



KLUANG RUBBER COMPANY (MALAYA) BERHAD

(Company No: 3441 K)
Incorporated in Malaysia

2016

ANNUAL REPORT

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh Annual General Meeting of **KLUANG RUBBER COMPANY (MALAYA) BERHAD** will be held at Thistle Johor Bahru Hotel, Rafflesia & Jasmine (LG Floor), Jalan Sungai Chat, 80720 Johor Bahru, Johor, Malaysia on Tuesday, 29 November 2016 at 11.00 a.m. to transact the following businesses:

Agenda

ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Directors' and Auditors' Reports thereon. | <i>REFER TO
EXPLANATORY
NOTE A</i> |
| 2. To approve the payment of a First and final tax exempt (single tier) dividend of 1% for the financial year ended 30 June 2016. | 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 2017. | 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) Balaraman A/L Annamaly - Article 84 | RESOLUTION 3 |
| b) Chew Khat Khiam Albert - Article 89 | RESOLUTION 4 |
| 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 5 |
| 6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorize the Directors to fix their remuneration. | RESOLUTION 6 |

SPECIAL BUSINESS

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

ORDINARY RESOLUTION 1 CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR "THAT subject to the passing of Resolution 5, 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."	RESOLUTION 7 <i>REFER TO EXPLANATORY NOTE B</i>
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ORDINARY RESOLUTION 2 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."	RESOLUTION 8
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NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION 3

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

“**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company be and is 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 27 October 2016 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

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG 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'S MAIN MARKET LISTING REQUIREMENTS

“**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company be and is 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 27 October 2016 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.”

RESOLUTION 9

RESOLUTION 10

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

ORDINARY RESOLUTION 5

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG 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'S MAIN MARKET LISTING REQUIREMENTS

“**THAT** pursuant to Paragraph 10.09 of the Bursa Malaysia Main Market Listing Requirements, the Company be and is 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 27 October 2016 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.”
8. 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 1% in respect of the financial year ended 30 June 2016 will be payable on 20 December 2016 to Depositors registered in the Record of Depositors at the close of business on 5 December 2016.

A Depositor shall qualify for entitlement only in respect of:

- a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 1 December 2016 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 5 December 2016 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

LEONG SIEW FOONG (MAICSA NO. 7007572)
ZARINA BINTI AHMAD (LS NO 0009964)
Company Secretaries
Johor Bahru
27 October 2016

RESOLUTION 11

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 (1) 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 Level 6, Symphony House, Pusat Dagangan Dana, 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.
- g. In respect of the deposited securities, only members whose names appear in the Record of Depositors on 22 November 2016 shall be eligible to attend the meeting.

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 have 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 Malaysia's Main Market Listing Requirements. 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 and 5

Please refer to the Circular to Shareholders dated 27 October 2016.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27 (2) of the Bursa Malaysia's Main Market Listing Requirements, appended hereunder are:

DETAILS OF INDIVIDUAL WHO ARE STANDING FOR ELECTION AS DIRECTOR

Chew Khat Khiam Albert

Age 59, Australian

Independent Non-Executive Director and Member of Audit Committee

Further details are prescribed on page 33 of the Annual Report.

CORPORATE INFORMATION

DIRECTORS

LEE SOO HOON

Independent Non-Executive Chairman

LEE CHUNG-SHIH

Non-Independent Non-Executive Director

TAY BENG CHAI

Independent Non-Executive Director

CHEW KHAT KHIAM ALBERT

Independent Non-Executive Director

CHEONG MUN HONG

Executive Director

BALARAMAN A/L ANNAMALY

Executive Director

SECRETARIES

LEONG SIEW FOONG

ZARINA BINTI AHMAD

AUDIT COMMITTEE MEMBERS

LEE SOO HOON

Chairman

TAY BENG CHAI

CHEW KHAT KHIAM ALBERT

NOMINATION COMMITTEE MEMBERS

LEE SOO HOON

TAY BENG CHAI

REMUNERATION COMMITTEE MEMBERS

TAY BENG CHAI

Chairman

LEE SOO HOON

AUDITORS

ERNST & YOUNG

Chartered Accountants

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

CORPORATE INFORMATION (cont'd)

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.kluangrubber.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the year ended 30 June 2016, our Group generated Revenue of RM24.59 million, comparable to our previous year's result. A comparable level of Revenue was maintained despite a 15% decrease from the sale of FFB due to dry weather conditions, especially in our Estate located in Kluang, Johor. Unprecedented drought and fires in Indonesia during late 2015 might have been a key contributor towards our estate's decreased production in 2016. This is because the haze impacts fruit production through reduced photosynthetic efficiency.

In spite of the lower contributions from our plantation operations, Group Revenue held steady primarily due to the increased contribution from the dividend income received from our investments in publicly listed companies. In most years, we expect our plantation business to mitigate the volatility of the contributions from our investment positions. However this year, contributions from our investments mitigated the volatility of our earnings from our plantation operations, and we believe this exemplified the resilience of our Group's structure.

For the year under review, your Group reported an Operating Profit (excluding share of profits from associates) of RM3.02 million. This major contributor for the increase of our Operating Profit on a Group level was due to a reduction of our Foreign Exchange loss as compared with the previous year.

In the year ended 30 June 2016, your Group reported an after-tax profit of RM5.06 million. This decline was primarily a result of a lower contribution from our Group's Associates.

Following up on our subsidiary's Sungei Bagan Rubber Company (Malaya) Berhad's upstream expansion in 2015, as at August 2016, new plantings are ongoing on our subsidiary's 2,327 acres of plantation land. Upon maturity, we expect these planting to boost our Group's contributions from the plantation segment.

Acknowledgements

The Board would like to express its appreciation to Mr. William Wong Tien Leong who has served as an Independent Non-Executive Director of the Group from 7 December 2011 to 1 May 2016. The Board would like to thank Mr. Wong for his invaluable service and contributions, and wish him the very best in his future endeavours.

We extend a warm welcome to Mr. Chew Khat Khiam Albert, who joined the Board as an Independent Non-Executive Director on 10 October 2016. Mr. Chew has broad experience in the accounting and finance sector, and is able to contribute towards our Group's continued development. The Board values his wealth of experience of knowledge and experience, and look forward to Mr Chew's active participation on the Board.

Dividends

The Board is proposing a first and final tax exempt (single tier) dividend of 1% for the year ended 30 June 2016. This is subjected to the approval of shareholders at the forthcoming Annual General Meeting.

CHAIRMAN'S STATEMENT (cont'd)

Prospects

Your Group continues to remain positive on the on the long term fundamentals of the oil palm industry. As exemplified by our subsidiary's upstream expansion in Kelantan, we are consistently on the lookout for value accretive opportunities in this sector.

In addition to our Plantation operations, your Group is cognizant of developments neighbouring our estate. In view of these developments, your Group is in the preliminary stages of considering options for selected areas of interest.

Over time we continue to believe that our plantation business should mitigate the volatility of our earnings, though given the Group's 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.

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 continuing 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

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

Plantation Operations

The Group reported RM9.74 million from the sale of FFB in the year ended 30 June 2016. As a result of the adoption of FRS 10 in the year ended 30 June 2014, results for our Group’s plantation operations were consolidated. A performance review of our individual estates were reported with a focus on Kluang Estate.

As at 30 June 2016, our Group’s total planted area stood at 4,188 acres:

- Kluang Estate: 1,573.61 acres
- Sungei Bagan Estate: 2,614.71 acres

This was before taking into account Sungei Bagan Rubber Co (M) Bhd’s 2,327 acres of plantation land in Kelantan leased from Kuala Pergau Rubber Plantations PLC. As at August 2016, planting at Kuala Pergau Estate has commenced and we are on track to complete our plantings by calendar year end 2016.

In total, our Group’s plantation land under management totalled over 6,500 acres, and we expect this area to be planted prior to the year ended 30 June 2017.

Kluang Estate

In the year ended 30 June 2016, Kluang Estate reported revenue of RM4.37 million from its plantation operations, a year on year decline of 18%.

For the year under review, CPO prices (MPOB) was in the range of between RM1,800 to 2,700/MT, with a recovery in early 2016 on the back of a 7% decline in Malaysia’s CPO production to 18.24 million MT. This led to an increase in Kluang Estate’s FFB average selling prices from a monthly average of RM462/MT in the previous year to the current year’s RM483/MT. However, higher sale prices was unable to offset the effects of challenging weather conditions, which resulted in a 22% drop in tonnage arriving at an annual harvest of 9,048MT. The weather conditions might have been the result of the unprecedented drought and fires in Indonesia during late 2015 that led to the haze in Indonesia, Malaysia and Singapore.

Even under challenging weather conditions, Kluang Estate continued to deliver through controllable actions. Although Kluang Estate’s FFB cost of production (inclusive of immature area and capital expenditure) was RM309/MT, an increase over the previous year’s RM228/MT, our operating expense in absolute figures at RM2.65 million, was only 4% higher compared with the previous year’s figures. However, as harvested tonnage is a key factor in the calculation of our FFB cost of production, the 22% fall in crop production greatly impacted our selected cost metric for the year under review. As a commodity operator, we continue in our belief that our focus on cost management has served us well, and will continue to be beneficial for us in our industry.

Despite these challenges, our Group still managed to report a FFB yield of 18.2MT/ha, higher than MPOB’s Malaysia average of 17.1 MT/ha over the corresponding period (July 2015 – June 2016). Compared with MPOB’s Johor average of 18.1MT/ha, Kluang Estate was in line with the State’s production level. Although not satisfied, our Company acknowledges the work by our plantation managers even when faced with certain challenges beyond their control.

Of the total area of 1,603 acres as at 30 June 2016, Kluang Estate had a planted area of 1,574 acres - 98% of the total area. With regards to replanting, the Company has a set of policies in place to assessing the replanting requirements on the basis of maturity and yield and are satisfied with the current age profile of the plantation. There are no current plans for replanting in 2016.

With a total planted area of 1,574 acres - 99% of the total area, the weighted average age of Kluang Estate’s oil palms stood at a healthy age of 12 years. The age profile of Kluang Estate’s oil palms at 30 June 2016 as a percentage of planted area is as follows:

- Immature (0 - 2): 12%
- Mature – Young (3 - 7): 31%
- Mature – Prime (8 - 15): 20%
- Mature – Tall (> 15): 37%

With 51% of Kluang Estate made up of mature palms between the ages of 3-15 years, we remain optimistic on Kluang Estate’s production capabilities for FY2016.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (cont’d)

For the year under review, improvements to our labour line have been completed. During the year, our estate has also completed asset enhancement initiatives to our main office, with a marked improvement compared to the previous year. With the belief that these improvements are able to provide us with a platform for sustainable growth, the Group will continue with our plans to improve the standard of our infrastructure.

Sungei Bagan Estate

In the year ended 30 June 2016, Sungei Bagan Estate reported crop sales totalling RM5.37 million, a year on year decline of 12%.

Even under challenging weather conditions, Sungei Bagan Estate continued to deliver through controllable actions. Although Sungei Bagan Estate’s FFB cost of production (inclusive of immature area and capital expenditure) was RM393/MT, an increase over the previous year’s RM335/MT, our operating expense in absolute figures at RM4.43 million, was actually down 9% year on year.

Despite these challenges, our Group managed to report a FFB yield of 15.0MT/ha. Rest assured that we are not content with the results. However with that being said, the Company is appreciative of the work by our plantation managers for the results delivered when faced with certain challenges beyond their control.

Although Sungei Bagan Estate delivered a lower yield than MPOB’s Malaysia average of 17.1 MT/ha over the corresponding period (July 2015 – June 2016), we have to view this in context of the geographical location of our estate. Compared to MPOB’s Kelantan average of 10.5MT/ha, Sungei Bagan Estate exceeded the State’s average by 43%.

Following up on the leasing of 2,327 acres of plantation land in our previous year, the progress at Kuala Pergau Estate, with the successful completion of most of our infrastructure requirements, is on schedule. As at August 2016, the transportation of the seedlings from our on-site nursery to the fields for planting are underway. Plantings over the entire estate is expected to be completed in 2016.

Our Group continues to remain positive on the long term fundamentals of the oil palm industry and the contributions from Kuala Pergau Estate will increase the capabilities of the Group’s FFB production.

Investments

The bulk of our Company’s Quoted shares investment continued to be held in the following publicly listed entities:

- Kuchai Development Berhad
- Sungei Bagan Rubber Company (Malaya) Berhad
- Singapore Press Holdings Limited

Our position as long term shareholders in publicly listed entities have served us well over the years and we hope that they would continue to do so. Your Group also has accumulated investment positions in selected funds and precious metals holdings.

Financial Position

Your Group continued to maintain a healthy financial position at year ended 30 June 2016, with Shareholders’ Equity of RM629 million with no leverage employed.

Although not an new event, it is notable to highlight that with the consolidation of Kuchai Development Berhad and Sungei Bagan Rubber Company (Malaya) Berhad, Non-Controlling interests of the Group stood at RM470 million, 43% of your Group’s Total Equity.

The Board is committed towards maintaining its philosophy of having a strong balance sheet and especially a healthy cash position. This is in order to ensure our company’s ability to fully fund our operations and internal capital requirements. Additionally, our Group has the capability to invest strategically and prudently, both to grow our business and take advantage of opportunities should they arise, regardless of market conditions.

STATEMENT OF CORPORATE GOVERNANCE

THE CODE OF CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 (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 relevant Principles and Recommendations set out in the Code.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1. Roles and Responsibilities of the Board

The Board's role is to govern the Company. In governing, the Directors must act honestly, fairly, diligently and in accordance with the law in the best interest of the Company. It is the responsibility of the Board to oversee the activities of Management in managing the Company.

Being responsible for setting the overall strategy of the Group and making decisions on major operational and financial matters, the Board reserves for its decision or approval matters involving.

