	**-**	-
	724,709	676,652	**1,127,522**	1,166,721

Non-current assets exclude deferred tax assets and financial instruments in the above analysis.

43. Dividends

	Group and Company	
	2015 RM'000	2014 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single-tier dividend of 5.04% (2.52 sen net per share) in respect of year ended 31 December 2013	-	10,942
- Final single-tier dividend of 3.66% (1.83 sen net per share) in respect of year ended 31 December 2014	**8,738**	-
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final single-tier dividend of 3.66% (1.83 sen net per share) in respect of year ended 31 December 2014	-	8,738
- Final single-tier dividend of 4.98% (2.49 sen net per share) in respect of year ended 31 December 2015	**11,889**	-

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2015, of 4.98% or 2.49 sen net per share of RM0.50 each on 481,344,552 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of approximately RM11,889,000 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 shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

44. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	**1,355,851**	1,297,080	**275,943**	277,500
- Unrealised	**(71,456)**	(71,453)	**(17)**	(38)
	1,284,395	1,225,627	**275,926**	277,462
Total share of profits from an associate:				
- Realised	**837**	-	**-**	-
Total share of losses from a joint venture:				
- Realised	**(244)**	(244)	**-**	-
	1,284,988	1,225,383	**275,926**	277,462
Less: Consolidation adjustments	**(213,622)**	(204,841)	**-**	-
Total retained earnings as per financial statements	**1,071,366**	1,020,542	**275,926**	277,462

The determination of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purpose.

list of properties
as at 31 December 2015

Address/Location	Area	Tenure	Description	Date of last valuation/ acquisition	Age of Building	Net book value at cost (RM'000)
Lot 692 Mukim 1 Prai Industrial Estate Province Wellesley	3.14 acres	Leasehold (Expires in 2045)	Land with Factory	1 January 2011	31 years	3,568
Lot 682 Mukim 1 Prai Industrial Estate Province Wellesley	2 acres	Leasehold (Expires in 2069)	Land with Factory	1 January 2011	44 years	} 3,735
Lot 2806 Mukim 1 Prai Industrial Estate	1 acre	Leasehold (Expires in 2072)	Land with Factory	1 January 2011	44 years	}
Lot 3318 76 km milestone Ipoh/Penang Main Trunk Road 34008 Taiping Perak Darul Ridzuan	15.72 acres	Freehold	Land with Factory	1 January 2011	43 years	15,993
38 plots of land in town of Lumut District of Manjung Perak Darul Ridzuan	98,049 sq.ft.	Freehold	Vacant Land	24 June 1994	-	860
41 parcels of land of Taman Kuningsari * District of Larut & Matang Perak Darul Ridzuan	108,652 sq.ft.	Leasehold (Expires in 2083)	Vacant Land	22 August 1991	-	391
Level 2 & 3 *** Wisma Central Lot 150, Section 58 Jalan Ampang 50450 Kuala Lumpur	108,597 sq.ft.	Freehold	Car Parks	1 January 2011	35 years	14,483
No. 86 * Tagore Lane Industrial Estate	11,354 sq.ft.	Freehold	Land with office & warehouse	30 September 1983	32 years	4,121
No. 88 * Tagore Lane Industrial Estate	7,685 sq.ft.	Freehold	Land with Warehouse	21 July 2007	32 years	6,386

