CORPORATE SOCIAL RESPONSIBILITY

Subur Tiasa Holdings Berhad is committed towards Corporate Social Responsibility (CSR). We believe that success is not only defined by financial performance, but also our emphasis on our employees, communities, environment, as well as the interest of shareholders and stakeholders.

The Company adheres to the Bursa Malaysia's CSR Framework which encompasses the following areas: **Workplace**, **Community**, **Environment**, and **Marketplace**. Further, the company also adopts the "Triple Bottom Line" (as first coined in 1994 by John Elkington) in creating a sustainable corporation, which consists of three Ps: **People**, **Planet** and **Profit**.

Workplace

Our "Diversity in Workforce Policy" outlines our engagement of a diverse workforce that comes from the community at large. We recognize the strategic advantages of incorporating a wide variety of capabilities, talents and insights which are unique contributions people can make because of their individual background and different skills, experiences and perspectives. We respect the diversity of our people and we inculcate fairness and justice regardless of race, ethnicity, religion and cultural background. Recognising people as our greatest asset, we value their differences and practise inclusiveness which fosters fair, consistent and equitable treatment for all across the organization.

Our core value is to bring out the best in our employees. A vital part to it is through the continual training programs provided to our employees throughout the year. We are always enthusiastic in organizing creative, fun-filled, and meaningful trainings, motivational talks, and team building activities to inspire our employees.

Sport implies many positive attributes simultaneously. The power to change and inspire, awaken our hope and unite our people in a way that little else does.

CORPORATE SOCIAL RESPONSIBILITY (contd.)

Embellish the life of our employees through festive events, fun and frolic games. Fill each day with thanksgiving, turn routine jobs into joy, and change ordinary opportunities into blessings. Spreading love, togetherness and glowing with happiness.

Community

We reach out to the community through our actions of love. Charity is definitely a huge part of our corporate responsibility. We spread our fellow feeling to the minorities through altruistic society like Sibu Kidney Foundation, Sibu Spinal Cord Injury Association, and Sibu Agape Association.

Contributing to the pillar of education has also been a continuing trademark of the Company. This past year, we continued to extend our care to schools, urban and rural alike. Some of those benefited were Sekolah Kebangsaan Sungai Arau and Sekolah Tabika RH. Wan Imang.

CORPORATE SOCIAL RESPONSIBILITY (contd.)

Building friendship, family and love is the grassroot support to our community. We constitute our simple acts of kindness, such as serving and giving to charity. Serving to the best of our abilities to make a real difference and enrich the lifes of people in need.

CORPORATE SOCIAL RESPONSIBILITY (contd.)

Environment

The Company is committed to preserving green environment. Recycling campaign was organized to raise awareness among employees, their friends and family. Our responsibility towards the mother nature did not cease as the campaign ended, yet ongoing as we continue to seek new ways to achieve sustainable green practices.

A healthy natural environment allows each new generation including ours to prosper. Empowering ourselves to be good stewards of the Earth we inherited.

Marketplace

We provide high quality products and services to our customers. The Company is also obligated to keep its shareholders and relevant authorities updated with the Company's latest information, which strictly adheres to the requirements of Bursa Securities and the Malaysian Accounting Standards Board.

All in all, CSR will continue to be a crucial part in the growth of Subur Tiasa Holdings Berhad. We believe the acts of responsibility and commitment will lead us even further!

AWARDS & RECOGNITIONS

Our Commitment as a preferred reliable supplier of premium wood based product, well recognised regionally with many accolades won over the years for our quality products

SUBUR TIASA HOLDINGS BERHAD

- Diploma Best Enterprise Award 2012
- Century International Diamond Quality Era Award 2012
- 2nd Malaysia Independence Award 2010
- International Diamond Star For Quality Award (Geneva 2010)
- World Quality Commitment (WQC) International Gold Star For Quality Award (Paris 2007)
- Business Summit Award 2007

SUBUR TIASA PLYWOOD SDN. BHD.

