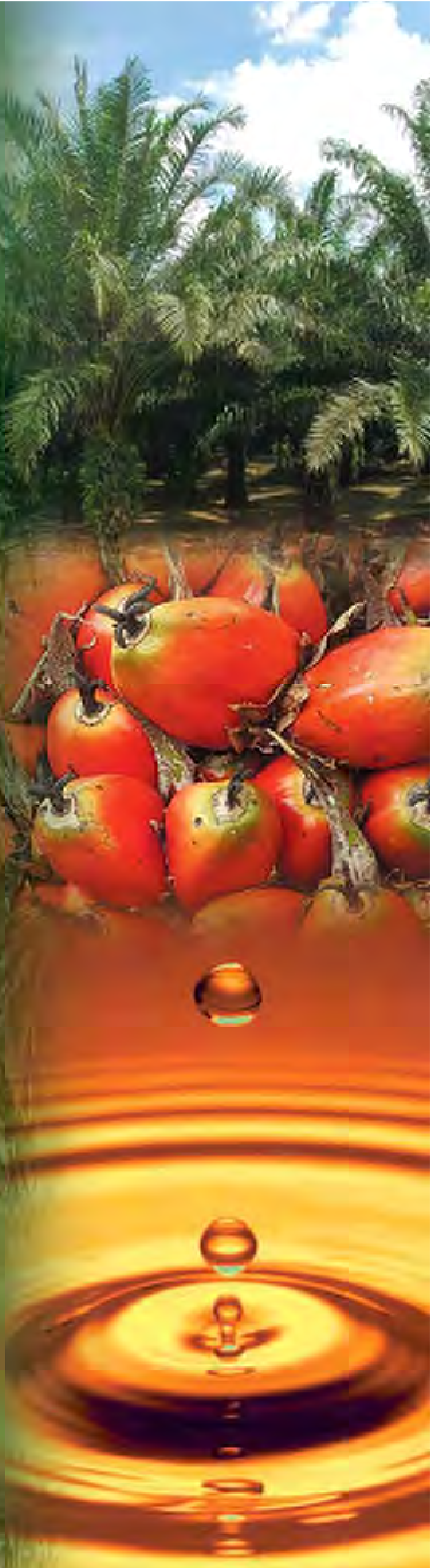
SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD

(Company No: 3327 U)
Incorporated in Malaysia



2015
ANNUAL REPORT

C O N T E N T S

SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh Annual General Meeting of **SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD** will be held at Thistle Johor Bahru Hotel, Dahlia & Seroja (LG Floor), Jalan Sungai Chat, 80720 Johor Bahru, Johor, Malaysia on Thursday, 10 December 2015 at 10.00 a.m. to transact the following businesses:

Agenda

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2015 together with the Directors' and Auditors' Reports thereon. ***REFER TO EXPLANATORY NOTE A***
2. To approve the payment of a First and final tax exempt (single tier) dividend of 2% for the financial year ended 30 June 2015. **RESOLUTION 1**
3. To approve the payment of Directors' Fees of up to the maximum amount of RM450,000 for the financial year ending 30 June 2016. **RESOLUTION 2**
4. To re-elect the following Directors who retire during the year in accordance with the Company's Articles of Association and being eligible, offer themselves for re-election:

   a) Lee Chung-Shih - Article 84 **RESOLUTION 3**

   b) Tay Beng Chai - Article 89 **RESOLUTION 4**

   c) Cheong Mun Hong - Article 89 **RESOLUTION 5**
5. To consider, and if thought fit, to pass the following resolution:

   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Lee Soo Hoon be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **RESOLUTION 6**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. **RESOLUTION 7**

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following Ordinary Resolutions:

   ORDINARY RESOLUTION 1 **RESOLUTION 8**
   CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR
   "**THAT** subject to the passing of Resolution 6, authority be and is hereby given to Lee Soo Hoon to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." ***REFER TO EXPLANATORY NOTE B***

   ORDINARY RESOLUTION 2 **RESOLUTION 9**
   AUTHORITY TO ALLOT SHARES - SECTION 132D
   "**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION 3 **RESOLUTION 10**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH KLUANG ESTATE (1977) SDN. BHD., PURSUANT TO PARAGRAPH 10.09 BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company and/or its subsidiaries be and are hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Kluang Estate (1977) Sdn. Bhd., as set out in section 2.2 of the Circular to Shareholders dated 17 November 2015 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

ORDINARY RESOLUTION 4 **RESOLUTION 11**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH THE NYALAS RUBBER ESTATES LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company and/or its subsidiaries be and are hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with The Nyalas Rubber Estates Limited, as set out in section 2.2 of the Circular to Shareholders dated 17 November 2015 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

ORDINARY RESOLUTION 5 **RESOLUTION 12**

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH ESTATE AND TRUST AGENCIES (1927) LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company and/or its subsidiaries be and are hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Estate and Trust Agencies (1927) Limited, as set out in section 2.2 of the Circular to Shareholders dated 17 November 2015 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

ORDINARY RESOLUTION 6 **RESOLUTION 13**

PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH KUALA PERGAU RUBBER PLANTATIONS PLC, PURSUANT TO PARAGRAPH 10.09 OF THE BURSA MALAYSIA MAIN MARKET LISTING REQUIREMENTS

"**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company and/or its subsidiaries be and are hereby authorised to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Kuala Pergau Rubber Plantations Plc, as set out in section 2.2 of the Circular to Shareholders dated 17 November 2015 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;

(b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

9. To transact any other business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifty-Seventh Annual General Meeting, a First and final tax exempt (single tier) dividend of 2% in respect of the financial year ended 30 June 2015 will be payable on 22 January 2016 to Depositors registered in the Record of Depositors at the close of business on 31 December 2015.

A Depositor shall qualify for entitlement only in respect of:

a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 29 December 2015 in respect of shares which are exempted from mandatory deposits;

b) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 31 December 2015 in respect of transfers; and

c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA NO. 7003178)
LEONG SIEW FOONG (MAICSA NO. 7007572)
Company Secretaries
Johor Bahru
17 November 2015

Notes :

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.

b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting and shall have the same right as the member to speak at the Meeting.

c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.

d. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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.

e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.

f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS:

Note A
This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Note B
Mr Lee Soo Hoon is an Independent Director of the Company who has served the Company for more than nine years.

In line with the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed his independence as defined in Bursa Securities Listing Requirement. To that, the Board recommends Mr Lee Soo Hoon to continue his office as an Independent Director according to the resolution put forth in the forthcoming Annual General Meeting.

(i) Ordinary Resolution 2

The Ordinary Resolution 2, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilize the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

(ii) Ordinary Resolutions 3, 4, 5 and 6

Please refer to the Circular to Shareholders dated 17 November 2015.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad, appended hereunder is:

Details of Directors, Mr Tay Beng Chai and Mr Cheong Mun Hong who are standing for re-election are as set out on pages 29 to 30 of this Annual Report and the details of the Directors' interest in the securities of the Company and its subsidiaries are disclosed on page 96 of this Annual Report.

CORPORATE INFORMATION

DIRECTORS
LEE SOO HOON
Independent Non-Executive Chairman

LEE CHUNG-SHIH
Non-Independent Non-Executive Director

WILLIAM WONG TIEN LEONG
Independent Non-Executive Director

TAY BENG CHAI
Independent Non-Executive Director

CHEONG MUN HONG
Executive Director

BALARAMAN A/L ANNAMALY
Executive Director

SECRETARIES
CHIN NGEOK MUI

LEONG SIEW FOONG

AUDIT COMMITTEE MEMBERS
LEE SOO HOON
Chairman

WILLIAM WONG TIEN LEONG

TAY BENG CHAI

NOMINATION COMMITTEE MEMBERS
WILLIAM WONG TIEN LEONG
Chairman

LEE SOO HOON

TAY BENG CHAI

REMUNERATION COMMITTEE MEMBERS
TAY BENG CHAI
Chairman

LEE SOO HOON

WILLIAM WONG TIEN LEONG

CORPORATE INFORMATION (cont'd)

AUDITORS
ERNST & YOUNG
Chartered Accountants

REGISTERED OFFICE
SUITE 6.1A, LEVEL 6, MENARA PELANGI,
JALAN KUNING, TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR
TEL: 07-3323536 FAX: 07-3324536

SHARE REGISTRAR
SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)
LEVEL 6, SYMPHONY HOUSE,
PUSAT DAGANGAN DANA 1,
JALAN PJU 1A/46,
47301 PETALING JAYA, SELANGOR.
TEL: 603-78418000 FAX: 603-78418151

BANKER
OCBC BANK (MALAYSIA) BERHAD

STOCK EXCHANGE
MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD *("Bursa Malaysia")*

WEBSITE
www.sungeibagan.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the results of our Group's Annual Report and Financial Statements for the year ended 30 June 2015.

Overview

In the year ended 30 June 2015, your Group reported Revenue of RM11.10 million from crop sales and investment returns. Revenue from Plantation operations decreased by 27% to RM6.11 million due to the drop in tonnage and challenging commodity environment. Current year's investment segment also reported lower Revenue on the back of decreased Dividend income from our Quoted equity investments in Malaysia.

For the year under review, your Group's Operating profit (excluding share of profits from equity-accounted associates) reported a loss of RM4.08 million largely due to a RM9.72 million Foreign Exchange loss.

In the year ended 30 June 2015, after taking into account our share of profits from Associates, your Group managed to post an after-tax profit of RM5.43 million.

It has always been your Group's strategy to increase the acreage of our upstream oil palm operations. During the year in review, our Associate – Kuala Pergau Rubber Plantations PLC had 2,327 acres of plantation land in Mukim Kuala Pergau, Daerah Dabong, Jajahan Kuala Krai, Negeri Kelantan available for lease. In view of both the proximity of this area and our familiarity of upstream oil palm operations, we were of the view that leasing the said land for upstream oil palm operations will allow us to increase our FFB production capabilities. This exercise increased our total area under management to over 5,000 acres.

However as oil palms generally start to mature only after the third year, this initiative is not expected to have any significant positive contribution towards the earnings of your Group within the next three years.

Appointment of Directors

We are pleased to announce that Mr Tay Beng Chai and Mr Cheong Mun Hong joined the Board during the year ended 30 June 2015. Mr Tay was appointed as an Independent Non-Executive Director on 4 December 2014 and Mr Cheong was appointed as an Executive Director on 1 March 2015. The Board was of the view that our new Directors will be able to contribute towards our Group's continued development.

Plantation Operations

Sungei Bagan Estate

In the year ended 30 June 2015, Sungei Bagan Estate was affected by both falling commodity prices as well as harsh weather conditions. The Company's estate in Kelantan was hit by two events: severe floods in the fourth quarter of the calendar year followed by the dry spells in early 2015. During that period, mature palms were affected from the loss of two weeks of harvesting.

For the year in review, CPO prices fluctuated about the RM2,200 to 2,400/MT range, lower than prices seen in recent years. This resulted in a drop of Sungei Bagan Estate's FFB average selling prices from a monthly average of RM526/MT in the previous year to the current year's RM456/MT. Adding to this, FFB production from Sungei Bagan Estate decreased by 16% to 13,385MT over the same period. The combination of these two factors were the key drivers in a drop in our Company's revenue from plantation operations.

Even under unfavorable weather conditions, Sungei Bagan Estate continued to deliver through controllable actions. Sungei Bagan Estate's FFB cost of production (inclusive of immature area and capital expenditure) was RM335/MT compared to the previous year's RM290/MT. This increase came from substantial repairs in main and infield roads as well as the rehabilitation of an area of young palms caused by one of most severe floods in the past 40 years. Our continued cost focus has served us well and we believe that our focus on cost management will continue to be beneficial for us in our industry and especially so during periods of challenging commodity prices.

CHAIRMAN'S STATEMENT (cont'd)

Despite the climate challenges, our Group managed to report a FFB yield of 16.0MT/ha. Although Sungei Bagan Estate delivered a lower yield than MPOB's Malaysia average over the corresponding period (July 2014 – June 2015), our estate significantly outperformed MPOB's Kelantan average of 11.4MT/ha and this was in no small part due to the efforts of our estate manager and his team.

Of the total area of 2,683 acres as at 30 June 2015, Sungei Bagan Estate had a planted area of 2,615 acres - 97% of the total area. And with 252 acres expected to be replanted for the coming year, we are pleased to advise that our Group's long term replanting policy remains a key priority in terms of sustainability.

The weighted average age of Sungei Bagan Estate's oil palms was 10 years. The estate's oil palms age profile at 30 June 2015 as a percentage of planted area is as follows.

i) Immature (0 - 3): 30%
ii) Mature – Young (4 - 6): 20%
iii) Mature – Prime (7 - 15): 13%
iv) Mature – Tall (> 15): 37%

Bar any unforeseen circumstances, Sungei Bagan Estate expects a healthy FFB yield to be achieved for the coming year.

Key capital improvements at Sungei Bagan Estate for the year ended 30 June 2015 included the extension of the estate's FFB ramp and replacement of selected water storage tanks. As suggested by our internal auditor, we also completed the lowering of the entire roof structure of the estate's fertilizer store.

As highlighted earlier, a key development in year ended 30 June 2015 was undoubtedly our Group's leasing of the 2,327 acres of plantation land in Kelantan from our Group's Associate Kuala Pergau Rubber Plantations PLC. Our Group was of the view that leasing the said land for upstream oil palm operations is beneficial towards the Group's objective of increasing our acreage. This initiative will increase the capabilities of the Group's FFB production.

