LII HEN INDUSTRIES BHD.
(301361-U)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
31 DECEMBER 2015

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LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS:	Lan Haw Chong @ Lau Haw Chong Independent Non-Executive Chairman Chua Yong Haup Managing Director Chua Lee Seng Executive Director Tok Heng Leong Executive Director Tan Bee Eng Executive Director Tey Ping Cheng Independent Non-Executive Director Onn Yee Han Independent Non-Executive Director Chan Wah Chong Independent Non-Executive Director
AUDIT COMMITTEE:	Tey Ping Cheng Committee Chairman Onn Yee Han Lan Haw Chong @ Lau Haw Chong Chan Wah Chong
NOMINATION COMMITTEE:	Onn Yee Han Committee Chairman Tey Ping Cheng Chan Wah Chong Lan Haw Chong @ Lau Haw Chong
REMUNERATION COMMITTEE:	Chan Wah Chong Committee Chairman Tey Ping Cheng Lan Haw Chong @ Lau Haw Chong Onn Yee Han
SECRETARY:	Tan Wang Giap MACS 00523
AUDITORS:	John Lim & Associates Chartered Accountants
PRINCIPAL BANKERS:	OCBC Bank (Malaysia) Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad
SOLICITORS:	K. H. Tan & Co.
REGISTRARS:	Plantation Agencies Sdn Berhad Standard Chartered Bank Chambers Lebuh Pantai 10300 Penang Tel: 04-2625333 Fax: 04-2622018
REGISTERED OFFICE:	67, 3rd Floor Jalan Ali 84000 Muar, Johor Darul Takzim Tel: 06-9541818 Fax: 06-9525823
PRINCIPAL PLACE OF BUSINESS:	Plo 43, Kawasan Perindustrian Bukit Pasir Jalan Raja, Mukim Sungai Raya 84300 Bukit Pasir Muar, Johor Darul Takzim Tel: 06-9857202 Fax: 06-9857818 Email: lhib @ liihenfurniture.com
STOCK EXCHANGE LISTING:	Main Market of the Bursa Malaysia Securities Berhad
WEBSITE:	www.liihenfurniture.com

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as set out in note 9 to the financial statements.

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

RESULTS

	Group	Company
	RM	RM
Profit for the financial year attributable to:		
Owners of the Company	57,602,513	49,185,813
Non-controlling interests	(395,523)	-
	57,206,990	49,185,813

DIVIDENDS

The dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2014,	
- special single tier dividend of 3.5 sen per share declared on 26 February 2015 and dealt with in the previous Directors' report was paid on 27 March 2015	2,100,000
- final single tier dividend of 4.0 sen per share proposed in the previous financial year and dealt with in the previous Directors' report was paid on 27 July 2015	2,400,000
In respect of the financial year ended 31 December 2015,	
- first interim single tier dividend of 6.0 sen per share declared on 23 May 2015 and paid on 01 July 2015	3,600,000
- second interim single tier dividend of 7.0 sen per share declared on 22 August 2015 and paid on 23 September 2015	4,200,000
- third interim single tier dividend of 3.0 sen per share declared on 21 November 2015 and paid on 28 December 2015	5,400,000
	17,700,000

DIRECTORS' REPORT - continued

DIVIDENDS - continued

	RM
After the end of the financial year,	
In respect of the financial year ended 31 December 2015, - special single tier dividend of 6.0 sen per share declared on 24 February 2016 and paid on 25 March 2016	10,800,000

The above single tier dividend, declared subsequent to the financial year end, has not been included as liability in the financial statements.

The Directors proposed a final single tier dividend of 4.0 sen per share amounting to RM7,200,000 in respect of the financial year ended 31 December 2015. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as liability in the financial statements.

RESERVES AND PROVISIONS

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

ISSUE OF SHARE CAPITAL

During the financial year,

a) the authorised share capital was increased from RM100,000,000 to RM200,000,000 by way of share split of 100,000,000 ordinary shares of RM1 each into 200,000,000 ordinary shares of RM0.50 each; and

b) the issued and paid-up ordinary share capital was increased from RM60,000,000 to RM89,999,994 by way of:

    i) issuance of 29,999,994 new ordinary shares of RM1 each on the basis of one (1) bonus share for every two (2) existing shares held ("bonus issue"); and

    ii) share split of 89,999,994 ordinary shares of RM1 each after the bonus issue into 179,999,988 ordinary shares of RM0.50 each.

    The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

DIRECTORS

The Directors in office since the date of the last report are:

Lan Haw Chong @ Lau Haw Chong
Chua Yong Haup
Chua Lee Seng
Tok Heng Leong
Tan Bee Eng
Tey Ping Cheng
Onn Yee Han
Chan Wah Chong

In accordance with the Company's articles of association, Messrs. Chua Lee Seng, Tok Heng Leong and Tan Bee Eng retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT - continued

DIRECTORS' INTEREST

The Directors holding office at the financial year end and their interests in share capital of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each				RM0.50 each		
	01.01.2015	**Bought**	**Sold**	**Bonus issue**	**Share split**	**Sold**	**Balance at 31.12.2015**
Direct interest							
Ordinary shares of the Company							
- Chua Yong Haup	40,000	-	-	20,000	60,000	-	120,000
- Chua Lee Seng	1,091,200	30,000	-	560,600	1,681,800	(845,900)	2,517,700
- Tok Heng Leong	150,043	-	-	75,021	225,064	-	450,128
- Tan Bee Eng	265,665	-	-	132,832	398,497	-	796,994
Indirect interest							
Ordinary shares of the Company							
- Chua Lee Seng	26,325,570	-	(589,900)	12,867,835	38,603,505	-	77,207,010
- Tok Heng Leong	25,686,170	-	-	12,843,085	38,529,255	-	77,058,510
- Tan Bee Eng	25,881,170	-	-	12,940,585	38,821,755	-	77,643,510
	Number of ordinary shares of RM1.00 each						
Ordinary shares of the immediate and ultimate holding Company							
- Assets Muar Sdn. Bhd.							
- Chua Yong Haup	1,427,778	-	-	-	-	-	1,427,778
- Chua Lee Seng	3,055,140	-	-	-	-	-	3,055,140
- Tok Heng Leong	3,055,140	-	-	-	-	-	3,055,140
- Tan Bee Eng	2,911,617	-	-	-	-	-	2,911,617

By virtue of their interests in the shares of the Company, Messrs. Chua Lee Seng, Tok Heng Leong and Tan Bee Eng are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest.

None of the other directors holding office at the financial year end had any interest in the share capital of the Company and its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiary companies a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT - continued

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

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

   (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company 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:

   (i) which would render the amount written off for bad debts and the amounts allowed for impairment inadequate to any substantial extent in the financial statements of the Group and of the Company,

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading,

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

   (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

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

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

(d) No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(e) In the opinion of the Directors,

   (i) 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; and

   (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Directors regard Assets Muar Sdn. Bhd., a company incorporated in Malaysia, as the immediate and ultimate holding company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are as disclosed in note 37 to the financial statements.

SIGNIFICANT SUBSEQUENT EVENTS

Details of significant subsequent events are as disclosed in note 38 to the financial statements.

DIRECTORS' REPORT - continued

AUDITORS

John Lim & Associates have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors.

Chua Yong Haup
Director

Chua Lee Seng
Director

Muar

Date: 25 March 2016

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of Lii Hen Industries Bhd. do hereby state that, in the opinion of the Directors, the accompanying statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows together with the notes attached thereto are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2015 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

The information set out in note 40 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors.

Chua Yong Haup
Director

Chua Lee Seng
Director

Date: 25 March 2016

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

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

I, Lydia Sim Lee Hea, the officer primarily responsible for the financial management of Lii Hen Industries Bhd., do solemnly and sincerely declare that the accompanying statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows together with the notes thereto are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Muar in the)
State of Johore on 25 March 2016)

Lydia Sim Lee Hea

Before me,

Sgd.
Lim Pei Ling
No: J 238
Pesuruhjaya Sumpah

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Lii Hen Industries Bhd., which comprise statements of financial position at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 97.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LII HEN INDUSTRIES BHD. - continued
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International 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 subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

c) Our audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LII HEN INDUSTRIES BHD. - continued
(Incorporated in Malaysia)

Other Matters

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

JOHN LIM & ASSOCIATES	**FOO KEE FATT**
A.F. No. 0393	1923/06/17(J)
Chartered Accountants	Chartered Accountant

Date: 25 March 2016

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Jalan Ali, 84000 Muar
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LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Property, plant and equipment	7	112,004,048	109,149,141
Biological asset	8	3,018,629	-
Intangible assets	10	541,228	4,813,119
		115,563,905	113,962,260
Current assets			
Inventories	11	55,751,726	64,982,973
Receivables	12	41,304,576	29,523,570
Prepaid operating expenses and other assets	13	5,362,346	2,704,882
Derivative financial instruments	15	114,918	-
Tax assets	16	513,887	70,678
Deposits, cash and bank balances	17	120,506,396	65,136,321
		223,553,849	162,418,424
TOTAL ASSETS		339,117,754	276,380,684
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	89,999,994	60,000,000
Reserves	19	140,228,214	130,643,040
		230,228,208	190,643,040
Non-controlling interests		(352,098)	10,852
Total equity		229,876,110	190,653,892
LIABILITIES			
Non-current and deferred liabilities			
Loans and borrowings	20	7,827,994	8,673,255
Deferred taxation	21	11,248,825	11,134,080
		19,076,819	19,807,335
Current liabilities			
Payables	22	63,481,932	42,438,470
Derivative financial instruments	15	-	1,042,905
Loans and borrowings	20	22,854,604	20,402,548
Tax liabilities	16	3,828,289	2,035,534
		90,164,825	65,919,457
Total liabilities		109,241,644	85,726,792
TOTAL EQUITY AND LIABILITIES		339,117,754	276,380,684

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Revenue	23	546,865,573	397,928,305
Cost of sales		(429,570,240)	(339,196,827)
Gross profit		117,295,333	58,731,478
Other income		7,465,326	16,208,313
Administrative expenses		(24,366,736)	(16,338,248)
Selling expenses		(22,867,736)	(18,104,377)
Other expenses		(4,475,033)	(3,562,743)
Finance costs	24	(968,432)	(1,238,013)
Profit before tax	25	72,082,722	35,696,410
Income tax expenses	16	(14,875,732)	(7,571,434)
Profit for the financial year		57,206,990	28,124,976
Other comprehensive income, net of tax			
Item that will not be reclassified subsequently to profit or loss			
Revaluation surplus of property, plant and equipment		-	27,506,033
Total comprehensive income for the financial year		57,206,990	55,631,009
Profit attributable to:			
Owners of the Company		57,602,513	28,266,037
Non-controlling interests		(395,523)	(141,061)
		57,206,990	28,124,976
Total comprehensive income attributable to:			
Owners of the Company		57,602,513	55,772,070
Non-controlling interests		(395,523)	(141,061)
		57,206,990	55,631,009
Basic earnings per share attributable to owners of the Company (sen)	26	32.00	15.70