list of properties (cont'd)
as at 31 December 2015

Address/Location	Area	Tenure	Description	Date of last valuation/ acquisition	Age of Building	Net book value at cost (RM'000)
Lot 5415 & Lot 5428 KTLD Kuching	2.4361 hectares	Leasehold (Expires in 2040)	Plywood factory, office, labour quarters and warehouse	31 December 1995	29 years	9,842
Engkilo Land District Sibu Lot 1900 Lot 1939	6.2068 hectares	Leasehold (Expires in 2075) (Expires in 2114)	Sawmill factory, office, labour quarters and warehouse	2 September 1996	25 years	16,265
Telok Engkalat Sibu Lot 4905 Lots 25846 & 25847 Lot 31771 Lot 30974 Lot 30428 Lot 31754 Lot 370	10.7965 hectares	Leasehold (Expires in 2024) (Expires in 2034) (Expires in 2024) (Expires in 2039) (Expires in 2038) (Expires in 2039) Freehold	Sawmill factory, office, labour quarters and warehouse	2 September 1996	22 years	12,525
Ensurai & Empawah Sibu Lot 895, Block 8	8.698 hectares	Leasehold (Expires in 2113)	Sawmill factory Warehouse Labour quarter Office	2 September 1996	25 years 25 years 20 years 20½ years	15,263
Kemena Land district Bintulu Lots 664, 31 & 145	7.9906 hectares	Freehold	Plywood factory Warehouse and Labour quarters Office	1 January 1996	25 years 21 years 21 years	44,493
Lot 818	0.5285 hectares	Leasehold (Expires in 2065)	Log pond	30 August 2005	10 years	180
Lot 3 ** Suad Land District Kapit	8.0087 hectares	Leasehold (Expired in 2008)	Sawmill & log pond New factory extensions New factory	2 September 1996	42 years 14 years 9 years	- 461 639
Lots 127 & 128 Katibas Land District Kapit	7.3935 hectares	Leasehold (Expires in 2021)	Log pond	2 September 1996	-	97
Lot 1328, Block 48 Sarikei Land District Bintulu	4,610 sq.ft.	Leasehold (Expires in 2019)	2-storey semi-detached industrial shophouse	2 September 1996	35 years	24
Lot 837 * Kemena Land District Bintulu	3,400 sq.ft.	Leasehold (Expires in 2044)	2-storey corner terrace house	2 September 1996	30 years	85
Lot 1079 No. 9 * 11-E, Jalan Jerrwit Barat, Sibu	1,461 sq.ft.	Leasehold (Expires in 2063)	3-storey intermediate shophouse	31 March 2004	11 years	298

list of properties (cont'd) as at 31 December 2015

Address/Location	Area	Tenure	Description	Date of last valuation/ acquisition	Age of Building	Net book value at cost (RM'000)
Lot 1102, Block 9, Sibu	122 sq. meter	Leasehold (Expires in 2065)	3-storey intermediate shophouse	31 October 2011	4 years	455
Menuan Land District Kapit	16.617 hectares	Leasehold	Log pond and labour quarters		-	20
Lot 44 *		(Expires in 2019)		8 September 2000		
Lot 145 *		(Expires in 2020)		8 August 2000		
Lot 146 *		(Expires in 2022)		8 September 2000		
Lot 699, Block 7 * Demak Laut Industrial Park Jalan Bako, Kuching	29.04 hectares	Leasehold (Expires in 2051)	Plywood factory, office, labour quarter and warehouse	31 July 2006	33 years	110,719
Lot 2577 * Danau Land District, Limbang	1,687 hectares	Leasehold (Expires in 2059)	Oil palm plantations, office, staff quarter, labour quarter and store	18 March 2008	6 years	15,407
Lot 2578 * Danau Land District, Limbang	192 hectares	Leasehold (Expires in 2059)	Oil palm plantations	1 January 2008	-	1,362
Lot 3686 * Pandaruan Land District, Limbang	85 hectares	Leasehold (Expires in 2059)	Oil palm plantations	1 January 2008	-	603
Lot 3691 * Pandaruan Land District, Limbang	480 hectares	Leasehold (Expires in 2059)	Oil palm plantations	1 January 2008	-	3,451
Lot 3693 * Pandaruan Land District, Limbang	1,037 hectares	Leasehold (Expires in 2059)	Oil palm plantations	1 January 2008	-	7,398
Lot 11 *, Dulit Land District, Sungai Lamah, Baram, Miri	6,071 hectares	Leasehold (Expires in 2068)	Oil palm plantations, labour quarter, office, staff quarter, store, canteen and workshop	5 May 2008	6 years	36,647
Lot 203 *, Teraja Land District, Along Batang Baram, Baram, Miri	2,420 hectares	Leasehold (Expires in 2071)	Oil palm plantations and labour quarters	31 December 2010	2 years	2,535
Lot 2077 *, Kuala Baram Land District, Miri	849 hectares	Leasehold (Expires in 2065)	Oil palm plantations, labour quarter, office, store, workshop and staff quarter	24 January 2011	5 years	2,637