As at 30 September 2015, we have completed the felling and clearing of 843 acres of Kuala Pergau Estate and we are in the process of completing the infrastructure for this area, which included labor quarters, terracing, construction of a road network, erection of fencing and the establishment of an efficient drainage system. In the meantime, the felling and clearing of the remaining land has also commenced. This is in preparation of transplanting the seedlings from our nursery to the fields that is scheduled for 2016 and we are confident that we will be able to follow through on our schedule. We are aware of the importance of conserving and preserving our natural environment and do not engage in slash-and-burn techniques. We engage heavy machinery to clear the land and also follow the practice of using materials such as felled trees and other biodegradable materials as a form of organic fertiliser enabling nutrients to be recycled, in line with the requirements of the Ministry of Environment and Roundtable on Sustainable Palm Oil (RSPO).

The annual lease payment is RM250,000, which is competitive. This annual lease will continue until the recovery of all agreed upon capital investments made by our Group. Upon recovery, the annual lease rate shall be adjusted to 15% of the estate's net profit before tax or RM250,000, whichever is greater.

Investments

Revenue-wise, the bulk of our investment Revenue came from Dividend income and Interest income. The bulk of our Group's AFS Investments continue to be held in companies listed in the Mainboard of both Bursa Malaysia and Singapore Exchange.

Our AFS Quoted Investments included interests in Kluang Rubber Company (Malaya) Berhad, Kuchai Development Berhad, Great Eastern Holding Limited and Singapore Press Holdings Limited. Our equity investments in publicly listed entities have served us well over the years and we hope that they will continue to do so. Over the years, your Group has also accumulated investment positions in selected private mutual funds as well as precious metals holdings.

CHAIRMAN'S STATEMENT (cont'd)

Financial Position

Our Group continued to maintain a healthy financial position as at year ended 30 June 2015, with Shareholders' Equity of RM580 million. The bulk of this increase was largely from the revaluation of Sungei Bagan Estate. This revaluation was done to better reflect the value of our asset base. However this exercise had no significant impact on our day-to-day plantation operations.

Our Group has no Bank Borrowings with sufficient Cash and Cash Equivalents to cover Total Liabilities. And given the investment climate in the region, our Group decided to fund our expansions in our upstream operations through our internal resources and we are confident that we are able to do so.

Prospects

Even during these period of challenging commodity prices, your Group continues to remain positive on the long term fundamentals of the oil palm industry. This was demonstrated by our upstream expansions during the financial year ending 30 June 2015.

Over time we believe that our plantation business should mitigate the volatility of our earnings, though given our investment portfolio, some from year-to-year fluctuations is inevitable. To achieve better returns for shareholders, the Board, management and all our employees will continue to work together towards our long term goals.

Dividends

The Board proposes a first and final tax exempt (single tier) dividend of 2% for the year ended 30 June 2015. These are subjected to the approval of shareholders at the forthcoming Annual General Meeting.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Directors, the management and staff at all levels for their continuous efforts and immense contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their unwavering and continuous support.

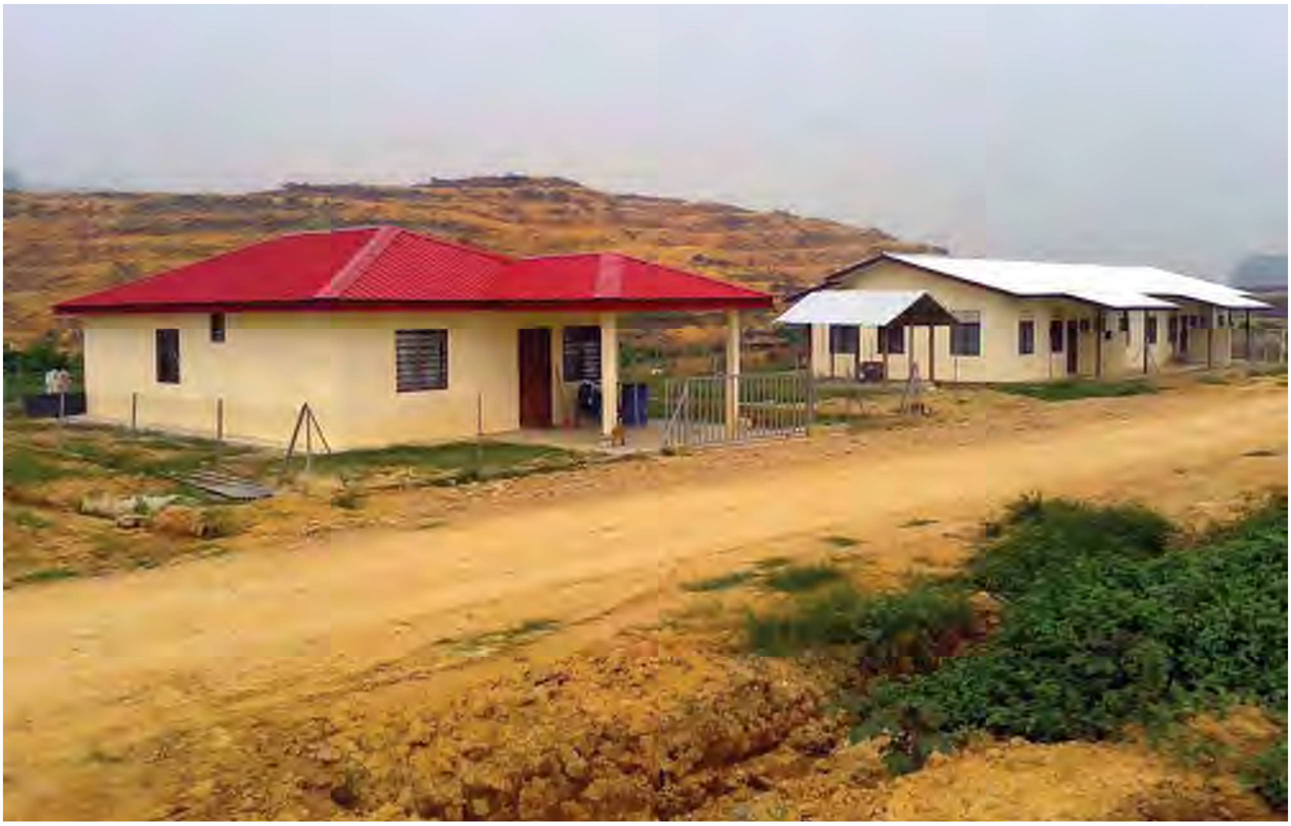
On behalf of the Board of Directors

LEE SOO HOON
Chairman

CHAIRMAN'S STATEMENT (cont'd)

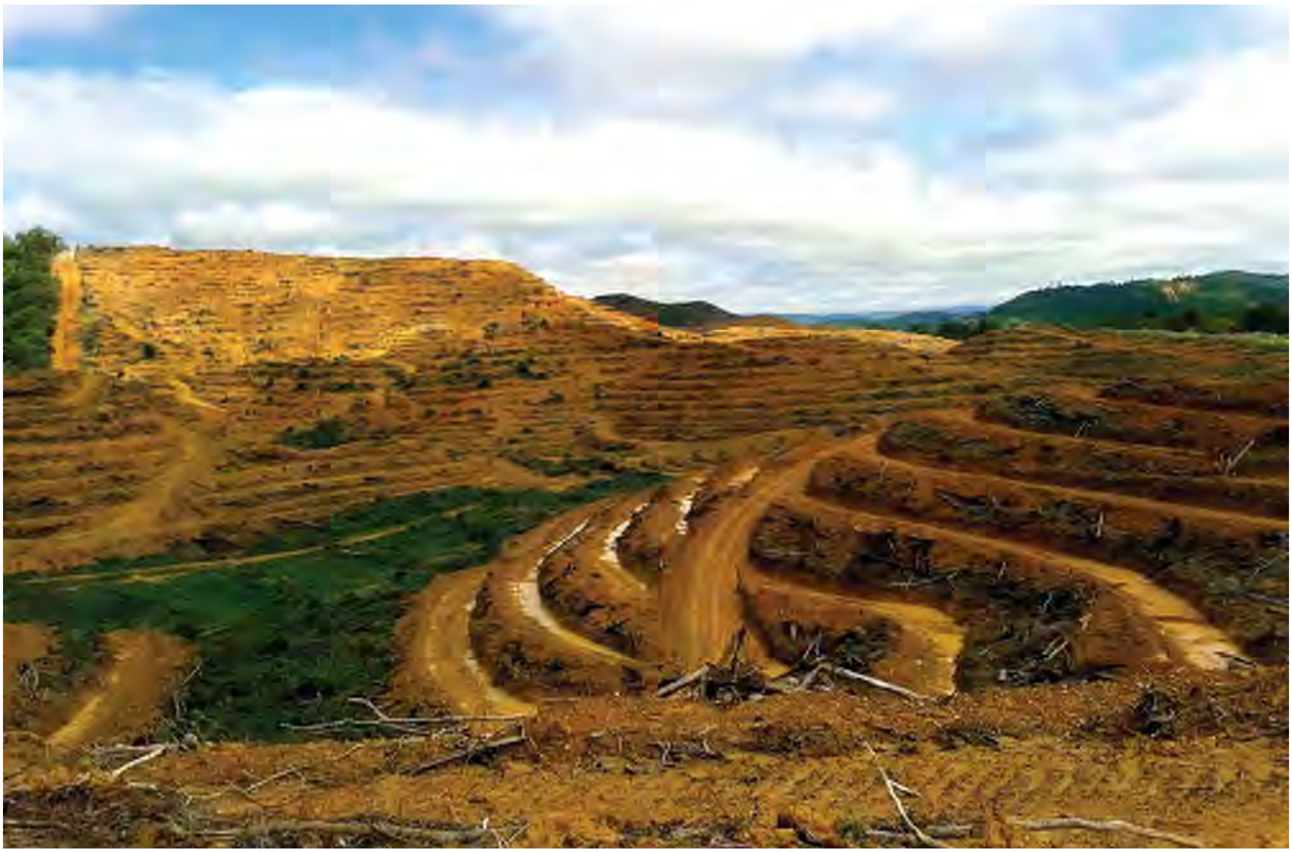
KUALA PERGAU DEVELOPMENT

Kuala Pergau Estate Nursery - Equipped to hold up to 200,000 seedlings.



Kuala Pergau Estate Workers Quarter and Staff Bungalow.

CHAIRMAN'S STATEMENT (cont'd)



Kuala Pergau Estate - Felling and Stacking.

Kuala Pergau Estate - Terracing of Slopes.

STATEMENT OF CORPORATE GOVERNANCE

THE CODE OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance (the Code) sets out the principles of Corporate Governance which essentially relate to the Boards' practices and procedures involving composition of the board, appointments, directors' remuneration, accountability, shareholders, employees, etc.

The Board of Directors of Kluang Rubber Company (Malaya) Berhad ("the Company") recognizes the importance of good corporate governance in building a sustainable business and is committed to ensure that high standards of corporate governance are practiced throughout the Company and its subsidiary ('the Group"). This Statement is produced by the Board pursuant to paragraph 15.25 of the Bursa Malaysia's Main Market Listing Requirements in applying the Principles and the Recommendations of the Code on Corporate Governance. The Board further acknowledges the Principles and the Recommendations of the Code and except where specifically identified, the Board has generally complied with the Principles and Recommendations set out in the Code.

Details of the Directors' remuneration are set out in Note 7 to the financial statements by applicable bands of RM50,000, which complies with the disclosure requirements under the Bursa Malaysia's Listing Requirements. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the band disclosure made.

DIRECTORS

The Board

The Board's responsibilities are for setting the strategic direction of the Group, establishing goals for the management and continuously improving its performance so as to protect and enhance shareholders' value in the Group. They are hence responsible for the overall standards of conduct, risk management, succession planning, strategic planning as well as the system of internal controls within the Group.

Board Composition and Balance

The Board comprises six (6) members; of whom three (3) are Independent Non-Executive Directors, one (1) is Non-Independent Non-Executive Director and two (2) is Executive Director. The Board composition complies with the Listing Requirements of Bursa Malaysia that requires a minimum of 2 or 1/3 of the Board to be Independent Directors. A brief profile of each Director is presented on pages 27 to 30 of the Annual Report.

The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. With their different backgrounds and specialization, the Directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties in managing the business affairs of the Group.

Senior Independent Non-Executive Director which is identified by Board is Mr Lee Soo Hoon as to whom Shareholders' concerns may be conveyed.

Board Meetings

Board meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of six (6) times. The attendance record of each Director since the last financial year is as follows:

Name of Directors	Attendance of meetings
Lee Soo Hoon	6/6
Lee Chung-Shih	6/6
William Wong Tien Leong	6/6
Balaraman A/L Annamaly	5/6
Tay Beng Chai*	2/2
Cheong Mun Hong**	1/1

Notes:-

* *Appointed on 4 December 2014*

** *Appointed on 1 March 2015*

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Supply of Information

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed, in a timely manner. Relevant Directors will provide explanation to pertinent issues when necessary. Company Secretary attends all board meetings whereby all proceedings and conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 156 of the Companies Act, 1965.

All Directors have unrestricted access to all information and the advice as well as services of the Company Secretaries and external auditors whether as a full Board or in their individual capacity, in the furtherance of their duties. They may obtain independent professional advice at their discretion at the Company's expense.

Appointment to the Board

The Company has a transparent and formal procedure for the appointment of new Directors to the Board.