- Annual and quarterly reports
- Annual budgets
- Composition and terms of reference of Board committees
- Capital allocation decisions
- Major acquisitions and divestments
- Major transactions
- New business segments
- Recommendations on Directors' appointment and re-appointment
- Remuneration of Executive Directors, Non-executive Directors and Senior Management

The Non-executive and Independent Directors, serve the important functions of providing unbiased and independent views, advising management on strategies, ensuring high standards of financial and regulatory oversight, and providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole.

Progress against actionable items highlighted on the agenda of the previous Board meetings are closely monitored and discussed at subsequent meetings.

For the financial year ended June 2016, the Board carried out the following activities:

- Took cognisance of the Company's business activities throughout the year
- Approved Company's quarterly results for the financial year and the audited financial statements for the financial year
- Approved remuneration for the members of the Board
- Approved payment of final dividend to shareholders for the financial year
- Approved the statements for insertion in the Annual Report for the financial year
- Conducted a visit to the Company's oil palm estate

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

2. Delegation to Management

Management's role is to manage the Company in accordance with the direction and delegation by the Board. Day-to-day operational responsibilities are delegated by the Board to Management involving:

- Execution of business strategies and initiatives adopted by the Board
- Implementation of sound and effective internal controls
- Preparation of annual and quarterly financial statements for Board approval
- Review of relevant financial, operational and compliance controls and risk management functions, ensuring relevant statutory and regulatory compliance.

The Board and Management fully appreciate their respective roles and responsibilities, and are supportive of the development of a healthy corporate governance culture.

Senior Management is requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

3. Chairman

In order to enhance independence, accountability and responsibility, the position of Chairman is held by an Independent Non-Executive Director.

The Chairman is responsible for overseeing the proper functioning of the Board with good corporate governance practices and procedures.

4. Board Charter

The Board Charter clearly sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for their meetings. The Board Charter sets out the role, functions, composition, operation and processes of the Board as to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as a Board member.

The Board Charter also acts as a source of reference and primary induction literature to provide insights to prospective Board members and Senior Management. It is also to assist the Board in the assessment of its own performance and of individual Directors.

The Board Charter is reviewed periodically in accordance with the needs of the Company to ensure compliance with legislation and best practices, and remains relevant and effective for good corporate governance policies and processes. The Board Charter was updated in 2016.

A copy of the Board Charter is available for reference on the Company's website: www.kluangrubber.com.

5. Code of Conduct and Business Ethics

The Board is committed in maintaining a corporate culture with encompasses ethical conduct. These standards are formalised through the Company's Code of Conduct and Business Ethics.

The Code of Conduct and Business Ethics is reviewed periodically and is currently in the process of being reviewed. The existing Code of Conduct and Business Ethics is available for reference on the Company's website: www.kluangrubber.com.

6. Qualified Company Secretary

The Board is supported by an independent qualified Company Secretary in an advisory role to the Board.

The Company Secretary organises and attends all Board and Board Committee Meetings and is responsible for ensuring that meeting procedures are followed and that the Company's statutory records are maintained accordingly at the Company's registered office.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

DIRECTORS

1. 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.

The Board plays an active role in developing the Group's strategy. An annual session whereby Management presents to the Board its recommended strategy and proposed business and regulatory plans for the following year is under development. The Board will then review and deliberate upon both Management's and its own perspectives to deliver the best outcomes. The Board also reviews and approves the annual budget for the coming year.

The Board delegates certain of its governance responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee.

2. Board Composition and Balance

The Group is led by experienced Directors that are professionals from varied backgrounds with expertise in areas comprising of business, finance, management, marketing, palm oil industry, and law. Their skills and experience are what is needed to enhance value for shareholders.

The Board comprises six (6) members; of whom three (3) are Independent Non-Executive Directors, one (1) is a Non-Independent Non-Executive Director and two (2) are Executive Director. The Board composition complies with the Bursa Malaysia's Main Market Listing Requirements 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 31 to 34 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 specializations, the Directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties in managing the business affairs and to enhance shareholders' value in the Group. The Board believes that appointment of Board members, regardless of gender, should be based on experience, character, integrity and competence, as these are the essential hallmarks for an effective Board.

As such, the Board also recognizes the importance of fostering the development of women 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 women candidates. The Board also acknowledges that diversity is much more than just gender diversity; diversity also encompasses age, ethnicity, nationality, geography, industry, profession and skill competency.

With the role of Chairman being held by an Independent Non-Executive Director, the Board believes that there is no immediate requirement for the appointment of a Senior Independent Director.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

3. Board Meetings

Board meetings are scheduled for every quarter with at least four (4) scheduled meetings annually. 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*	5/6
Balaraman A/L Annamaly	5/6
Tay Beng Chai	6/6
Cheong Mun Hong	6/6
Chew Khat Khiam Albert**	n/a

Notes:-

* Resigned w.e.f. 1 May 2016

** Appointed w.e.f. 10 October 2016

As required by Paragraph 15.05 of the Bursa Malaysia's Main Market Listing Requirements, all Directors have complied with the minimum 50% attendance.

4. Access to Information and Advice

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.

Quarterly Board Meetings are scheduled in advance for the year. For the case of Ad-hoc and additional meetings, these will be concerned with at least two (2) weeks prior notice whenever possible.

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. Agenda and accompanying Board papers are sent in full to all Directors at least five (5) business days prior to the date of the meeting so as to give the Directors sufficient time to prepare to deal with matters arising from such meetings. Minutes of Board meeting are circulated to all Directors for their perusal prior to the confirmation of the Minutes at the following Board meeting.

The 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.

The Company Secretary is responsible for the integrity of Board documents, including the Minutes of the Board meetings. The Board shall ensure that the Minutes are concise summary of the matters discussed at a Board meeting and contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by the Directors. All decisions will be recorded in the Minutes. The Board formally adopts the draft minutes at the subsequent meeting.

All Directors have unrestricted access to all information and the advice as well as services of the Company Secretaries and external auditors whether as the Board or in their individual capacity, in the furtherance of their duties. Directors may interact directly with, or request further explanation, information or updates on any aspect of the Group's operations of business concerns from Management. They may obtain independent professional advice at their discretion at the Company's expense, and depending on the quantum of fees involved. No request was made by any Director for such independent advice in financial year ended 30 June 2016.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

BOARD COMMITTEES

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 and are available on the Company's website www.kluangrubber.com.

The Committees play an important role in channelling decisive operational, financial and assurance related issues to the Board, reporting 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 Audit Committee comprises wholly of Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

Details of Audit Committee is presented on pages 28 to 30.

Nomination Committee

Chairman

William Wong Tien Leong*

Members

Lee Soo Hoon

Tay Beng Chai

Note:-

* *Resigned w.e.f. 1 May 2016*

1. Composition

The Nomination Committee comprises exclusively of Non-Executive Directors. The members of the Nomination Committee comprises two (2) Directors, all of whom are Independent Non-Executive Directors.

The Nomination Committee met two (2) times for the financial year ended 30 June 2016. The Nomination Committee carries out all assessments and evaluations required and these are properly documented. All recommendations of the Nomination Committee are subject to the endorsement of the Board.

Activities of the Nomination Committee during the financial year include:

- Reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and re-appointment and are eligible to stand for re-election and re-appointment respectively
- Assessed and evaluated the effectiveness of the Board and Board Committees
- Identified candidates for the position of Independent Non-Executive Directors to the Board
- Assessed the independence of the Independent Non-Executive Directors

2. Appointment to the Board

The Nomination Committee is responsible in identifying candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons if there is a need to appoint additional Directors with the required skill or expertise to the Board to close the competency gap identified by the Nomination Committee. The potential candidate may be proposed by existing Directors, Senior Management, Shareholders and/or external third party referrals.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

Once identified, the Nomination Committee is responsible for assessing and making recommendations on new appointments to the Board ensuring that all candidates are of sufficient calibre. Besides evaluating the skills and experience of the candidates, the Nomination Committee also considers the following factors:

- a) The candidate's understanding of the Group and market;
- b) The candidate's professional expertise and background; and
- c) Other factors including requirements for independence and the promotion of diversity of views and experience.

For the appointment of new Directors, the Nomination Committee will generally identify suitable candidates skilled in core competencies such as accounting, finance, business, management, industry expertise or knowledge. If the Nomination Committee decides that the candidate is suitable, the Nomination Committee will arrange to meet and conduct interviews with the candidate prior to making a recommendation to the Board. These interviews conducted may be official as well as unofficial. Besides reviewing the candidate's curriculum vitae and other biographical information, the assessment process may include, at the Nomination Committee's discretion, conducting legal and other background searches of the candidate.

Upon completion of the assessment and evaluation of the proposed candidate, the Nomination Committee will make its recommendation to the Board for assessment and endorsement. The final decision on any appointment rests with the Board.

3. Annual Assessment of Independent Directors

The Malaysian Code of Corporate Governance 2012 recommends that the tenure of an independent director shall not exceed a cumulative period of nine (9) years. The Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent Director.

The Nomination Committee carried out an assessment of the Independent Director Mr. Lee Soo Hoon, having served on the Board for more than 9 years. The Nomination Committee is of the view that Mr. Lee Soo Hoon continues to be independent as:

- He has met the criteria under the definition of Independent Director as set out in the Bursa Malaysia's Main Market Listing Requirements;
- He has exercised care in performing his duties, and provided unbiased, independent and objective views and judgement on all matters concerning the Group;
- The length of his service does not in any way impair his objective and independent judgement nor his ability to act in the best interests of the Group. On the contrary, his years of service on the Board have ingrained him with a sound knowledge of the Group's business operations which enables him to contribute positively during deliberations at board meetings.

In this respect, the Board, based on his exemplary leadership and dedication to his responsibilities as the Chairman of the Board, recommends that Mr. Lee Soo Hoon, continue to serve as an Independent Non-Executive Director of the Group. The Independent Non-Executive Directors who are also the Nomination Committee will be excused from the meeting during discussion of their independent status.

The Board believes that it is in the best position to evaluate and determine whether any Independent Director can continue to provide independent and objective judgement during the board deliberations and act in the best interests of the Group.

The Nomination Committee will continue, on an annual basis to assess the independence of the Independent Non-Executive Directors.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

4. Board Assessment

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. This process is 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.

The assessment is expected to cover the following areas:

- Board composition
- Competencies and skills
- Character and attitude
- Attendance record
- Training activities
- Effectiveness of board committees
- Participation and contribution in Board meetings

The Nomination Committee is satisfied with the Boards composition that is well balanced with the required mix of skills, experience, knowledge and competencies, required for an effective Board.

Currently there is no set term limit for the Directors as the Board believes that continued contribution by the Directors provides benefit to the Board and the Group as a whole.

5. 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 (1/3) 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.

Remuneration Committee

Chairman

Tay Beng Chai

Members

Lee Soo Hoon

William Wong Tien Leong*

Note:-

* *Resigned w.e.f. 1 May 2016*

1. Composition

The members of the Remuneration Committee comprises two (2) Directors, all of whom are Independent Non-Executive Directors.

The Remuneration Committee met one (1) time during the financial year ended 30 June 2016.

Activities of the Remuneration Committee during the financial year included the:

- Review and recommendation of the remuneration for the members of the Board.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

2. Directors Remuneration

The Group's remuneration policy for Directors is tailored to provide a remuneration package needed to recruit, retain and motivate individuals of the necessary calibre and quality required to be value accretive to the Group.

The Board will review for approval, recommendations from the Remuneration Committee on the remuneration packages of Executive Directors and Senior Management, and fees of Non-Executive Directors for Shareholders' approval at the Annual General Meeting of the Company. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies may be taken into consideration in determining these remuneration.

For the Executive Directors and Managing Directors, the Remuneration Committee takes into account, corporate and individual performance, as well as performance on a range of other factors including accomplishment of strategic goals.

All Non-Executive Directors are paid fixed annual director fees as members of the Board and Board Committees. The Remuneration Committee recommends the Directors' fees payable to the Board and are deliberated at the Board before it is presented at the Annual General Meeting for Shareholders' approval. The amount of remuneration for each of the Non-Executive Director varies with the level of responsibilities undertaken by the individual Non-Executive Director.

In addition to fixed annual director fees, all Non-Executive Directors are paid a meeting attendance allowance. In recognition of the additional time and commitment required, the Chairman of the respective Board Committees also receives an annual fixed fee for their chairmanship in the respective Board Committees.

Individual Directors are not permitted to participate in discussion and decision of their own remuneration.

The Remuneration Committee, consisting of two (2) 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 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 Main Market 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. Details of the remuneration of the Directors for the financial year are as follows:

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

	<u>Salaries and Allowances</u>	<u>Fees</u>	<u>Total</u>
	RM	RM	RM
Executive Directors	60,000	71,509	131,509
Non-Executive Directors	-	244,710	244,710
Total	60,000	316,219	376,219

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:

	<u>Number of Directors</u>	
<u>Range of remuneration</u>	<u>Executive</u>	<u>Non-Executive</u>
Below RM50,000	1	2
RM50,001 to RM100,000	1	2

Due to the sensitive nature of the information, each individual Director's remuneration is disclosed in bands of RM50,000 relative to a named basis.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

TIME COMMITMENT

1. Expectation of Time Commitment

The Nomination Committee is satisfied that sufficient time and attention is being given by each of the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations.

The Board meets not less than four (4) times a year to review and approve the quarterly results for announcements. The Board meetings for the ensuing year are fixed in advance. Notice of meetings and the agenda are given in a timely manner.

All the Directors had attended at least 50% of all Board of Directors and Board Committee meetings held in 2016, complying with the minimum 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia's Main Market Listing Requirements. The quorum of Board meetings had been met with attendance of not less than three (3) out of six (6) Directors who participated in decision-making at each Board meeting. This is evidenced by the attendance record set out in the annual report. The Non-Executive Directors met twice in 2016 without the presence of Executive Directors.

Board Committees shall meet at least once a year and when necessary.