- Quality Summit Platinum Award For Excellence & Business Prestige (New York 2009)
- World Quality Commitment (WQC) International Gold Star For Quality Award (Paris 2008)
- Platinum Technology Award For Quality & Best Trade Name (Rome 2008)
- Celebrity Brand Award 2011 Celebrity Brand Center @ The Nomad Pavilion

SUBUR TIASA PARTICLEBOARD SDN. BHD.

- The Sarawak Chief Minister's Environmental Award 2011/2012
- Product Excellence Award In Industry Excellence Awards 2009
- The Majestic Five Continents Award For Quality & Excellence (GENEVA 2008)
- Diamond Eye Award 2007 For Quality Commitment & Excellence
- The Top Quality Customer Satisfaction Aptitude Seal For High Quality Performance & Best Customer Satisfaction 2007
- 32nd International Award For The Best Trade Name 2007 (New Millennium Award)

SUBUR TIASA PLYWOOD SDN. BHD.

- Japanese Agricultural Standards (JAS) Certification
- California Air Resources Board (CARB) Certification
- ISO9001: 2008 Certification

SUBUR TIASA PARTICLEBOARD SDN. BHD.

- Japan Ministry Certification
- California Air Resources Board (CARB) Certification
- ISO9001: 2008 Certification

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Subur Tiasa Holdings Berhad ("Subur Tiasa" or the "Company") subscribes and supports the Malaysian Code on Corporate Governance 2012 ("Code") and the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Board is committed to ensuring that the highest standard of corporate governance is founded on core values such as accountability, transparency and integrity is practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

Subur Tiasa acknowledges that corporate governance is a continuous process that requires periodic reassessment and refinement of Management practices and systems.

Set out below is a statement of how the Group has applied the principles of the Code and the extent to which it has observed the Recommendations of the Code, except where it was stated otherwise.

1 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Functions of the Board of Directors ("Board") and Management

The Board acknowledges its leadership role in the direction and business operations of the Group toward enhancing shareholders' value and ensuring long term sustainable development and growth of the Group.

The Board delegates the authority to the Group Managing Director who is supported by the senior management team in achieving the corporate objectives. The Group Managing Director remains accountable to the Board for the performance of the Group.

The Board also delegates specific responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within defined terms of reference. All Board Committees do not have executive power but report to the Board on all matters considered and the ultimate responsibility for decision making on recommendations presented by the Board Committees lies with the Board.

1.2 Roles and Responsibilities of the Board

An effective Board leads and controls the Group. To ensure that the direction and control of the Group is firmly in its own hands, the Board reserves appropriate strategic, financial and organizational matters for its collective decision and/or monitoring. The Board meets at least four (4) times a year, with additional meetings convened as necessary. All Independent Directors bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The following are among the key responsibilities of the Board:

a) reviewing, approving and monitoring the strategic direction of Group;
b) overseeing and evaluating the conduct and performance of the Group's business including its control and accountability systems;
c) identifying and managing principal risks affecting the Group;
d) approving policies relating to investors relations programme and shareholder communication and overseeing stakeholders communications;
e) reviewing the adequacy of the Group's internal controls policy;
f) providing input into and final approval of the annual operating budget;
g) approving major capital expenditure, capital management and acquisition or divestitures;
h) reviewing and monitoring systems of risk management and internal compliance controls, code of conduct, continuous disclosure, legal compliance and other significant corporate policies; and
i) ensuring that appropriate plans is in place to provide for the succession of the Group.

Upon invitation, management representatives were present at the Board's meetings and Board Committees' meetings to provide additional insight into matters to be discussed during the Meetings.

CORPORATE GOVERNANCE STATEMENT (contd.)

1.3 Ethical Standards through Code of Conduct

The Board has adopted a Code of Conduct which set out the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company. A summary of the Code of Conduct is available on the Company's website at www.suburtiasa.com.my.

The Board has also adopted a Whistleblowing Policy which aims to encourage reporting by employees in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group and the employees making such reports will be protected from reprisal.

1.4 Business Sustainability

The Board is mindful of the importance of business sustainability and the impact on the environment, social and governance aspects in conducting the business is taken into consideration. Subur Tiasa Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders including suppliers, customers and other organisations.