* The date stated refers to the date of acquisition
** Application for extension of the lease is pending approval by the relevant authority
*** Assets classified as held for sale

statistic of shareholdings
as at 31 March 2016

Authorised Capital	:	RM1,000,000,000.00
Issued and fully Paid-up Capital	:	RM240,672,276
Number of Shares Issued	:	481,344,552
Number of Shares Retained in Treasury	:	3,861,000
Number of Shareholders	:	6,530
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per RM0.50 share

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
Less than 100	103	1.58	3,687	0.00
100 to 1,000	557	8.53	452,373	0.09
1,001 to 10,000	3,793	58.08	20,713,674	4.34
10,001 to 100,000	1,759	26.94	56,497,855	11.84
100,001 to less than 5% of issued shares	314	4.81	266,110,554	55.73
5% and above of issued shares	4	0.06	133,705,409	28.00
Total	**6,530**	**100.00**	**477,483,552**	**100.00**

DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

NAME	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
Pemanca Datuk Wong Kie Yik	11,025,160	2.31	146,860,406*	30.76
Wong Kie Chie	13,117,524	2.75	146,860,406*	30.76
Patrick Wong Haw Yeong	1,000,000	0.21	-	-
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	-	-	-	-
Tham Sau Kien	-	-	-	-
Ting Soon Eng	-	-	-	-
Dr. Loh Leong Hua	-	-	-	-
Alfian Bin Mohamed Basir	6,235,313	1.31	-	-

Note:

* *Deemed interested through W T K Realty Sdn Bhd, Harbour-View Realty Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Companies Act, 1965 ("the Act").*

statistic of shareholdings (cont'd) as at 31 March 2016

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
W T K Realty Sdn Bhd	64,949,844	13.60	65,909,818[1]	13.80
Ocarina Development Sdn Bhd	40,972,318	8.58	-	-
Kosa Bahagia Sdn Bhd	24,937,500	5.22	-	-
Pemanca Datuk Wong Kie Yik	11,025,160	2.31	146,860,406[2]	30.76
The late Datuk Wong Kie Nai (estate)	17,403,314	3.64	146,860,406[2]	30.76
Wong Kie Chie	13,117,524	2.75	146,860,406[2]	30.76

Notes:
1. *Deemed interested through Kosa Bahagia Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Act.*
2. *Deemed interested through W T K Realty Sdn Bhd, Harbour-View Realty Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Act.*

THIRTY LARGEST REGISTERED HOLDERS

NAME OF HOLDERS	SHAREHOLDINGS	%
1. W T K Realty Sdn Bhd	40,134,229	8.41
2. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for W T K Realty Sdn Bhd	35,029,166	7.34
3. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Ocarina Development Sdn Bhd	33,604,514	7.04
4. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Kosa Bahagia Sdn Bhd	24,937,500	5.22
5. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Kathryn Ma Wai Fong (PB)	17,403,314	3.64
6. Wong Kie Chie	13,117,524	2.75
7. Lembaga Tabung Haji	8,949,700	1.87
8. Beh Huck Lee	8,615,385	1.80
9. W T K Realty Sdn Bhd	7,813,224	1.64
10. HSBC Nominees (Asing) Sdn Bhd Exempt AN for the Bank of New York Mellon (MELLON ACCT)	7,394,400	1.55
11. Goh Chung Sen	6,324,401	1.32
12. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Harbour-View Realty Sdn Bhd	6,151,926	1.29
13. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,108,850	1.28