Board meetings are a fundamental component of governance processes as they provide the opportunity for Directors to:

- Obtain and exchange information with Senior Management;
- Obtain and exchange information with fellow Directors; and
- Deliberate and arrive at decisions.

Senior Management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Board to arrive at an informed decision.

To facilitate the Directors' planning, an annual meeting calendar is prepared and circulated in advance of each financial year. This provides the Directors with scheduled dates for meetings of the Board and the Annual General Meeting.

Any Director accepting new directorship in other companies will be required to make known to the Board prior to his/her new appointment and give commitment to the Board that his/her time for attending board meetings will not be compromise in any manner.

2. Directors' Training

All Directors have completed the Mandatory Accreditation Programme as required by Bursa Malaysia's Main Market Listing Requirements. 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.

The Directors are expected to attend at least one (1) training session a year, at the expense of the Company.

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
26 Nov 2015	Corporate Governance Breakfast: Board Reward & Recognition	Bursa Malaysia	Tay Beng Chai
21 Apr 2016	Corporate Reporting: Best Practices – Unravelling Annual Reports And Uncovering The Gems	Bursatra Sdn Bhd	Cheong Mun Hong
27 May 2016	Risk Re-Assessment Workshop	Ernst & Young Advisory Services Sdn Bhd	All Directors
31 May 2016	Audit Committee Workshop A: Functions of the Audit Committee	Malaysia Institute of Accountants	Cheong Mun Hong

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

Lastly, all Directors are encouraged to undergo relevant trainings and seminars at the Company's expense to further enhance their knowledge and to keep themselves abreast with developments in the market place, i.e. relevant new regulations, legislation and changing commercial risks whilst discharging their duties and responsibilities more effectively.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS POLICY

1. 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 Bursa Malaysia's Main Market Listing Requirements, 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.

In addition, the Group maintains a website *www.kluangrubber.com*, which provides shareholders and the public in general access to information about the Group which includes, corporate information, financial information, announcements and investor relations.

To address any concern which the shareholder may have, shareholders may contact the Group through electronic mail at *enquiry@kluangrubber.com*.

2. 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.

At the 56th AGM, Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Group. The 56th AGM included the presentation of the Group's operating and financial performance for the year ended 30 June 2015, the external auditors' unqualified report to the shareholders and a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Group's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

Any queries or concern about the Group's business can be conveyed through the Company Secretaries who would then refer the matter to the attention of the Board. Shareholders may also directly approach the Independent Non-Executive Directors of the Company on these issues.

ACCOUNTABILITY AND AUDIT

1. 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 2016, 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.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

2. 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 activities of the Audit Committee are detailed in the Audit Committee Report on pages 28 to 30 of this Annual Report.

3. 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.

4. 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 external auditors and representatives of the Management are present to answer questions and provide explanations to the Audit Committee.

The Audit Committee communicated directly and independently with the external auditors quarterly where necessary and without the presence of the Management twice a year.

The Group's independent external auditors, Messrs Ernst & Young, play an essential role by enhancing the reliability of the Company's financial statements and by giving assurance of that reliability to users of the financial statements.

An annual review of the external auditors performance was carried out, which included the assessment of their independence. In consideration of the nature and scope of non-audit fees, the Audit Committee was satisfied that they were unlikely to create any conflicts of interest nor impair the independence and objectivity of the external auditors. The Group also has a policy in place concerning the rotation of the partner in charge of the external audit.

The Audit Committee also obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

External Auditor Fees during the financial year under review:

- Audit Fees: RM48,000
- Non-Audit Fees: RM94,000

Based on the above, the Audit Committee was satisfied with both the external auditors' competency and independence to further recommend to the Board the re-appointment for the coming financial year.

The role of the Audit Committee in relation to the external auditors is stated on pages 28 to 30.

This Statement is made in compliance with Paragraphs 15.25 of the Bursa Malaysia's Main Market Listing Requirements and approved by the Board on 7 October 2016.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

CORPORATE SOCIAL RESPONSIBILITY ("CSR") & SUSTAINABILITY STATEMENT

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. The Group recognizes its obligations as a responsible corporate citizen and endeavours to incorporate sustainable practices and activities to its corporate culture by focusing on the environment, health and safety and well-being of the community that it serves to the best of its efforts.

At the workplace, we continue 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, the Group organizes annual medical camp for free medical check-ups 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 have been upgrading the living quarters for our staff and workers.

The Group has also continued its practice of allocating small plots of land for employees and workers to do vegetable and fruit tree farming. Additionally, social activities are also organised by the Group as we believe that these initiatives promote a sense of belonging and harmony among our employees and is able to provide us with a platform for sustainable growth. To promote cohesion, recreation activities are organized periodically by and at the cost of the company.

In taking into consideration of its social responsibilities, the Group has also continued its practice of contributions and donations to various causes and for various facilities that benefit our employees and the community that it operates in. In addition, the Group has also continued to maintain roads on a regular basis to ensure the safety for the students of a nearby secondary school in usage of the plantation grounds for their cross country activities. Residents in the surrounding area are also allowed to use certain areas for their recreation activities.

The Group is aware of the importance of conserving and preserving our natural environment and embraces good agronomic practices. One of the practices at the estate is to only undertake the application of chemicals permitted by the Government, with the dosage applied within Government recommendations.

Additionally as open burning is not allowed by the Malaysian government, the Group does not burn any disposals and this included felled palms, 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 side of streams and rivers. This is to avoid chemical flow to the water bodies as well as to prevent soil erosion.

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.

STATEMENT OF CORPORATE GOVERNANCE (cont'd)

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of recurrent related party transactions (RRPT)

The details of the shareholders' mandate are reflected in the Circular to Shareholders dated 27 October 2016.

Utilisation of Proceeds

There were no issuance of new shares and rights issue carried out during the financial year ended 30 June 2016.

Share Buy-Backs

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

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 2016.

Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programmes for the financial year ended 30 June 2016.

Sanctions and/or Penalties

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

Variation in Results

There is no material variance between the results for the financial year ended 30 June 2016 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 2016 or entered into since the end of that financial year.

Contract Relating to Loan

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

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's Main Market Listing Requirements, which outlines the Group's key elements of internal control system for the financial year ended 30 June 2016.

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

Taking into account the nature and size of the Group's assets and operations, the internal audit function of the Group is outsourced to an independent professional firm, which provides assurance to the Audit Committee on the adequacy and integrity of internal control system. This external service provider reports directly to the Audit Committee.

The internal audit reviews the internal audit control systems within the Group on the basis of a rolling internal audit strategy with an annual internal audit plan presented to the Audit Committee for approval.

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 outsourced Internal Auditors 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.
- Various support functions comprising administration, corporate affairs, finance, and treasury are centralised to ensure uniform policies and procedures are implemented throughout the Group.
- The estate prepares budgets for the coming years which are approved by the Board.

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

- 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.

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 Board and the Audit Committee have undertaken an assessment of the adequacy and effectiveness of the Group's internal control system. 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 and external auditors.

The Group's level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant risk. The Board also looks into the system of internal controls and measures taken to mitigate such risks.

In 2016, an external professional firm was engaged to conduct a Risk Re-assessment workshop. Together with the Board, this external professional firm reviewed the Group's risk profile from the perspective of both the impact and likelihood of key risks applicable to the Group. This review enabled the Board to have a better understanding of these risks and with that, allowed the Board to have a more holistic view in formulating responses to mitigate these risks.

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.

Taking into consideration the Group's assets and operations, and based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, the review of the Group's key risks performed by Management, the Audit Committee and the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls are adequate as at 30 June 2016.

Review by the External Auditors

In addition, in accordance with the paragraph 15.23 of the Bursa Malaysia's Main Market Listing Requirements, 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*

Chew Khat Khiam Albert**

Notes:-

* *Resigned w.e.f. 1 May 2016*

** *Appointed w.e.f. 10 October 2016*

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 2016. Details of attendance of the Committee members were as follows:

Name of Audit Committee Members	Attendance of Meetings
Lee Soo Hoon	5/5
Tay Beng Chai	5/5
William Wong Tien Leong*	4/5
Chew Khat Khiam Albert**	n/a

Notes:-

* *Resigned w.e.f. 1 May 2016*

** *Appointed w.e.f. 10 October 2016*

The details of training attended by the Audit Committee who are also the Board members are set out on page 21 of the Annual Report.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 30 June 2016, 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 2016 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 Bursa Malaysia's Main Market Listing Requirements.

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 Bursa Malaysia's Main Market Listing Requirements.
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 – Ecovis AHL Advisory PLT was engaged to handle this function and reports directly to the Audit Committee. This independent professional firm provides an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditor's audit plan, nature and scope of the internal audit were approved by the Audit Committee prior to the commencement of their audit based on the Company's requirements aimed at optimising the effectiveness and efficiency of the Company's internal control. The internal auditor's 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 RM11,500.

For the financial year ended 30 June 2016, supported by the structure of the Group's operations, the Audit Committee was of the view that it was adequate to focus the scope of the Internal Audit towards our plantation operations as these were non-independent and related in nature. Items highlighted by the independent professional firm were deliberated and rectified (when feasible) over the financial year.

Key actions undertaken included the:

- Renewal of the estate's procurement policy
- Enhancement of the estate's employee leave application procedure
- Reinforcement of the estate's foreign workers permit renewal process
- Inclusion in the budget for the warehouse refurbishment

PROFILE OF DIRECTORS

LEE SOO HOON

Position	Independent Non-Executive Chairman
Gender	Male
Age	74
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 Singapore Institute of Directors
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) Sungei Bagan Rubber Company (Malaya) Berhad e) G.K. Goh Holdings Limited f) LMIRT Management Limited
Securities holding in the Company (as at 30 June 2016)	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
Gender	Male
Age	54
Nationality	Singaporean
Work Experience/Occupation	a) Managing Director, Kuchai Development Berhad b) Executive Director, Public Unlisted Real Estate Investment Company c) 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) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2016)	Direct interest of 31,984 shares and deemed interest of 31,489,614 shares in the Company equivalent to 0.05% and 49.85% 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

TAY BENG CHAI

Position	Independent Non-Executive Director
Gender	Male
Age	55
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 d) A lawyer of over 30 years with extensive corporate and commercial experience in Malaysia and Singapore.
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) Sungei Bagan Rubber Company (Malaya) Berhad c) Malaysia Bulk Carriers Berhad
Securities holding in the Company (as at 30 June 2016)	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)

CHEW KHAT KHIAM ALBERT

Position	Independent Non-Executive Director
Gender	Male
Age	59
Nationality	Australian
Work Experience/Occupation	a) Group CFO of Sinwa Limited (2010 – 2013) b) Group CFO of Boardroom Limited (2007 – 2010) c) Finance Director of Gennon (HK) Group (2001 – 2007) d) Partner of Chew & Chin Chartered Accountants (1989 – 2001) e) Ernst & Young Singapore & Sydney (1981 – 1989)
Qualification/Professional body	a) Fellow of the Institute of Chartered Accountants in Australia b) Fellow of the Hong Kong Institute of Certified Public Accountants c) Fellow of the Financial Services Institute of Australasia d) Chartered Accountant The Singapore Institute of Chartered Accountants e) Member of the Australian Institute of Management f) Member of the Singapore Institute of Directors g) Bachelor of Commerce, University of N.S.W. (1980)
Date of Appointment	10 September 2016
Details of any board committee to which Director belongs	Member of Audit Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2016)	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
Gender	Male
Age	30
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) Holder of the right to use the CFA® designation
Date of Appointment	1 March 2015

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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PROFILE OF DIRECTORS (cont'd)

Details of any board committee to which Director belongs	Nil
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2016)	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
Gender	Male
Age	68
Nationality	Malaysian
Work Experience/Occupation	Former Consultant – Sg. Sustainable Oil Ghana Ltd., Accra, Ghana, West Africa
Qualification/Professional body	a) Member of Malaysian Institute of Management, Incorporated Society b) Secretary of Malaysian Palm Oil Association (Johor Branch) c) Committee Member of Lembaga Getah Malaysia (East Coast Malaysia) d) Committee Member of Malaysian Estate Owners Association e) Director of Kluang Estate (1977) Sendirian Berhad
Date of Appointment	28 August 2014
Details of any board committee to which Director belongs	Nil
Directorship in other listed companies	Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2016)	Direct interest of 1,066 shares in the Company equivalent to 0.00001%
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 2016.

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 activity 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	<u>5,062,371</u>	<u>1,245,938</u>
Attributable to:		
Owners of the parent	2,916,678	1,245,938
Non-controlling interest	<u>2,145,693</u>	<u>-</u>
	<u>5,062,371</u>	<u>1,245,938</u>

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 2015 were as follows:

	Amount RM	Net dividend per share Sen
In respect of the financial year ended 30 June 2015 as reported in the directors' report of that year:		
First and final tax exempt single tier dividend of 1% on 63,171,977 ordinary shares, declared on 16 November 2015 and paid on 22 January 2016	<u>631,720</u>	<u>1.00</u>

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2016 on 63,171,977 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend of 1%	<u>631,720</u>	<u>1.00</u>

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2017.

DIRECTORS' REPORT (cont'd)

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
Lee Chung-Shih
Balaraman A/L Annamaly
Tay Beng Chai
Cheong Mun Hong
William Wong Tien Leong (resigned on 1 May 2016)

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 26 to the financial statements.

DIRECTORS' INTERESTS

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

	←—Number of Ordinary Shares of RM1 Each—→			
	1 July 2015	Bought	Sold	30 June 2016
The Company				
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				
<u>Sungei Bagan Rubber Company (Malaya) Berhad</u>				
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

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

	←Number of Ordinary Shares of RM0.50 Each→			30 June 2016
	1 July 2015	Bought	Sold	
Fellow subsidiary				
<u>Kuchai Development Berhad</u>				
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.
- (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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet 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 7 October 2016.

Lee Soo Hoon

Lee Chung-Shih

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**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 Kluang Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 42 to 100 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their results and cash flows for the year then ended.

The information set out in Note 35 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 7 October 2016.