The Group's activities to promote sustainability during the financial year under review are also disclosed in the report of the Corporate Social Responsibility set out on pages 14 to 17 of this annual report.

1.5 Access to Information and Advice

Management has an obligation to provide the whole Board with complete, well-focused and adequate information of which it is aware of in order to discharge the Board's responsibilities. The Board therefore expects to receive timely advice on all material information about the Group, its operating units, its activities and performance, particularly any significant variances from a planned course of progress. As a general rule, the agendas and papers on subjects discussed during Board meetings are disseminated to the Board in a timely manner prior to the Board meetings to accord sufficient time for their review, consideration and to seek clarifications (if any) so as to enable them to participate effectively in Board deliberations and decisions making. This, in turn, enables the time at the Board meeting to be conserved and used for focused discussion. All Directors have the rights and duty to make further enquiries whenever necessary.

The Board may seek independent professional advice at the Group's expense, in the furtherance of their duties to make well-informed decisions.

1.6 Company Secretaries

All Directors have full access to the advice and services of the Company Secretaries at all times.

The Company Secretaries are qualified secretaries as required pursuant to the Malaysian Companies Act, 1965. The Company Secretaries are the members of the Malaysian Institute of Accountants (MIA) and Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). They are competent in carrying out their work and play supporting and advisory roles to the Board. They ensure adherence and compliance to the procedures and regulatory requirements from time to time.

The Company Secretaries attend all Board and Board Committees meetings and ensure that all the meetings are convened in accordance with Board procedures and terms of reference of the Board Committees. All proceedings, matters arising, deliberations, in terms of the issues discussed, and resolutions at the Board's meetings and Board Committees' meetings are properly recorded in the minutes by the Company Secretaries, confirmed by the Board and Board Committees, and signed by the Chairman.

CORPORATE GOVERNANCE STATEMENT (contd.)

The Company Secretaries also ensure that the Company complies with all applicable statutory and regulatory requirements. The appointment and removal of Company Secretaries is a matter for the Board to consider as a whole.

1.7 Board Charter

The Board has adopted a Board Charter which provides Directors with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their role and discharging their duties to the Company and the Board's operating practices. The Board Charter is reviewed and updated regularly in line with changes in the expectations of the investing public and stakeholders of the Company in general and the guidelines issue by the regulatory authorities from time to time.

The summary of the Board Charter is accessible through the Company's website at www.suburtiasa.com.my.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Board has on 19 June 2003 set up a Nomination Committee and members of the Nomination Committee for the financial year ended 31 July 2015 are as follows:

Chairperson	Madam Ngu Ying Ping	Senior Independent Director
Member	Mr. Tiong Kiong King	Non-Independent Non-Executive Director
Member	Mr. Tiong Ing Ming	Independent Director
Member	YBhg. Datuk William Lau Kung Hui (resigned on 01.07.2015)	Independent Director

The Nomination Committee shall consist of not less than three (3) members, all of whom shall be non-executive directors and a majority of whom are independent.

The Nomination Committee will be responsible for:

- reviewing the Board composition and recommending to the Board, appointments of new Directors for the Company and Board Committees;
- evaluating the effectiveness of the Board, in particular, its required mix of skills, experience, qualification and other core competencies;
- establishing a mechanism for the formal assessment on the effectiveness and performance of the Board as a whole and the contribution of each Director, performance of Managing Director and the Senior Finance Manager;
- assessing the independence of the Independent Directors; and
- assessing the training needs of each Director.

The Nomination Committee met once during the financial year ended 31 July 2015.

The activities carried out by the Nomination Committee during the financial year ended 31 July 2015 are as follows:

(a) reviewed the mix of skills, experience and other qualities required for the Board;

(b) evaluated the performance and effectiveness of the Board and Board Committee including contribution of each individual director, as well as the Senior Finance Manager;

(c) assessed the independence of the Independent Directors;

(d) assessed the Directors who are due for retirement and re-appointment pursuant to the Company's Articles of Association and the Companies Act, 1965;

(e) assessed the independent director who has served for more than nine (9) years to be retained as independent directors; and

(f) assessed the training needs of Directors.