The Nomination Committee of the Company comprises three (3) Independent Non-Executive Directors. The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

The Board, through the Nomination Committee annually reviews its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board. The Company recognises the importance of fostering the development of woman in decision making positions in the corporate sector. Whilst the Board has not implemented any particular policy or target, the Board has always embraced gender diversity and is always on the lookout for suitable woman candidates.

The Board has implemented a process, to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual member of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

Re-election

In accordance with the Company's Articles of Association, the newly appointed Directors will retire at the first Annual General Meeting ("AGM") and are eligible for re-election by shareholders. The Articles also provide that at least one third of the Board including Executive Directors is subject to re-election annually and each Director shall stand for re-election at least once every three (3) years.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme as required by the listing requirements of Bursa Malaysia. The Directors are aware of the importance of continuous training to update themselves and to further enhance their skills, knowledge and better equip themselves to effectively discharge their fiduciary duties.

During the financial year, the Directors have attended the following relevant training programmes to keep themselves abreast with relevant changes whilst discharging their duties:-

Date	Seminar/Workshop	Conducted by	Attended by
5 June 2015	Goods & Services Tax and Transfer Pricing In-House Training	Ernst and Young	All Directors
4 & 5 March 2015	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	Bursatra Sdn Bhd	Cheong Mun Hong

The Directors also received regular briefings from External Auditors on updates in financial reporting and new accounting standards.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

DIRECTORS' REMUNERATION

The Remuneration Committee, consisting of three (3) Independent Non-Executive Directors, ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval. Fees for Directors are determined by the full Board with the approval from shareholders at the AGM.

Details of the remuneration of the Directors for the financial year are as follows:

(i) Aggregate remuneration of Directors categorised into appropriate components.

	Salaries and Allowances	Fees	Total
	RM	RM	RM
Executive Directors	100,000	25,750	125,750
Non-Executive Directors	-	299,990	299,990
Total	100,000	325,740	425,740

The fees paid to all Directors were approved in advance by the shareholders at the Annual General Meeting.

(ii) Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
Range of remuneration	Executive	Non-Executive
Below RM50,000	-	4
RM50,00I to RM100,000	-	2
RM100,001 to RM150,000	1	-

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS POLICY

Dialogue Between the Company and Investors

The Board recognizes the importance of accurate and timely dissemination of information to shareholders on all material business affecting the Group. The Company makes quarterly announcements of the financial results of the Company and the Group within the time frame prescribed in the Listing Requirements of Bursa Malaysia, accompanied by a balanced and comprehensive assessment of the performance and position of the Company and the Group. The Company's Annual Report, containing the Financial Statements of the Company and the Group for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

Annual General Meeting

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Notice of the AGM and the Company's Annual Report at least 21 days before the date of the meeting.

Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunities to seek clarification on any matters pertaining to the Group's affairs and performance as the Directors and the representatives of the external auditors are present to answer any questions that they may have.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible for taking reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year under review.

In preparing the financial statements of the Group and the Company for the year ended 30 June 2015, the Board of Directors has adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable that are reasonable and prudent and ensured that applicable accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Malaysia well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the Audit Committee.

The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control of the Group. The Audit Committee comprises three (3) Directors, all of whom are Independent Non-Executive. The term of references and activities of the Audit Committee are detailed in the Audit Committee Report on pages 24 to 26 of this Annual Report.

Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls to safeguard the shareholders' investment and the Group's assets. The Board also recognises its overall responsibility for continuous reviewing and maintenance of the system of internal controls of the Group with the assistance of the outsourced internal auditors. The external auditors are appointed by the Board to review the Statement on Risk Management and Internal Control and to report thereon.

The Statement on Risk Management and Internal Control in this Annual Report herein details the state of internal controls within the Company.

Relationship with Auditors

The Board of Directors has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The Audit Committee communicated directly and independently with the auditors quarterly where necessary and without the presence of the Management twice a year.

The role of the Audit Committee in relation to the external auditors is stated on pages 24 to 26.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group is committed to Corporate Social Responsibility ("CSR") by integrating it into the way the business is run with a commitment to enhance shareholder value and at the same time, contribute positively to our employees, stakeholders and to the community.

At the workplace, we continues to focus on safety and health of our employees and workers by conducting regular briefings on safety and health. The Group is also in the process of implementing standard operating procedures to streamline operations. With regards to health, annual medical camp are organised for free medical checkups for employees, workers, their families and also families around the neighbourhood.

The Group places great importance in providing our employees and their families in our estates with quality facilities and amenities to live and work comfortably and are proud to report that we have finished upgrading our labour quarters. The Company has also continued its practice of allocating small plots of land for employees and workers to do vegetable and fruit tree farming. During the year under review we have also completed improvements for our employees living facilities. We believe that these initiatives would promote a sense of belonging and harmony among our employees and is able to provide us with a platform for sustainable growth.

In taking into consideration of its social responsibilities, the Group have also made contributions and donations to various causes and for various facilities that benefit our employees and the community that it operates in. The Group has also continued to maintain roads on a regular basis and ensures the safety for the students of a nearby secondary school in using the plantation for their cross country activities.

The Group is aware of the importance of conserving and preserving our natural environment and avoids open burning of its waste from replanting activities, in line with the requirements of the Ministry of Environment and Roundtable on Sustainable Palm Oil (RSPO). We follow the practice of using materials such as felled trees and other biodegradable materials as a form of organic fertiliser enabling the nutrients to be recycled. In line with best practice, we have encouraged the use of cover crops and empty fruit bunch mulching to maintain soil fertility and reduce erosion.

In addition, disposal of chemical containers and cleaning of chemical spraying equipment are done in an environmentally and socially responsible manner. Sprayings of permitted chemical are carried out at least 30 feet away from the riverside to reduce chemical contamination of the river water.

Illegal or inappropriate hunting, fishing or collecting activities are strictly forbidden on the plantation to avoid damage to and deterioration of natural habitats. Road building and repairs, replanting, construction of terraces and drains, special attention is always paid to avoid soil erosion in affected areas. River water course is de-silted to reduce flooding during the monsoon season.

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of recurrent related party transactions (RRPT)

The details of the shareholders' mandate are reflected in the Circular to Shareholders dated 17 November 2015.

Utilization of Proceeds

There were no issuance of new shares and rights issue carried out during the financial year ended 30 June 2015.

Share Buy-Backs

There was no share buy-back by the Company during the financial year under review.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Exercise of Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2015.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programmes for the financial year ended 30 June 2015.

Sanctions and/or Penalties

The Company and its subsidiaries, Directors and management have not been imposed with any sanctions and/or penalties during the financial year.

Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors to the Company and its subsidiaries for the financial year amounted to RM42,800.

Variation in Results

There is no material variance between the results for the financial year ended 30 June 2015 and the unaudited results previously announced by the Company.

Profit Guarantee, Profit Estimate, Forecast or Projection

During the financial year, there was no Profit Guarantee, Profit Estimate, Forecast or Projection given by the Group.

Material Contracts

None of the Directors and major shareholders has any material contract with the Company and/or its subsidiary either still subsisting at the end of the financial year ended 30 June 2015 or entered into since the end of that financial year.

Contracts Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries during the financial year.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

BOARD COMMITEES

To assist the Board in fulfilling its roles, the Company has formed three (3) committees, namely Audit Committee, Nomination Committee and Remuneration Committee to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and terms of reference of the Board committees as well as authority delegated to these Board committees have been defined by the Board. The Committees report and make recommendations to the Board on matters delegated to them for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board.

Audit Committee

The summarised Audit Committee's report are presented on pages 24 to 26.

Nomination Committee

The Nomination Committee met two (2) times for the financial year ended 30 June 2015. All members attended the meetings.

The salient responsibilities of the Nomination Committee are as follows:

(a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.

(b) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.

(c) Assess annually the effectiveness of the Board as a whole, the committee of the Board and the contribution of each individual Director based on the process implemented by the Board.

(d) Assess and recommend to the Board, the re-election by rotation or re-appointment of Directors in accordance with the Company's Articles of Association or other prevailing law.

The Nomination Committee carries out all assessments and evaluations required and these are properly documented.

Remuneration Committee

The Remuneration Committee met two (2) times during the financial year ended 30 June 2015. All members attended the meetings.

The salient responsibilities of Remuneration Committee are as follows:

(a) Review and recommend to the Board the remuneration of the Executive and Non-Executive Directors, and key senior management.

(b) Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.

(c) Assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements, which outlines the Group's key elements of internal control system for the financial year ended 30 June 2015.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and the Group's assets, and for reviewing the adequacy and integrity of the system. However, the Board recognizes that reviewing of the Group's system of internal controls is a concerted and on-going process whereby such system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

Risk Management Framework

The Board regards risk management as an integral part of the business operations. The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives on an informal basis via its Board and Audit Committee meetings with the assistance of the outsourced Internal Auditors.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Group's Annual Report.

Internal Audit

The Audit Committee with the assistance of the outsourced Internal Auditors annually reviews the Group's system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.

Other Key Elements of Internal Control

Other key elements of the system of internal control of the Group are as follows:-

- The Group has an appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- Responsibilities are clearly defined and delegated to the committees of the Board.
- Key processes of the Group are governed by written policies and procedures.
- The estate prepares budgets for the coming year which are approved by the Board.
- Information covering the financial performance against the budget of the estate is provided to the Board on quarterly basis together with key operational performance indicators.
- Quarterly and annual financial statements with detailed analysis of financial results are reviewed by the Audit Committee who then recommends to the Board for approval prior to submission to Bursa Malaysia.

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

Board's Conclusion

Overall, based on the Board's assessment of risk management and internal control system of the Group, it is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance. The Group will strive to ensure that the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal as well as external auditors.

In consideration of the Internal Auditors' report, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed.

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

AUDIT COMMITTEE REPORT

MEMBERS

Chairman
Lee Soo Hoon

Members
Tay Beng Chai
William Wong Tien Leong

Functions

The functions of the Audit Committee shall be:

(a) To review and report the following to the Board of Directors –

(i) with the external auditors, the audit plan;

(ii) with the external auditors, their evaluation of the system of internal controls;

(iii) with the external auditors, their audit report and management letter (if any);

(iv) the assistance given by the Company's officers to the external auditors;

(v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy changes;
- significant and unusual events; and
- compliance with accounting standards and other legal requirements

(vi) information covering the financial performance against the budget of the estate on quarterly basis together with key operational performance indicators;

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

(viii) to consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation, suitability and dismissal.

(b) To do the following, in relation to the internal audit function:-

- 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;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- 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; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

AUDIT COMMITTEE REPORT (cont'd)

(c) To carry out other function that may be mutually agreed upon by the Committee and the Board that would be beneficial to the Group and ensure the effective discharge of the Group's duties and responsibilities.

(d) To verify the criteria for allocation of options pursuant to a share scheme for employee.

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR

The Committee met with External Auditors twice during the year without the presence of the Executive Directors.

The Chairman engages on a continuous basis with senior management of the Company on all matters affecting the Company.

The Audit Committee held a total of five (5) meetings during the financial year ended 30 June 2015. Details of attendance of the Committee members were as follows:

Name of Audit Committee Members	Attendance of Meetings
Lee Soo Hoon	5/5
William Wong Tien Leong	5/5
Tay Beng Chai*	2/2

Notes:-
** Appointed on 4 December 2014*

The details of training attended by the Audit Committee who are also the Board members are set out on page 16 of the Annual Report.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 30 June 2015, the main activities carried out by the Committee were as follows:

1. Reviewed and discussed the unaudited quarterly financial reports of the Group prior to presentation to the Board of Directors for approval and subsequent announcements.

2. Reviewed the external auditors' scope of work and their audit plan and discussed results of their examination and recommendations.

3. Reviewed with the external auditors the audited financial statements for the financial year ended 30 June 2015 the results of the audit, audit report and recommendation prior to the approval of the Board and subsequent announcements.

4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the Group's and Company's financial statements.

5. Reviewed the internal audit plan and programme for the financial year under review.

6. Reviewed the reports prepared by the outsourced internal auditors on the state of internal controls of the Group.

7. Reviewed the related party transactions and conflict of interest situations that arose within the Group for compliance with the Listing Requirements of Bursa Malaysia.

AUDIT COMMITTEE REPORT (cont'd)

8. Reviewed the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance 2012 for the purpose of preparing the Corporate Governance Statement and Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.

9. Reviewed the information covering the financial performance against the budget of the estate together with key operational performance indicators on quarterly basis.

10. Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group.

11. Considered the re-appointment of the external auditors and the outsourced internal auditors.

Internal Audit Function

The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm has been engaged to handle this function and would report directly to the Audit Committee. Their report has been received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures. The internal audit fee for services provided by the outsourced internal auditors for the financial year amounted to RM10,500.