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 Kluang Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 101 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)
7 October 2016.)

Corinna Foo Kim Joke

Before me,

No. J.210
Harcharan Singh A/L Chanchel Singh
Pesuruhjaya Sumpah
Johor Bahru

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

Report on the financial statements

We have audited the financial statements of Kluang Rubber Company (Malaya) Berhad, which comprise the statements of financial position as at 30 June 2016 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 42 to 100.

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 2016 and of their financial performance and cash flows for the year then ended, in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' report 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.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)**
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 35 on page 101 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
2983/03/18 (J)
Chartered Accountant

Johor Bahru, Malaysia
Dated: 7 October 2016

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	4	24,593,147	24,447,798	6,230,203	6,772,663
Other income		23,240	4,360	20,840	720
Changes in inventories		216,638	(8,779)	41,427	1,637
Employee benefits expenses	5	(2,022,264)	(1,389,737)	(671,634)	(501,315)
Depreciation	10	(341,022)	(132,451)	(275,638)	(96,527)
Subcontract labour cost, fertilizer and chemical costs		(5,238,503)	(5,028,623)	(1,962,821)	(1,870,002)
Foreign exchange (loss)/gain		(7,857,871)	(12,119,164)	(30,196)	3,719,969
Fair value (loss)/gain on investment properties	12	(422,194)	1,467,813	-	-
Other expenses		(5,931,655)	(5,568,756)	(2,034,394)	(1,958,041)
Profit from operations	6	3,019,516	1,672,461	1,317,787	6,069,104
Share of profit of associates	14	2,393,010	8,489,934	-	-
Profit before taxation		5,412,526	10,162,395	1,317,787	6,069,104
Income tax (expense)/credit	8	(350,154)	198,478	(71,849)	(461,451)
Profit, net of tax		5,062,372	10,360,873	1,245,938	5,607,653
Other comprehensive (loss)/income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Share of other comprehensive loss of associates	14	(13,412,711)	(17,193,167)	-	-
Fair value (loss)/gain on available-for-sale investments		(45,501,577)	38,386,337*	562,244	546,446
Foreign currency translation		36,626,366	70,854,013	-	-
Net other comprehensive (loss)/gain to be reclassified to profit or loss in subsequent periods		(22,287,922)	92,047,183	562,244	546,446
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):					
Revaluation surplus, representing net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	208,803,599	-	112,661,200
Other comprehensive (loss)/income for the year		(22,287,922)	300,850,782	562,244	113,207,646
Total comprehensive (loss)/income for the year		(17,225,550)	311,211,655	1,808,182	118,815,299

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Net profit attributable to:					
Owners of the parent		2,916,678	4,965,377	1,245,938	5,607,653
Non-controlling interest		2,145,694	5,395,496	-	-
		<u>5,062,372</u>	<u>10,360,873</u>	<u>1,245,938</u>	<u>5,607,653</u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(5,895,335)	204,523,114	1,808,182	118,815,299
Non-controlling interest		(11,330,215)	106,688,542	-	-
		<u>(17,225,550)</u>	<u>311,211,656</u>	<u>1,808,182</u>	<u>118,815,299</u>
Earnings per share (Sen)					
Basic	9(a)	<u>4.6</u>	<u>7.9</u>		
Diluted	9(b)	<u>4.6</u>	<u>7.9</u>		

* This amount has been restated as disclosed in Note 33.

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	30.6.2016 RM	Group 30.6.2015 RM	1.7.2014 RM
ASSETS				
Non-current assets				
Property, plant and equipment	10	299,883,405	299,006,964	75,251,889
Biological assets	11	10,425,650	2,155,674	885,233
Investment properties	12	64,447,068	67,348,466	60,564,699
Investment in associates	14	79,520,216	90,679,637	88,789,681
Available-for-sale investments	15	406,788,585	434,605,424*	365,893,461*
Deferred tax asset	21	205,000	53,000	53,000
		<u>861,269,924</u>	<u>893,849,165</u>	<u>591,437,963</u>
Current assets				
Inventories	16	266,448	49,810	58,589
Trade and other receivables	17	2,598,264	1,814,111	1,007,386
Tax recoverable		491,214	402,304	9,121
Prepayments		676,563	464,023	187,991
Cash and bank balances	18	253,788,845	240,560,835	220,604,430
		<u>257,821,334</u>	<u>243,291,083</u>	<u>221,867,517</u>
Total assets		<u><u>1,119,091,258</u></u>	<u><u>1,137,140,248</u></u>	<u><u>813,305,480</u></u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	19	4,180,638	3,520,581	3,075,115
Tax payable		108,830	9,390	33,433
		<u>4,289,468</u>	<u>3,529,971</u>	<u>3,108,548</u>
Net current assets		<u>253,531,866</u>	<u>239,761,112</u>	<u>218,758,969</u>
Non-current liabilities				
Trade and other payables	19	444,990	377,400	319,366
Retirement benefits	20	41,846	39,616	44,253
Deferred tax liabilities	21	15,136,867	15,002,343	1,521,000
		<u>15,623,703</u>	<u>15,419,359</u>	<u>1,884,619</u>
Total liabilities		<u>19,913,171</u>	<u>18,949,330</u>	<u>4,993,167</u>
Net assets		<u>1,099,178,087</u>	<u>1,118,190,918</u>	<u>808,312,313</u>
Equity attributable to owners of the parent				
Share capital	22	63,171,977	63,171,977	63,171,977
Retained earnings	24	163,769,170	161,484,212*	157,150,555*
Reserves	23	402,560,577	411,372,590*	211,814,853*
		<u>629,501,724</u>	<u>636,028,779</u>	<u>432,137,385</u>
Non-controlling interests		469,676,363	482,162,139	376,174,928
		<u>1,099,178,087</u>	<u>1,118,190,918</u>	<u>808,312,313</u>
Total equity and liabilities		<u><u>1,119,091,258</u></u>	<u><u>1,137,140,248</u></u>	<u><u>813,305,480</u></u>

* These amounts has been restated as disclosed in Note 33.

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2016

	Note	Company 2016 RM	2015 RM
ASSETS			
Non-current assets			
Property, plant and equipment	10	196,929,432	196,565,440
Biological assets	11	336,079	336,079
Investment in subsidiaries	13	35,612,632	35,612,632
Available-for-sale investments	15	9,244,768	8,682,524
		<u>242,122,911</u>	<u>241,196,675</u>
Current assets			
Inventories	16	43,653	2,226
Trade and other receivables	17	1,064,471	733,768
Tax recoverable		127,800	27,890
Prepayments		79,415	74,196
Cash and bank balances	18	23,825,116	23,933,491
		<u>25,140,455</u>	<u>24,771,571</u>
Total assets		<u><u>267,263,366</u></u>	<u><u>265,968,246</u></u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	19	1,073,474	1,087,290
Net current assets		<u>24,066,981</u>	<u>23,684,281</u>
Non-current liabilities			
Trade and other payables	19	143,956	107,531
Retirement benefits	20	7,705	6,656
Deferred tax liabilities	21	9,824,000	9,729,000
		<u>9,975,661</u>	<u>9,843,187</u>
Total liabilities		<u>11,049,135</u>	<u>10,930,477</u>
Net assets		<u>256,214,231</u>	<u>255,037,769</u>
Equity attributable to owners of the parent			
Share capital	22	63,171,977	63,171,977
Retained earnings	24	27,510,859	26,896,641
Reserves	23	165,531,395	164,969,151
		<u>256,214,231</u>	<u>255,037,769</u>
Total equity and liabilities		<u><u>267,263,366</u></u>	<u><u>265,968,246</u></u>

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

Group 2016	Equity, total RM	Equity attributable to owners of the parent, total RM	Distributable ----->							Non-distributable -----<			
			Share capital RM	Share premium RM	Capital reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Equity interest in the Company held by subsidiaries RM	Cultivation and replacement reserves RM	Property and investment reserve RM	General reserve RM	Retained earnings RM	Non- controlling interests RM
Opening balance at 1 July 2015 (as previously stated)	1,148,699,365	643,121,727	63,171,977	5,215,747	220,259,846	146,605,142	41,897,346	-	4,861,552	5,285,091	17,232,500	138,592,526	505,577,638
Prior year adjustments (Note 33)	(30,508,447)	(7,092,948)	-	-	-	(6,613,181)	1,721,530	(25,649,439)	-	377,056	179,400	22,891,686	(23,415,499)
Balance at 1 July 2015 (as restated)	1,118,190,918	636,028,779	63,171,977	5,215,747	220,259,846	139,991,961	43,618,876	(25,649,439)	4,861,552	5,662,147	17,411,900	161,484,212	482,162,139
Total comprehensive (loss)/income	(17,225,550)	(5,895,335)	-	-	(5,821,117)	(20,323,230)	17,332,334	-	-	-	-	2,916,678	(11,330,215)
Transactions with owners:													
Dividends to shareholders (Note 25)	(631,720)	(631,720)	-	-	-	-	-	-	-	-	-	(631,720)	-
Dividends to non- controlling interests	(1,155,561)	-	-	-	-	-	-	-	-	-	-	-	(1,155,561)
Closing balance at 30 June 2016	1,099,178,087	629,501,724	63,171,977	5,215,747	214,438,729	119,668,731	60,951,210	(25,649,439)	4,861,552	5,662,147	17,411,900	163,769,170	469,676,363

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

Group 2015	Equity, total RM	Equity attributable to owners of the parent, total RM	Distributable										Non- controlling interests RM
			Share capital RM	Share premium RM	Capital reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Equity interest in the Company held by subsidiaries RM	Cultivation and replacement reserves RM	Property and investment reserve RM	General reserve RM	Retained earnings RM	
Opening balance at 1 July 2015 (as previously stated)	843,122,312	445,001,132	63,171,977	5,215,747	73,334,679	133,900,180	7,611,661	-	4,861,552	5,285,091	17,232,500	134,387,745	398,121,180
Prior year adjustments (Note 33)	(34,809,999)	(12,863,747)	-	-	(11,437,867)	904,293	(25,649,439)	-	377,056	179,400	22,762,810	(21,946,252)	
Balance at 1 July 2014 (as restated)	808,312,313	432,137,385	63,171,977	5,215,747	73,334,679	122,462,313	8,515,954	(25,649,439)	4,861,552	5,662,147	17,411,900	157,150,555	376,174,928
Total comprehensive income (as previously stated)	306,910,104	198,752,315	-	-	146,925,167	12,704,962	34,285,685	-	-	-	-	4,836,501	108,157,789
Prior year adjustments	4,301,552	5,770,799	-	-	-	4,824,686	817,237	-	-	-	-	128,876	(1,469,247)
Total comprehensive income (as restated)	311,211,656	204,523,114	-	-	146,925,167	17,529,648	35,102,922	-	-	-	-	4,965,377	106,688,542
Transactions with owners:													
Dividends to shareholders (Note 25)	(631,720)	(631,720)	-	-	-	-	-	-	-	-	-	(631,720)	-
Dividends to non- controlling interests	(701,331)	-	-	-	-	-	-	-	-	-	-	-	(701,331)
Closing balance at 30 June 2015 (as restated)	1,118,190,918	636,028,779	63,171,977	5,215,747	220,259,846	139,991,961	43,618,876	(25,649,439)	4,861,552	5,662,147	17,411,900	161,484,212	482,162,139

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

		<----- Non-distributable ----->				<----- Distributable ----->			
	Total Equity RM	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
Company 2016									
Opening balance at 1 July 2015	255,037,769	63,171,977	5,215,747	138,371,922	6,409,360	2,664,972	2,307,150	10,000,000	26,896,641
Total comprehensive income	1,808,182	-	-	-	562,244	-	-	-	1,245,938
Transactions with owners: Dividends (Note 25)	(631,720)	-	-	-	-	-	-	-	(631,720)
Closing balance at 30 June 2016	256,214,231	63,171,977	5,215,747	138,371,922	6,971,604	2,664,972	2,307,150	10,000,000	27,510,859
2015									
Opening balance at 1 July 2014	136,854,190	63,171,977	5,215,747	25,710,722	5,862,914	2,664,972	2,307,150	10,000,000	21,920,708
Total comprehensive income	118,815,299	-	-	112,661,200	546,446	-	-	-	5,607,653
Transactions with owners: Dividends (Note 25)	(631,720)	-	-	-	-	-	-	-	(631,720)
Closing balance at 30 June 2015	255,037,769	63,171,977	5,215,747	138,371,922	6,409,360	2,664,972	2,307,150	10,000,000	26,896,641

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Operating activities				
Profit before taxation	5,412,526	10,162,395	1,317,787	6,069,104
Adjustments for:				
Depreciation	341,021	132,451	275,638	96,527
Gain on disposal of property, plant and equipment	(20,000)	-	(20,000)	-
Provision for retirement benefits	7,128	997	1,049	940
Dividend income	(11,062,777)	(9,798,182)	(1,223,548)	(870,130)
Interest income	(2,864,503)	(2,415,391)	(633,984)	(599,128)
Share of profit of associates	(2,393,010)	(8,489,934)	-	-
Unrealised foreign exchange loss/(gain)	7,842,933	12,124,118	37,519	(3,719,888)
Fair value loss/(gain) on investment properties	422,194	(1,467,813)	-	-
Operating cash flows before working capital changes	(2,314,488)	248,641	(245,539)	977,425
Receivables	(490,289)	(626,333)	(242,625)	(11,122)
Prepayments	(212,540)	(276,032)	(5,219)	(33,149)
Inventories	(216,638)	8,779	(41,427)	(1,637)
Payables	680,778	432,718	22,609	166,175
Cash flows (used in)/from operations	(2,553,177)	(212,227)	(512,201)	1,097,692
Retirement benefits paid	(4,898)	(5,634)	-	(5,634)
Taxes paid	(1,081,757)	(1,788,867)	(296,154)	(480,220)
Taxes refunded	710,955	-	219,395	-
Net cash flows (used in)/from operating activities	(2,928,877)	(2,006,728)	(588,960)	611,838
Investing activities				
Dividends received	15,323,326	9,801,069	1,101,404	870,130
Interest income received	3,004,070	2,240,439	630,531	573,270
Withdrawal from/(reinvested) in fixed deposits	15,582,581	(873,149)	(223,976)	(182,768)
Purchase of property, plant and equipment	(1,216,456)	(315,103)	(639,630)	(130,632)
Addition of biological assets	(8,269,976)	(1,270,441)	-	-
Purchase of available-for-sale investments	-	(1,262,678)	-	-
Proceeds from sale of property, plant and equipment	20,000	-	20,000	-
Net cash flows from investing activities	24,443,545	8,320,137	888,329	1,130,000

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financing activities				
Dividends paid to shareholders	(631,720)	(631,720)	(631,720)	(631,720)
Dividends paid to non-controlling interests	(1,155,561)	(701,331)	-	-
Net cash flows used in financing activities	(1,787,281)	(1,333,051)	(631,720)	(631,720)
Net increase/(decrease) in cash and cash equivalents	19,727,387	4,980,358	(332,351)	1,110,118
Effects of exchange rate changes	9,083,204	14,102,898	-	-
Cash and cash equivalents at beginning of year	205,218,914	186,135,658	17,051,401	15,941,283
Cash and cash equivalents at end of year (Note 18)	234,029,505	205,218,914	16,719,050	17,051,401

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

1. CORPORATE INFORMATION

Kluang 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. The principal place of business is located at 8F, 8th Floor, Jalan Ibrahim, 80000 Johor Bahru, Johor.