2.2 Criteria for Recruitment and Annual Assessment of Directors

The Code endorses, as good principles, a formal and transparent procedure for appointment of Directors to the Board, where the Nomination Committee shall recommend to the Board the suitable candidates to be appointed. The Code, however, states that the Board as a whole may perform this procedure, although, as a matter of good corporate governance, it is recommended that this responsibility be delegated to an independent committee.

The Nomination Committee is responsible to recommend the identified candidate to the Board if there is vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board.

The assessment or evaluation process on the proposed candidate may include, at the Nomination Committee's discretion, reviewing of the candidate resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview at the Nomination Committee's discretion. The Nomination Committee would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties of the Board.

Upon completion of the assessment and evaluation of the proposed candidate, the Nomination Committee would make its recommendation to the Board for their evaluation and decision on the appointment of the proposed candidate. The Nomination Committee is responsible to ensure that the procedures for appointing any new Directors are transparent and their evaluation should be based on their merits, qualification, experience, skill, competency and knowledge. The Company Secretaries are to ensure that all appointments of new Director are properly carried out and all legal and regulatory obligations are met.

The Board, through its Nomination Committee has conducted an annual evaluation on the effectiveness of the Board and its Committees and annual assessment of Senior Finance Manager. All assessments and evaluations carried out by the Nomination Committee are properly documented. The Board is generally satisfied with the current mix of skills and quantities of Directors, the performance, effectiveness and composition of the Board and its Committees. The current Board size and composition is well-balanced. The Directors and the Senior Finance Manager have the character, experience, integrity, competence and time to effectively discharge their respective roles.

The Board has adopted a gender diversity policy and target. The Board currently has two (2) female Directors namely YBhg. Dato' Tiong Ing and Madam Ngu Ying Ping. The Board will ensure that women candidates are sought as part of its recruitment exercise should the needs arise in the future.

The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process. The age profile of the Directors were ranging from fifties to seventies years of age, which underlies the Board's commitment to age diversity at the Board level appointment. This creates an environment where each generation bring different skills, experience and talent to the Board.

CORPORATE GOVERNANCE STATEMENT (contd.)

The Board is aware of the importance boardroom diversity including diversity in ethnicity and age to maintain an optimal board balance. However, the Board is of the view that the selection criteria of a Director, based on the candidates' competency, skills, character, knowledge and experience should remain a priority.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the ensuing Annual General Meeting ("AGM") after their appointment.

In addition, in accordance with the Company's Articles of Association and in compliance with the Listing Requirements, the remaining Directors, including the Managing Director shall retire from office at least once in every three (3) years, but shall be eligible for re-election. The Articles provide that one-third (1/3) of the Directors, except the Managing Director but subject to the aforesaid, or if the number is not three (3) or a multiple of three (3), then the nearest one-third (1/3) of the Directors shall retire from office and be subjected to re-election at each AGM.

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall be re-appointed at every AGM to hold office until the conclusion of the next AGM.

2.3 Remuneration Committee

The Board has on 19 June 2003 set up a Remuneration Committee and the members of the Remuneration Committee are as follows:

Chairperson	Madam Ngu Ying Ping	Senior Independent Director
Member	Mr. Tiong Kiong King	Non-Independent Non-Executive Director
Member	Mr. Tiong Ing Ming	Independent Director
Member	YBhg. Datuk William Lau Kung Hui (resigned on 01.07.2015)	Independent Director
Member	Mr. Poh Kee Eng (appointed on 14.09.2015)	Non-Independent Non-Executive Director

The Remuneration Committee will be responsible for developing the remuneration policy and recommending the remuneration packages for Executive Directors of the Company and its subsidiaries so as to ensure that the remuneration package offered is sufficient to attract and retain Directors with necessary calibre, experience and quality required to run the Group in an effective and efficient manner. In formulating the remuneration package, the Remuneration Committee takes into account the responsibility and job functions, remuneration packages of comparable companies within the same industry as well as individual and corporate performance. The fees for Non-Executive Directors are determined by the Board as a whole.

The Remuneration Committee shall consist of at least three (3) members, all of whom must be non-executive directors.