PROFILE OF DIRECTORS

LEE SOO HOON

Position	Independent Non-Executive Chairman
Age	73
Nationality	Malaysian
Work Experience/Occupation	a) Partner of Ernst & Young, Singapore (1978 - 1997) b) Independent Director of Singapore Public Companies c) Provides management and financial consultancy services
Qualification/Professional body	a) F.C.A. Institute of Chartered Accountants in England and Wales b) Member of Singapore Institute of Certified Public Accountants c) Member of Malaysian Institute of Certified Public Accountants d) Member of Malaysian Institute of Accountants e) Member of Institute of Singapore Chartered Accountants
Date of Appointment	19 October 2001
Details of any board committee to which Director belongs	a) Chairman of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other listed companies	a) IPC Corporation Limited b) CSE Global Limited c) Kuchai Development Berhad d) Kluang Rubber Company (Malaya) Berhad e) G.K. Goh Holdings Limited f) LMIRT Management Limited
Securities holding in the Company (as at 30 June 2015)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

LEE CHUNG-SHIH

Position	Non-Independent Non-Executive Director
Age	53
Nationality	Singaporean
Work Experience/Occupation	a) Executive Director, Public Unlisted Real Estate Investment Company b) Director, Public Unlisted Licenced Trust Company
Qualification/Professional body	B. Sc., International Business

PROFILE OF DIRECTORS (cont'd)

Date of Appointment	19 February 1990
Details of any board committee to which Director belongs	Nil
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2015)	Direct interest of 35,438 shares and deemed interest of 38,949,833 shares in the Company equivalent to 0.05% and 58.71% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih
Conflict of interest with the Company	Nil

WILLIAM WONG TIEN LEONG

Position	Independent Non-Executive Director
Age	56
Nationality	Singaporean
Work Experience/Occupation	Partner of Francis Khoo & Lim
Qualification/Professional body	Bachelor of Laws (LLB) National University of Singapore
Date of Appointment	7 December 2011
Details of any board committee to which Director belongs	a) Member of Nomination Committee b) Member of Audit Committee c) Member of Remuneration Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2015)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

PROFILE OF DIRECTORS (cont'd)

TAY BENG CHAI

Position	Independent Non-Executive Director
Age	54
Nationality	Malaysian
Work Experience/Occupation	a) He has been in professional legal practice since 1986 b) Managing Partner of Tay & Partners, Malaysia c) Partner of Bird & Bird ATMD LLP d) Board member of Malaysian International Chamber of Commerce and Industry.
Qualification/Professional body	a) LL.B (Hons) Second Upper, National University of Singapore in 1985 b) Admitted as an Advocate & Solicitor, High Court of Singapore in 1986 c) Admitted as an Advocate & Solicitor, High Court of Malaya in 1989 d) Fellow of the Singapore Institute of Arbitrators
Date of Appointment	4 December 2014
Details of any board committee to which Director belongs	a) Chairman of Remuneration Committee b) Member of Audit Committee c) Member of Nomination Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad c) Malaysia Bulk Carriers Berhad
Securities holding in the Company (as at 30 June 2015)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

CHEONG MUN HONG

Position	Executive Director
Age	29
Nationality	Singaporean
Work Experience/Occupation	Investment Analyst of Estate & Trust Agencies (1927) Limited
Qualification/Professional body	a) Bachelor of Engineering (BEng) Nanyang Technological University b) Passed three levels of the Chartered Financial Analyst (CFA) Program

PROFILE OF DIRECTORS (cont'd)

Date of Appointment	1 March 2015
Details of any board committee to which Director belongs	Nil
Directorship in other listed companies	a) Kuchai Development Berhad b) Kluang Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2015)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

BALARAMAN A/L ANNAMALY

Position	Executive Director
Age	67
Nationality	Malaysian
Work Experience/Occupation	a) Former Consultant – Sg. Sustainable Oil Ghana Ltd., Accra, Ghana, West Africa b) Member of Malaysian Institute of Management, Incoporated Society c) Secretary of Malaysian Palm Oil Association (Johor Branch) d) Committee Member of Lembaga Getah Malaysia (East Coast Malaysia) e) Committee Member of Malaysian Estate Owners Association f) Council Member, Johore Planters' Association
Qualification/Professional body	Completed secondary tertiary
Date of Appointment	28 August 2014
Details of any board committee to which Director belongs	Nil
Directorship in other listed companies	Kluang Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2015)	Direct interest of 3,322 shares equivalent to 0.0005%
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit, net of tax	5,431,885	20,666,395
Attributable to:		
Owners of the parent	5,431,885	20,666,395

There were no material transfers to or from reserves or provisions during the financial year.

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

DIVIDENDS

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

	Amount RM	Net dividend per share Sen
In respect of the financial year ended 30 June 2014 as reported in the directors' report of that year:		
First and final tax exempt (single tier) dividend of 2% on 66,332,645 ordinary shares, declared on 4 December 2014 and paid on 8 January 2015	1,326,656	2.00
Bonus tax exempt (single tier) dividend of 0.3% on 66,332,645 ordinary shares, declared on 4 December 2014 and paid on 8 January 2015	199,000	0.30
	1,525,656	2.30

DIRECTORS' REPORT (cont'd)

DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, the following dividends in respect of the financial year ended 30 June 2015 on 66,332,645 ordinary shares, will be proposed for shareholders' approval:

	Amount RM	Net dividend per share Sen
First and final tax exempt (single tier) dividend of 2%	1,326,656	2.00

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2016.

DIRECTORS

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

Lee Soo Hoon	
William Wong Tien Leong	
Lee Chung-Shih	
Balaraman A/L Annamaly	
Tay Beng Chai	(appointed as Independent and Non-Executive Director on 4 December 2014)
Cheong Mun Hong	(appointed as Executive Director on 1 March 2015)
Huang Yuan Chiang	(resigned on 28 November 2014)
Liew Chuan Hock	(retired on 4 December 2014)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) 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 27 to the financial statements.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

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

	<—Number of Ordinary Shares of RM1 Each—>			
	1 July 2014	**Bought**	**Sold**	**30 June 2015**
The Company				
Lee Chung-Shih				
- Direct interest	35,438	-	-	35,438
- Indirect interest	38,949,833	-	-	38,949,833
Balaraman A/L Annamaly				
- Direct interest	3,322	-	-	3,322
Holding company				
Kluang Rubber Company (Malaya) Berhad				
Lee Chung-Shih				
- Direct interest	31,984	-	-	31,984
- Indirect interest	31,489,614	-	-	31,489,614
Balaraman A/L Annamaly				
- Direct interest	1,066	-	-	1,066
Fellow subsidiary				
Kuchai Development Berhad				
Lee Chung-Shih				
- Direct interest	237,482	-	-	237,482
- Indirect interest	63,913,159	-	-	63,913,159

Lee Chung-Shih by virtue of his interest in the Company is deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

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

OTHER STATUTORY INFORMATION

(a) Before the statements of 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 there were no known bad debts and that no provision for doubtful debts was necessary; 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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

(i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; 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 its obligations as and when they fall due; and

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 October 2015.

Lee Soo Hoon

Lee Chung-Shih

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Lee Soo Hoon and Lee Chung-Shih, being two of the directors of Sungei Bagan Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 38 to 91 are drawn up in accordance Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 34 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 October 2015.

Lee Soo Hoon

Lee Chung-Shih

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Corinna Foo Kim Joke, being the Officer primarily responsible for the financial management of Sungei Bagan Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 92 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 Corinna Foo Kim Joke)
at Johor Bahru in the State of Johor on)
16 October 2015.)

Corinna Foo Kim Joke

Before me,

Commissioner of Oath
Harcharan Singh A/L Chanchel Singh
No. J. 210

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Sungei Bagan Rubber Company (Malaya) Berhad, which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 91.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (cont'd)

(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 34 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF 0039
Chartered Accountants

Lee Ming Li
2983/03/16(J)
Chartered Accountant

Johor Bahru, Malaysia
Dated: 16 October 2015

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		RM	RM	**RM**	RM
Revenue	4	**11,097,228**	14,938,766	**10,874,704**	14,830,815
Other income		**3,640**	113,395	**3,640**	113,395
Changes in inventories		**(10,416)**	30,668	**(10,416)**	30,668
Employee benefits expenses	5	**(888,421)**	(818,991)	**(888,421)**	(818,991)
Depreciation		**(29,987)**	(21,175)	**(29,987)**	(21,175)
Subcontract labour cost, fertilizer and chemical costs		**(3,158,621)**	(3,189,939)	**(3,158,621)**	(3,189,939)
Foreign exchange (loss)/gain		**(9,723,426)**	4,862,805	**16,552,399**	1,110,044
Other expenses		**(2,560,062)**	(2,579,732)	**(2,251,317)**	(2,265,865)
Fair value gain on investment property		**1,186,577**	2,913,561	**-**	-
(Loss)/Profit from operations	6	**(4,083,488)**	16,249,358	**21,091,981**	9,788,952
Share of profit of associates	14	**8,489,934**	369,229	**-**	-
Profit before taxation		**4,406,446**	16,618,587	**21,091,981**	9,788,952
Income tax expense	8	**1,025,439**	(2,393,447)	**(425,586)**	(1,325,615)
Profit, net of tax		**5,431,885**	14,225,140	**20,666,395**	8,463,337
Other comprehensive income:					
Foreign currency translation		**37,160,356**	1,841,654	**-**	-
Fair value gain on available-for-sale investments		**20,203,372**	32,308,846	**19,885,385**	29,706,087
Revaluation surplus		**96,142,399**	-	**96,142,399**	-
Share of other comprehensive (loss)/gain of associates		**(17,193,167)**	1,634,231	**-**	-
Other comprehensive income for the year		**136,312,960**	35,784,731	**116,027,784**	29,706,087
Total comprehensive income for the year		**141,744,845**	50,009,871	**136,694,179**	38,169,424
Profit attributable to: Owners of the parent		**5,431,885**	14,225,140	**20,666,395**	8,463,337
Total comprehensive income attributable to: Owners of the parent		**141,744,845**	50,009,871	**136,694,179**	38,169,424
Earnings per share attributable to owners of the parent (sen per share)					
Basic	9(a)	**8.2**	22.1		
Diluted	9(b)	**8.2**	22.1		

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

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		RM	RM	**RM**	RM
Assets					
Non-current assets					
Property, plant and equipment	10	**102,424,555**	1,076,793	**102,424,555**	1,076,793
Biological assets	11	**1,819,595**	549,154	**1,819,595**	549,154
Investment properties	12	**42,267,464**	37,598,697	**-**	-
Investment in subsidiaries	13	**-**	-	**119,226,010**	10
Investment in associates	14	**90,679,637**	88,789,681	**188,753**	188,753
Due from subsidiaries	15	**-**	-	**-**	83,433,987
Available-for-sale investments	16	**200,258,669**	175,126,383	**167,646,921**	147,761,536
Deferred tax asset	17	**53,000**	53,000	**53,000**	53,000
		437,502,920	303,193,708	**391,358,834**	233,063,233
Current assets					
Inventories	18	**47,584**	58,000	**47,584**	58,000
Trade and other receivables	19	**1,221,722**	506,172	**2,516,556**	20,748,718
Prepayments		**328,562**	90,910	**307,666**	71,665
Tax recoverable		**374,414**	-	**374,414**	-
Cash and bank balances	20	**147,426,904**	139,049,040	**48,861,758**	49,093,110
		149,399,186	139,704,122	**52,107,978**	69,971,493
Total assets		**586,902,106**	442,897,830	**443,466,812**	303,034,726
Equity and liabilities					
Current liabilities					
Trade and other payables	21	**1,593,379**	1,367,853	**1,526,743**	1,322,741
Tax payable		**-**	32,173	**-**	32,173
		1,593,379	1,400,026	**1,526,743**	1,354,914
Net current assets		**147,805,807**	138,304,096	**50,581,235**	68,616,579
Non-current liabilities					
Retirement benefits	22	**302,829**	271,095	**302,829**	271,095
Deferred tax liability	17	**5,060,000**	1,500,000	**5,060,000**	-
		5,362,829	1,771,095	**5,362,829**	271,095
Total liabilities		**6,956,208**	3,171,121	**6,889,572**	1,626,009
Net assets		**579,945,898**	439,726,709	**436,577,240**	301,408,717
Equity attributable to owners of the parent					
Share capital	23	**66,332,645**	66,332,645	**66,332,645**	66,332,645
Retained earnings	25	**168,095,366**	164,189,137	**52,013,519**	32,872,780
Reserves	24	**345,517,887**	209,204,927	**318,231,076**	202,203,292
Total equity		**579,945,898**	439,726,709	**436,577,240**	301,408,717
Total equity and liabilities		**586,902,106**	442,897,830	**443,466,812**	303,034,726

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

			<- - - Non-distributable			- - ->	<- - - Distributable		- - ->	
Group 2015	**Note**	**Share capital RM**	**Share Premium RM**	**Capital reserve RM**	**Fair value reserve RM**	**Foreign currency translation reserve RM**	**Cultivation and replacement reserves RM**	**General reserve RM**	**Retained earnings RM**	**Total equity RM**
Opening balance at 1 July 2014		66,332,645	8,644,818	67,732,573	120,460,899	(4,589,068)	5,955,705	11,000,000	164,189,137	439,726,709
Total comprehensive income		-	-	78,949,232	20,203,372	37,160,356	-	-	5,431,885	141,744,845
Transactions with owners: Dividends	26	-	-	-	-	-	-	-	(1,525,656)	(1,525,656)
Closing balance at 30 June 2015		66,332,645	8,644,818	146,681,805	140,664,271	32,571,288	5,955,705	11,000,000	168,095,366	579,945,898

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

		<- - - - - - - - - - -	Non-distributable	- - - - - - - - - -	- - - ->		<- - - - - - - - -	Distributable	- - - - - - - ->	
Group 2014	**Note**	**Share capital RM**	**Share Premium RM**	**Capital reserve RM**	**Fair value reserve RM**	**Foreign currency translation reserve RM**	**Cultivation and replacement reserves RM**	**General reserve RM**	**Retained earnings RM**	**Total equity RM**
Opening balance at 1 July 2013		60,491,552	-	66,098,342	88,152,053	(6,430,722)	5,955,705	11,000,000	167,327,223	392,594,153
Issuance of new ordinary shares	23	5,841,093	8,644,818	-	-	-	-	-	-	14,485,911
Total comprehensive income		-	-	1,634,231	32,308,846	1,841,654	-	-	14,225,140	50,009,871
Transactions with owners: Dividends	26	-	-	-	-	-	-	-	(17,363,226)	(17,363,226)
Closing balance at 30 June 2014		66,332,645	8,644,818	67,732,573	120,460,899	(4,589,068)	5,955,705	11,000,000	164,189,137	439,726,709