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

LII HEN INDUSTRIES BHD.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Attributable to owners of the Company						
		Non-distributable			Distributable			
		Share capital RM	Share premium RM	Asset revaluation reserves RM	Retained profits RM	Total shareholders' equity RM	Non-controlling interests RM	Total equity RM
At 01 January 2014		60,000,000	1,432,852	3,386,121	80,551,997	145,370,970	151,913	145,522,883
Profit for the financial year		-	-	-	28,266,037	28,266,037	(141,061)	28,124,976
Other comprehensive income								
Revaluation surplus of property, plant and equipment, net of tax		-	-	27,506,033	-	27,506,033	-	27,506,033
Depreciation transfer on land and buildings		-	-	(683,695)	683,695	-	-	-
Total other comprehensive income for the financial year		-	-	26,822,338	683,695	27,506,033	-	27,506,033
Total comprehensive income/ (expense) for the financial year		-	-	26,822,338	28,949,732	55,772,070	(141,061)	55,631,009
Contributions by and distributions to owners								
Dividends, representing total transaction with owners	27	-	-	-	(10,500,000)	(10,500,000)	-	(10,500,000)
At 31 December 2014		60,000,000	1,432,852	30,208,459	99,001,729	190,643,040	10,852	190,653,892

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 - continued

	Note	← Attributable to owners of the Company →						
		Non-distributable			Distributable			
		Share capital RM	Share premium RM	Asset revaluation reserves RM	Retained profits RM	Total shareholders' equity RM	Non-controlling interests RM	Total equity RM
At 01 January 2015		60,000,000	1,432,852	30,208,459	99,001,729	190,643,040	10,852	190,653,892
Profit for the financial year		-	-	-	57,602,513	57,602,513	(395,523)	57,206,990
Other comprehensive income								
Depreciation transfer on land and buildings		-	-	(583,109)	583,109	-	-	-
Total comprehensive income/ (expenses) for the financial year		-	-	(583,109)	58,185,622	57,602,513	(395,523)	57,206,990
Contributions by and distributions to owners								
Bonus issue	18	29,999,994	(1,432,852)	-	(28,567,142)	-	-	-
Share issuance expense		-	-	-	(284,772)	(284,772)	-	(284,772)
Dividends	27	-	-	-	(17,700,000)	(17,700,000)	-	(17,700,000)
Total contributions by and distributions to owners		29,999,994	(1,432,852)	-	(46,551,914)	(17,984,772)	-	(17,984,772)
Changes in ownership interest in a subsidiary company								
Additional interest in a subsidiary company, representing total changes in ownership interest in a subsidiary company		-	-	-	(32,573)	(32,573)	32,573	-
Total transactions with owners		29,999,994	(1,432,852)	-	(46,584,487)	(18,017,345)	32,573	(17,984,772)
At 31 December 2015		89,999,994	-	29,625,350	110,602,864	230,228,208	(352,098)	229,876,110

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		72,082,722	35,696,410
Adjustments for:			
Amortisation of intangible assets		18,663	238
Bad debt written off		89,705	-
Depreciation		6,738,017	5,811,658
Expenditure on increase of authorised capital		38,000	-
Impairment loss on intangible asset		4,253,228	-
Impairment loss on receivable		106,500	29,871
Interest expenses		968,432	1,238,013
Inventories written off		-	1,138,230
Inventories written down		71,842	-
Property, plant and equipment written off		-	2,489,967
Net fair value (gain)/loss on derivative financial instruments		(114,918)	1,042,905
Gain on disposal of property, plant and equipment		(47,993)	(286,479)
Interest income		(1,806,065)	(1,086,389)
Reversal of impairment loss on receivable		(89,705)	(32,000)
Unrealised foreign exchange gain		(527,276)	(747,023)
Operating profit before working capital changes		81,781,152	45,295,401
Decrease/(increase) in inventories		9,159,405	(15,591,520)
Increase in receivables		(12,111,994)	(1,542,953)
Increase in prepaid operating expenses and other assets		(2,468,406)	(811,659)
Increase in payables and other financial liabilities		19,991,143	8,797,005
Cash generated from operations		96,351,300	36,146,274
Income tax paid	16(a)	(13,749,326)	(7,492,638)
Interest paid		(1,176,722)	(1,238,013)
Income tax refunded	16(a)	337,885	991,037
Net cash from operating activities		81,763,137	28,406,660

LII HEN INDUSTRIES BHD.
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 - continued

	Note	2015 RM	2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to biological asset		(3,018,629)	-
Expenditure on increase of authorised capital paid		(38,000)	-
Purchase of property, plant and equipment		(10,069,495)	(12,692,469)
Interest received		1,617,007	1,017,711
Proceeds from disposal of			
- property, plant and equipment		732,854	385,554
- short term investments		-	37,378
Net cash used in investing activities		(10,776,263)	(11,251,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in pledged short term deposits		(78,971)	(75,803)
Dividends paid	27	(17,700,000)	(10,500,000)
Repayment of term loans		(2,444,891)	(2,641,915)
Drawdown of term loans		1,688,792	1,084,895
Net changes in bankers' acceptances		1,462,275	382,859
Share issuance expense		(284,772)	-
Net cash used in financing activities		(17,357,567)	(11,749,964)
NET INCREASE IN CASH AND CASH EQUIVALENTS		53,629,307	5,404,870
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		761,178	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		57,423,446	52,018,576
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	111,813,931	57,423,446

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Property, plant and equipment	7	-	-
Investments in subsidiary companies	9	58,200,954	28,571,400
		58,200,954	28,571,400
Current assets			
Prepaid operating expenses and other assets	13	160,753	16,055
Amounts due by subsidiary companies	14	6,102,312	35,557,213
Deposits, cash and bank balances	17	30,150,930	10,332
		36,413,995	35,583,600
TOTAL ASSETS		94,614,949	64,155,000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	89,999,994	60,000,000
Reserves	19	4,553,715	3,352,668
Total equity		94,553,709	63,352,668
LIABILITIES			
Current liabilities			
Payables	22	34,719	28,555
Amounts due to subsidiary companies	14	-	185,505
Tax liability	16	26,521	588,272
Total liabilities		61,240	802,332
TOTAL EQUITY AND LIABILITIES		94,614,949	64,155,000

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Revenue	23	47,700,000	10,500,000
Other income		2,209,691	2,712,551
Administrative expenses		(440,739)	(410,019)
Finance cost	24	(23,879)	(322,415)
Profit before tax	25	49,445,073	12,480,117
Income tax expense	16	(259,260)	(597,534)
Profit for the financial year, representing total comprehensive income for the financial year attributable to owners of the Company		49,185,813	11,882,583

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Attributable to owners of the Company			
	Note	Non-distributable		Distributable	
		Share capital	Share premium	Retained profits	Total equity
		RM	RM	RM	RM
At 01 January 2014		60,000,000	1,432,852	537,233	61,970,085
Profit for the financial year, representing total comprehensive income for the financial year		-	-	11,882,583	11,882,583
Contributions by and distributions to owners					
Dividends, representing total transaction with owners	27	-	-	(10,500,000)	(10,500,000)
At 31 December 2014		60,000,000	1,432,852	1,919,816	63,352,668
At 01 January 2015		60,000,000	1,432,852	1,919,816	63,352,668
Profit for the financial year, representing total comprehensive income for the financial year		-	-	49,185,813	49,185,813
Contributions by and distributions to owners					
Bonus issue		29,999,994	(1,432,852)	(28,567,142)	-
Share issuance expense		-	-	(284,772)	(284,772)
Dividends	27	-	-	(17,700,000)	(17,700,000)
Total transactions with owners		29,999,994	(1,432,852)	(46,551,914)	(17,984,772)
At 31 December 2015		89,999,994	-	4,553,715	94,553,709

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		49,445,073	12,480,117
Adjustments for:			
Interest expense		23,879	322,415
Dividend income		(47,700,000)	(10,500,000)
Gain on disposal of property, plant and equipment		(1)	-
Interest income		(1,679,836)	(2,712,551)
Reversal of impairment loss on investment in a subsidiary company		(529,554)	-
Operating loss before working capital changes		(440,439)	(410,019)
Decrease/(increase) in prepaid operating expenses and other assets		4,109	(710)
Increase in payables		6,164	10,386
Cash used in operations		(430,166)	(400,343)
Dividends received from subsidiary companies		47,700,000	10,500,000
Income tax paid	16(a)	(821,011)	-
Interest expense		(23,879)	(322,415)
Net cash from operating activities		46,424,944	9,777,242
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiary companies		(49,745,268)	(13,933,250)
Repayment to subsidiary companies		(379,272)	(2,507,215)
Advances from subsidiary companies		193,767	395,504
Interest received		1,531,029	2,712,551
Proceeds from disposal of property, plant equipment		1	-
Repayment from subsidiary companies		50,100,169	14,056,828
Net cash from investing activities		1,700,426	724,418
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	27	(17,700,000)	(10,500,000)
Share issuance expense		(284,772)	-
Net cash used in financing activities		(17,984,772)	(10,500,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,140,598	1,660
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,332	8,672
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	30,150,930	10,332

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

LII HEN INDUSTRIES BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. GENERAL

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are as set out in note 9.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad ('Bursa Malaysia').

The immediate and ultimate holding company is Assets Muar Sdn. Bhd., a company incorporated in Malaysia.

The registered office of the Company is at 67, 3rd Floor, Jalan Ali, 84000 Muar, Johor Darul Takzim, and the principal place of business is at Plo 43, Kawasan Perindustrian Bukit Pasir, Jalan Raja, Mukim Sungai Raya, 84300 Bukit Pasir, Muar, Johor Darul Takzim.

The Board has authorised the issuance of the financial statements on 25 March 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards and the Companies Act 1965 in Malaysia.

Estimates and judgements are evaluated by the management on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as disclosed in note 6.

The financial statements of the Group and of the Company are prepared under the historical cost convention except as disclosed in the accounting policies below.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, other than disclosed in note 5.

a) Basis of consolidation, business combinations and subsidiary companies

i) Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive expenses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary company, it

- de-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;
- de-recognises the carrying amounts of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group’s shares of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

a) Basis of consolidation, business combinations and subsidiary companies - continued

ii) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the financial periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another MFRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in note 3(f)(i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

<u>Business combinations involving entities under common control adopted before 01 January 2011</u>

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within the equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves.

As part of its transition of MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 01 January 2011.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

a) Basis of consolidation, business combinations and subsidiary companies - continued

iii) Subsidiary companies

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company.

Changes in the interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment (other than certain land and buildings) are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note 3(p). 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 to the Company and the cost of the item can be measured reliably.

Where significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Certain land and buildings are measured at fair values less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity (every five years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from the carrying value) to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

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 profits on retirement or disposal of the asset.

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

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period, 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 de-recognition of the asset is included in profit or loss in the financial period the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

d) Depreciation

Freehold land is not amortised as it is deemed to have an infinite life.

Property, plant and equipment under construction and a freehold building are not depreciated as these assets are not yet ready for their intended use.

Depreciation for all the other property, plant and equipment is calculated so as to write off the cost of the assets or their revalued amounts to their residual values on a straight line basis over the estimated useful lives of the assets concerned.