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 activity of the subsidiaries are described in Note 13. There have been no significant changes in the nature of these 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.

The financial statements of the Group and of the Company have also been prepared on a historical cost 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.

2.3 Standards issued but not yet effective

The standards 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.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to FRSs 2012–2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107: Disclosure Initiative	1 January 2017
FRS 9 Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

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

The directors have not completed its assessment of the financial effects but expect that the adoption of the standards 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.

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

In November 2015, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

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

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.5 Fair value measurement (cont'd)

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.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.6 Basis of consolidation (cont'd)

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling 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 (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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 other comprehensive income 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 and buildings 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	10%
Plant and machinery	10%
Furniture, fittings and computers	10%
Motor vehicles and tractors	33.3%

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

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

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

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

2.9 Biological assets

Biological assets represent oil palms which are initially recorded at cost. Certain biological assets of the Group and the Company were not revalued since 1959 and 1965 respectively. These biological assets continued to be stated at their 1959/1965 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 or loss in the year that it is incurred.

2.10 Impairment of non-financial assets

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.11 Subsidiary

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.

2.12 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.13 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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.13 Financial assets (cont'd)

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

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

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

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

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

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.14 Impairment of financial assets (cont'd)

(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.

2.15 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.

2.16 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.

2.17 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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.18 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.

(b) Other financial liabilities

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

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.

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.

2.19 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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.19 Employee benefits (cont'd)

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the 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.

2.20 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 2.21(d).

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.21 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) Sales 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.

2.22 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 and associates, 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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.22 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

(c) Goods and Services Tax (“GST”)

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

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

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

2.23 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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

2.24 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.

2.25 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Consolidation of Sungei Bagan Ruber Company Malaya (Berhad) ("Sungei Bagan") and Kuchai Development Berhad ("Kuchai")

The directors consider that the Group has control of Sungei Bagan and Kuchai, which are public limited liability companies which is listed on the Main Market of Bursa Malaysia Securities Berhad, even though it has less than 50% of each of the two companies voting rights. The Group is the major shareholder of Sungei Bagan and Kuchai with a 43.4% and 45.3% equity interest as at 30 June 2016 and 2015 respectively. The second largest shareholder holds 5% and 9% of the equity interest respectively. All other shareholders individually own less than 3% of the equity shares of Sungei Bagan and Kuchai. Historically, other than the second largest shareholder, less than 20 shareholders attended the Annual General Meeting held in the past 3 years.

On this basis, the directors consider that shareholders who are likely to attend the shareholders' meeting are unlikely to out vote the Group in any shareholders' meetings and therefore the Group has control over Sungei Bagan and Kuchai.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key sources of estimation uncertainty

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

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.

Biological assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Company's oil palms to be 25 years.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 30 June 2016 for investment properties.

4. REVENUE

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of fresh oil palm fruit bunches	9,740,257	11,412,105	4,372,671	5,303,405
Dividend income				
- Quoted shares in Malaysia	147,291	59,661	871,263	543,643
- Quoted shares outside Malaysia	9,823,822	8,475,843	352,285	326,487
- Unquoted shares outside Malaysia	1,091,664	1,262,678	-	-
Rental income	925,610	822,120	-	-
Interest income	2,864,503	2,415,391	633,984	599,128
	24,593,147	24,447,798	6,230,203	6,772,663

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

5. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages and salaries	1,525,079	1,081,921	450,103	382,626
Contributions to defined contribution plan	117,821	101,907	36,341	33,822
Social security contributions	17,088	10,828	5,239	2,832
Retirement benefits (Note 20)				
- Current year	7,756	7,006	1,049	940
- Over-provided in prior year	(628)	(6,009)	-	-
Other benefits	355,148	194,084	178,902	81,095
	<u>2,022,264</u>	<u>1,389,737</u>	<u>671,634</u>	<u>501,315</u>

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM343,063 (2015 : RM201,500) and RM131,509 (2015 : RM75,750) respectively as further disclosed in Note 7.

6. PROFIT FROM OPERATIONS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration				
- Current year	122,000	118,000	44,000	43,000
- Of subsidiary, borne by the Company	12,000	9,000	4,000	3,000
- Other services	178,402	116,850	94,000	42,650
Gain on disposal of property, plant and equipment	(20,000)	-	(20,000)	-
Fees payable to directors of a subsidiary	8,937	7,431	-	-
Foreign exchange loss/(gain)				
- Realised	14,938	(4,954)	(7,323)	(81)
- Unrealised	7,842,933	12,124,118	37,519	(3,719,888)
Replanting cost	1,120,528	934,563	376,034	212,810
Direct operating expenses from investment properties	343,073	313,694	-	-
	<u>343,073</u>	<u>313,694</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

7. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company				
Executive:				
- Salaries and allowances	180,000	150,000	60,000	50,000
- Fees	163,063	51,500	71,509	25,750
	<u>343,063</u>	<u>201,500</u>	<u>131,509</u>	<u>75,750</u>
Non-executive:				
- Fees	759,907	833,445	244,710	299,990
	<u>1,102,970</u>	<u>1,034,945</u>	<u>376,219</u>	<u>375,740</u>

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

	Number of Directors	
	2016	2015
Executive directors		
Below RM50,000	1	-
RM50,001 to RM100,000	1	1
Non-Executive directors		
Below RM50,000	2	4
RM50,001 to RM100,000	2	2

8. INCOME TAX EXPENSE/(CREDIT)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 30 June 2016 and 2015 are:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Income tax:				
Malaysian income tax	326,767	979,890	152,200	480,000
Foreign income tax	360,647	383,269	-	-
(Over)/under provided in prior years:				
Malaysian income tax	(306,510)	26,520	(175,351)	(18,549)
Foreign income tax	-	(18,157)	-	-
	<u>380,904</u>	<u>1,371,522</u>	<u>(23,151)</u>	<u>461,451</u>
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(30,557)	(1,000)	(1,807)	-
Effect on opening deferred tax of reduction in Malaysian tax rate	-	2,000	-	-
(Over)/underprovision in prior year	(193)	(1,571,000)	96,807	-
	<u>(30,750)</u>	<u>(1,570,000)</u>	<u>95,000</u>	<u>-</u>
Total income tax expense/(credit)	<u>350,154</u>	<u>(198,478)</u>	<u>71,849</u>	<u>461,451</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

8. INCOME TAX EXPENSE/(CREDIT) (cont'd)

Reconciliation between tax expense/(credit) and accounting profit:

The reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2016 and 2015 are as follows:

Group	2016 RM	2015 RM
Profit before taxation	<u>5,412,525</u>	<u>10,162,396</u>
Taxation at Malaysian statutory tax rate of 24% (2015 : 25%)	1,299,006	2,540,599
Effects of tax exempted foreign income	(1,459,124)	(1,314,865)
Effects of expenses not deductible for tax purposes	2,869,704	2,910,095
Effects of (profits)/loss in subsidiaries subject to tax/not deductible	(273,861)	17,056
Effects of share of results of associates	(574,322)	(2,122,484)
Different tax rate in foreign countries	323,860	318,975
Effects of foreign income subjected to tax at source at lower tax rate	(173,915)	(81,622)
Effect on opening deferred tax of reduction in Malaysian income tax rate	-	2,000
Effects of income not subject to tax	(1,354,491)	(905,595)
Overprovision of deferred tax in prior year	(193)	(1,571,000)
(Over)/underprovision of tax expense in prior years	(306,510)	8,363
	<u>350,154</u>	<u>(198,478)</u>
Company		
Profit before taxation	<u>1,317,787</u>	<u>6,069,104</u>
Taxation at Malaysian statutory tax rate of 24% (2015 : 25%)	316,269	1,517,276
Effects of tax exempted foreign income	(84,549)	(81,622)
Effects of expenses not deductible for tax purposes	129,534	110,249
Effects of income not subject to tax	(210,861)	(1,065,903)
Deferred tax recognised at different tax rate	96,807	-
Over provision of tax expense in prior years	(175,351)	(18,549)
	<u>71,849</u>	<u>461,451</u>

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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.

	2016	Group 2015
Profit attributable to owner of parent for the year (RM)	2,916,678	4,965,377
Number of ordinary shares (weighted average)	63,171,977	63,171,977
Earnings per share (Sen)	<u>4.6</u>	<u>7.9</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding as at 30 June 2016.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

10. PROPERTY, PLANT AND EQUIPMENT

	At valuation	<- - - - - At cost - - - - ->			Total RM
	Freehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	
2016 Group					
Cost/Valuation					
At 1 July 2014	74,346,901	1,615,310	755,711	874,977	77,592,899
Additions	-	176,000	107,350	31,753	315,103
Revaluation surplus	223,571,599	-	-	-	223,571,599
Exchange difference	-	-	-	1,527	1,527
At 30 June 2015 and 1 July 2015	297,918,500	1,791,310	863,061	908,257	301,481,128
Additions	133,596	448,230	44,400	590,230	1,216,456
Disposal	-	-	-	(168,653)	(168,653)
Exchange difference	-	-	-	1,652	1,652
At 30 June 2016	298,052,096	2,239,540	907,461	1,331,486	302,530,583
Accumulated depreciation					
At 1 July 2014	-	1,177,432	323,682	839,896	2,341,010
Charge for the year	-	53,110	65,512	13,829	132,451
Exchange difference	-	-	-	703	703
At 30 June 2015 and 1 July 2015	-	1,230,542	389,194	854,428	2,474,164
Charge for the year	-	74,308	69,531	197,182	341,021
Disposal	-	-	-	(168,653)	(168,653)
Exchange difference	-	-	-	646	646
At 30 June 2016	-	1,304,850	458,725	883,603	2,647,178
Net carrying amount					
At 30 June 2015	297,918,500	560,768	473,867	53,829	299,006,964
At 30 June 2016	298,052,096	934,690	448,736	447,883	299,883,405

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

	At valuation	<----- At cost ----->			Total RM
	Freehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	
2016 Company					
Cost/Valuation					
At 1 July 2014	73,549,300	870,986	535,054	478,979	75,434,319
Additions	-	108,000	-	22,632	130,632
Revaluation surplus	122,369,200	-	-	-	122,369,200
<hr/>					
At 30 June 2015 and 1 July 2015	195,918,500	978,986	535,054	501,611	197,934,151
Additions	-	133,230	-	506,400	639,630
Disposal	-	-	-	(168,653)	(168,653)
<hr/>					
At 30 June 2016	195,918,500	1,112,216	535,054	839,358	198,405,128
<hr/>					
Accumulated depreciation					
At 1 July 2014	-	616,029	193,136	463,019	1,272,184
Charge for the year	-	46,310	44,484	5,733	96,527
<hr/>					
At 30 June 2015 and 1 July 2015	-	662,339	237,620	468,752	1,368,711
Charge for the year	-	59,633	44,064	171,941	275,638
Disposal	-	-	-	(168,653)	(168,653)
<hr/>					
At 30 June 2016	-	721,972	281,684	472,040	1,475,696
<hr/>					
Net carrying amount					
At 30 June 2015	195,918,500	316,647	297,434	32,859	196,565,440
<hr/>					
At 30 June 2016	195,918,500	390,244	253,370	367,318	196,929,432
<hr/>					

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

- (a) The freehold land was revalued at RM297,918,500 on 30 June 2015 by professional valuers. The valuation was made based on comparison method by comparing the subject properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.

No valuation was performed during the current financial year as the directors are of the opinion that there is no significant fluctuation in the fair value of the freehold land since the last valuation on 30 June 2015.