statistic of shareholdings (cont'd) as at 31 March 2016

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

NAME OF HOLDERS	SHAREHOLDINGS	%
14. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Kie Yik	5,881,000	1.23
15. Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	5,705,800	1.19
16. Alfian Bin Mohamed Basir	5,235,313	1.10
17. Amanahraya Trustees Berhad Public Strategic Smallcap Fund	5,116,400	1.07
18. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong SiLing (CEB)	4,474,600	0.94
19. Citigroup Nominees (Asing) Sdn Bhd UBS AG	4,457,451	0.93
20. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for W T K Realty Sdn Bhd	4,000,000	0.84
21. DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for Government of the Province of Alberta	3,713,600	0.78
22. CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	3,526,400	0.74
23. Maybank Nominees (Tempatan) Sdn Bhd Etiqa Takaful Berhad (Annuity PIF EQ)	3,271,900	0.68
24. Ali Noor Azlin Bin Alias	3,140,483	0.66
25. Haryati Binti Radi	3,140,483	0.66
26. Tengku Saiffuddin Bin Tengku Abdullah	3,140,483	0.66
27. CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	3,064,000	0.64
28. Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,834,550	0.59
29. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Kathryn Ma Wai Fong (PB)	2,797,382	0.59
30. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,793,000	0.58
Total	**281,876,978**	**59.03**

Note:
The statistic of shareholdings is computed based on the issued and paid-up capital of the Company after deducting of 3,861,000 Treasury Shares held as at 31 March 2016.

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth Annual General Meeting of the Company will be held at Igan Room, Level 1, Tanahmas Hotel, Lot 277, Block 5, Jalan Kampong Nyabor, 96000 Sibu, Sarawak, Malaysia on Friday, 3 June 2016 at 10.00 a.m. for the following business:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the declaration of a final single-tier dividend of 4.98% or 2.49 sen net per share of RM0.50 each in respect of the financial year ended 31 December 2015. **Resolution 2**

3. To approve payment of Directors' fees amounting to RM596,032 for the financial year ended 31 December 2015. **Resolution 3**

4. To re-elect the following Directors who retire by rotation in accordance with Article 96 of the Company's Articles of Association :-

   (a) Mr. Wong Kie Chie **Resolution 4**

   (b) Ms. Tham Sau Kien **Resolution 5**

5. To consider and if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965 :-

   "**THAT** Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **Resolution 6**

6. To consider and if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965 :-

   "**THAT** Pemanca Datuk Wong Kie Yik who retires pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **Resolution 7**

7. To re-appoint Messrs Deloitte 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, to pass the following resolutions:

8. **Ordinary Resolution**

   Retention of Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as Independent Non-Executive Director in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 **Resolution 9**

   "**THAT** Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine years be and is hereby retained as an Independent Non-Executive Director of the Company."

9. **Ordinary Resolution**

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 10**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, authority be and is hereby given to the Directors to issue shares in the capital of the Company from time to time at such price upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being, subject to the Companies Act, 1965, the Articles of Association of the Company and the approval from Bursa Malaysia Securities Berhad and other relevant authorities where such approval is necessary **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

10. **Ordinary Resolution**

Proposed Renewal of Share Buy-Back Mandate **Resolution 11**

"**THAT** subject to the Companies Act, 1965, the Company's Memorandum and Articles of Association and all applicable laws, regulations and guidelines, and the approval of the relevant authorities, a renewal of mandate be and is hereby granted to the Company to purchase and hold such amount of ordinary shares of RM0.50 each ("Shares") in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of Shares purchased and held as treasury shares does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any given point in time and that the amount to be utilised for the Proposed Purchases, which will be financed via internally-generated funds of the Group will not exceed the retained profit reserve and/or share premium reserve of the Company. The audited retained profit reserve and audited share premium reserve of the Company as at 31 December 2015 were RM275,926,000 and RM68,674,000 respectively and stood at RM289,042,000 and RM68,674,000 respectively based on the Management Accounts as at 31 March 2016;

AND THAT the Shares of the Company to be purchased will not be cancelled and are proposed to be retained as treasury shares or distributed as dividends or re-sold on the Bursa Securities **AND THAT** the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchases **AND FURTHER THAT** such authority shall commence immediately upon the passing of this ordinary resolution until:

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
(iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities."

notice of annual general meeting (cont'd)

11. **Ordinary Resolution**

    Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **Resolution 12**

    "**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of Part B of the Circular to Shareholders dated 28 April 2016 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company **AND THAT** such approval shall continue to be in force until:

    (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
    (ii) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
    (iii) revoked or varied by a resolution passed by the shareholders in general meeting,

    whichever is the earlier;

    AND FURTHER THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

12. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Mee Lian
Company Secretary
(MAICSA 0869665)

Kuala Lumpur
28 April 2016

notice of annual general meeting (cont'd)

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 27 May 2016 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and does not need to comply with Section 149(1)(b) of the Companies Act, 1965. A proxy appointed to attend and vote at the Meeting shall have the same right as the member to speak at the Meeting.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.