The annual rates in use are as follows:

Freehold factory buildings	2%
Short leasehold land	57 to 60 years
Short leasehold factory buildings	2%
Plant, machinery and equipment	10% - 33%
Plantation infrastructure development expenditure	5%
Hostels, store, renovation and electrical installation	10% - 20%
Motor vehicles	20%
Other assets	5% - 20%

e) Biological asset

Biological asset is measured at fair value less costs to sell, with any changes therein recognised in profit or loss.

f) Intangible assets

i) Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

f) Intangible assets - continued

ii) Other intangible assets

Intangible assets acquired are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the reporting period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Other intangible assets consist of:

- Right of use over permanent reserve forest land (‘ROU”)

  ROU acquired is measured initially at cost. Following initial acquisition, ROU is measured at cost less accumulated depreciation and impairment losses, if any. The ROU is amortised over its lease term of 30 years.

- Computer software

  Computer software acquired separately is amortised on a straight line basis over its finite useful life of five years.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

g) 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:

- Raw materials and consumables: purchase cost on a first-in first-out basis and incidental cost in bringing the raw materials and consumables to their intended location and condition.

- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value.

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

h) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial assets at initial recognition.

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 do not have any held-to-maturity investments and available-for-sale financial assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- **Financial assets at fair value through profit or loss**

  Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

i) Financial assets - continued

Subsequent measurement - continued

- **Financial assets at fair value through profit or loss** - continued

  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 of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

  Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

- **Loans and receivables**

  Non-derivative 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, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 purchase or sale of a financial asset

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. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

h) Financial instruments - continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

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

- **Financial liabilities measured at amortised cost**

  After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

i) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

i) 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 financial periods in which they are incurred.

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

ii) 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 term on the same bases as rental income. Contingent rents are recognised as revenue in the financial periods in which they are earned.

j) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

k) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

l) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

m) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n) Revenue recognition

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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group and the Company assess their revenue arrangements to determine if it they are acting as principal or agent.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

n) Revenue recognition - continued

The following specific recognition criteria must also be met before revenue is recognised:

i) Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

ii) Interest income

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

iii) Dividend income

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

iv) Rental income

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

o) Currency translations

i) Functional and presentation currency

Items included in the 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 RM, which is also the Company's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition in the functional currency 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 end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translation of monetary items at the end of the reporting period are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

p) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss in the financial period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

q) Employee benefits

i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period 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 absence. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

ii) Post-employment benefits

The Group contributes to the Employees Provident Fund, the national defined contribution plan. Such contributions are charged to the profit or loss in the financial period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

r) Impairment of non-financial assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

r) Impairment of non-financial assets - continued

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations 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.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. 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 for the asset 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.

s) Income taxes

i) Current income tax

Current income tax assets and liabilities for the current and prior periods 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 at the end of the reporting period.

Current income 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

s) Income taxes - continued

ii) Deferred taxation

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period 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 subsidiary companies, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial 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 end of each reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

t) Impairment of financial assets

The Group and the Company assess at each reporting period whether there is any objective evidence that a financial asset is impaired.

i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised 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 financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

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.

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.

ii) Financial assets 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

v) Contingencies

A contingent liability is:

i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company; or

ii) a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group and of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

w) Related parties

A related party is defined as follows:

i) A person or a close member of that person's family is related to the Group and the Company if that person:

- has control or joint control over the Company;
- has significant influence over the Company; and
- is a member of the key management personnel of the Group or of the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

w) Related parties - continued

A related party is defined as follows: - continued

ii) An entity is related to the Group and the Company if any one of the following conditions applies:

- the entity and the Company are members of the same group (which means that each parent, subsidiary company and fellow subsidiary company is related to the others);
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third party;
- the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- the entity is controlled or jointly controlled by a person identified in (i); and
- a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

x) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

y) 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. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

4. NEW AND REVISED MFRSs AND AMENDMENTS TO MFRSs NOT ADOPTED

a) MFRSs and Amendments to MFRSs that are not yet effective and have not been early adopted by the Group and the Company:

		For financial period beginning on or after
MFRS 9	Financial Instruments (IFRS 9 As Issued By IASB In July 2014)	01 January 2018
MFRS 15	Revenue From Contracts With Customers	01 January 2018
Amendments to MFRS 10, MFRS 12 And MFRS 128	Investment Entities: Applying The Consolidation Exception	01 January 2016
Amendments to MFRS 101	Presentation Of Financial Statements: Disclosure Initiative	01 January 2016
Amendments to MFRS 116 And MFRS 138	Clarification Of Acceptable Methods Of Depreciation And Amortisation	01 January 2016
Amendments to MFRS 127	Equity Method In Separate Financial Statements	01 January 2016
Annual Improvements 2012-2014 Cycle		
Amendments to MFRS 5	Non-current Assets Held For Sale And Discontinued Operations	01 January 2016
Amendments to MFRS 7	Financial Instruments: Disclosures	01 January 2016
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	01 January 2016
Amendments to MFRS 134	Interim Financial Reporting	01 January 2016

The initial adoption of the standards or amendments is not expected to have any significant impact on the financial performance or position of the Group or of the Company except for those disclosed as follows:

i) MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS139, Financial Instruments - Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. The impairment requirements in MFRS 9 are based on an expected credit loss model and replace the MFRS 139 incurred loss model. Adopting the expected credit losses requirements will require the Group and the Company to make changes to their current systems and processes.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 9.

4. NEW AND REVISED MFRSs AND AMENDMENTS TO MFRSs NOT ADOPTED - continued

a) MFRSs and Amendments to MFRSs that are not yet effective and have not been early adopted by the Group and the Company: - continued

ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 01 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

b) MFRS and Amendments to MFRSs that are not yet effective and not relevant to the Group and the Company:

		For financial period beginning on or after
MFRS 14	Regulatory Deferral Accounts	01 January 2016
Amendments to MFRS 10 And MFRS 128	Sale Or Contribution Of Assets Between An Investor And Its Associate Or Joint Venture	Deferred
Amendments to MFRS 11	Accounting For Acquisitions Of Interest In Joint Operations	01 January 2016

5. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial reporting period except for those disclosed as follows:

a) The Group and the Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 01 January 2015. The adoption of these standards did not have any significant effect on the financial performance or position of the Group and of the Company.

b) The Group has early adopted Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants due to the Group has carried out agricultural activity. The adoption of this standard does not have significant financial impact on the financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future financial periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed as follows:

a) Impairment of ROU

On 22 July 2009, the Group, through its subsidiary companies, Lii Hen Plantation Sdn. Bhd. (‘LHP’) and PPL Plantations Sdn. Bhd. (‘PPLP’), have entered into Joint Venture Agreement (‘JVA’) and Sub-Development Agreement (‘SDA’) respectively for the right of use over approximately 3,473 hectares of permanent reserve forest land in the State of Johor Darul Takzim for planting and/or cultivation of rubber wood trees.

During the reporting period, the ROU is impaired by RM4,253,228 due to the exclusion of 3,037 hectares of land from the rubber wood trees planting programme. The details are disclosed in note 10.

b) Biological asset

Biological asset comprises pre-cropping expenditure incurred for rubber wood trees from planting to the point of maturity.

The agricultural produces of the rubber wood trees are latex and rubber wood trees. Thus, the rubber wood trees are recognised as biological asset.

At the end of the reporting period, management is of the view that the cost incurred is approximate to the fair value of the biological asset based on the following:

i) little biological transformation has taken place since initial cost incurrence; and

ii) the impact of the biological transformation on price is not expected to be material as management estimates the rubber trees plantation cycle is about 20 years.

c) Fair value of financial instruments

Where the fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to this model are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in note 32.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS - continued

d) Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, 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.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables at the end of the reporting period is disclosed in note 12 and 14.

e) Income taxes

Judgement is required in determining the capital and export allowances and deductibility of certain expenses when estimating the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

f) Revaluation of property, plant and equipment

The Group carries its land and buildings at fair value, with changes in fair value being recognised in other comprehensive income. The Group engaged independent professional valuers to assess the fair value during the last reporting period. The fair value of land and buildings is determined by using sales comparison approach.

Information on the fair value and valuation techniques used to determine the fair value of the land and buildings is disclosed in note 32.

At the end of the reporting period, the carrying amounts of the land and buildings are approximate to their fair values and management is of the view that there is no significant change in the fair value of land and buildings of the Group during the reporting period.

The carrying amount of the Group's land and buildings at the end of the reporting period is disclosed in note 7.

g) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. The useful lives of these assets are estimated by management and are disclosed in note 3(d). These are common life expectancies applied in this industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

7. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings* RM	Construction -in-progress RM	Plant, machinery and equipment RM	Motor vehicles RM	Plantation infrastructure development expenditure RM	Other assets# RM	Total RM
Cost or valuation							
At 01 January 2014	65,658,143	358,200	38,667,873	6,220,438	-	4,383,454	115,288,108
Additions	4,854,946	937,520	4,226,001	1,607,627	744,800	321,575	12,692,469
Disposals	(180,745)	-	(220,446)	(738,559)	-	(2,831)	(1,142,581)
Write-offs	(2,761,731)	-	(1,496,175)	-	-	(1,208,624)	(5,466,530)
Surplus on revaluation	34,987,628	-	-	-	-	-	34,987,628
At 31 December 2014/01 January 2015	102,558,241	1,295,720	41,177,253	7,089,506	744,800	3,493,574	156,359,094
Additions	1,713,525	2,795,517	3,539,245	975,712	922,955	330,831	10,277,785
Disposals	(865,469)	-	(687,380)	(804,093)	-	(1,235)	(2,358,177)
Write-offs	(10,500)	-	(217,629)	-	-	-	(228,129)
Reclassification	398,959	(398,959)	-	-	-	-	-
At 31 December 2015	103,794,756	3,692,278	43,811,489	7,261,125	1,667,755	3,823,170	164,050,573

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

7. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings* RM	Construction -in-progress RM	Plant, machinery and equipment RM	Motor vehicles RM	Plantation infrastructure development expenditure RM	Other assets# RM	Total RM
Accumulated depreciation							
At 01 January 2014	11,318,789	-	26,556,485	3,888,343	-	3,654,747	45,418,364
Depreciation charge for the financial year	1,487,464	-	3,238,880	873,234	-	212,080	5,811,658
Disposals	(180,745)	-	(121,371)	(738,559)	-	(2,831)	(1,043,506)
Write-offs	(958,478)	-	(874,838)	-	-	(1,143,247)	(2,976,563)
At 31 December 2014/01 January 2015	11,667,030	-	28,799,156	4,023,018	-	2,720,749	47,209,953
Depreciation charge for the financial year	2,035,783	-	3,492,962	933,207	83,388	192,677	6,738,017
Disposals	(447,146)	-	(599,438)	(626,598)	-	(134)	(1,673,316)
Write-offs	(10,500)	-	(217,629)	-	-	-	(228,129)
At 31 December 2015	13,245,167	-	31,475,051	4,329,627	83,388	2,913,292	52,046,525
Net carrying amounts							
At 31 December 2014	90,891,211	1,295,720	12,378,097	3,066,488	744,800	772,825	109,149,141
At 31 December 2015	90,549,589	3,692,278	12,336,438	2,931,498	1,584,367	909,878	112,004,048

Other assets comprise computers, furniture, fittings, office equipment and signboard.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