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

		<- - - - - - - - - - - Non-distributable				- - - - - - - - - - ->	<- - - - - - - - - Distributable		- - - - - - - ->	
Company 2015	**Note**	**Share capital RM**	**Share Premium RM**	**Capital reserve RM**	**Fair value reserve RM**	**Foreign currency translation reserve RM**	**Cultivation and replacement reserves RM**	**General reserve RM**	**Retained earnings RM**	**Total equity RM**
Opening balance at 1 July 2014		66,332,645	8,644,818	40,255,121	119,229,161	17,118,486	5,955,706	11,000,000	32,872,780	301,408,717
Total comprehensive income		-	-	96,142,399	19,885,385	-	-	-	20,666,395	136,694,179
Transactions with owners: Dividends	26	-	-	-	-	-	-	-	(1,525,656)	(1,525,656)
Closing balance at 30 June 2015		66,332,645	8,644,818	136,397,520	139,114,546	17,118,486	5,955,706	11,000,000	52,013,519	436,577,240
2014										
Opening balance at 1 July 2013		60,491,552	-	40,255,121	89,523,074	17,118,486	5,955,706	11,000,000	41,772,669	266,116,608
Issuance of new ordinary shares	23	5,841,093	8,644,818	-	-	-	-	-	-	14,485,911
Total comprehensive income		-	-	-	29,706,087	-	-	-	8,463,337	38,169,424
Transactions with owners: Dividends	26	-	-	-	-	-	-	-	(17,363,226)	(17,363,226)
Closing balance at 30 June 2014		66,332,645	8,644,818	40,255,121	119,229,161	17,118,486	5,955,706	11,000,000	32,872,780	301,408,717

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
OPERATING ACTIVITIES				
Profit before taxation	**4,406,446**	16,618,587	**21,091,981**	9,788,952
Adjustments for:				
Depreciation	**29,987**	21,175	**29,987**	21,175
Provision for retirement benefits, net	**31,734**	23,077	**31,734**	23,077
Unrealised foreign exchange loss/(gain)	**9,723,616**	(4,889,430)	**(16,552,209)**	(1,117,879)
Dividend income	**(3,452,484)**	(5,585,619)	**(3,452,484)**	(5,585,619)
Interest income	**(1,536,044)**	(994,021)	**(1,313,520)**	(886,070)
Fair value gain on investment property	**(1,186,577)**	(2,913,561)	**-**	-
Gain on disposal of property, plant and equipment	**-**	(20,000)	**-**	(20,000)
Share of profit of associates	**(8,489,934)**	(369,229)	**-**	-
Operating cash flows before working capital changes	**(473,256)**	1,890,979	**(164,511)**	2,223,636
Receivables	**(621,561)**	(91,797)	**(923,386)**	(475,838)
Prepayments	**(237,652)**	(2,987)	**(236,001)**	(1,875)
Inventories	**10,416**	(30,668)	**10,416**	(30,668)
Payables	**217,400**	(204,365)	**209,609**	(203,406)
Cash flows (used in)/from operations	**(1,104,653)**	1,561,162	**(1,103,873)**	1,511,849
Tax paid	**(1,151,148)**	(1,155,550)	**(832,173)**	(403,193)
Net cash flows (used in)/from operating activities	**(2,255,801)**	405,612	**(1,936,046)**	1,108,656

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
INVESTING ACTIVITIES				
Interest income reinvested in fixed deposit	**(608,346)**	(396,483)	**(608,346)**	(396,483)
Dividends received	**3,455,371**	5,583,603	**3,455,371**	5,185,490
Interest received	**1,442,306**	954,932	**1,220,770**	846,247
Purchase of property, plant and equipment	**(175,350)**	(228,501)	**(175,350)**	(228,501)
Addition of biological assets	**(1,270,441)**	-	**(1,270,441)**	-
Proceeds from disposal of property plant and equipment	**-**	20,000	**-**	20,000
Purchase of available-for-sale investments	**-**	(1,056,013)	**-**	(1,056,012)
Cash flows from investing activities	**2,843,540**	4,877,538	**2,622,004**	4,370,741
FINANCING ACTIVITIES				
Proceeds from issuance of new shares	**-**	14,485,911	**-**	14,485,911
Dividends paid	**(1,525,656)**	(17,363,226)	**(1,525,656)**	(17,363,226)
Cash flows used in financing activities	**(1,525,656)**	(2,877,315)	**(1,525,656)**	(2,877,315)
Net (decrease)/increase in cash and cash equivalents	**(937,917)**	2,405,835	**(839,698)**	2,602,082
Effects of exchange rate changes	**8,707,435**	1,989,591	**-**	-
Cash and cash equivalents at beginning of year	**115,967,308**	111,571,882	**26,011,378**	23,409,296
Cash and cash equivalents at end of year (Note 20)	**123,736,826**	115,967,308	**25,171,680**	26,011,378

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

Sungei Bagan Rubber Company (Malaya) Berhad 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 Suite 6-1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia. The principal place of business is located at Suite 8F, 8th Floor, Foh Chong Building, Jalan Ibrahim, 80000 Johor Bahru, Johor, Malaysia.

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on a historical basis, except for freehold land included within property, plant and equipment, investment properties and available-for-sale investments that have been measured at their fair values.

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

2.2 Changes in accounting policies

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

<u>**Adoption of new and amended FRS and IC interpretations**</u>

On 1 July 2014, the Group and the Company adopted the following new and amended FRS and IC Interpretations:

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

The adoption of the above new and amended standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

Change in accounting policy on property, plant and equipment and depreciation

Freehold lands of the Group and the Company have not been revalued since they were first revalued in 1959. The directors have not adopted a policy of revaluation of such assets for the financial year ended 30 June 2014. As permitted under the transitional provisions of International Accounting Standards (IAS) 16 (Revised): Property, Plant and Equipment which was the applicable accounting standard when the first revaluation was done, these assets were stated at their 1959 valuation less accumulated depreciation for the financial year ended 30 June 2014.

During the current financial year, the Group and the Company adopted a policy of revaluation on its freehold lands to ensure conformity with its holding company's accounting policies.

Upon adoption of the revaluation policy on its freehold lands, a revaluation surplus of RM96,142,399 (net of deferred tax of RM5,060,000) was recognised in other comprehensive income for the current financial year. The Group and the Company accounted for the change in its accounting policy to the revaluation model prospectively.

2.3 Standards and interpretations issued but not yet effective

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

	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
FRS 9 Financial Instruments	1 January 2018

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception
The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

FRS 9: Financial Instruments
FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

2.4 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non- current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Current versus non-current classification (cont'd)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Fair value measurement (cont'd)

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 Basis of consolidation

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

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

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

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

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

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

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

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

(iii) rights arising from other contractual arrangements; and

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Basis of consolidation (cont'd)

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

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

2.7 Foreign currencies

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Foreign currencies (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.

2.8 Property, plant and equipment and depreciation

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 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 property, 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 is measured at fair value less impairment losses recognised at the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	4% - 10%
Plant and machinery	10%
Furniture, fittings and computers	10% - 50%
Vehicles and agricultural equipment	25% - 33.3%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Property, plant and equipment and depreciation (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2.9 Biological assets

Biological assets represent oil palms which are initially recorded at cost. Certain biological assets were not revalued since 1959 and continue to be stated at their 1959 valuation as permitted under the transitional provisions of International Accounting Standard (IAS) 16 (Revised): Property, Plant and Equipment which was the applicable accounting standards when the last revaluation was done.

(a) New planting
New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under estates costs and are not depreciated.

(b) Replanting expenditure
Replanting expenditure consists of expenses incurred from the point of clearing of planted areas to the point of harvesting and is charged to profit and loss in the year that it is incurred.

2.10 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Intangible assets

Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign 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 2.7.

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.

2.12 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)

2.12 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.

2.13 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 subsidiary is 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.

2.14 Associates

An associate is an entity over 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.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Associates (cont'd)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

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

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

2.15 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 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 is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Financial assets (cont'd)

(b) Loans and receivables

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

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

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

(c) 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 two 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 and the Company's right to receive payment is established.

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

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

A financial asset is derecognised 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(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 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged deposits and deposits with maturity of more than 90 days.

2.18 Inventories

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

- spare parts, fertilizers and chemicals: purchase costs on a first-in first-out basis.

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

2.19 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.20 Financial liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Financial liabilities (cont'd)

(b) Other financial liabilities

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

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

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

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

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

2.21 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. 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.

(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 Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been computed on the retirement benefits provision, as the amount is deemed to be insignificant to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(d).

2.23 Revenue

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

(a) Sale of goods

Revenue relating to sale of fresh oil palm fruit bunches is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(b) Interest income

Interest is recognised on a time proportion basis that reflect the effective yield on the assets.

(c) Dividend income

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

(d) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 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.

2.27 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 and of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

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

The management evaluated the process of applying the Group's and the Company's accounting policies and concluded that there is no significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

Impairment of investment in associates

The Group determines whether investment in associates is impaired at least on an annual basis by comparing the carrying amount with the recoverable amount of the investment in associates. This requires an estimation of the fair value less costs to sell and the value-in-use of the cash-generating units ("CGU") of the investment in associates. 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.

4. REVENUE

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

	Group		**Company**	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Sales of fresh oil palm fruit bunches	**6,108,700**	8,359,126	**6,108,700**	8,359,126
Dividend income				
- Quoted shares in Malaysia	**50,065**	1,592,454	**50,065**	1,592,454
- Quoted shares outside Malaysia	**3,402,419**	3,993,165	**3,402,419**	3,993,165
Interest income	**1,536,044**	994,021	**1,313,520**	886,070
	11,097,228	14,938,766	**10,874,704**	14,830,815

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

5. EMPLOYEE BENEFITS EXPENSES

	Group and Company	
	2015	2014
	RM	RM
Wages and salaries	**699,295**	686,869
Contributions to defined contribution plan	**68,085**	53,722
Social security contributions	**7,996**	6,619
Retirement benefits (Note 22)		
- Current year	**37,742**	45,896
- Oveprovided in prior year	**(6,008)**	(22,819)
Other benefits	**81,311**	48,704
	888,421	818,991

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM125,750 (2014 : Nil) as further disclosed in Note 7.

6. (LOSS)/PROFIT FROM OPERATIONS

The following amounts have been included in arriving at (loss)/profit from operations:

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Auditors' remuneration				
- Current year	**43,000**	39,000	**43,000**	39,000
- Of subsidiaries, borne by the Company	**6,000**	6,000	**6,000**	6,000
- Other services	**42,800**	43,500	**42,800**	43,500
Fees of subsidiaries' directors	**4,954**	4,662	**-**	-
Foreign exchange (gain)/loss				
- Realised	**(190)**	26,625	**(190)**	7,835
- Unrealised	**9,723,616**	(4,889,430)	**(16,552,209)**	(1,117,879)
Gain on disposal of property, plant and equipment	**-**	(20,000)	**-**	(20,000)
Replanting cost	**721,753**	540,179	**721,753**	540,179

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

7. DIRECTORS' REMUNERATION

	Group and Company	
	2015	2014
	RM	RM
Directors of the Company		
Executive:		
Salaries and allowances	**100,000**	-
Fees	**25,750**	-
	125,750	-
Non-Executive:		
Fees	**299,990**	318,450
Total	**425,740**	318,450

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2015	2014
Executive directors		
RM50,001 to RM100,000	**-**	-
RM100,001 to RM150,000	**1**	-
Non-Executive directors		
Below RM50,000	**4**	1
RM50,001 to RM100,000	**2**	4

8. INCOME TAX EXPENSE

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

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Tax expense for the year:				
Malaysian income tax	**463,000**	1,329,000	**463,000**	1,329,000
Foreign income tax	**318,975**	184,832	**-**	-
Overprovision in prior years:				
Malaysian income tax	**(37,414)**	(3,385)	**(37,414)**	(3,385)
	744,561	1,510,447	**425,586**	1,325,615
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	**(1,000)**	883,000	**(1,000)**	-
Effect on opening deferred tax of reduction in Malaysian tax rate	**2,000**	-	**2,000**	-
Overprovision in prior years	**(1,771,000)**	-	**(1,000)**	-
	(1,771,000)	883,000	**-**	-
Total income tax expense	**(1,025,439)**	2,393,447	**425,586**	1,325,615

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

8. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting profit:
Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 30 June 2015 has reflected this change.

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

	2015 RM	2014 RM
Group		
Profit before taxation	**4,406,446**	16,618,587
Taxation at Malaysian statutory tax rate of 25% (2014 : 25%)	**1,101,611**	4,154,647
Effect on opening deferred tax of reduction in Malaysian income tax rate	**2,000**	-
Effects of income not subject to tax	**(906,785)**	(438,266)
Effects of expenses not deductible for tax purposes	**2,445,288**	217,061
Effects of income in subsidiaries not subject to tax	**(55,630)**	(871,593)
Effects of share of results of associates	**(2,122,484)**	(92,307)
Deferred tax recognised at different tax rate	**-**	(757,542)
Different tax rate in foreign country	**318,975**	184,832
Overprovision of tax expense in prior years	**(37,414)**	(3,385)
Overprovision of deferred tax in prior years	**(1,771,000)**	-
	(1,025,439)	2,393,447

	2015 RM	2014 RM
Company		
Profit before taxation	**21,091,981**	9,788,952
Taxation at Malaysian statutory tax rate of 25% (2014 : 25%)	**5,272,995**	2,447,238
Effect on opening deferred tax of reduction in Malaysian income tax rate	**2,000**	-
Effects of income not subject to tax	**(4,945,040)**	(1,277,761)
Effects of expenses not deductible for tax purposes	**134,045**	159,523
Overprovision of tax expense in prior years	**(37,414)**	(3,385)
Overprovision of deferred tax in prior years	**(1,000)**	-
	425,586	1,325,615

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
	RM	RM
Profit attributable to owners of the parent for the year	**5,431,885**	14,225,140
Number of ordinary shares (weighted average)	**66,332,645**	64,385,614
Earnings per share (Sen)	**8.2**	22.1

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding as at 30 June 2015.