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

Price per acre for 2 freehold lands - RM38,017 and RM122,684 respectively

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Buildings	1,056,209	1,056,209	515,885	515,885
Plant and machinery	212,144	207,944	94,418	90,218
Other assets	642,082	813,046	271,797	440,450
	<u>1,910,434</u>	<u>2,077,199</u>	<u>882,099</u>	<u>1,046,553</u>

11. BIOLOGICAL ASSETS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Oil palm, at cost/valuation				
At 1 July	2,155,674	885,233	336,079	336,079
Additions	8,269,976	1,270,441	-	-
At 30 June	<u>10,425,650</u>	<u>2,155,674</u>	<u>336,079</u>	<u>336,079</u>

- (a) Biological assets comprise oil palm. Certain biological assets were revalued by directors in 1959 and 1965.
- (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	
	2016 RM	2015 RM
At 1 July	67,348,466	60,564,699
Fair value adjustment	(422,194)	1,467,813
Exchange difference	(2,479,204)	5,315,954
At 30 June	<u>64,447,068</u>	<u>67,348,466</u>

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by accredited independent valuers. The valuations are based on direct comparison method in formulating open market value of investment properties. The Group has assessed that the highest and best use of its properties do not differ from their current use.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

12. INVESTMENT PROPERTIES (cont'd)

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

	2016	2015
	RM	RM
Price per acre for mining land	550,152	486,322
Price per square feet of shop house	8,058	7,591
Price per square feet of residential buildings	10,039	11,301

Significant increases/(decreases) in estimated price per square feet in isolation would result in significantly higher/ (lower) fair value.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Quoted shares, at cost	8,828,627	8,828,627
Unquoted shares, at cost	26,784,005	26,784,005
	35,612,632	35,612,632
	124,137,079	136,125,910

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
Devon Worldwide Limited	British Virgin Islands	Investment holding	100	100	-	-
Sungei Bagan Rubber Company (Malaya) Berhad ("Sungei Bagan Rubber")	Malaysia	Plantation owner and long term portfolio investor	43.4	43.4	56.6	56.6
Kuchai Development Berhad ("Kuchai Development")	Malaysia	Investment holding	45.3	45.3	54.7	54.7
<u>Held through</u>						
<u>Sungei Bagan Rubber</u>						
Lanstar Assets Limited	British Virgin Islands	Investment holding	43.4	43.4	56.6	56.6
Springvale International Limited	British Virgin Islands	Investment holding	43.4	43.4	56.6	56.6

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Summarised financial information on subsidiaries with significant non-controlling interests

Summarised financial information of Sungei Bagan Rubber and Kuchai Development which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is before elimination of inter-company balances and transactions.

(i) Summarised statements of financial position

	Sungei Bagan Rubber		Kuchai Development	
	2016	2015	2016	2015
	RM	RM	RM	RM
				Restated
Non-current assets	415,682,014	437,502,920	406,825,547	431,435,245
Current assets	153,700,438	149,399,186	53,365,763	45,922,453
Total assets	569,382,452	586,902,106	460,191,310	477,357,698
Current liabilities	2,327,524	1,593,379	917,620	848,148
Non-current liabilities	5,395,175	5,362,829	252,867	213,343
Total liabilities	7,722,699	6,956,208	1,170,487	1,061,491
Net assets	561,659,753	579,945,898	459,020,823	476,296,207
Equity attributable to owners of the parent	243,760,333	251,696,520	207,936,433	215,762,182
Non-controlling interests	317,899,420	328,249,378	251,084,390	260,534,025
	561,659,753	579,945,898	459,020,823	476,296,207

(ii) Summarised statements of comprehensive income

	Sungei Bagan Rubber		Kuchai Development	
	2016	2015	2016	2015
	RM	RM	RM	RM
				Restated
Revenue	11,078,780	11,097,228	6,914,247	5,805,852
(Loss)/Profit for the year attributable to:				
- owners of the company	(815,520)	2,357,438	(20,375,850)	10,727,388
- non-controlling interest	(1,063,558)	3,074,447	(24,603,951)	12,953,380
	(1,879,078)	5,431,885	(44,979,801)	23,680,768
Other comprehensive (loss)/income attributable to:				
- owners of the company	(6,544,899)	59,159,825	13,026,590	33,793,189
- non-controlling interest	(8,535,515)	77,153,135	15,729,679	40,805,463
	(15,080,414)	136,312,960	28,756,269	74,598,652
Total comprehensive (loss)/income for the year	(16,959,492)	141,744,845	(16,223,532)	98,279,420
Dividends paid to non-controlling interest	547,656	629,810	(607,905)	71,521

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

13. INVESTMENT IN SUBSIDIARIES (cont'd)

(iii) Summarised statement of cash flows

	Sungei Bagan Rubber		Kuchai Development	
	2016	2015	2016	2015
	RM	RM	RM	RM
				Restated
Net cash generated used in operating activities	(1,954,366)	(2,255,801)	(337,445)	(326,819)
Net cash from investing activities	17,333,779	2,843,540	6,191,277	5,242,078
Net cash used in financing activities	(1,326,653)	(1,525,656)	(1,051,852)	(123,750)
Net increase/(decrease) in cash and cash equivalents	14,052,760	(937,917)	4,801,980	4,791,509
Effects of exchange rate changes on cash and cash equivalents	5,379,743	8,707,435	2,446,385	3,282,538
Cash and cash equivalents at beginning of the year	123,736,826	115,967,308	40,941,513	32,867,466
Cash and cash equivalents at end of the year	143,169,329	123,736,826	48,189,878	40,941,513

14. INVESTMENT IN ASSOCIATES

	Group	
	2016	2015
	RM	RM
Outside Malaysia:		
Unquoted shares, at cost	77,053,949	72,508,872
Share of post-acquisition reserves	2,466,267	18,170,765
	79,520,216	90,679,637

(a) Details of the associates are as follows:

Name of Associates	Country of Incorporation	Principal activity	Equity interest held (%)*		Accounting model applied
			2016	2015	
<u>Held through the Sungei Bagan Rubber</u>					
Kuala Pergau Rubber Plantations PLC ("KP")	England	Plantation owner	25.00	25.00	equity method
<u>Held through Springvale International Limited</u>					
Balland Properties Limited ("Balland")	Ireland	Investment holding	49.00	49.00	equity method
Raffles - Asia Investment Company ("RAIC")	Mauritius	Invest in a portfolio of securities	35.27	35.34	equity method

* equals to the proportion of voting rights held.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 the Group's share of those amounts.

(i) Summarised statements of financial position

As at 30 June 2016	KP RM	Balland RM	RAIC RM	Total RM
Current assets	433,107	536,609	70,705,078	71,674,794
Non-current assets	859,697	13,333,404	167,703,633	181,896,734
Current liabilities	(563,802)	(2,495,226)	(6,900,367)	(9,959,395)
Non-current liabilities	(313,200)	(1,279,950)	-	(1,593,150)
Exchange reserve	-	(1,575,874)	(43,196,559)	(44,772,433)
Equity	<u>415,802</u>	<u>8,518,963</u>	<u>188,311,785</u>	<u>197,246,550</u>
Proportion of Group's ownership	25.00%	49.00%	35.27%	
Equity attributable to the Group	103,951	4,174,292	66,417,567	70,695,810
Change in proportion of Group's ownership	-	-	(131,818)	(131,818)
Exchange translation reserve	-	1,516,699	7,439,525	8,956,224
Carrying amount of investment	<u>103,951</u>	<u>5,690,991</u>	<u>73,725,274</u>	<u>79,520,216</u>
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	<u>494,727</u>	<u>7,903,214</u>	<u>204,455,796</u>	<u>212,853,737</u>
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
Change in proportion of Group's ownership	-	-	28,899	28,899
Exchange translation reserve	-	1,048,246	13,351,556	14,399,802
Carrying amount of investment	<u>123,682</u>	<u>4,920,822</u>	<u>85,635,133</u>	<u>90,679,637</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

14. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income

As at 30 June 2016	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	864	3,373,666	3,374,530
Other income	250,000	47,338	-	297,338
Other expenses	(268,721)	-	(112,832)	(381,553)
Other operating (expenses)/income	(21,953)	66,910	2,734,734	2,779,691
Income tax expense	(38,250)	(95,109)	(142,018)	275,377
(Loss)/Profit for the year	(78,924)	20,003	5,853,550	5,794,629
Other comprehensive loss	-	-	(26,322,500)	(26,322,500)
Total comprehensive (loss)/profit for the year	(78,924)	20,003	(20,468,950)	(20,527,871)
Proportion of Group's ownership	25.00%	49.00%	35.27%	
Group's share of (loss)/profit for the year	(19,731)	9,801	2,068,645	2,058,715
Change in proportion of Group's ownership	-	-	(7,034)	(7,034)
Adjustment on associate's profit for the year to conform with the accounting policies of the Group	-	341,329	-	341,329
Net Group's share of (loss)/profit for the year	(19,731)	351,130	2,061,611	2,393,010
Group's share of other comprehensive loss for the year	-	-	(13,424,467)	(13,424,467)
Change in proportion of Group's ownership	-	-	11,756	11,756
Net Group's share of other comprehensive loss for the year	-	-	(13,412,711)	(13,412,711)
Group's share of total comprehensive (loss)/ profit for the year	(19,731)	351,130	(11,351,100)	(11,019,701)

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

14. INVESTMENT IN ASSOCIATES (cont'd)

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

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 credit/(expense)	300	511,120	(49,887)	461,533
	<u>(357,177)</u>	<u>(2,001,782)</u>	<u>24,858,675</u>	<u>22,499,716</u>
(Loss)/Profit for the year				
Other comprehensive loss	-	-	(49,079,611)	(49,079,611)
Total comprehensive loss for the year	<u>(357,177)</u>	<u>(2,001,782)</u>	<u>(24,220,936)</u>	<u>(26,579,895)</u>
Proportion of Group's ownership	25.00%	49.00%	35.34%	
Group's share of (loss)/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 (loss)/profit for the year	<u>(89,294)</u>	<u>(84,326)</u>	<u>8,663,554</u>	<u>8,489,934</u>
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	<u>-</u>	<u>-</u>	<u>(17,193,167)</u>	<u>(17,193,167)</u>
Group's share of total comprehensive loss for the year	<u>(89,294)</u>	<u>(84,326)</u>	<u>(8,529,613)</u>	<u>(8,703,233)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

15. AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2016	Group 30.6.2015	1.7.2014
	RM	RM	RM
		Restated	Restated
Quoted -			
Shares outside Malaysia	333,532,746	361,597,210	300,909,271
Precious metal	21,237,883	17,862,955	16,919,430
	<u>354,770,629</u>	<u>379,460,165</u>	<u>317,828,701</u>
Unquoted -			
Redeemable preference shares outside Malaysia	9,162,725	8,131,530	8,502,156
Other equity instruments outside Malaysia	42,855,231	47,013,729	39,562,604
	<u>52,017,956</u>	<u>55,145,259</u>	<u>48,064,760</u>
	<u>406,788,585</u>	<u>434,605,424</u>	<u>365,893,461</u>
Represented by:			
Fair value	<u>406,788,585</u>	<u>434,605,424</u>	<u>365,893,461</u>

	2016	Company 2015
	RM	RM
Quoted -		
Shares outside Malaysia	6,868,680	6,683,611
Precious metal	2,376,088	1,998,913
	<u>9,244,768</u>	<u>8,682,524</u>
Represented by:		
Fair value	<u>9,244,768</u>	<u>8,682,524</u>

16. INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At cost:				
Spare parts, fertilizers and chemicals	<u>266,448</u>	<u>49,810</u>	<u>43,653</u>	<u>2,226</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	1,074,192	715,993	500,408	314,692
Deposits	529,312	528,818	16,138	16,138
Sundry receivables	994,760	569,300	245,863	109,638
Due from subsidiaries	-	-	302,062	293,300
	<u>2,598,264</u>	<u>1,814,111</u>	<u>1,064,471</u>	<u>733,768</u>

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2015 : 15 to 30 days) 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 trade receivables is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Neither past due nor impaired	<u>1,074,192</u>	<u>715,993</u>	<u>500,408</u>	<u>314,692</u>

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 the Company.

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

(b) Other receivables

Amount due from subsidiaries and sundry receivables are unsecured, interest free and are repayable upon demand.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

18. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash on hand and at bank				
- in Malaysia	11,479,911	7,134,454	2,458,550	3,180,984
- outside Malaysia	22,236,858	18,142,392	58,481	74,952
Short-term deposits with licensed banks				
- in Malaysia	58,503,136	71,958,544	21,308,085	20,677,555
- outside Malaysia	161,568,940	143,325,445	-	-
Cash and cash bank balances	<u>253,788,845</u>	<u>240,560,835</u>	<u>23,825,116</u>	<u>23,933,491</u>

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

Cash and bank balances	253,788,845	240,560,835	23,825,116	23,933,491
Less: Short-term deposits with a licensed banks with maturities more than 90 days	<u>(19,759,340)</u>	<u>(35,341,921)</u>	<u>(7,106,066)</u>	<u>(6,882,090)</u>
Cash and cash equivalents	<u>234,029,505</u>	<u>205,218,914</u>	<u>16,719,050</u>	<u>17,051,401</u>

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
In Malaysia	2.36 - 3.25	3.02 - 3.06	2.36	3.02
Outside Malaysia	0.22 - 0.37	0.20 - 0.47	-	-

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

	Group		Company	
	2016 Days	2015 Days	2016 Days	2015 Days
In Malaysia	110 - 366	107 - 298	143	141
Outside Malaysia	29 - 65	31 - 32	-	-

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current:				
Trade payables	1,297,948	360,047	77,453	117,242
Other payables:				
Accruals	1,198,346	1,494,287	459,679	537,910
Sundry payables	698,125	777,727	88,031	51,654
Due to director related companies	986,219	865,865	448,311	365,559
Unclaimed dividends	-	22,655	-	14,925
	2,882,690	3,160,534	996,021	970,048
	4,180,638	3,520,581	1,073,474	1,087,290
Non-current:				
Other payables	444,990	377,400	143,956	107,531
Total trade and other payables	4,625,628	3,897,981	1,217,430	1,194,821

(a) Trade payables

Trade payables are non-interest bearing and the normal Group and the Company range from one month to three months (2015: one month to three months).

Included in trade payables of the Group and the Company are amounts of RM24,382 (2015: RM40,505) and RM8,815 (2015 : RM18,605) respectively, due to Kluang Estate (1977) Sdn. Bhd., a company in which a director namely, Lee Chung-Shih, has interest.