7. PROPERTY, PLANT AND EQUIPMENT - continued

Group

***Land and buildings**

	Freehold land RM	Freehold factory buildings RM	Freehold building RM	Short leasehold land RM	Short leasehold factory buildings RM	Hostels, store, renovation and electrical installation RM	Total RM
Cost or valuation							
At 01 January 2014	9,744,454	10,254,935	-	12,600,893	29,386,924	3,670,937	65,658,143
Additions	2,837,025	338,680	-	-	1,286,214	393,027	4,854,946
Disposal	-	-	-	-	-	(180,745)	(180,745)
Write-offs	-	-	-	-	(2,679,824)	(81,907)	(2,761,731)
Surplus on revaluation	4,818,076	9,616,374	-	4,899,789	14,492,536	1,160,853	34,987,628
At 31 December 2014 /01 January 2015	17,399,555	20,209,989	-	17,500,682	42,485,850	4,962,165	102,558,241
Additions	896,519	77,723	-	-	101,218	638,065	1,713,525
Disposal	-	-	-	-	-	(865,469)	(865,469)
Write-off	-	-	-	-	-	(10,500)	(10,500)
Reclassification	-	-	398,959	-	-	-	398,959
At 31 December 2015	18,296,074	20,287,712	398,959	17,500,682	42,587,068	4,724,261	103,794,756

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

7. PROPERTY, PLANT AND EQUIPMENT - continued

Group

***Land and buildings**

	Freehold land	Freehold factory buildings	Freehold building	Short leasehold land	Short leasehold factory buildings	Hostels, store, renovation and electrical installation	Total
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Accumulated depreciation							
At 01 January 2014	-	1,271,368	-	1,011,980	7,212,016	1,823,425	11,318,789
Depreciation charge for the financial year	-	201,262	-	263,474	591,416	431,312	1,487,464
Disposal	-	-	-	-	-	(180,745)	(180,745)
Write-offs	-	-	-	-	(876,571)	(81,907)	(958,478)
At 31 December 2014/ /01 January 2015	-	1,472,630	-	1,275,454	6,926,861	1,992,085	11,667,030
Depreciation charge for the financial year	-	398,924	-	359,689	976,274	300,896	2,035,783
Disposal	-	-	-	-	-	(447,146)	(447,146)
Write-off	-	-	-	-	-	(10,500)	(10,500)
At 31 December 2015	-	1,871,554	-	1,635,143	7,903,135	1,835,335	13,245,167
Net carrying amounts							
At 31 December 2014	17,399,555	18,737,359	-	16,225,228	35,558,989	2,970,080	90,891,211
At 31 December 2015	18,296,074	18,416,158	398,959	15,865,539	34,683,933	2,888,926	90,549,589

7. PROPERTY, PLANT AND EQUIPMENT - continued

	Company	
	2015	**2014**
	RM	**RM**
Motor vehicle		
Cost		
At 01 January	451,867	451,867
Disposal	(451,867)	-
At 31 December	-	451,867
Accumulated depreciation		
At 01 January	451,867	451,867
Disposal	(451,867)	-
At 31 December	-	451,867
Net carrying amount		
At 31 December	-	-

a) Included in the net carrying amounts of property, plant and equipment are:

i) Assets pledged as securities for banking facilities as disclosed in note 20(a)(i):

	Group	
	2015	**2014**
	RM	**RM**
Buildings	44,274,250	51,126,351
Construction-in-progress	3,531,020	-
Land	20,305,379	23,740,173
	68,110,649	74,866,524

ii) Assets registered in the name of third parties:

	Group	
	2015	**2014**
	RM	**RM**
Motor vehicles	-	2,301

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

7. PROPERTY, PLANT AND EQUIPMENT - continued

b) The Group's property, plant and equipment include borrowing cost arising from a term loan borrowed specifically for the purpose of the construction of a building. During the reporting period, the borrowing cost capitalised as cost of property, plant and equipment amounted to RM208,290 (2014 - nil). The rate used to determine the amount of borrowing cost eligible for capitalisation was 4.60% (2014 - nil), which is the effective interest rate of the specific borrowing.

c) In 2014, the Group engaged independent professional valuers, Mr. Lee Thiam Sing of Colliers Jordan Lee & Jaafar (M'CCA) Sdn. Bhd. and Mr. Tan Beng Sooi of VPC Alliance (JB) Sdn. Bhd. to assess the fair value of the land and buildings. The valuers have relevant recognised professional qualification and have recent experience in valuing the properties in the relevant locations.

Information on the fair value and valuation techniques used to determine the fair value of these properties is disclosed in note 32.

At the end of the reporting period, the carrying amounts of the land and buildings are approximate to their fair values.

d) The carrying amounts of the revalued land and buildings that would have been included in the financial statements stated at cost less accumulated depreciation:

	Group	
	2015	**2014**
	RM	**RM**
Freehold factory buildings	8,736,526	9,055,231
Freehold hostels	470,100	479,837
Short leasehold factory buildings	15,577,042	16,011,601
Freehold land	10,204,487	9,938,822
Short leasehold land	6,120,824	6,301,965
	41,108,979	41,787,456

8. BIOLOGICAL ASSET

	Group	
	2015	**2014**
	RM	**RM**
At fair value		
Immatured rubber wood trees		
At 01 January	-	-
Purchase/planting	3,018,629	-
At 31 December	3,018,629	-
Non-current	3,018,629	-
Current	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

8. BIOLOGICAL ASSET - continued

a) At the end of the reporting period, the rubber wood trees which are from newly established plantation are less than one (1) year old (2014 - nil) and considered as immatured assets. The plantation area cultivated is 436 hectares.

b) Risk management strategy related to agricultural activity

i) Regulatory and environmental risks

The Group has established procedures to comply with the environmental and other laws and regulations.

ii) Climate and other risks

The Group's rubber wood trees plantation is exposed to the risk of damage from climate changes, diseases, forest fires, pests and other natural forces. The Group has processes in place aimed at monitoring and mitigating those risks.

9. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2015	**2014**
	RM	**RM**
At cost		
Unquoted shares		
At 01 January	29,100,954	29,100,954
Subscription of shares in existing subsidiary companies	29,100,000	-
At 31 December	58,200,954	29,100,954
Accumulated impairment loss		
At 01 January	(529,554)	(529,554)
Impairment loss reversed (note 25(a))	529,554	-
At 31 December	-	(529,554)
Net carrying amounts	58,200,954	28,571,400
Amounts due from subsidiary companies		
At 01 January	-	34,600,000
Reclassified to amounts due by subsidiary companies under current assets	-	(34,600,000)
At 31 December	-	-
Total	58,200,954	28,571,400

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

9. INVESTMENTS IN SUBSIDIARY COMPANIES - continued

a) In 2014, the amounts due from subsidiary companies are reclassified to amounts due by subsidiary companies under current assets.

b) The subsidiary companies, all audited by John Lim & Associates, are as follows:

Name of subsidiary companies	**Country of incorporation/ principal place of business**	**Proportion of ownership interest**		**Principal activities**
		2015 (%)	**2014 (%)**	
Lii Hen Furniture Sdn. Bhd.* ('LHF')	Malaysia	100	100	Investment holding and manufacturing of furniture
Kejora Juara Sdn. Bhd.	Malaysia	100	100	Property investment
Favourite Design Sdn. Bhd. ('FD')	Malaysia	100	100	Manufacturing of furniture
Lii Hen Plantation Sdn. Bhd. ('LHP')	Malaysia	99	90	Investment holding
Subsidiary companies of LHF				
CT Haup Heng Sdn. Bhd.*	Malaysia	100	100	Manufacturing of furniture
EF Furniture Sdn. Bhd.*	Malaysia	100	100	Manufacturing of office and residential furniture
Mayteck Kilang Kayu Dan Perabut Sdn. Bhd. ("MTKK") *	Malaysia	100	100	Manufacturing of furniture components, processing and kiln drying of rubber wood and timber
Subsidiary company of LHP				
PPL Plantations Sdn. Bhd. ('PPLP')	Malaysia	80	80	Planting, cultivating, milling and dealing in agriculture and forest products

* Consolidated under merger method of accounting

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

9. INVESTMENTS IN SUBSIDIARY COMPANIES - continued

c) Non-controlling interests

	2015		2014	
	LHP (%)	**PPLP (%)**	**LHP (%)**	**PPLP (%)**
Percentage of ownership interest and voting interest of non-controlling interests	1	20	10	20

	2015			2014		
	LHP RM	**PPLP RM**	**Total RM**	**LHP RM**	**PPLP RM**	**Total RM**
Carrying amount of non-controlling interests	10,440	(362,538)	(352,098)	14,991	(4,139)	10,852
Loss allocated to non-controlling interests	(36,059)	(359,464)	(395,523)	(27,450)	(113,611)	(141,061)
Dividend paid to non-controlling interests	-	-	-	-	-	-

As the non-controlling interests of LHP and PPLP are not material to the Group, summarised financial information (before inter-group elimination) of the subsidairy companies is hence not presented.

10. INTANGIBLE ASSETS

Group

	ROU RM	Computer software RM	Total RM
At cost			
At beginning and end of the financial year	4,813,119	1,198	4,814,317
Accumulated amortisation and impairment loss			
At 01 January 2014	-	(960)	(960)
Amortisation	-	(238)	(238)
At 31 December 2014/01 January 2015	-	(1,198)	(1,198)
Amortisation	(18,663)	-	(18,663)
Impairment loss	(4,253,228)	-	(4,253,228)
At 31 December 2015	(4,271,891)	(1,198)	(4,273,089)
Net carrying amounts			
At 31 December 2014	4,813,119	-	4,813,119
At 31 December 2015	541,228	-	541,228

a) ROU relates to the incidental costs incurred in connection with the lease of right to use of approximately 3,473 hectares of permanent reserve forest land in the State of Johor Darul Takzim for planting and/or cultivation of rubber wood trees.

b) The Group has taken possession of 436 hectares of land and commenced the development of plantation infrastructure and agricultural activity.

The amortisation of ROU is in relation to the 436 hectares of ROU of land and is recognised as administrative expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

10. INTANGIBLE ASSETS - continued

c) On 22 February 2016, PPLP has received a letter from Joint Venture partner, PIJ Plantation & Agriculture Sdn Bhd, informing PPLP that the remaining portion of undeveloped forest land of 3,037 hectares out of the total 3,473 hectares are excluded from the rubber trees planting programme as decided by the relevant state authority.