The Remuneration Committee met once during the financial year ended 31 July 2015.

The Board has adopted and formalised Remuneration Policies and Procedures for the Directors.

CORPORATE GOVERNANCE STATEMENT (contd.)

Each individual Director has abstained from the Board discussion and decision making on his/her own remuneration. Details of the remuneration of the Directors for the financial year ended 31 July 2015 distinguishing between executive and non-executive Directors in aggregate with categorization into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are set out as below:

Aggregation	Non- Executive Director (RM)	Executive Director (RM)
Fees	300,000	74,000
Salary	-	1,790,000
Bonus	-	877,500
Allowance	-	800,000
EPF	-	416,100
Total	**300,000**	**3,957,600**

Remuneration	Non- Executive Director	Executive Director
RM50,001 – RM100,000	5	-
RM3,950,001 – RM4,000,000	-	1

The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' remuneration are appropriately served by the "Band Disclosure" made.

3 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independent Directors

The Board has, through the Nomination Committee, undertaken an annual assessment on the independence of its Independent Directors in accordance to the criteria set out in the Listing Requirements and is satisfied with the level of independence demonstrated by all Independent Directors.

3.2 Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board shall need to justify and secure shareholders' approval annually in the event the Director is to retain as an Independent Director.

3.3 Shareholders' Approval for Retention of Independent Directors

YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh is an Independent Directors who have served for a consecutive term of more than nine (9) years in the Board. With the recommendation from the Nomination Committee, the Board concurred that his independence as Independent Directors have not been compromised in any way based on the following justifications:

(i) He fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and therefore would be able to offer impartial judgment and advice to the Board; and

(ii) He devoted sufficient time and attention to his responsibilities as Independent Director of the Company.

Having considered the above, the Board strongly recommended the retention of YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh as Independent Non-Executive Director of the Company which is to be tabled for shareholders' approval at the forthcoming Annual General Meeting.

3.4 Separation of Roles of Chairman and Group Managing Director

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority, such that no one individual dominates the decision-making process. The positions of Chairman and Group Managing Director are held by different individuals.

The Chairman, Mr. Tiong Kiong King is a Non-Independent Non-Executive Director who is responsible for the orderly conduct of meetings, facilitating matters between the Board and its investors, leadership, effectiveness, conduct and governance of the Board. The Group Managing Director, YBhg. Dato' Tiong Ing is responsible for the development and implementation of strategy and managing the day-to-day business operations of the Group.

3.5 Composition of the Board

The Board currently has six (6) members, comprising three (3) Independent Directors, two (2) Non-Independent Non-Executive Director and one (1) Managing Director. Together, the Directors bring wide range of business, regulatory, industry and financial experience relevant to the direction of the Group.

The Board ensures that at least one-third (1/3) of the Board members consist of Independent Directors of caliber, with necessary skills, experience, qualification and other core competencies, in order to carry sufficient weight in making balanced, objective and accountable decisions. Although all the Directors have an equal responsibility for the Group's operations, the role of Independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account the long term interest, not only of the shareholders, but also of employees, customers, suppliers and the communities in which the Group operates in.

The current size and composition of the Board are considered adequate to provide an optimum mix of skills, experience and expertise except that with the Chairman who is not an independent director, half of the Board members are non-independent directors. The Board is of the view that with the current Board size, there is no disproportionate imbalance of power and authority on the Board between the non-independent and independent directors. The Board believes that the Chairman is well placed to act in the best interests of the shareholders as a whole as he has significant interests in Subur Tiasa Group. The Board will continue to monitor and review the Board size and composition from time to time.

Madam Ngu Ying Ping (email address: ypngu@suburtiasa.com.my) is identified by the Board as the Senior Independent Director to whom concerns or queries concerning the Group may be conveyed to.

A brief description of the background of each of the Directors is presented on pages 5 to 8 of this annual report.

4 FOSTER COMMITMENT

4.1 Time Commitment

The existing Directors are obliged to notify the Board before accepting any new directorship in other listed issuers. The notification will include an indication of time spent on the new appointment to ensure the Directors have sufficient time to discharge their duties to the Board and other Board Committees on which they serve. All the Directors hold less than five (5) directorships in listed issuers as defined in the Listing Requirements.