(b) Amount due to director related companies

The amount due to director related companies represents non-trade amounts due to companies in which a director, Lee Chung-Shih has interest. These are unsecured, interest free and are repayable on demand.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
The Nyalas Rubber Estates Limited	960,659	855,636	422,751	363,133
Estate & Trust Agencies (1927) Limited	-	10,229	-	2,426
	960,659	865,865	422,751	365,559

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

20. RETIREMENT BENEFITS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At beginning of year	39,616	44,253	6,656	6,265
Charged to profit or loss (Note 5)	7,756	7,006	1,049	940
Overprovided in prior year (Note 5)	(628)	(6,009)	-	-
Retirement benefits paid	(4,898)	(5,634)	-	(5,634)
	<u>41,846</u>	<u>39,616</u>	<u>7,705</u>	<u>6,656</u>
At end of year	<u>41,846</u>	<u>39,616</u>	<u>7,705</u>	<u>6,656</u>

21. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At beginning of year	(14,949,343)	(1,468,000)	(9,729,000)	(21,000)
Recognised in profit or loss (Note 8)	30,750	1,570,000	(95,000)	-
Recognised in other comprehensive income	-	14,768,000	-	(9,708,000)
Exchange difference	(13,274)	(283,343)	-	-
	<u>(14,931,867)</u>	<u>(14,949,343)</u>	<u>(9,824,000)</u>	<u>(9,729,000)</u>
At end of year	<u>(14,931,867)</u>	<u>(14,949,343)</u>	<u>(9,824,000)</u>	<u>(9,729,000)</u>
Analysed as follows:				
Deferred tax assets	205,000	53,000	-	-
Deferred tax liabilities	(15,136,867)	(15,002,343)	(9,824,000)	(9,729,000)
	<u>(14,931,867)</u>	<u>(14,949,343)</u>	<u>(9,824,000)</u>	<u>(9,729,000)</u>

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

Deferred tax assets of the Group

	Retirement benefit obligations RM	Other provision RM	Accelerated capital allowances RM	Total RM
2016				
At 1 July 2015	7,000	60,000	(14,000)	53,000
Recognised in profit or loss	-	33,000	119,000	152,000
	<u>7,000</u>	<u>93,000</u>	<u>105,000</u>	<u>205,000</u>
At 30 June 2016	<u>7,000</u>	<u>93,000</u>	<u>105,000</u>	<u>205,000</u>
2015				
At 1 July 2014 and 30 June 2015	<u>7,000</u>	<u>60,000</u>	<u>(14,000)</u>	<u>53,000</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

Deferred tax liabilities of the Group

	Freehold lands RM	Investment properties RM	Other provisions RM	Accelerated capital allowances RM	Total RM
2016					
At 1 July 2015	(14,768,000)	(213,343)	19,000	(40,000)	(15,002,343)
Recognised in profit or loss	-	(26,250)	23,000	(118,000)	(121,250)
Exchange difference	-	(13,274)	-	-	(13,274)
At 30 June 2016	<u>(14,768,000)</u>	<u>(252,867)</u>	<u>42,000</u>	<u>(158,000)</u>	<u>(15,136,867)</u>
2015					
At 1 July 2014	-	(1,500,000)	19,000	(40,000)	(1,521,000)
Recognised in profit or loss	-	1,570,000	-	-	1,570,000
Recognised in other comprehensive income	(14,768,000)	-	-	-	(14,768,000)
Exchange difference	-	(283,343)	-	-	(283,343)
At 30 June 2015	<u>(14,768,000)</u>	<u>(213,343)</u>	<u>19,000</u>	<u>(40,000)</u>	<u>(15,002,343)</u>

Deferred tax liabilities of the Company

	Freehold land RM	Other provisions RM	Accelerated capital allowances RM	Total RM
2016				
At 1 July 2015	-	19,000	(40,000)	(9,729,000)
Recognised in profit or loss	(9,708,000)	23,000	(118,000)	(95,000)
At 30 June 2016	<u>(9,708,000)</u>	<u>42,000</u>	<u>(158,000)</u>	<u>(9,824,000)</u>
2015				
At 1 July 2014	-	19,000	(40,000)	(21,000)
Recognised in other comprehensive income	(9,708,000)	-	-	(9,708,000)
At 30 June 2015	<u>(9,708,000)</u>	<u>19,000</u>	<u>(40,000)</u>	<u>(9,729,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

22. SHARE CAPITAL

	Number of shares of RM1 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised:				
Ordinary shares	99,900,000	99,900,000	99,900,000	99,900,000
15% cumulative participating preference shares of RM1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>63,171,977</u>	<u>63,171,977</u>	<u>63,171,977</u>	<u>63,171,977</u>

23. RESERVES

	Note	2016	Group 2015	2014
		RM	RM Restated	RM Restated
Share premium	(a)	5,215,747	5,215,747	5,215,747
Capital reserve	(b)	214,438,729	220,259,846	73,334,679
Fair value reserve	(c)	119,668,731	139,991,961	122,462,313
Foreign currency translation reserve	(d)	60,951,210	43,618,876	8,515,954
Cultivation and replacement reserve	(e)	4,861,552	4,861,552	4,861,552
Property and investment reserve	(f)	5,662,147	5,662,147	5,662,147
General reserve	(g)	17,411,900	17,411,900	17,411,900
Equity Interest in parent	(h)	<u>(25,649,439)</u>	<u>(25,649,439)</u>	<u>(25,649,439)</u>
		<u>402,560,577</u>	<u>411,372,590</u>	<u>211,814,853</u>

	Note	Company	
		2016 RM	2015 RM
Share premium	(a)	5,215,747	5,215,747
Capital reserve	(b)	138,371,922	138,371,922
Fair value reserve	(c)	6,971,604	6,409,360
Foreign currency translation reserve	(d)	2,664,972	2,664,972
Cultivation and replacement reserve	(e)	2,307,150	2,307,150
General reserve	(g)	<u>10,000,000</u>	<u>10,000,000</u>
		<u>165,531,395</u>	<u>164,969,151</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

23. 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) Property and investment reserve represents reserves created for the purpose of acquisition of property and investment.
- (g) General reserve represents reserve transferred from retained profits and is distributable.
- (h) Equity interest in parent represents ordinary shares held by the subsidiaries in the Company.

24. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 30 June 2016 and 30 June 2015 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

25. DIVIDENDS

	Amount		Net dividends per share	
	2016 RM	2015 RM	2016 Sen	2015 Sen
First and final				
1% tax exempt single-tier, on 63,171,977 ordinary shares, declared on 4 December 2014, paid on 8 January 2015	-	631,720	-	1.00
1% tax exempt single tier, on 63,171,977 ordinary shares, declared on 16 November 2015, paid on 22 January 2016	<u>631,720</u>	<u>-</u>	<u>1.00</u>	<u>-</u>
	<u>631,720</u>	<u>631,720</u>	<u>1.00</u>	<u>1.00</u>

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2016 on 63,171,977 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend of 1%	<u>631,720</u>	<u>1.00</u>

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2017.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
With companies, in which a director, Lee Chung-Shih, has an interest:				
Rental income from Ice Cold Beer Pte. Ltd.	925,610	822,120	-	-
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd.	236,811	292,421	101,593	129,069
Administration and support services payable to The Nyalas Rubber Estates Limited	2,068,825	1,627,514	890,118	699,250

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Administration and support services payable to Estate & Trust Agencies (1927) Limited	321,884	390,566	121,299	148,856
Land lease rental payable to Kuala Pergau Rubber Plantations Plc	250,000	62,500	-	-
Additional investment via capitalisation of amounts due from subsidiaries	-	-	-	26,784,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

27. COMMITMENTS

Operating lease commitment - as lessee

The Group has entered into non-cancellable operating lease agreement for a leasehold land. This leases has a remaining non-cancellable lease term ranging of 22 years.

The future minimum lease payments payable under the non-cancellable operating lease contracted for as at the reporting date but not recognised as payables, are as follows:

	Group	
	2016	2015
	RM	RM
Not later than 1 year	250,000	250,000
Later than 1 year and not later than 5 years	5,250,000	5,500,000
	<u> </u>	<u> </u>
	5,500,000	5,750,000
	<u> </u>	<u> </u>

Operating lease commitment - as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property. This lease has a remaining non-cancellable lease term of 6 months. The lease include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under the non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2016	2015
	RM	RM
Not later than 1 year	465,457	876,970
Later than 1 year and not later than 5 years	-	438,485
	<u> </u>	<u> </u>
	465,457	1,315,455
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

28. FAIR VALUE

(a) Fair value hierarchy

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

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 2016				
Assets measured at fair value				
Available-for-sale investments	354,770,629	52,017,956	-	406,788,585
Freehold land	-	-	298,052,096	298,052,096
Investment properties	-	-	64,447,068	64,447,068
	<u>354,770,629</u>	<u>52,017,956</u>	<u>362,499,164</u>	<u>769,287,749</u>
At 30 June 2015				
Assets measured at fair value				
Available-for-sale investments	379,460,167	55,145,257	-	434,605,424
Freehold land	-	-	297,918,500	297,918,500
Investment properties	-	-	67,348,466	67,348,466
	<u>379,460,167</u>	<u>55,145,257</u>	<u>365,266,966</u>	<u>799,872,390</u>
Company				
At 30 June 2016				
Assets measured at fair value				
Available-for-sale investments	9,244,768	-	-	9,244,768
Freehold land	-	-	195,918,500	195,918,500
	<u>9,244,768</u>	<u>-</u>	<u>195,918,500</u>	<u>205,163,268</u>
At 30 June 2015				
Assets measured at fair value				
Available-for-sale investments	8,682,524	-	-	8,682,524
Freehold land	-	-	195,918,500	195,918,500
	<u>8,682,524</u>	<u>-</u>	<u>195,918,500</u>	<u>204,601,024</u>

During the reporting period ended 30 June 2016 and 30 June 2015, there were no transfers between the hierarchy fair value measurement.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

28. FAIR VALUE (cont'd)

(b) 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	17
Trade and other payables	19

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.

(c) Determination of fair values

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Precious metal

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

Unquoted equity instruments and redeemable preference shares

The unquoted equity instruments and redeemable preference shares have been valued using the net asset value of the shares.

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 price 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 trades 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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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 position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

At the reporting date, approximately 28% (2015 : 40%) of the Company's trade and other receivables was due from its subsidiary, Devon Worldwide Limited.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

(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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade and other payables				
- On demand or within 1 year	4,180,638	3,520,581	1,073,474	1,087,290
- More than 1 year	444,990	377,400	143,956	107,531
	4,625,628	3,897,981	1,217,430	1,194,821

(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 (2015: less than 6 months) from the reporting date.

Sensitivity analysis of interest rate 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).

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

(c) Interest rate risk (cont'd)

	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit before tax RM	Increase/ (decrease) in basis points	Effect on profit before tax RM
2016				
- Ringgit Malaysia	10	5,800	10	2,100
- Ringgit Malaysia	(10)	(5,800)	(10)	(2,100)
- Singapore Dollar	10	15,400	-	-
- Singapore Dollar	(10)	(15,400)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
2015				
- Ringgit Malaysia	10	7,200	10	2,100
- Ringgit Malaysia	(10)	(7,200)	(10)	(2,100)
- Singapore Dollar	10	13,300	-	-
- Singapore Dollar	(10)	(13,300)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

(d) Foreign currency risk

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

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's entities, primarily in RM and United States Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), British Pound ("£") 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 RM178,084,697, RM270,436 and RM6,690,488 (2015 : RM126,747,188, RM527,631 and RM173,815) respectively.

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

Sensitivity analysis for foreign currency risk

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

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

(d) Foreign currency risk (cont'd)

	2016	2015
	RM	RM
USD/RM - Strengthened 5%	3,000	7,300
- Weakened 5%	(3,000)	(7,300)
SGD/RM - Strengthened 5%	(21,600)	(37,100)
- Weakened 5%	21,600	37,100
SGD/USD - Strengthened 5%	6,005,600	5,846,600
- Weakened 5%	(6,005,600)	(5,846,600)
£/USD - Strengthened 5%	13,200	25,300
- Weakened 5%	(13,200)	(25,300)
USD/SGD - Strengthened 5%	100	100
- Weakened 5%	(100)	(100)
RM/SGD - Strengthened 5%	(273,100)	(332,000)
- Weakened 5%	273,100	332,000

(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 prices 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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other comprehensive income				
Quoted shares in Singapore				
- increased by 5%	16,676,600	18,079,900	334,400	334,200
- decreased by 5%	(16,676,600)	(18,079,900)	(334,400)	(334,200)
Precious metal				
- increased by 5%	1,214,600	893,100	118,800	99,900
- decreased by 5%	(1,214,600)	(893,100)	(118,800)	(99,900)

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

30. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial instruments of the Group and the Company as at 30 June 2016 and 30 June 2015 by classes are as follows:

	Note	Group	
		2016 RM	2015 RM Restated
(a) Available-for-sale financial assets			
Available-for-sale investments	15	<u>406,788,585</u>	<u>434,605,424</u>
(b) Loans and receivables			
Trade and other receivables	17	<u>2,598,264</u>	1,814,111
Cash and bank balances	18	<u>253,788,845</u>	<u>240,560,835</u>
		<u>256,387,109</u>	<u>242,374,946</u>
(c) Financial liabilities measured at amortised cost			
Trade and other payables	19	<u>4,180,638</u>	<u>3,520,581</u>
		Company	
		2016 RM	2015 RM
(a) Available-for-sale financial assets			
Available-for-sale investments	15	<u>9,244,768</u>	<u>8,682,524</u>
(b) Loans and receivables			
Trade and other receivables	17	<u>1,064,471</u>	733,768
Cash and bank balances	18	<u>23,825,116</u>	<u>23,933,491</u>
		<u>24,889,587</u>	<u>46,401,989</u>
(c) Financial liabilities measured at amortised cost			
Trade and other payables	19	<u>1,073,474</u>	<u>1,087,290</u>

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 2016 and 30 June 2015.