The Group has appealed against the decision. However, the Group has impaired the undeveloped portion of ROU of the land at the end of the reporting period on proportionate basis. The impairment loss of RM4,253,228 is recognised as other operating expense in profit or loss.

d) The Group estimated the remaining recoverable amount of the plantation segment based on the ROU for 436 hectares of land at approximately RM11,100,000.

e) Significant assumptions applied in estimating the plantation segment value-in-use are as follows:

i) Cash flow projections from the financial budgets approved by management covering a period of 20 years which the management expects to complete the harvest of the rubber wood trees planted.

ii) The pre-tax discount rate applied to the cash flow projections is 10%.

iii) The following is budgeted in the cash flow projections:

	2015	**2014**
Production yield	2,000 kg/ha/year	2,000 kg/ha/year
-Rubber wood	RM150 per m^3	RM160 per m^3
-Latex	RM5.50/kg	RM6.50/kg
Production cost	40% - 45%	40% - 45%

iv) Sensitivity to changes in assumptions

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

11. INVENTORIES

	Group 2015 RM	Group 2014 RM
At cost		
Finished goods	18,008,023	14,372,935
Work-in-progress	19,403,535	22,149,665
Raw materials	13,355,578	27,467,079
Consumables	4,807,454	993,294
	55,574,590	64,982,973
At net realisable value		
Finished goods	117,171	-
Raw materials	59,965	-
	177,136	-
	55,751,726	64,982,973
Recognised in profit or loss:		
Inventories recognised as cost of sales	429,570,240	339,196,827
Included in cost of sales are:		
Inventories written off	-	1,138,230
Inventories written down to net realisable value	71,842	-

12. RECEIVABLES

	Group 2015 RM	Group 2014 RM
Trade receivables		
- Related parties	141,240	-
- Third parties	35,498,495	26,041,116
	35,639,735	26,041,116
Less:		
Accumulated impairment losses (note 12(a)(v))	136,371	119,546
	35,503,364	25,921,570
Other receivables	5,801,212	3,602,030
	41,304,576	29,523,600

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

12. RECEIVABLES - continued

a) Trade receivables

i) Trade receivables are non-interest bearing and are generally from 15 to 90 days (2014 - 15 to 150 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

ii) Ageing analysis of trade receivables

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

		Group	
2015	**Gross RM**	**Individually impaired RM**	**Net RM**
Neither past due nor impaired	28,823,283	-	28,823,283
1 to 30 days past due not impaired	4,870,926	-	4,870,926
31 to 60 days past due not impaired	1,159,758	-	1,159,758
61 to 90 days past due not impaired	267,715	-	267,715
91 to 120 days past due not impaired	177,496	-	177,496
More than 121 days past due not	340,557	(136,371)	204,186
	6,816,452	(136,371)	6,680,081
	35,639,735	(136,371)	35,503,364

		Group	
2014	**Gross RM**	**Individually impaired RM**	**Net RM**
Neither past due nor impaired	19,466,607	-	19,466,607
1 to 30 days past due not impaired	3,915,969	-	3,915,969
31 to 60 days past due not impaired	1,510,770	-	1,510,770
61 to 90 days past due not impaired	313,519	(10,988)	302,531
91 to 120 days past due not impaired	237,108	-	237,108
More than 121 days past due not	597,143	(108,588)	488,555
	6,574,509	(119,576)	6,454,933
	26,041,116	(119,576)	25,921,540

12. RECEIVABLES - continued

a) Trade receivables - continued

iii) 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. More than 66% (2014 - 65%) of the Group's trade receivables arise from customers with more than four (2014 - four) years of experience with the Group and losses have occurred infrequently.

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

iv) Receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,680,081 (2014 - RM6,454,933) that are past due at the reporting date but not impaired.

At the end of the reporting period, included in trade receivables that are past due but not impaired which are arising from export sales amounting to RM3,099,310 (2014 - RM1,870,684) have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. The remaining balances of trade receivables that are past due but not impaired are unsecured in nature. The Group considers the outstanding amounts are still recoverable and there has not been a significant change in credit quality.

The Group does not hold any collateral or other credit enhancements over their balances.

v) The Group's trade receivables that are impaired at the end of the reporting period and the movement of the accounts used to record the impairment is as follows:

	Group	
	Individually impaired	
	2015	**2014**
	RM	**RM**
Trade receivables - nominal amounts	136,371	119,576
Less:		
Impairment losses	(136,371)	(119,576)
	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

12. RECEIVABLES - continued

a) Trade receivables - continued

v) The Group's trade receivables that are impaired at the end of the reporting period and the movement of the accounts used to record the impairment is as follows: - continued

	Group	
	2015	**2014**
	RM	**RM**
Movement of impairment losses		
At 01 January	119,576	121,705
Impairment loss recognised (note 25(a))	106,500	29,871
Impairment loss reversed (note 25(a))	(89,705)	(32,000)
At 31 December	136,371	119,576

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to two debtors (2014 - two) that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

b) Other receivables

i) Credit terms for other receivables are assessed and approved on a case-by-case basis. Other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

ii) Included in other receivables are the following:

- advance payments made to two (2014 - three) suppliers of MTKK for the supply of rubber wood amounting to RM1,182,072 (2014 - RM975,825);
- an advance payment paid for the supply of rubber tree plantlets in accordance with the SDA amounting to RM400,745 in 2014; and
- an amount of RM107 (2014 - nil) due by a related party represents labour charges receivable from the related party.

12. RECEIVABLES - continued

c) The currency exposure profile of the trade and other receivables is as follows:

	Group	
	2015	**2014**
	RM	**RM**
RM	12,598,447	9,255,713
Singapore Dollar ('SGD')	10,350	8,280
United States Dollar ('USD')	28,832,150	20,379,153
	41,440,947	29,643,146

d) Other information on financial risks of receivables is disclosed in note 33.

13. PREPAID OPERATING EXPENSES AND OTHER ASSETS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Prepaid operating expenses and other assets	5,362,346	2,704,882	160,753	16,055

Included in prepaid operating expenses and other assets of the Group are:

a) rental deposits paid to related parties - Domain Partners Sdn. Bhd. and NNST Capital Sdn. Bhd. amounting to RM505,632 (2014 - RM417,327); and

b) deposit paid to a third party amounting to RM560,000 (2014 - nil) for the purchase of properties as disclosed in note 37(c).

14. AMOUNTS DUE BY/(TO) SUBSIDIARY COMPANIES

The amounts due by/(to) subsidiary companies which arose from non-trade advances are unsecured and repayable on demand.

The above advances bear interest at an effective rate of 8.35% (2014 - 8.35%) per annum.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2015 RM		2014 RM	
	Contract/ Notional Amount	Assets	Contract/ Notional Amount	Liabilities
Non-hedging derivatives:				
Current				
Forward currency contracts	15,174,135	114,918	31,188,170	(1,042,905)
Total financial liabilities at fair value through profit or loss		114,918		(1,042,905)

Forward currency contracts are used to hedge foreign currency risk arising from the Group's sales denominated in USD for which firm commitments existed at the end of the reporting period, extending to March 2016 (2014 - March 2015) (note 33(d)).

16. TAXATION

a) Movements in the taxation statements in statements of financial position:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 01 January	1,964,856	897,942	588,272	(9,262)
Current income tax	14,840,739	7,569,713	318,533	597,534
Income tax paid	(13,749,326)	(7,492,638)	(821,011)	-
Income tax refunded	337,885	991,037	-	-
Income tax overprovision in prior financial year	(79,752)	(1,198)	(59,273)	-
At 31 December	3,314,402	1,964,856	26,521	588,272
Disclosed as:				
Tax assets	(513,887)	(70,678)	-	-
Tax liabilities	3,828,289	2,035,534	26,521	588,272
	3,314,402	1,964,856	26,521	588,272

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

16. TAXATION - continued

b) Income tax expenses comprise:

Statements of profit or loss and other comprehensive income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Current income tax:				
Malaysian				
- current	14,840,739	7,569,713	318,533	597,534
-overprovision in prior financial year	(79,752)	(1,198)	(59,273)	-
	14,760,987	7,568,515	259,260	597,534
Deferred taxation (note 21(a)):				
-origination and reversal of temporary differences	162,384	331,248	-	-
-asset revaluation reserves	(72,043)	(219,558)	-	-
-under/(over)provision in prior financial year	24,404	(108,771)	-	-
	114,745	2,919	-	-
Income tax expenses recognised in profit or loss	14,875,732	7,571,434	259,260	597,534

c) Reconciliation of tax expenses with accounting profit:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit before tax	72,082,722	35,696,410	49,445,073	12,480,117
Taxation at statutory tax rate of 25%	18,020,681	8,924,103	12,361,268	3,120,029
Deferred tax asset not recognised	239,220	-	-	-
Export allowances incentive	(4,719,037)	(1,986,725)	-	-
Tax effects of:				
- double deduction expenses	(211,818)	(96,867)	-	-
- income not subject to income tax	(352,851)	(575,672)	(12,057,388)	(2,625,000)
- non-allowable expenses	1,954,885	1,416,564	14,653	102,505
	14,931,080	7,681,403	318,533	597,534
Under/(over)provision in prior financial year:				
- deferred tax	24,404	(108,771)	-	-
- income tax	(79,752)	(1,198)	(59,273)	-
Income tax expenses recognised in profit or loss	14,875,732	7,571,434	259,260	597,534

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

16. TAXATION - continued

d) The Group has the following which can be used to offset against future taxable profit:

	Group	
	2015 RM	2014 RM
Unused capital allowance	111,432	-
Unused agricultural allowance	2,715,593	-
Unused tax loss	802,371	-
	3,629,396	-

17. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	52,268,443	38,879,408	1,071,192	10,332
Short term deposits with licensed banks	68,237,953	26,256,913	29,079,738	-
	120,506,396	65,136,321	30,150,930	10,332

Short term deposits of the Group amounting to RM2,583,776 (2014 - RM2,504,805) are pledged as securities against banking facilities granted to certain subsidiary companies as disclosed in note 20(a)(ii).

Other information on financial risks of short term deposits is disclosed in note 33.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

18. SHARE CAPITAL

Group and Company

	2015 No. of shares	2014 No. of shares	2015 RM	2014 RM
Authorised				
At 01 January (Ordinary shares of RM1 each)	100,000,000	100,000,000	100,000,000	100,000,000
Share split into RM0.50 each	100,000,000	-	-	-
At 31 December (Ordinary shares of RM0.50 each)	200,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At 01 January (Ordinary shares of RM1 each)	60,000,000	60,000,000	60,000,000	60,000,000
Bonus issue	29,999,994	-	29,999,994	-
Share split into RM0.50 each	89,999,994	-	-	-
At 31 December (Ordinary shares of RM0.50 each)	179,999,988	60,000,000	89,999,994	60,000,000

The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The shareholders are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

19. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-distributable				
Share premium	-	1,432,852	-	1,432,852
Asset revaluation reserves	29,625,350	30,208,459	-	-
	29,625,350	31,641,311	-	1,432,852
Distributable				
Retained profits	110,602,864	99,001,729	4,553,715	1,919,816
	140,228,214	130,643,040	4,553,715	3,352,668

Group

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

During the reporting period, the share premium is capitalised for the issuance of bonus shares.

Asset revaluation reserves

The asset revaluation reserves represent increases in the fair value of the land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Company

Retained profits

The Company is under the single tier dividend system and hence, there is no restriction on the Company to distribute the payment of dividends out of its entire retained profits at the end of the reporting period.