10. PROPERTY, PLANT AND EQUIPMENT

	At Valuation	<——	At Cost	——>	
	Freehold land	Buildings	Plant and machinery	*Other assets	Total
Group and Company	**RM**	**RM**	**RM**	**RM**	**RM**
Cost/Valuation					
At 1 July 2013	797,601	604,324	187,657	375,197	1,964,779
Additions	-	140,000	83,901	4,600	228,501
Disposal	-	-	(50,901)	-	(50,901)
At 30 June 2014 and 1 July 2014	797,601	744,324	220,657	379,797	2,142,379
Additions	-	68,000	107,350	-	175,350
Fair value adjustment	101,202,399	-	-	-	101,202,399
At 30 June 2015	102,000,000	812,324	328,007	379,797	103,520,128
Accumulated depreciation					
At 1 July 2013	-	556,303	171,154	367,855	1,095,312
Depreciation charge for the year	-	5,100	10,292	5,783	21,175
Disposal	-	-	(50,901)	-	(50,901)
At 30 June 2014 and 1 July 2014	-	561,403	130,545	373,638	1,065,586
Depreciation charge for the year	-	6,800	21,028	2,159	29,987
At 30 June 2015	-	568,203	151,573	375,797	1,095,573
Net carrying amount					
At 30 June 2014	797,601	182,921	90,112	6,159	1,076,793
At 30 June 2015	102,000,000	244,121	176,434	4,000	102,424,555

* Other assets comprise furniture, fittings, computers, vehicles and agriculture equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) The freehold land was revalued at RM102,000,000 on 30 June 2015 by a professional valuer. The valuation was made based on the comparison method, by comparing the subject property against properties that were either transacted recently or listed for sale within the same location or other comparable localities.

Significant unobservable valuation input for using the comparison method of valuation:

Price per acre	RM38,017

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued freehold land was made.

(c) Included in property, plant and equipment of the Group and the Company are the cost of the following fully depreciated assets which are still in use:

Group and Company	**2015 RM**	2014 RM
Building	**540,324**	540,324
Plant and machinery	**117,726**	117,726
Other assets	**372,596**	366,606
	1,030,646	1,024,656

11. BIOLOGICAL ASSETS

Group and Company	**2015 RM**	2014 RM
At 1 July	**549,154**	549,154
Additions	**1,270,441**	-
At 30 June	**1,819,595**	549,154

(a) Biological assets comprise oil palm. The biological assets were revalued by directors in 1959.

(b) Due to the absence of historical records, no disclosure on the historical cost of the revalued biological assets was made.

12. INVESTMENT PROPERTIES

Group	**2015 RM**	2014 RM
At beginning of year	**37,598,697**	30,736,222
Fair value gain	**1,186,577**	2,913,561
Exchange difference	**3,482,190**	3,948,914
At end of year	**42,267,464**	37,598,697

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

12. INVESTMENT PROPERTIES (cont'd)

The following investment properties are held under lease term:

	2015 RM	2014 RM
Long term leasehold apartment	**42,267,464**	37,598,697

The fair value is determined based on valuation conducted by independent professional valuers using the comparison method of valuation. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

Significant unobservable valuation input for using the comparison method of valuation:

	2015 RM	2014 RM
Price per square feet of residential buildings	**11,370**	8,997

13. INVESTMENT IN SUBSIDIARIES

Company	2015 RM	2014 RM
Unquoted shares, at cost	**119,226,010**	10

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership held by the Group 2015	% of ownership held by the Group 2014	% of ownership held by non-controlling interest 2015	% of ownership held by non-controlling interest 2014
Lanstar Assets Limited	British Virgin Islands	Investment holding.	**100**	100	**-**	-
Springvale International Limited	British Virgin Islands	Investment holding.	**100**	100	**-**	-

On 19 June 2015, the Company capitalised the non-current portion of amount due from Lanstar Assets Limited and Springvale International Limited amounting to RM113,274,000 and RM5,952,000 respectively as investment in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

14. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Unquoted shares, at cost:				
Outside Malaysia	**72,508,872**	56,496,980	**188,753**	188,753
Share of post-acquisition reserves	**18,170,765**	32,292,701	**-**	-
	90,679,637	88,789,681	**188,753**	188,753

During the financial year, dividend received from an associate of RM5,418,703 (2014 : RM2,447,981) of the Group was reinvested.

(a) Details of the associates are as follows:

Name of Associates	Country of Incorporation	Principal activity	Equity interest held (%)* 2015	Equity interest held (%)* 2014	Accounting model applied
Held directly through the Company					
Kuala Pergau Rubber Plantations PLC ("KP")	England	Plantation owner	**25.00**	25.00	equity method
Held through the Springvale International Limited					
Balland Properties Limited ("Balland")	Ireland	Investment holding	**49.00**	49.00	equity method
Raffles - Asia Investment Company ("RAIC")	Mauritius	Invest in a portfolion of securities.	**35.34**	34.62	equity method

* equals to the proportion of voting rights held

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

14. INVESTMENT IN ASSOCIATES (cont'd)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

As at 30 June 2015	KP RM	Balland RM	RAIC RM	Total RM
Current assets	**471,160**	**465,028**	**60,186,871**	**61,123,059**
Non-current assets	**913,147**	**12,283,638**	**188,281,128**	**201,477,913**
Current liabilities	**(576,380)**	**(2,151,921)**	**(671,802)**	**(3,400,103)**
Non-current liabilities	**(313,200)**	**(1,117,165)**	**-**	**(1,430,365)**
Exchange reserve	**-**	**(1,576,366)**	**(43,340,401)**	**(44,916,767)**
Equity	**494,727**	**7,903,214**	**204,455,796**	**212,853,737**
Proportion of Group's ownership	**25.00%**	**49.00%**	**35.34%**	
Equity attributable to the Group	**123,682**	**3,872,576**	**72,254,678**	**76,250,936**
Goodwill on acquisition	**-**	**-**	**2,984,479**	**2,984,479**
Change in proportion of Group's ownership	**-**	**-**	**28,899**	**28,899**
Exchange translation reserve	**-**	**1,048,246**	**10,367,077**	**11,415,323**
Carrying amount of investment	**123,682**	**4,920,822**	**85,635,133**	**90,679,637**

As at 30 June 2014	KP RM	Balland RM	RAIC RM	Total RM
Current assets	82,495	457,116	47,173,349	47,712,960
Non-current assets	914,237	12,712,806	187,261,328	200,888,371
Current liabilities	(131,328)	(1,840,130)	(900,295)	(2,871,753)
Non-current liabilities	(13,500)	(1,424,796)	-	(1,438,296)
Exchange reserve	-	(121,655)	(2,625,599)	(2,747,254)
Equity	851,904	9,783,341	230,908,783	241,544,028
Proportion of Group's ownership	25.00%	49.00%	34.62%	
Equity attributable to the Group	212,976	4,793,837	79,940,621	84,947,434
Goodwill on acquisition	-	-	2,235,607	2,235,607
Change in proportion of Group's ownership	-	-	27,205	27,205
Exchange translation reserve	-	(806,343)	2,385,778	1,579,435
Carrying amount of investment	212,976	3,987,494	84,589,211	88,789,681

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

14. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income

As at 30 June 2015	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	456	4,207,415	4,207,871
Other income	1,184	116,215	-	117,399
Other expenses	(345,189)	-	(86,513)	(431,702)
Other operating (expenses)/income	(13,472)	(2,629,573)	20,787,660	18,144,615
Income tax recoverable/(expense)	300	511,120	(49,887)	461,533
Profit for the year	(357,177)	(2,001,782)	24,858,675	22,499,716
Other comprehensive loss	-	-	(49,079,611)	(49,079,611)
Total comprehensive loss for the year	(357,177)	(2,001,782)	(24,220,936)	(26,579,895)
Proportion of Group's ownership	25.00%	49.00%	35.34%	
Group's share of profit for the year	(89,294)	(980,873)	8,785,056	7,714,889
Change in proportion of Group's ownership	-	-	(121,502)	(121,502)
Adjustment on associate's profit for the year to conform with the accounting policies of the Group	-	896,547	-	896,547
Net Group's share of profit for the year	(89,294)	(84,326)	8,663,554	8,489,934
Group's share of other comprehensive loss for the year	-	-	(17,344,735)	(17,344,735)
Change in proportion of Group's ownership	-	-	151,568	151,568
Net Group's share of other comprehensive loss for the year	-	-	(17,193,167)	(17,193,167)
Group's share of total comprehensive loss for the year	(89,294)	(84,326)	(8,529,613)	(8,703,233)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

14. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

As at 30 June 2014	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	426	12,672,463	12,672,889
Other income	(376,354)	(11,860)	(99,403)	(487,617)
Other operating expenses	(13,496)	(980,298)	(9,814,482)	(10,808,276)
Income tax recoverable/(expense)	1,500	177,446	(268,202)	(89,256)
Profit for the year	(388,350)	(814,286)	2,490,376	1,287,740
Other comprehensive income	-	-	4,468,648	4,468,648
Total comprehensive income for the year	(388,350)	(814,286)	6,959,024	5,756,388
Proportion of Group's ownership	25.00%	49.00%	34.62%	
Group's share of profit for the year	(97,088)	(399,000)	862,168	366,080
Change in proportion of Group's ownership	-	-	(61,054)	(61,054)
Adjustment on associate's profit for the year to conform with the accounting policies of the Group	-	64,203	-	64,203
Net Group's share of profit for the year	(97,088)	(334,797)	801,114	369,229
Group's share of other comprehensive income for the year	-	-	1,547,046	1,547,046
Change in proportion of Group's ownership	-	-	87,185	87,185
Net Group's share of other comprehensive income for the year	-	-	1,634,231	1,634,231
Group's share of total comprehensive income for the year	(97,088)	(334,797)	2,435,345	2,003,460

(c) The details of goodwill included within the Group's carrying amount of investment in associates are as follows:

Cost/Net carrying amount	**2015** **RM**	2014 RM
At beginning of year	**2,235,607**	1,975,976
Arising from additional investments in associates	**748,872**	259,631
At end of year	**2,984,479**	2,235,607

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

15. DUE FROM SUBSIDIARIES

	Company	
	2015	2014
	RM	RM
Due from subsidiaries	**1,296,053**	103,679,655
Less: Current portion (Note 19)	**(1,296,053)**	(20,245,668)
Non-current portion	**-**	83,433,987

Amounts due from subsidiaries are unsecured and interest free. The non-current portion of the amounts due from subsidiaries represents the Company's investment in the foreign subsidiaries. On 19 June 2015, the Company capitalised the non-current portion of amount due from Lanstar Assets Limited and Springvale International Limited amounting to RM113,274,000 and RM5,952,000 respectively as investment in subsidiaries.