6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereat.

Explanatory Notes on Special Business

(a) In respect of the proposed Ordinary Resolution No. 9, the Board proposed to retain the status of Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as an Independent Non-Executive Director of the Company. The Board has assessed and determined that Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) who has served on the Board for 20 years, remain independent and objective in deliberations and decision making of the Board and Board Committees. Further, his position on the Board has not been compromised by his familiarity and long relationships with other Board members.

(b) The proposed Ordinary Resolution No. 10, if passed, will give authority to the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

    As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting.

    The renewal of mandate pursuant to Section 132D of the Companies Act, 1965 will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions, which the Directors deem necessary and feasible.

(c) The proposed Ordinary Resolution No. 11, if passed, will give the Directors of the Company the continuing authority to purchase the Company's own shares up to an amount not exceeding in total 10% of its issued share capital at any point in time upon such terms and conditions as the Directors may deem fit in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

(d) The proposed Ordinary Resolution No. 12, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in compliance with Paragraph 10.09, Part E of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

    The details of the proposed Ordinary Resolutions No. 11 and 12 are contained in the Statement/Circular to Shareholders dated 28 April 2016 accompanying the Company's Annual Report 2015.

This page has been intentionally left blank.

W T K HOLDINGS BERHAD
(10141-M)
Incorporated in Malaysia

FORM OF PROXY

I/We ____
(Full Name in Capital Letters)

NRIC / Company No. ______________________ of ______________________

____
(Full Address)

being a member(s) of **W T K HOLDINGS BERHAD** hereby appoint ______________________
(Full Name in Capital Letters)

______________________ NRIC No. ______________________

of ____
(Full Address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy, to vote for *me/us and on *my/our behalf at the Forty-Fourth Annual General Meeting of the Company to be held at Igan Room, Level 1, Tanahmas Hotel, Lot 277, Block 5, Jalan Kampong Nyabor, 96000 Sibu, Sarawak, Malaysia on Friday, 3 June 2016 at 10.00 a.m. and at any adjournment thereat.

*My/Our proxy is to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
1	To receive the Audited Financial Statements and Reports for the financial year ended 31 December 2015		
2	Approval of final single-tier dividend		
3	Approval of Directors' Fees		
4	Re-election of Mr Wong Kie Chie as Director		
5	Re-election of Ms Tham Sau Kien as Director		
6	Re-appointment of Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as Director		
7	Re-appointment of Pemanca Datuk Wong Kie Yik as Director		
8	Re-appointment of Messrs. Deloitte as Auditors and authorising the Directors to fix their remuneration		
	SPECIAL BUSINESS		
9	Retention of Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as Independent Non-Executive Director		
10	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
11	Proposed Renewal of Share Buy-Back Mandate		
12	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with "X" how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Number of Shares Held	CDS Account No.

Dated this ______________ day of ______________________ 2016

(Please delete if not applicable)*

____
Signature/Common Seal of Shareholder(s)

Notes :-

1. Only depositors whose names appear in the Record of Depositors as at 27 May 2016 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and does not need to comply with Section 149(1)(b) of the Companies Act, 1965. A proxy appointed to attend and vote at the Meeting shall have the same right as the member to speak at the Meeting.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereat.

Please fold here

Stamp/Setem

The Company Secretary

W T K HOLDINGS BERHAD (10141-M)

Lot No. 25(AB), 25th Floor,

UBN Tower, No. 10, Jalan P. Ramlee,

50250 Kuala Lumpur,

Malaysia

Please fold here

W T K HOLDINGS BERHAD (10141-M)

ANNUAL REPORT 2015

W T K HOLDINGS BERHAD (10141-M)

Lot No. 25(AB),
25th Floor, UBN Tower,
No. 10, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia

t 03-2078 8110   f 03-2078 7718

www.wtkholdings.com