20. LOANS AND BORROWINGS

	Group	
	2015	**2014**
	RM	**RM**
Secured		
Current portion		
Bank overdrafts	6,108,689	5,208,070
Bankers' acceptances	14,114,653	12,652,378
Term loans	2,631,262	2,542,100
Total current portion	22,854,604	20,402,548
Non-current portion		
Term loans	7,827,994	8,673,255
Total loans and borrowings	30,682,598	29,075,803

a) The loans and borrowings are secured by:

i) debenture incorporating fixed charges on landed properties of a subsidiary company and legal charges on landed properties of certain subsidiary companies as disclosed in note 7(a)(i);

ii) short term deposits of certain subsidiary companies as disclosed in note 17; and

iii) short term deposit of a Director in 2014.

b) The term loans are repayable as follows:

	No. of installments	Monthly repayment
Term loan I	120	RM40,214 commenced from November 2009
Term loan II	60	RM45,326 commenced from March 2011
Term loan III	166	RM31,250 commenced from November 2012 until July 2014, RM28,192 commenced from August 2014 onwards (repayment revised in 2014)
Term loan IV	236	RM40,240 commenced from January 2013 until July 2014, RM12,554 commenced from August 2014 until June 2015, RM32,113 commenced from July 2015 (repayment revised in 2015)
Term loan V	48	RM54,351 commenced February 2014

c) Other information on financial risks of loans and borrowings is disclosed in note 33.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

21. DEFERRED TAXATION

a) Movements in temporary differences during the financial year:

	Group 2015 RM	Group 2014 RM
At 01 January	11,134,080	3,649,566
Recognised in profit or loss (note 16(b)):		
- asset revaluation reserves	(72,043)	(219,558)
- property, plant and equipment	186,788	222,477
	114,745	2,919
Recognised in other comprehensive income:		
- deferred tax on asset revaluation reserves	-	7,481,595
At 31 December	11,248,825	11,134,080

b) Recognised deferred tax assets and liabilities are attributable to the following:

Group

	Assets		Liabilities		Net	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Property, plant and equipment	-	-	3,649,534	2,821,061	3,649,534	2,821,061
Asset revaluation reserves	-	-	8,240,695	8,313,019	8,240,695	8,313,019
Unused capital allowance	(26,744)	-	-	-	(26,744)	-
Unused agriculture allowance	(614,660)	-	-	-	(614,660)	-
	(641,404)	-	11,890,229	11,134,080	11,248,825	11,134,080
Set off of tax	641,404	-	(641,404)	-	-	-
	-	-	11,248,825	11,134,080	11,248,825	11,134,080

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

21. DEFERRED TAXATION - continued

c) The deferred tax assets, stated at gross, have not been recognised as it is not probable that sufficient future taxable profit will be available to offset against the following unrecognised deferred tax assets of the Group.

	Group	
	2015	**2014**
	RM	**RM**
Unused agriculture allowance	154,508	-
Unused tax loss	802,371	-
	956,879	-

Deferred tax assets of the Group have not been recognised in respect of these items as they were derived from different business sources and it is not probable that taxable profit of the Group from the same business source would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under current tax legislation.

22. PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Trade payables				
- A related party	3,462,447	3,032,009	-	-
- Third parties	36,643,377	25,412,183	-	-
	40,105,824	28,444,192	-	-
Other payables	2,860,121	2,777,495	100	100
Accrued operating expenses	20,515,987	11,216,783	34,619	28,455
	63,481,932	42,438,470	34,719	28,555

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 7 to 120 days (2014 - 7 to 120 days) terms.

b) Other payables

These amounts are non-interest bearing. Credit terms for other payables are negotiated on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

22. PAYABLES - continued

c) The currency exposure profile of the trade and other payables is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
RM	41,538,898	30,797,148	100	100
USD	1,427,047	424,539	-	-
	42,965,945	31,221,687	100	100

d) Other information on financial risks of payables is disclosed in note 33.

23. REVENUE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Sale of goods	546,865,573	397,928,305	-	-
Dividend income from subsidiary companies	-	-	47,700,000	10,500,000
	546,865,573	397,928,305	47,700,000	10,500,000

24. FINANCE COSTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Interest on				
- amounts due to subsidiary companies	-	-	23,879	322,415
- bank overdrafts	4,268	35,057	-	-
- bankers' acceptances	613,134	638,556	-	-
- term loans	559,320	564,400	-	-
	1,176,722	1,238,013	23,879	322,415
Less:				
Interest expense capitalised in property, plant and equipment (note 7(c))	(208,290)	-	-	-
	968,432	1,238,013	23,879	322,415

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

25. PROFIT BEFORE TAX

a) This is arrived at after inclusion of the following charges/(income):

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Amortisation of intangible asset	18,663	238	-	-
Auditors' remuneration:				
- other services	89,955	33,490	9,088	1,500
- statutory audit	145,000	131,000	23,000	19,000
Bad debt written off	89,705	-	-	-
Depreciation	6,738,017	5,811,658	-	-
Expenditure on increase of authorised capital	38,000	-	-	-
Impairment loss on:				
- intangible asset	4,253,228	-	-	-
- receivable	106,500	29,871	-	-
Inventories written off due to fire incident	-	1,138,230	-	-
Inventories written down to net realisable value	71,842	-	-	-
Lease of computer software software	180,000	178,220	-	-
Property, plant and equipment written off due to fire incident	-	2,489,967	-	-
Rental of:				
- factory	3,653,050	3,020,731	-	-
- hostel	82,793	79,200	-	-
- premises	8,400	-	-	-
Bad debts recovered	(24,000)	(33,000)	-	-
Foreign exchange gain:				
- realised	(4,142,601)	(5,317,650)	-	-
- unrealised	(527,276)	(747,023)	-	-
Gain on disposal of property, plant and equipment	(47,993)	(286,479)	(1)	-
Insurance claimed				
- due to fire incident	-	(6,948,507)	-	-
- others	-	(274,782)	-	-
Interest income from loans and receivables	(1,806,065)	(1,086,389)	(1,679,836)	(2,712,551)
Net fair value (gain)/loss on derivative financial instruments	(114,918)	1,042,905	-	-
Rental income	(399,122)	(1,026,119)	-	-
Reversal of impairment loss on investment in a subsidiary company	-	-	(529,554)	-
Reversal of impairment loss on receivable	(89,705)	(32,000)	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

25. PROFIT BEFORE TAX - continued

b) Directors' emoluments:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
i) Directors of the Company				
Executive:				
Short term employee benefits				
-Salaries and other emoluments	5,602,305	3,337,922	-	-
Post-employee benefits				
-Defined contribution retirement plan	686,866	427,753	-	-
The estimated value of benefit-in-kind	64,450	67,625	-	-
	6,353,621	3,833,300	-	-
Non-executive:				
Short term employee benefits				
-Salaries	168,000	168,000	168,000	168,000
ii) Directors of the subsidiary companies				
Executive:				
Short term employee benefits				
-Salaries and other emoluments	5,156,055	2,928,199	-	-
Post-employee benefits				
-Defined contribution retirement plan	726,143	365,569	-	-
The estimated value of benefit-in-kind	63,800	59,463	-	-
	5,945,998	3,353,231	-	-
Non-executive:				
-Salary	42,000	42,000	-	-
	12,509,619	7,396,531	168,000	168,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

25. PROFIT BEFORE TAX - continued

c) Additional information:

	Group	
	2015	**2014**
	RM	**RM**
Cost of sales		
Raw materials consumed	269,302,210	216,198,251

26. EARNINGS PER SHARE

Basic

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the number of ordinary shares in issue during the reporting period.

	Group	
	2015	**2014**
	RM	**RM**
Profit net of tax attributable to owners of the Company	57,602,513	28,266,037
	2015	**2014**
	Units	**Units**
		Restated
Number of ordinary shares in issue		
At 01 January	60,000,000	60,000,000
Bonus issue	29,999,994	29,999,994
Share split	89,999,994	89,999,994
At 31 December	179,999,988	179,999,988
	2015	**2014**
	Sen	**Sen**
Basic earnings per share	32.00	15.70

The number of the ordinary shares of the previous reporting period was restated to reflect the retrospective adjustments arising from the bonus issue and share split completed on 19 October 2015 in accordance with MFRS 133: Earnings Per Share.

Diluted

No diluted earnings per share is presented as there is no dilutive potential ordinary shares at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

27. DIVIDENDS

	Group and Company	
	2015	2014
	RM	RM
Recognised during the reporting period		
Dividends on ordinary shares:		
Special single tier dividend for 2014 - 3.5 sen (2013 - 3.0 sen)	2,100,000	1,800,000
Final single tier dividend for 2014 - 4.0 sen (2013 - 3.5 sen)	2,400,000	2,100,000
First interim single tier dividend for 2015 - 6.0 sen (2014 - 4.0 sen)	3,600,000	2,400,000
Second interim single tier dividend for 2015 - 7.0 sen (2014 - 3.5 sen)	4,200,000	2,100,000
Third interim single tier dividend for 2015 - 3.0 sen (2014 - 3.5 sen)	5,400,000	2,100,000
	17,700,000	10,500,000

	Group and Company
	RM
Not recognised as liabilities at 31 December 2015	
Dividends on ordinary shares	
Declared and paid after the reporting period:	
-Special single tier dividend of 6.0 sen per share for 2015	10,800,000
Proposed for shareholders' approval at the forthcoming Annual General Meeting:	
-Final single tier dividend of 4.0 sen per share for 2015	7,200,000

28. CASH AND CASH EQUIVALENTS

a) Cash and cash equivalents included in the statements of cash flows comprise the following:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	52,268,443	38,879,408	1,071,192	10,332
Short term deposits with licensed banks	65,654,177	23,752,108	29,079,738	-
	117,922,620	62,631,516	30,150,930	10,332
Bank overdrafts	(6,108,689)	(5,208,070)	-	-
	111,813,931	57,423,446	30,150,930	10,332

28. CASH AND CASH EQUIVALENTS - continued

b) The currency exposure profile of the cash and cash equivalents is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
RM	67,006,015	27,783,236	30,150,930	10,332
SGD	50,397	34,090	-	-
USD	44,753,127	29,601,728	-	-
Others	4,392	4,392	-	-
	111,813,931	57,423,446	30,150,930	10,332

29. SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosure disclosed elsewhere in the financial statements, the related party relationships and significant transactions are set out as follows:

a) Identity of related parties

The Company has related party relationships with the following parties:

i) Immediate and ultimate holding company of the Company, Assets Muar Sdn. Bhd.

ii) Subsidiary companies of the Company as disclosed in note 9.

iii) Companies in which certain Directors of the Company and certain directors of the subsidiary companies have control or significant influence:

- Domain Partners Sdn. Bhd. (‘DP’);
- NNST Capital Sdn. Bhd.(‘NNST’);
- Paragon Progress Sdn. Bhd. (‘PP’);
- Double Soon Huat Enterprise (‘DSHE’); and
- T- Home Furniture Industry Sdn. Bhd. ("THFI').

iv) Key management personnel, other than Directors, are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

29. SIGNIFICANT RELATED PARTY DISCLOSURES - continued

b) Significant transactions undertaken with the related parties during the reporting period were as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Subsidiary companies				
Advances to	-	-	49,745,268	13,933,250
Repayment from	-	-	50,100,169	14,056,828
Advances from	-	-	193,767	395,504
Repayment to			379,272	2,507,215
Interest income from	-	-	1,131,984	2,712,551
Interest paid/payable to	-	-	23,879	322,415
Disposal of property, plant and equipment to LHF	-	-	1	-
Related parties				
Sales of goods to				
- PP	-	2,686	-	-
- THFI	269,832	-	-	-
Purchases of goods from from PP	32,316,400	29,739,993	-	-
Labour charges received/ receivable from DSHE	1,311	-	-	-
Rental paid/payable to certain Directors and close family members of certain Directors of the Company	3,000	12,000	-	-
Rental paid/payable to				
- DP	1,641,288	1,433,388	-	-
- NNST	235,920	235,920	-	-
Sub-contract charges paid/payable to DSHE	1,697,353	1,458,238	-	-

29. SIGNIFICANT RELATED PARTY DISCLOSURES - continued

c) Compensation paid/payable to key management personnel (other than executive Directors) were as follows:

	Group	
	2015	**2014**
	RM	**RM**
Short term employee benefits	1,138,745	1,041,342
Post-employment benefits	303,994	257,911
	1,442,739	1,299,253

Information regarding outstanding balances which are unsecured, arising from related party transactions at the end of the reporting period is disclosed in note 12, 13, 14 and 22.