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Quoted -				
Shares in Malaysia	**27,514,738**	31,259,767	**27,514,738**	31,259,767
Shares outside Malaysia	**136,991,035**	113,526,798	**136,991,035**	113,526,798
Precious metal	**11,727,100**	11,106,696	**3,141,148**	2,974,971
	176,232,873	155,893,261	**167,646,921**	147,761,536
Unquoted -				
Redeemable preference shares outside Malaysia	**2,712,055**	2,834,976	**-**	-
Other equity instruments outside Malaysia	**21,313,741**	16,398,146	**-**	-
	24,025,796	19,233,122	**-**	-
	200,258,669	175,126,383	**167,646,921**	147,761,536
Represented by:				
At fair value	**200,258,669**	175,126,383	**167,646,921**	147,761,536

17. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
At beginning of year	**(1,447,000)**	(556,000)	**53,000**	53,000
Recognised in profit or loss (Note 8)	**1,770,000**	(883,000)	**-**	-
Recognised in other comprehensive income	**(5,060,000)**	-	**(5,060,000)**	-
Exchange difference	**(270,000)**	(8,000)	**-**	-
At end of year	**(5,007,000)**	(1,447,000)	**(5,007,000)**	53,000
Analysed as follows:				
Deferred tax assets	**53,000**	53,000	**53,000**	53,000
Deferred tax liabilities	**(5,060,000)**	(1,500,000)	**(5,060,000)**	-
	(5,007,000)	(1,447,000)	**(5,007,000)**	53,000

The components and movements of deferred tax (liabilities)/assets during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group and Company

	Retirement benefit obligations RM	Unutilised leave RM	Accelerated capital allowances RM	Total RM
2015				
At 1 July 2014 and 30 June 2015	**62,000**	**5,000**	**(14,000)**	**53,000**
2014				
At 1 July 2013 and 30 June 2014	62,000	5,000	(14,000)	53,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

17. DEFERRED TAX (LIABILITIES)/ASSETS (cont'd)

Deferred tax liabilities

Group	**Freehold estate land RM**	**Investment property RM**	**Total RM**
At 1 July 2014	-	(1,500,000)	(1,500,000)
Recognised in profit or loss	-	1,770,000	1,770,000
Recognised in other comprehensive income	(5,060,000)	-	(5,060,000)
Exchange difference	-	(270,000)	(270,000)
At 30 June 2015	(5,060,000)	-	(5,060,000)
At 1 July 2013	-	(609,000)	(609,000)
Recognised in profit or loss	-	(883,000)	(883,000)
Exchange difference	-	(8,000)	(8,000)
At 30 June 2014	-	(1,500,000)	(1,500,000)

Company	**Freehold estate land**	
	2015	2014
	RM	RM
At beginning of year	**-**	-
Recognised in other comprehensive income	**(5,060,000)**	-
At end of year	**(5,060,000)**	-

18. INVENTORIES

	Group and Company	
	2015	2014
	RM	RM
At cost:		
Spare parts, fertilizers and chemicals	**47,584**	58,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Trade receivables	**401,300**	275,110	**401,300**	275,110
Sundry receivables	**820,422**	231,062	**819,203**	227,940
Due from subsidiaries (Note 15)	**-**	-	**1,296,053**	20,245,668
	1,221,722	506,172	**2,516,556**	20,748,718

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 day (2014 : 15 to 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group and Company	
	2015	2014
	RM	RM
Neither past due nor impaired	**401,300**	275,110

Receivables that are neither past due nor impaired

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

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

(b) Due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

20. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Cash on hand and at bank				
- in Malaysia	**3,536,278**	4,988,399	**3,536,278**	4,988,398
- outside Malaysia	**3,760,869**	3,679,382	**-**	-
Short-term deposits with licensed banks				
- in Malaysia	**45,325,480**	44,104,711	**45,325,480**	44,104,712
- outside Malaysia	**94,804,277**	86,276,548	**-**	-
Cash and bank balances	**147,426,904**	139,049,040	**48,861,758**	49,093,110

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

	Group		Company	
Cash and bank balances	**147,426,904**	139,049,040	**48,861,758**	49,093,110
Less: Short-term deposits with a licensed bank with maturities more than 90 days	**(23,690,078)**	(23,081,732)	**(23,690,078)**	(23,081,732)
Cash and cash equivalents	**123,736,826**	115,967,308	**25,171,680**	26,011,378

The weighted average interest rates of deposits at the reporting date were as follows:

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
In Malaysia	**3.06%**	2.69%	**3.06%**	2.69%
Outside Malaysia	**0.47%**	0.12%	**-**	-

The average maturity days of deposits as at the end of the financial year were as follows:

	Group		Company	
	2015	2014	**2015**	2014
	Days	Days	**Days**	Days
In Malaysia	**107**	140	**107**	140
Outside Malaysia	**31**	30	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Trade payables	**242,805**	240,841	**242,805**	240,841
Other payables:				
Accruals	**821,860**	646,827	**764,487**	613,110
Sundry payables	**140,533**	94,561	**139,018**	83,166
Due to directors' related companies	**382,103**	379,546	**374,355**	379,546
Unclaimed dividends	**6,078**	6,078	**6,078**	6,078
	1,350,574	1,127,012	**1,283,938**	1,081,900
Total trade and other payables	**1,593,379**	1,367,853	**1,526,743**	1,322,741

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one month to three months.

Included in trade payables of the Group and the Company is an amount of RM21,900 (2014 : RM43,149) due to Kluang Estate (1977) Sdn. Bhd., a company in which a director of the Company, Lee Chung-Shih has interest.

(b) Other payables

Amounts due to directors' related companies of the Group and the Company represent non-trade amounts due to companies in which a director, Lee Chung-Shih has interest. These are unsecured, interest free and with no fixed terms of repayment.

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
The Nyalas Rubber Estates Limited	**371,567**	346,991	**363,819**	346,991
Estate & Trust Agencies (1927) Limited	**7,803**	31,816	**7,803**	31,816
Kuchai Development Berhad	**2,733**	739	**2,733**	739
	382,103	379,546	**374,355**	379,546

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

22. RETIREMENT BENEFITS

	Group and Company	
	2015	2014
	RM	RM
At beginning of year	**271,095**	248,018
Charged to profit or loss (Note 5)	**37,742**	45,896
Overprovided in prior year (Note 5)	**(6,008)**	(22,819)
At end of year	**302,829**	271,095

23. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2015	2014	**2015**	2014
			RM	RM
Authorised	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
At 1 July	**66,332,645**	60,491,552	**66,332,645**	60,491,552
Issued during the year	**-**	5,841,093	**-**	5,841,093
At 30 June	**66,332,645**	66,332,645	**66,332,645**	66,332,645

In the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM60,491,552 to RM66,332,645 by way of issuance of 5,841,093 ordinary shares of RM1 at an issue price of RM2.48 per ordinary share via the dividend reinvestment

The new ordinary shares issued in the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

24. RESERVES

	Note	Group		Company	
		2015	2014	**2015**	2014
		RM	RM	**RM**	RM
Share premium	(a)	**8,644,818**	8,644,818	**8,644,818**	8,644,818
Capital reserve	(b)	**146,681,805**	67,732,573	**136,397,520**	40,255,121
Fair value reserve	(c)	**140,664,271**	120,460,899	**139,114,546**	119,229,161
Foreign currency translation reserve	(d)	**32,571,288**	(4,589,068)	**17,118,486**	17,118,486
Cultivation and replacement reserve	(e)	**5,955,705**	5,955,705	**5,955,706**	5,955,706
General reserve	(f)	**11,000,000**	11,000,000	**11,000,000**	11,000,000
		345,517,887	209,204,927	**318,231,076**	**202,203,292**

24. RESERVES (cont'd)

The components and movements of reserves are disclosed in the statements of changes in equity.

(a) The share premium represents the excess of consideration received over the par value of ordinary shares issued. The share premium is a statutorily restricted reserve but available for purposes as specified under the Companies Act, 1965.

(b) Capital reserve represents reserve created in accordance with Article No. 142 of the Company's Articles of Association and is not distributable as dividend. It consists of surplus from disposal of properties and long term investments and surplus from revaluation of property, plant and equipment and was created for the purpose of future acquisition of property and investment.

(c) Fair value reserve represents net gains or losses from the fair value adjustments of the available-for-sale investments at fair value.

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

(e) Cultivation and replacement reserves represent reserves created for the purpose of replanting oil palm and rubber crop.

(f) General reserve represents reserve transferred from retained profits and is distributable.

25. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 30 June 2015 and 30 June 2014 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

26. DIVIDENDS

	Amount		Net dividend per share	
	2015	2014	**2015**	2014
	RM	RM	Sen	Sen
Special dividend				
35.53% less 25% taxation, on 60,491,552 ordinary shares, declared on 19 September 2013, paid on 4 November 2013	**-**	16,119,492	**-**	26.65
First and final				
2% tax exempt (single tier), on 66,332,645 ordinary shares, declared on 4 December 2014, paid on 8 January 2015	**1,326,656**	-	**2.00**	-
2% less 25% taxation, on 66,332,645 ordinary shares, declared on 28 November 2013, paid on 26 December 2013	**-**	994,987	**-**	1.50
Bonus dividend				
0.3% tax exempt (single tier), on 66,332,645 ordinary shares, declared on 4 December 2014, paid on 8 January 2015	**199,000**	-	**0.30**	-
0.5% less 25% taxation, on 66,332,645 ordinary shares, declared on 19 September 2013, paid on 4 November 2013	**-**	248,747	**-**	0.37
	1,525,656	17,363,226	**2.30**	28.52

At the forthcoming Annual General Meeting, the following dividends in respect of the financial year ended 30 June 2015 on 66,332,645 ordinary shares, will be proposed for shareholders' approval:

	Amount	**Net dividend per share**
	RM	**Sen**
First and final tax exempt (single tier) dividend of 2%	1,326,656	2.00

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions during the year are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd.	**163,352**	295,133	**163,352**	295,133
Administration and support services payable to The Nyalas Rubber Estates Limited	**699,250**	678,509	**699,250**	678,509
Administration and support services payable to Estate & Trust Agencies (1927) Limited	**227,481**	167,437	**210,349**	150,512
Additional investment via capitalisation of amounts due from subsidiaries	**-**	-	**119,226,000**	-
Land lease rental payable to Kuala Pergau Rubber Plantations Plc	**62,500**	-	**62,500**	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

28. FAIR VALUE

(a) Fair value hierarchy

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

Group	**Quoted price in active markets (Level 1) RM**	**Significant observable inputs (Level 2) RM**	**Significant unobservable inputs (Level 3) RM**	**Total RM**
At 30 June 2015				
Assets measured at fair value				
Available-for-sale investments	**176,232,873**	**24,025,796**	**-**	**200,258,669**
Freehold land	**-**	**-**	**102,000,000**	**102,000,000**
Investment property	**-**	**-**	**42,267,464**	**42,267,464**
	176,232,873	**24,025,796**	**144,267,464**	**344,526,133**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONT'D)

28. FAIR VALUE (cont'd)

(a) Fair value hierarchy (cont'd)

Group	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
At 30 June 2014				
Assets measured at fair value				
Available-for-sale investments	155,893,261	19,233,122	-	175,126,383
Freehold land	-	-	797,601	797,601
Investment property	-	-	37,598,697	37,598,697
	155,893,261	19,233,122	38,396,298	213,522,681
Company				
At 30 June 2015				
Assets measured at fair value				
Available-for-sale investments	**167,646,921**	**-**	**-**	**167,646,921**
Freehold land	**-**	**-**	**102,000,000**	**102,000,000**
	167,646,921	**-**	**102,000,000**	**269,646,921**
At 30 June 2014				
Assets measured at fair value				
Available-for-sale investments	147,761,536	-	-	147,761,536
Freehold land	-	-	797,601	797,601
	147,761,536	-	797,601	148,559,137

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

Advances to subsidiaries (non-current)

Advances to subsidiaries in prior year were stated at their initial transaction value as there was no repayment terms and it was not possible to estimate the timing of future cash flows.

28. FAIR VALUE (cont'd)

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables	19
Trade and other payables	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(d) Determination of fair values

<u>Quoted equity instruments</u>
Fair value is determined directly by reference to their published market bid price at the reporting date.

<u>Unquoted equity instruments and redeemable preference shares</u>
The unquoted equity instruments and redeemable preference shares have been valued using the net asset value of the shares.

<u>Precious metal</u>
Fair value of precious metal is determined by reference to its average bid spot price at the reporting date.

29. 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 risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

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 the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

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 positions.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile
At the reporting date, approximately 51% (2014 : 98%) of the Company's trade and other receivables were due from its subsidiaries.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group and 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 diverse sources of committed and uncommitted credit facilities from various banks.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted payments.

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Trade and other payables				
- On demand or within 1 year	**1,593,379**	1,367,853	**1,526,743**	1,322,741

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their short term deposits with licensed banks at floating rates. All of the Group's and the Company's financial assets at floating rates are contractually re-priced at intervals of less than 6 months (2014: less than 6 months) from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for foreign currency risk
The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on interest income on floating rate short term deposits with licensed banks).

	Group		**Company**	
	Increase/ (decrease) in basis points	**Effect on profit before tax RM**	**Increase/ (decrease) in basis points**	**Effect on profit before tax RM**
2015				
- Ringgit Malaysia	**10**	**4,500**	**10**	**4,500**
- Ringgit Malaysia	**(10)**	**(4,500)**	**(10)**	**(4,500)**
- Singapore Dollar	**10**	**8,800**	**-**	**-**
- Singapore Dollar	**(10)**	**(8,800)**	**-**	**-**
2014				
- Ringgit Malaysia	10	4,400	10	4,400
- Ringgit Malaysia	(10)	(4,400)	(10)	(4,400)
- Singapore Dollar	10	8,600	-	-
- Singapore Dollar	(10)	(8,600)	-	-

(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 rate.

The Group has transactional currency exposures arising from its investments and short term deposits with licensed banks that are denominated in a currency other than the respective functional currencies of Group entities, primarily in RM and United States Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), UK Pound Sterling ("£") and USD.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in SGD, £ and USD) amounted to RM97,758,459, RM527,631 and RM97,197 (2014 : RM89,273,956, RM283,692 and RM110,877) respectively.

The Group is also exposed to currency translation risk arising from its net investment in its subsidiaries. The Group's investment in its subsidiaries is not hedged as the currency position in USD is considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, £ and USD against exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2014	2013
		RM	RM
USD/RM	- Strengthened 5%	**4,100**	4,800
	- Weakened 5%	**(4,100)**	(4,800)
SGD/RM	- Strengthened 5%	**18,400**	18,800
	- Weakened 5%	**(18,400)**	(18,800)
SGD/USD	- Strengthened 5%	**4,888,400**	4,463,900
	- Weakened 5%	**(4,888,400)**	(4,463,900)
£/USD	- Strengthened 5%	**25,300**	14,000
	- Weakened 5%	**(25,300)**	(14,000)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market price (other than interest or exchange rate).