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 2016 and 30 June 2015, are as follows:

	2016 RM	2015 RM
Total liability	<u>19,913,171</u>	18,949,330
Total equity	<u>629,501,724</u>	<u>636,028,779</u>
Gearing ratio	<u>3.2%</u>	<u>3.0%</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

32. SEGMENT INFORMATION

(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	
	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM
Revenue						
External	<u>9,740,257</u>	<u>11,412,105</u>	<u>14,852,890</u>	<u>13,035,693</u>	<u>24,593,147</u>	<u>24,447,798</u>
Result						
Segment results	2,521,675	4,448,337	13,765,846	10,597,114	16,287,521	15,045,451
Unallocated corporate expenses					(5,410,135)	(4,672,883)
Foreign exchange (loss)/gain	(13,763)	271	(7,844,108)	(8,700,377)	(7,857,871)	(8,700,106)
Profits from operations					3,019,516	1,672,461
Share of results of associates	-	-	2,393,010	8,489,934	2,393,010	8,489,934
Income tax expense					(350,154)	198,478
Profit, net of tax					<u>5,062,372</u>	<u>10,360,873</u>
Assets						
Segment assets	358,786,225	355,656,886	680,433,083	690,695,496	1,039,219,308	1,046,352,382
Investments in associates	-	-	79,520,216	90,679,637	79,520,216	90,679,637
Unallocated assets					351,734	108,229
Consolidated total assets					<u>1,119,091,258</u>	<u>1,137,140,248</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

32. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Plantation		Investments		Consolidated	
	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM
Liabilities						
Segment liabilities	16,335,153	15,318,719	739,718	690,270	17,074,871	16,008,989
Unallocated liabilities					2,838,300	2,940,341
					<u>19,913,171</u>	<u>18,949,330</u>
Other information						
Depreciation	341,021	132,451	-	-	341,021	132,451
Fair value (loss)/gain on investment properties	-	-	(422,194)	1,467,813	(422,194)	1,467,813

(b) Geographical segments

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

	Total revenue from external customers		Segment assets	
	2016	2015	2016	2015
	RM	RM	RM	RM
				Restated
Malaysia	11,892,127	13,553,865	390,316,673	386,845,741
Singapore	11,609,356	9,631,255	537,996,202	543,584,002
Hong Kong	-	-	14,448	13,272
United Kingdom	-	-	43,618,884	47,848,406
Mauritius	1,091,664	1,262,678	101,922,585	114,138,215
Cayman Islands	-	-	23,820,655	26,642,175
Australia	-	-	21,401,811	18,068,437
	<u>24,593,147</u>	<u>24,447,798</u>	<u>1,119,091,258</u>	<u>1,137,140,248</u>

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 loss of RM45,923,771 (2015 : gain of RM35,552,598).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

33. RESTATEMENTS

During the financial year, the Company made the following prior year adjustments to restate the comparative figures:

(a) Equity interest in the Company held by subsidiaries

Equity interest in the Company held by subsidiaries which was previously classified as available-for-sale investments measured at fair value has been restated at cost and reclassified against other reserves. The previously recognised gain/loss and impairment loss from the available-for-sale investments have been reversed against other reserves and retained earnings respectively.

(b) Elimination of indirect interest held by a subsidiary in a fellow subsidiary

Investment held by a subsidiary (Sungei Bagan Rubber Company (Malaya) Berhad) in a fellow subsidiary of the Group (Kuchai Development Berhad) which was previously classified as available-for-sale investments measured at fair value has been restated at cost and reclassified against non-controlling interest. This resulted in a higher share of equity in the subsidiary attributable to shareholders of the Group, which has been adjusted retrospectively.

The effects of the above restatements are shown as follows:

(i) Consolidated statement of financial position as at 1 July 2014

	As previously stated RM	Note	Increase/ (Decrease) RM	Restated RM
Current asset				
Available-for-sale investments	400,703,460	(a)	(34,809,999)	365,893,461
Equity				
Fair value reserve	133,900,180	(a) (b)	(14,589,985) 3,152,118	122,462,313
Foreign currency translation reserve	7,611,661	(b)	904,293	8,515,954
Property and investment reserve	5,285,091	(b)	377,056	5,662,147
General reserve	17,232,500	(b)	179,400	17,411,900
Equity interest in the Company held by subsidiaries	-	(a)	(25,649,439)	(25,649,439)
Retained earnings	134,387,745	(a) (b)	(22,461,489) 301,321	157,150,555
Non-controlling interest	398,121,180	(b)	(21,946,252)	376,174,928

(ii) Consolidated statement of financial position as at 30 June 2015

	As previously stated RM	Note	Increase/ (Decrease) RM	Restated RM
Current asset				
Available-for-sale investments	465,113,871	(a)	(30,508,447)	434,605,424
Equity				
Fair value reserve	146,605,142	(a) (b)	(10,288,434) 3,675,253	139,991,961
Foreign currency translation reserve	41,897,346	(b)	1,721,530	43,618,876
Property and investment reserve	5,285,091	(b)	377,056	5,662,147
General reserve	17,232,500	(b)	179,400	17,411,900
Equity interest in the Company held by subsidiaries	-	(a)	(25,649,439)	(25,649,439)
Retained earnings	138,592,526	(a) (b)	22,461,489 430,197	161,484,212
Non-controlling interest	505,577,638	(b)	(23,415,499)	482,162,139

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

33. RESTATEMENTS (cont'd)

(iii) Consolidated statement of comprehensive income as at 30 June 2015

	As previously stated RM	Note	Increase/ (Decrease) RM	Restated RM
Other comprehensive income				
Fair value gain on available-for-sale investments	34,084,785	(a)	4,301,552	38,386,337

34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 7 October 2016.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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

The breakdown of the retained profits of the Group and of the Company as at 30 June 2016 and 30 June 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
		Restated		
Total retained profits				
- Realised	141,737,207	134,900,498	31,961,079	31,218,717
- Unrealised	39,464,702	42,793,510	(4,450,220)	(4,322,076)
	<u>181,201,909</u>	<u>177,694,008</u>	<u>27,510,859</u>	<u>26,896,641</u>
Less:				
Consolidated adjustments	<u>(17,432,739)</u>	<u>(16,209,796)</u>	<u>-</u>	<u>-</u>
Retained profits as per financial statements	<u>163,769,170</u>	<u>161,484,212</u>	<u>27,510,859</u>	<u>26,896,641</u>

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

THREE YEARS COMPARATIVE FIGURES

Year ended 30 June		2014	2015	2016
<hr/>				
Crop – FFB				
Group	MT	26,656	24,978	20,279
- Kluang Estate	MT	10,764	11,592	9,048
<hr/>				
FFB Net average price				
Group	(RM/MT)	524	459	480
- Kluang Estate	(RM/MT)	522	462	483
<hr/>				
Harvested acreage				
Group	(Acres)	3,321	3,300	3,069
- Kluang Estate	(Acres)	1,228	1,228	1,228
<hr/>				
Immature acreage				
Group	(Acres)	868	889	1,120
- Kluang Estate	(Acres)	346	346	346
<hr/>				
Average yield per mature acres :				
FFB – Kluang Estate	(MT/Acre)	9	9	7
<hr/>				
Average yield per mature hectare :				
FFB – Kluang Estate	(MT/Ha)	22	23	18
<hr/>				
Profi/(Loss) before taxation and exceptional items (RM'000)				
		25,309	10,162	5,413
<hr/>				
Taxation (RM'000)				
		2,996	(198)	350
<hr/>				
Profit/(Loss) for the year (RM'000)				
		22,313	10,361	5,062
<hr/>				
Dividend – % Shareholder Capital				
		25.3	1.0	1.0
<hr/>				
Net cost of dividend (RM'000)				
		11,421	632	632
<hr/>				

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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STATEMENT OF SHAREHOLDINGS

As at 27 September 2016

Authorised capital	:	RM100,000,000 divided into 99,900,000 ordinary shares and 15% cumulative participating preference shares
Issued and fully paid-up capital	:	RM63,171,977
Class of shares	:	Ordinary shares of RM1.00 each and 15% cumulative participating preference 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
31	Less than 100	1,053	0.00
297	100 to 1,000	235,354	0.37
684	1,001 to 10,000	2,655,908	4.21
232	10,001 to 100,000	7,431,042	11.77
44	100,001 to less than 5% of issued shares	18,943,650	29.98
3	5% and above	33,904,970	53.67
1,291		63,171,977	100.00

THIRTY LARGEST SHAREHOLDERS

Name of shareholders	Number of shares	Percentage of shares
1. Malaysia Nominees (Asing) Sendirian Berhad The Nyalas Rubber Estates Ltd	21,943,964	34.74
2. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited	7,212,968	11.42
3. The Nyalas Rubber Estates Ltd	4,748,038	7.52
4. RHB Nominees (Tempatan) Sdn Bhd Sungei Bagan Rubber Company (Malaya) Berhad	2,558,727	4.05
5. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	2,332,441	3.69
6. Key Development Sdn Berhad	1,733,644	2.74
7. Malaysia Nominees (Tempatan) Sendirian Berhad Sungei Bagan Rubber Company (Malaya) Berhad	1,279,363	2.03
8. Malaysia Nominees (Tempatan) Sendirian Berhad Kuchai Development Berhad	959,522	1.52
9. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	915,173	1.45
10. Affin Hwang Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Chong Yong Wah	754,089	1.19

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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STATEMENT OF SHAREHOLDINGS (cont'd)

Name of shareholders	Number of shares	Percentage of shares
11. Key Development Sdn. Berhad	670,599	1.06
12. AMSEC Nominees (Asing) Sdn Bhd KGI FRASER Securities Pte Ltd for Lee Thor Seng	505,348	0.80
13. Yeow Teng Tak	496,819	0.79
14. Wong Peng Yan Benjamin @ Peng Yan Wong	450,000	0.71
15. Chong Yean Fong	443,223	0.70
16. Yeow Wee Hong	431,785	0.68
17. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	379,011	0.60
18. Wong Cecil Vivian Richard	300,000	0.47
19. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Meng Hai	282,526	0.45
20. Chan Kim Sendirian Berhad	278,261	0.44
21. Affin Hwang Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Teo Leng Teow & Sons Investments (Pte) Ltd	255,872	0.41
22. Gan Kim Hoe	241,906	0.38
23. PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Oh Kim Hoe	234,976	0.37
24. Pang Boon Seng	225,600	0.36
25. CIMSEC Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd	201,273	0.32
26. Affin Hwang Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Estate & Trust Agencies (1927) Ltd	191,904	0.30
27. Yeo Poh Noi Caroline	180,000	0.28
28. Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers SECS (S) Pte Ltd for Khoo Hye Tin	178,000	0.28
29. Yeo Kim Soon	167,900	0.27
30. Beh Han Kim	162,025	0.26

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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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:

Shareholders	<-----No. of Shares----->			
	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
1. The Nyalas Rubber Estates Limited #	26,692,002	42.25	4,797,612	7.59
2. Sungei Bagan Rubber Company (Malaya) Berhad	3,838,090	6.08	-	-
3. Kuchai Development Berhad ###	959,522	1.52	3,838,090	6.08
4. Lee Thor Seng #	505,348	0.80	31,489,614	49.85
5. Lee Chung-Shih #	31,984	0.05	31,489,614	49.85
6. Lee Yung-Shih #	31,984	0.05	31,489,614	49.85

Note:

Deemed interested by virtue of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

Deemed interested by virtue of its substantial indirect interest in Sungei Bagan 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:

Directors	<-----No. of Shares----->			
	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
1. Lee Chung-Shih @	31,984	0.05	31,489,614	49.85
2. Lee Soo Hoon	-	-	-	-
3. Tay Beng Chai	-	-	-	-
4. Cheong Mun Hong	-	-	-	-
5. Balaraman a/l Annamaly	1,066	0.00001	-	-
6. Chew Khat Khiam Albert	-	-	-	-

Note:

@ Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

LIST OF PROPERTY

The details of landed property owned by the Company as at 30 June 2016 are as follows:

<u>Location</u>	<u>Description of existing use</u>	<u>Tenure</u>	<u>Land Area</u>	<u>Approximate age of building</u>	<u>Net Carrying Amount/ Fair Value (RM)</u>	<u>Date of Acquisition(A)/ Revaluation(R)</u>
Lot 838, 1219 and 2723 District of Kluang, Johor	Oil palm estate	Freehold	1,597 acres	-	195,918,500	Not available(A)/ 1 January 2015(R)

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

FORM OF PROXY

I/We.....
of.....
being a member/members of KLUANG 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, Rafflesia & Jasmine (LG Floor), Jalan Sungai Chat, 80720 Johor Bahru, Johor, Malaysia on Tuesday, 29 November 2016 at 11.00 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 single tier First and Final Dividend.	1		
2	To approve the Directors' Fees for the financial year ending 30 June 2017.	2		
3	To re-elect Balaraman A/L Annamaly as Director.	3		
4	To re-elect Chew Khat Khiam Albert as Director.	4		
5	To re-appoint Lee Soo Hoon as Director.	5		
6	To re-appoint Messrs Ernst & Young as Auditors.	6		
7	To approve the continuation of terms of office of Lee Soo Hoon as Independent Director.	7		
8	Authority To Allot Shares - Section 132D.	8		
9	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.	9		
10	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.	10		
11	To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Estate and Trust Agencies (1927) Limited.	11		

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..... 2016.

NO. OF SHARES HELD	CDS ACCOUNT NO.

.....
Signature of Member(s)

Notes :

- 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.
- 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.
- 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.
- 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.
- 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.
- The instrument appointing the proxy must be deposited Level 6, Symphony House, Pusat Dagangan Dana, 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.
- In respect of the deposited securities, only members whose names appear in the Record of Depositors on 22 November 2016 shall be eligible to attend the meeting.

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**Affix
Stamp
Here**

The Secretary
KLUANG RUBBER COMPANY (MALAYA) BERHAD
(Company No: 3441-K)
Level 6, Symphony House, Pusat Dagangan Dana,
1, Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor, Malaysia.

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