30. EMPLOYEE BENEFITS EXPENSES

The total staff costs, including Directors' emoluments, were as follows:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Salaries and wages	61,176,932	47,174,000	168,000	168,000
Defined contribution retirement plan	3,053,845	2,078,714	-	-
Other employee benefits	304,430	336,784	-	-
	64,535,207	49,589,498	168,000	168,000

31. CONTINGENCY

CONTINGENT LIABILITY - UNSECURED

Company

The Company has provided corporate guarantee to bankers for banking facilities to a limit of approximately RM134 million (2014 - RM123 million) granted to certain subsidiary companies.

Accordingly, the Company is contingently liable to the extent of banking facilities utilised by the subsidiary companies amounting to approximately RM31 million (2014 - RM29 million) at the end of the reporting period. There was no indication that the subsidiary companies would default on repayments.

32. FAIR VALUE OF ASSETS AND LIABILITIES

a) Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

32. FAIR VALUE OF ASSETS AND LIABILITIES - continued

b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group

	Fair value measurement at the end of the reporting period using hierachy analysis			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM	**RM**	**RM**	**RM**
Recurring fair value measurement				
2015				
Assets				
Non-financial assets:				
Property, plant and equipment				
Land and buildings				
Freehold land	-	18,296,074	-	18,296,074
Freehold building	-	398,959	-	398,959
Freehold factory buildings	-	18,416,158	-	18,416,158
Freehold hostels	-	2,541,709	-	2,541,709
Freehold warehouse	-	347,217	-	347,217
Short leasehold land	-	15,865,539	-	15,865,539
Short leasehold factory buildings	-	34,683,933	-	34,683,933
	-	90,549,589	-	90,549,589
Financial asset:				
Derivatives				
Forward currency contracts	-	114,918	-	114,918

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

32. FAIR VALUE OF ASSETS AND LIABILITIES - continued

b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group

	Fair value measurement at the end of the reporting period using hierachy analysis			
	Quoted prices in active markets for identical instruments (Level 1) **RM**	Significant observable inputs other than quoted prices (Level 2) **RM**	Significant unobservable inputs (Level 3) **RM**	Total **RM**
Recurring fair value measurement				
2014				
Assets				
Non-financial assets:				
Property, plant and equipment				
Land and buildings				
Freehold land	-	15,433,000	-	15,433,000
Freehold factory buildings	-	18,737,000	-	18,737,000
Freehold hostels	-	1,729,829	-	1,729,829
Freehold warehouse	-	405,171	-	405,171
Short leasehold land	-	16,240,000	-	16,240,000
Short leasehold factory buildings	-	35,550,000	-	35,550,000
	-	88,095,000	-	88,095,000
Liability				
Financial liability:				
Derivatives				
Forward currency contracts	-	(1,042,905)	-	(1,042,905)

32. FAIR VALUE OF ASSETS AND LIABILITIES - continued

b) Assets and liabilities measured at fair value - continued

Highest and best use

Currently one (2014 - two parcels) of the Group's freehold land with net carrying amount of RM1,970,474 (2014 - RM2,771,915) is planted with oil palm. The Group plans to construct warehouses and hostels for its own use.

c) Level 2 fair value measurements

i) The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within level 2 of the fair value hierarchy:

- Property, plant and equipment

  The valuations of land and buildings are based on sales comparison approach. Sales price of comparable market transactions that in close proximity is adjusted for the differences in the key attributes such as property location, size, shape and terrain. The most significant input into this valuation is the price per square foot of the comparable properties.

- Derivatives

  Forward currency contracts are valued based on the quotations obtained from the counterparty bankers. The fair value of forward currency contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

ii) Transfers between Level 1, Level 2 and Level 3 fair values

There were no transfers between Level 1, Level 2 and Level 3 during the reporting period. (2014 - no transfers in either direction).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

32. FAIR VALUE OF ASSETS AND LIABILITIES - continued

d) Assets and liabilities not carried at fair value but for which fair value is disclosed

i) The following table shows an analysis of the Group's liabilities not measured at fair value at the end of the reporting period but for which fair value is disclosed:

Group

	Fair value measurement at the end of the reporting period using hierachy analysis			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	RM	**RM**	**RM**	**RM**
2015				
Liability				
Financial liability				
Loans and borrowings				
Term loans				
(non-current portion)	-	-	6,280,460	6,280,460
2014				
Liability				
Financial liability				
Loans and borrowings				
Term loans				
(non-current portion)	-	-	7,284,369	7,284,369

ii) Determination of fair value

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing at the end of the reporting period.

iii) Valuation processes applied by the Group for Level 3 fair value

The Chief Financial Officer has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values and regularly reviews significant unobservable inputs and valuation adjustments.

e) The following are classes of assets and liabilities that are reasonable approximate to their fair value:

Receivables
Amounts due by/(to) subsidiary companies
Deposits, cash and bank balances
Borrowings (current)
Payables

f) As disclosed in note 31, the Company has extended financial guarantee to bankers for credit facilities granted to certain subsidiary companies and there is no indication that the subsidiary companies would default on repayments. Thus, the fair value of the financial guarantee contract for the Company is nil.

33. 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 and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides an independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises principally from trade and other receivables. For other financial assets (including derivative financial instruments, loans and advances to subsidiary companies, short term deposits with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group manages credit risk by setting credit limits.

i) Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- receivables as disclosed in note 12;
- amounts due by subsidiary companies in note 14; and
- a nominal value of RM134 million (2014 - RM123 million) relating to a corporate guarantee provided by the Company to the bankers for credit facilities granted to certain subsidiary companies as disclosed in note 31.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

a) Credit risk - continued

ii) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the key trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2015		2014	
	RM	**%**	**RM**	**%**
By country:				
United States of America	23,888,800	67.03	17,470,919	67.09
Malaysia	8,511,663	24.23	5,927,234	22.76
Other countries	3,239,272	8.74	2,642,963	10.15
	35,639,735	100.00	26,041,116	100.00

At the end of the reporting period, approximately 22% (2014 - 19%) of the Group's trade receivables were due from one (2014 - one) customer who is located in The United States of America.

iii) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors who are reputable or have good payment records with the Group.

Short term deposits with licensed banks and bank balances that are neither past due nor impaired are placed with reputable banks with high credit rating and no history of default.

The Company provides unsecured advances to subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

iv) Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in note 12.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

At the end of the reporting period, approximately 74% (2014 - 70%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

b) Liquidity risk - continued

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	Note	Carrying amount **RM**	Contractual cash flows **RM**	On demand or within one year **RM**	One to five years **RM**	Over five years **RM**	Total **RM**
2015							
Financial assets:							
Receivables	12	41,304,576	41,304,576	41,304,576	-	-	41,304,576
Derivative financial instruments	15	114,918	114,918	114,918	-	-	114,918
Deposits, cash and bank balances	17	120,506,396	120,506,396	120,506,396	-	-	120,506,396
Total undiscounted financial assets		161,925,890	161,925,890	161,925,890	-	-	161,925,890
Financial liabilities:							
Loans and borrowings	20	30,682,598	30,811,917	22,941,418	7,099,799	770,700	30,811,917
Payables	22	63,481,932	63,481,932	63,481,932	-	-	63,481,932
Total undiscounted financial liabilities		94,164,530	94,293,849	86,423,350	7,099,799	770,700	94,293,849

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

b) Liquidity risk - continued

Analysis of financial instruments by remaining contractual maturities - continued

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations: - continued

Group	Note	Carrying amount **RM**	Contractual cash flows **RM**	On demand or within one year **RM**	One to five years **RM**	Over five years **RM**	Total **RM**
2014							
Financial assets:							
Receivables	12	29,523,570	29,523,570	29,523,570	-	-	29,523,570
Deposits, cash and bank balances	17	65,136,321	65,136,321	65,136,321	-	-	65,136,321
Total undiscounted financial assets		94,659,891	94,659,891	94,659,891	-	-	94,659,891
Financial liabilities:							
Derivative financial instruments	15	1,042,905	1,042,905	1,042,905	-	-	1,042,905
Loans and borrowings	20	29,075,803	29,312,236	20,517,052	6,987,415	1,807,769	29,312,236
Payables	22	42,438,470	42,438,470	42,438,470	-	-	42,438,470
Total undiscounted financial liabilities		72,557,178	72,793,611	63,998,427	6,987,415	1,807,769	72,793,611

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

b) Liquidity risk - continued

Company	Note	Carrying amount **RM**	Contractual cash flows **RM**	On demand or within one year **RM**	Total **RM**
2015					
Financial assets:					
Amounts due by subsidiary companies	14	6,102,312	6,102,312	6,102,312	6,102,312
Bank balances	17	30,150,930	30,150,930	30,150,930	30,150,930
Total undiscounted financial assets		36,253,242	36,253,242	36,253,242	36,253,242
Financial liability:					
Payables, representing total undiscounted financial liability	22	34,719	34,719	34,719	34,719
2014					
Financial assets:					
Amounts due by subsidiary companies	14	35,557,213	35,557,213	35,557,213	35,557,213
Bank balances	17	10,332	10,332	10,332	10,332
Total undiscounted financial assets		35,567,545	35,567,545	35,567,545	35,567,545
Financial liabilities:					
Amounts due to subsidiary companies	14	185,505	185,505	185,505	185,505
Payables	22	28,555	28,555	28,555	28,555
Total undiscounted financial liabilities		214,060	214,060	214,060	214,060

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

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 exposure to interest rate risk arises primarily from its borrowings, short term investments and short term deposits with licensed banks. The Group borrows principally on a floating rate basis for working capital purposes.

The Company's exposure to interest rate risk arises from its interest bearing advances provided to and from its subsidiary companies.

The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

		2015		2014	
	Note	**WAEIR**	**Carrying amount**	**WAEIR**	**Carrying amount**
		%	**RM**	**%**	**RM**
Group					
Fixed rate					
Short term deposits with licensed banks	17	3.91	68,237,953	3.25	26,256,913
Floating rate					
Bank overdrafts	20	8.35	6,108,689	8.35	5,208,070
Bankers' acceptances	20	3.81	14,114,653	3.78	12,652,378
Term loans	20	4.73	10,459,256	4.86	11,215,355
Company					
Floating rate					
Amounts due by subsidiary companies	14	8.35	6,102,312	8.35	35,557,213
Amounts due to subsidiary companies	14	-	-	8.35	185,505

Interest rate risk sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial asset and financial liability at fair value through profit or loss, and the Group does not designate derivative financial instruments as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

c) Interest rate risk - continued

Interest rate risk sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity of the Group's and of the Company's profit net of tax, if interest rate had been 25 basis points lower/higher, with all other variables held constant:

	Group		Company	
	2015 **RM** Profit net of tax	**2014** **RM** Profit net of tax	**2015** **RM** Profit net of tax	**2014** **RM** Profit net of tax
If interest rate had been 25 basis points lower	+57,530	+ 54,518	-11,442	- 66,322
If interest rate had been 25 basis points higher	-57,530	- 54,518	+11,442	+ 66,322

d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency, RM. The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 92% (2014 - 94%) of the Group's sales are denominated in USD. The Group's trade receivables and payables at the end of the reporting period for foreign currency balances are as disclosed in the note 12(c) and note 22(c) respectively.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, the foreign currency balance is as disclosed in note 28(b).