The Group and the Company are exposed to equity price risk arising from its investments in quoted equity instruments quoted in Bursa Malaysia, SGX-ST in Singapore and the metal price quoted in Australia. These instruments are classified as available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI, STI in Singapore and the metal price in Australia were to change by 5% respectively with all other variables held constant, the effects on other comprehensive income for the Group and the Company would have been as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Other comprehensive income				
Quoted shares in Malaysia				
- increased by 5%	**1,375,700**	1,563,000	**1,375,700**	1,563,000
- decreased by 5%	**(1,375,700)**	(1,563,000)	**(1,375,700)**	(1,563,000)
Quoted shares outside Malaysia				
- increased by 5%	**6,849,600**	5,676,300	**6,849,600**	5,676,300
- decreased by 5%	**(6,849,600)**	(5,676,300)	**(6,849,600)**	(5,676,300)
Precious metal				
- increased by 5%	**586,400**	555,300	**157,100**	148,700
- decreased by 5%	**(586,400)**	(555,300)	**(157,100)**	(148,700)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

30. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments of the Group and the Company as at 30 June 2015 and 30 June 2014 by classes are as follows:

		Note	Group 2015 RM	Group 2014 RM
(a)	**Available-for-sale financial assets**			
	Available-for-sale investments	16	**200,258,669**	175,126,383
(b)	**Loans and receivables**			
	Trade and other receivables	19	**1,221,722**	506,172
	Cash and bank balances	20	**147,426,904**	139,049,040
			148,648,626	139,555,212
(c)	**Financial liabilities measured at amortised cost**			
	Trade and other payables	21	**1,593,379**	1,367,853

		Note	Company 2015 RM	Company 2014 RM
(a)	**Available-for-sale financial assets**			
	Available-for-sale investments	16	**167,646,922**	147,761,536
(b)	**Loans and receivables**			
	Due from subsidiaries, non-current	15	**-**	83,433,987
	Trade and other receivables	19	**2,516,556**	20,748,718
	Cash and bank balances	20	**48,861,758**	49,093,110
			51,378,314	153,275,815
(c)	**Financial liabilities measured at amortised cost**			
	Trade and other payables	21	**1,526,743**	1,322,741

31. 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 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 30 June 2015 and 30 June 2014, are as follows

	2015 RM	2014 RM
Total liabilities	**6,956,208**	3,171,121
Total equity	**579,945,898**	439,726,709
Gearing ratio	**1.2%**	0.7%

32. SEGMENT REPORTING

(a) Business segments

For management purposes, the Group is organised into business units based on their sources of income and has two reportable operating segments as follows:

(i) Plantation - cultivation of oil palm
(ii) Investments - long term portfolio investment in securities, deposits with banks and investment properties

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. Group income taxes are managed on a group basis and are not allocated to operating segments.

	Plantation		**Investments**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	RM	RM	**RM**	RM	**RM**	RM
Revenue						
External	**6,108,700**	8,359,126	**4,988,528**	6,579,640	**11,097,228**	14,938,766
Result						
Segment results	**1,679,493**	4,099,852	**2,774,068**	12,827,942	**4,453,561**	16,927,794
Unallocated corporate expenses					**(1,905,915)**	(1,892,633)
Foreign exchange (loss)/gain	**190**	(7,835)	**(6,631,324)**	1,222,032	**(6,631,134)**	1,214,197
(Loss)/Profits from operations					**(4,083,488)**	16,249,358
Share of results of associates	**-**	-	**8,489,934**	369,229	**8,489,934**	369,229
Income tax expense					**1,025,439**	(2,393,447)
Profit, net of tax					**5,431,885**	14,225,140
Assets						
Segment assets	**155,056,074**	51,351,772	**341,113,395**	302,703,377	**496,169,469**	354,055,149
Investments in associates	**-**	-	**90,679,637**	88,789,681	**90,679,637**	88,789,681
Unallocated assets					**53,000**	53,000
Consolidated total assets					**586,902,106**	442,897,830
Liabilities						
Segment liabilities	**5,441,823**	339,607	**57,373**	1,533,717	**5,499,196**	1,873,324
Unallocated liabilities					**1,457,012**	1,297,797
					6,956,208	3,171,121
Other information						
Depreciation	**29,987**	21,175	**-**	-	**29,987**	21,175
Fair value gain on investment property	**-**	-	**1,186,577**	2,913,561	**1,186,577**	2,913,561

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

32. SEGMENT REPORTING (cont'd)

(b) Geographical Segments

The Group's plantation activity is mainly in Malaysia whilst the investment activities are mainly in six geographical areas of the world.

	Total Revenue from External Customers		**Segment Assets**	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Malaysia	**7,472,285**	10,837,649	**182,526,615**	82,551,935
Singapore	**3,624,943**	4,101,117	**235,006,305**	203,182,479
Hong Kong	**-**	-	**8,847**	7,499
United Kingdom	**-**	-	**47,848,406**	42,091,297
Mauritius	**-**	-	**88,347,190**	87,424,191
Australia	**-**	-	**11,851,003**	11,242,282
Cayman Islands	**-**	-	**21,313,740**	16,398,147
	11,097,228	14,938,766	**586,902,106**	442,897,830

Although no significant revenue was generated from investment in available for sales financial assets and investment properties, the fair value changes recorded on those investments amounted to a gain RM21,389,949 (2014 : RM35,222,407).

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 16 October 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

34. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 30 June 2015 and 30 June 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	2014	**2015**	2014
	RM	RM	**RM**	RM
Total retained profits/ (accumulated losses)				
- Realised	**141,364,202**	117,351,409	**70,757,210**	51,757,924
- Unrealised	**19,758,166**	26,558,411	**(18,743,691)**	(18,885,144)
	161,122,368	143,909,820	**52,013,519**	32,872,780
Total retained profits from associates				
- Realised	**44,482,971**	35,930,186	**-**	-
- Unrealised	**983,451**	1,046,302	**-**	-
	45,466,422	36,976,488	**-**	-
Less:				
Consolidated adjustments	**(38,493,424)**	(16,697,171)	**-**	-
Retained profits as per financial statements	**168,095,366**	164,189,137	**52,013,519**	32,872,780

THREE YEARS COMPARATIVE FIGURES

Year ended 30 June		2013	2014	2015
Crop – FFB	– tonnes	14,831	15,892	**13,385**
Net average price FFB	– RM/tonnes	487	526	**466**
Harvested acreage		2,218	2,093	**2,072**
Immature acreage		397	522	**543**
Average yield per mature acres : FFB	– tonnes	7	8	**6**
Profit/(Loss) before taxation (RM'000)		6,814	16,618	**4,406**
Taxation (RM'000)		(5,429)	2,393	**(1,025)**
Profit/(Loss) after taxation and before extraordinary items (RM'000)		12,243	14,225	**5,432**
Dividend – %		2.5	38.0	**2.3**
Net cost of dividend (RM'000)		1,134	17,363	**1,526**

STATEMENT OF SHAREHOLDINGS

As at 15 October 2015

Authorised capital	:	RM100,000,000 divided into 100,000,000 ordinary shares
Issued and fully paid-up capital	:	RM66,332,645
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Number of Shares	Percentage of Holdings
48	Less than 100	1,656	0.00
339	101 to 1,000	253,554	0.38
1,108	1,001 to 10,000	4,362,889	6.58
383	10,001 to 100,000	11,236,897	16.94
47	100,001 to less than 5% of issued shares	14,717,270	22.19
2	5% and above	35,760,379	53.91
1,927		66,332,645	100.00

THIRTY LARGEST SHAREHOLDERS

	Name of shareholders	Number of shares	Percentage of shares
1.	Malaysia Nominees (Tempatan) Sendirian Berhad Kluang Rubber Company (Malaya) Berhad	21,365,803	32.21
2.	RHB Nominees (Tempatan) Sdn. Bhd. Kuchai Development Berhad	14,394,576	21.70
3.	Kuchai Development Berhad	3,189,454	4.81
4.	PM Nominees (Tempatan) Sdn. Bhd. Malpac Management Sdn. Bhd.	1,029,928	1.55
5.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte. Ltd.	637,800	0.96
6.	RHB Nominees (Tempatan) Sdn. Bhd. OSK Trustees Berhad For The Divine Vision Trust	581,024	0.88
7.	Lim Teh Realty Sdn. Berhad	481,962	0.73
8.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Na Chaing Ching	446,063	0.67
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung	429,742	0.65
10.	CIMSEC Nominees (Asing) Sdn. Bhd. Exempt AN For CIMB Securities (Singapore) Pte. Ltd.	428,400	0.65

STATEMENT OF SHAREHOLDINGS (cont'd)

	Name of shareholders	Number of shares	Percentage of shares
11.	Lee Chin Hong	400,000	0.60
12.	Song Huat Chan Holdings Sdn. Bhd.	380,962	0.57
13.	Ng Poh Cheng	358,992	0.54
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ooi Chieng Sim	353,387	0.53
15.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Chieh Yu Lydia	319,583	0.48
16.	Chin Kian Fong	275,422	0.42
17.	Yeow Teng Tak	268,002	0.40
18.	HSBC Nominees (Asing) Sdn. Bhd. HSBC-FS For Integral Asia Value Fund	240,959	0.36
19.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ho Kok Kiang	236,400	0.36
20.	Ng Poh Cheng	232,446	0.35
21.	Yeo Khee Huat	230,460	0.35
22.	Chong Yean Fong	219,555	0.32
23.	Lye Choon Sheng	212,346	0.32
24.	Ong Teck Peow	207,093	0.31
25.	Teuh Chin Yap	199,340	0.30
26.	Ng Poh Cheng	199,201	0.30
27.	Chin Khee Kong & Sons Sdn. Bhd.	194,272	0.29
28.	Golden Times Holdings Sdn. Bhd.	169,000	0.25
29.	Ng Kim Geok @ Ng Kim Kok	165,000	0.25
30.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte. Ltd. for Ng Poh Cheng	164,145	0.25

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

		<———No. of Shares		———>	
	Shareholders	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Kuchai Development Berhad	17,584,030	26.51	-	-
2.	Kluang Rubber Company (Malaya) Berhad	21,365,803	32.21	-	-
3.	The Nyalas Rubber Estates Limited #	-	-	38,949,833	58.71
4.	Lee Thor Seng #	91,962	0.14	38,949,833	58.71
5.	Lee Chung-Shih #	35,438	0.05	38,949,833	58.71
6.	Lee Yung-Shih #	35,438	0.05	38,949,833	58.71

Note:
\# Deemed interested by virtue of its substantial indirect interest in Kuchai Development Berhad and Kluang Rubber Company (Malaya) Berhad

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 134 of the Companies Act, 1965, the following are the shareholdings of the Directors of the Company:

		<———No. of Shares		———>	
	Directors	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Lee Chung-Shih @	35,438	0.05	38,949,833	58.71
2.	Lee Soo Hoon	-	-	-	-
3.	William Wong Tien Leong	-	-	-	-
4.	Tay Beng Chai	-	-	-	-
5.	Balaraman A/L Annamaly	3,322	0.0005	-	-
6.	Cheong Mun Hong	-	-	-	-

Note:
@ Deemed interested by virtue of his substantial indirect interest in Kuchai Development Berhad and Kluang Rubber Company (Malaya) Berhad

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 June 2015 are as follows:

Location	Description of existing use	Tenure	Land Area	Approximate age of building	Net Carrying Amount/ Fair Value (RM)	Date of Acquisition(A)/ Revaluation(R)
Lot 517, 524, 1055 and 1069 District of Machang, Kelantan	Oil palm estate	Freehold	2,683 acres	-	102,000,000	Not available (A)/ 15 June 2015 (R)
Flat 5, 22 Down Street, London	Residential building	Leasehold	3,740 square feet	999 years (expires in 2976)	42,267,464	April 1997 (A)/ 30 June 2015 (R)

SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD (3327-U)
(Incorporated in Malaysia)

FORM OF PROXY

I/We...

of...

being a member/members of SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD, hereby appoint

....(NRIC No./Passport No.)..

of...

or failing him..(NRIC No./Passport No.)..

of...

as my/our proxy to vote for me/us and on my/our behalf at the Fifty-Seventh Annual General Meeting of the Company to be held at Thistle Johor Bahru Hotel, Dahlia & Seroja (LG Floor), Jalan Sungai Chat, 80720 Johor Bahru, Johor, Malaysia on Thursday, 10 December 2015 at 10.00 a.m. and at any adjournment thereof.

This position of my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1)________________________% Second Proxy (2)________________________%

My/Our proxy is to vote as indicated below:

NO	RESOLUTION	RESOLUTION	FOR	AGAINST
1	To approve the payment of a First and final tax exempt (single tier) dividend.	**1**		
2	To approve the Directors' Fees for the financial year ending 30 June 2016.	**2**		
3	To re-elect Lee Chung-Shih as Director.	**3**		
4	To re-elect Tay Beng Chai as Director.	**4**		
5	To re-elect Cheong Mun Hong as Director.	**5**		
6	To re-appoint Lee Soo Hoon as Director.	**6**		
7	To re-appoint Messrs Ernst & Young as Auditors.	**7**		
8	To approve the continuation of terms of office of Lee Soo Hoon as Independent Director.	**8**		
9	Authority To Allot Shares - Section 132D.	**9**		
10	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Kluang Estate (1977) Sdn Berhad	**10**		
11	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with The Nyalas Rubber Estates Limited	**11**		
12	To approve the proposed renewal of shareholders' mandate for new recurrent related party transactions of a revenue or trading nature with Estates and Trust Agencies (1927) Limited	**12**		
13	To approve the proposed shareholders' mandate for new recurrent related party transactions of a revenue or trading nature with Kuala Pergau Rubber Plantations PLC	**13**		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this..day.. 2015.

NO. OF SHARES HELD	CDS ACCOUNT NO.

....
Signature of Member(s)

Notes :

a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.

b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.

c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.

d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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.

e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.

f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

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The Secretary
SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD
(Company No: 3327-U)
Suite 6.1A, Level 6,
Menara Pelangi, Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor.

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