The Group uses forward currency contracts to eliminate the currency exposures on certain percentage of its budgeted sales that are quoted in foreign currency. The period is ranging from 30 days to 90 days (2014 - 30 days to 120 days). The Group hedged an acceptable level (2014 - 50%) of its foreign currency denominated sales, for which firm commitments existed at the end of the reporting period, extending to March 2016 (2014 - March 2015).

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates in the RM against the USD, with all other variables held constant:

	Group	
	2015 **RM** Profit net of tax	**2014** **RM** Profit net of tax
USD / RM - strengthened by 5%	+ 3,607,911	+ 2,107,796
- weakened by 5%	- 3,607,911	- 2,107,796

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

34. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table provides an analysis of financial instruments categorised as follows:

a) Loans and receivables;
b) Financial assets and liabilities at fair value through profit or loss; and
c) Financial liabilities measured at amortised cost.

Group

	Carrying amount RM	Loans and receivables RM	Financial assets or liabilities at fair value through profit or loss RM	Financial liabilities measured at amortised cost RM
2015				
Financial assets:				
Receivables	41,304,576	41,304,576	-	-
Derivative financial instruments	114,918	-	114,918	-
Deposits, cash and bank balances	120,506,396	120,506,396	-	-
	161,925,890	161,810,972	114,918	-
Financial liabilities:				
Loans and borrowings	30,682,598	-	-	30,682,598
Payables	63,481,932	-	-	63,481,932
	94,164,530	-	-	94,164,530
2014				
Financial assets:				
Receivables	29,523,570	29,523,570	-	-
Deposits, cash and bank balances	65,136,321	65,136,321	-	-
	94,659,891	94,659,891	-	-
Financial liabilities:				
Loans and borrowings	29,075,803	-	-	29,075,803
Payables	42,438,470	-	-	42,438,470
Derivative financial instruments	1,042,905	-	1,042,905	-
	72,557,178	-	1,042,905	71,514,273

34. CATEGORIES OF FINANCIAL INSTRUMENTS - continued

Company

	Carrying amount **RM**	Loans and receivables **RM**	Financial liabilities measured at amortised cost **RM**
2015			
Financial assets:			
Amounts due by subsidiary companies	6,102,312	6,102,312	-
Deposits, cash and bank balances	30,150,930	30,150,930	-
	36,253,242	36,253,242	-
Financial liability:			
Payables	34,719	-	34,719
2014			
Financial assets:			
Amounts due by subsidiary companies	35,557,213	35,557,213	-
Deposits, cash and bank balances	10,332	10,332	-
	35,567,545	35,567,545	-
Financial liabilities:			
Payables	28,555	-	28,555
Amounts due to subsidiary companies	185,505	-	185,505
	214,060	-	214,060

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to provide return for shareholders, benefits for other stakeholders and to maintain an optimal capital structure.

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 or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total equity. The Directors monitor and determine to maintain an optimal liabilities-to-equity ratio.

	Group	
	2015	**2014**
	RM	**RM**
Total liabilities	109,241,644	85,726,792
Total equity	229,876,110	190,653,892
Total liabilities-to-equity ratio	48%	45%

36. SEGMENTAL REPORTING - GROUP

a) The Group has the following reportable segments which are operating in Malaysia:

Reportable segments	**Operations**
2015	
Furniture manufacturing	Manufacturing of furniture products
Plantation	Cultivating of rubber wood trees
Other	Investment holdings
2014	
Furniture manufacturing	Manufacturing of furniture products

In 2015, management monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is the most relevant to the evaluation of results of the segments.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines after taking into consideration of volume rebate and credit risk as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the financial period to acquire segment assets that are expected to be used for more than one year.

In 2014, the Group has only one reportable segment. Segmental information is hence not presented.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

36. SEGMENTAL REPORTING - GROUP - continued

b) **Segmental information**

2015	Note	Furniture manufacturing RM	Plantation RM	Other RM	Total RM
Revenue					
Total revenue		553,699,309	-	47,700,000	601,399,309
Inter-segment revenue		(6,833,736)	-	(47,700,000)	(54,533,736)
Revenue from external customers	36(b)(i)	546,865,573	-	-	546,865,573
Interest income		1,222,116	36,097	547,852	1,806,065
Finance costs		(968,432)	-	-	(968,432)
Net finance income		253,684	36,097	547,852	837,633
Depreciation of property, plant and equipment		6,634,182	103,835	-	6,738,017
Amortisation of intangible asset		-	18,663	-	18,663
Impairment loss on intangible asset		-	4,253,228	-	4,253,228
Impairment loss on receivable		106,500	-	-	106,500
Bad debt written off		89,705	-	-	89,705
Segment profit/(loss) before tax	36(b)(ii)	86,512,146	(4,942,839)	49,445,073	131,014,380
Additions to non-current assets	36(b)(iii)	9,354,830	3,941,584	-	13,296,414
Segment assets	36(b)(iv)	314,819,620	5,514,092	94,614,949	414,948,661
Segment liabilities	36(b)(v)	111,750,045	5,913,046	61,240	117,724,331

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

36. SEGMENTAL REPORTING - GROUP - continued

b) **Segmental information** - continued

Reconciliations

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

		2015 RM
i)	**Revenue**	
	Total revenue for reportable segments	601,399,309
	Elimination of inter-segment revenue	(54,533,736)
	Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	546,865,573
ii)	**Profit for the financial year**	
	Total profit or loss for reportable segments	131,014,380
	Elimination of inter-segment profits	(58,931,658)
		72,082,722
	Tax expenses	(14,875,732)
	Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	57,206,990

iii) Additions to non-current assets consist of additions to property, plant and equipment and biological asset.

vi)	**Assets**	
	Total assets for reportable segments	414,948,661
	Elimination of investments in subsidiary companies	(58,200,954)
	Elimination of inter-segment balances	(17,629,953)
	Total assets of the Group per consolidated statement of financial position	339,117,754
v)	**Liabilities**	
	Total liabilities for reportable segments	117,724,331
	Elimination of inter-segment balances	(8,482,687)
	Total liabilities of the Group per consolidated statement of financial position	109,241,644

36. SEGMENTAL REPORTING - GROUP - continued

c) Geographical segment

The following table provides an analysis of the Group's revenue by geographical segment:

	2015 RM	2014 RM
Malaysia	45,085,177	25,989,810
United States of America	426,741,856	318,817,084
Other countries	75,038,540	53,121,411
Total revenue	546,865,573	397,928,305

d) The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2015 RM	2014 RM
Customer A	57,638,584	79,157,841
Customer B	55,449,524	60,660,080
Customer C	103,892,679	38,189,586
	216,980,787	178,007,507

37. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a) On 19 October 2015, the Company issued 29,999,994 new ordinary shares on the basis of one bonus share for every two existing shares held to the entitled shareholders ("Bonus issue").

On the even date after the bonus issue, the Company subdivided every one existing ordinary share of RM1.00 each in the Company into two ordinary shares of RM0.50 each in the Company ("share split"). Pursuant to the share split, 89,999,994 ordinary shares of RM1.00 each in the Company were subdivided into 179,999,988 ordinary shares of RM0.50 each in the Company.

b) On 07 May 2015, FD entered into a Sale and Purchase Agreement to purchase one piece of freehold land for a cash consideration of RM754,677. The transaction was completed during the reporting period.

c) On 04 September 2015, FD entered into another Sale and Purchase Agreement to purchase a piece of freehold land together with two blocks of factory buildings erected thereon for total cash consideration of RM5,600,000. The transaction has not been completed during the reporting period with the deposit of RM560,000 paid as disclosed in note 13(b).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

38. SIGNIFICANT SUBSEQUENT EVENTS

a) On 28 January 2016, the Company subscribed for 60% equity interest of 60 ordinary shares of RM1 each fully paid in a newly incorporated company, LSG Furniture Sdn. Bhd. ("LSG") for a cash consideration of RM60.

On 29 February 2016, the Company subscribed for 299,940 ordinary shares of RM1 each fully paid in LSG for a cash consideration of RM299,940. LSG remains a 60% owned subsidiary company after the additional subscription of shares.

LSG is principally engaged in manufacturing and designing of upholstery furniture products. The setting up of LSG is to expand the product range to upholstery furniture products and to secure new revenue streams for the Group.

b) On 22 February 2016, PPLP has received a letter from Joint Venture partner, PIJ Plantation & Agriculture Sdn Bhd, informing PPLP that the remaining portion of undeveloped forest land of 3,037 hectares out of total 3,473 hectares are excluded from the rubber trees planting programme as decided by the relevant state authority. The Group has appealed against the decision.

39. COMMITMENTS

a) Operating lease

i) PPLP has long-term lease commitments in respect of the ROU over the permanent reserve forest land arising from SDA as disclosed in note 10.

PPLP has to pay annual use permit fee based on 436 hectares (2014 - 3,473 hectares) of ROU as follows:

	Group	
	2015	**2014**
	RM	**RM**
First three years from the date of delivery of vacant possession of the land or the date of commencement of the development of the land whichever is later	-	-
Next fourth to seventh years	10,900	86,825
Next eighth to twentieth years	21,800	173,650
Next twenty first to thirtieth years	43,600	347,300
	76,300	607,775

ii) The SDA includes contingent payment which is based on certain percentage of profit after taxation of PPLP.

b) Contracted but not provided for

i) Land preparation for planting and/or cultivation of rubber wood trees based on 436 hectares (2014 - 3,473 hectares) of cultivated area as disclosed in note 8:

	Group	
	2015	**2014**
Year	**RM**	**RM**
First year	-	7,700,000
Second to fourth year	-	14,600,000
	-	22,300,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 - continued

39. COMMITMENTS - continued

b) Contracted but not provided for - continued

ii) Property, plant and equipment

	Group	
	2015	**2014**
	RM	**RM**
Landed properties, net of deposit of RM560,000 (2014 - nil) as disclosed in note 13(b)	5,040,000	-
Construction-in-progress	642,885	-
Other landed property	-	19,900
Other assets	1,002,559	-
	6,685,444	19,900

40. DISCLOSURE OF REALISED AND UNREALISED PROFITS

Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group and the Company at the end of the reporting date into realised and unrealised profits, pursuant to the directive, are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Retained profits				
- Realised	112,981,356	102,118,672	4,553,715	1,919,816
- Unrealised	(2,378,492)	(3,116,943)	-	-
	110,602,864	99,001,729	4,553,715	1,919,816

Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.