All the Directors are required to submit to the Company an update on their total number of directorships held by them in listed issuers every six (6) months for monitoring purpose.

During the financial year ended 31 July 2015, four (4) Board meetings were held. The details of attendance of each of the Directors at the Board meetings are outlined as follows:

Directors	Total
Mr. Tiong Kiong King	3 out of 4
YBhg. Dato' Tiong Ing	4 out of 4
YBhg. Datuk William Lau Kung Hui (resigned on 01.07.2015)	3 out of 4
YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	3 out of 4
Madam Ngu Ying Ping	4 out of 4
Mr. Tiong Ing Ming	4 out of 4
Mr. Poh Kee Eng (appointed on 14.09.2015)	N/A

The Board is satisfied with the level of time commitment given by all the Directors in fulfilling their roles and responsibilities as Directors of the Company.

4.2 Directors' Training and Continuing Education Programmes

As an integral element of the process in appointing new Directors, the Nomination Committee provides for adequate orientation of newly appointed Directors with respect to the business structure, corporate strategy, risk profile, legal requirements, financial overview as well as expected contributions to the Board and Group.

All the Directors had completed the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board acknowledges that continuous training is important to broaden their perspectives and to keep them abreast with latest developments in the industry, particularly on relevant new laws, regulations and changing risk factors in competitive business environment.

The Board through its Nomination Committee has assessed the training needs of its members to ensure that they are equipped with the necessary skills and knowledge in discharging of their duties as Directors of the Company.

The descriptions of the trainings/seminars attended by the Directors during the financial year ended 31 July 2015 are as follows:

Title of training/seminar	Mode of training	Number of day(s) spent
Quantity Surveying International Convention 2014 - Wind Of Change	Conference	2 days
Securities Law & Corporate Governance Programme	Seminar	2 days
Company Valuation, Restructuring & Funding - Exit And Sensitivity Analysis	Seminar	1 day
Post Budget Workshop	Seminar	1 day
The Role Of The Chairman	Seminar	1 day

The Directors are regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements governing the Directors and the Group.

CORPORATE GOVERNANCE STATEMENT (contd.)

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Reporting Standards

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors realises that they have fiduciary responsibility to present a balanced evaluation and comprehensive assessment of the Group's performance, position and prospects.

The Board through its Audit Committee ensures that the quarterly financial statements and audited financial statements prepared are drawn in accordance with the provision of the Companies Act, 1965, Listing Requirements and the applicable approved financial reporting standards in Malaysia. The Audit Committee provides assistance to the Board of Directors in fulfilling these statutory and fiduciary responsibilities with regards to the financial reporting process, reviewing the scope of and results of internal and external auditing processes and monitoring the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions and the interests of shareholders are protected.

The Statement of Directors' Responsibility in respect of preparation of financial statements is set out on page 38 of this annual report.

5.2 Relationship with the Auditors

The Group has established transparent and professional relationship with the Group's auditors, both external and internal, through the Audit Committee.

A report of the Audit Committee is as set out on pages 34 to 37 of this annual report.

The Audit Committee has undertaken an assessment of the suitability and independence of the external auditors nominated by a shareholder in accordance with the Auditors' Independence Policy adopted by the Board and recommended their appointment to the Board for shareholders' approval in the forthcoming Annual General Meeting.

The Group had obtained written assurance from the retiring external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Board, with the recommendation of the Audit Committee, reviewed and concluded that the provision of non-audit services provided by the external auditors during the financial year did not compromise the external auditors' independence.

6 RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Internal Control System involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

Information on internal control is detailed in the Statement on Risk Management and Internal Control outlined on pages 32 to 33 of this annual report.

Risk Management Committee

The Risk Management Committee, led by the Managing Director, YBhg. Dato' Tiong Ing, comprises heads of the respective business units.

The Risk Management Committee provides oversight and direction for the implementation and application of the Risk Management Policy and framework, reviewing Risk Management Policy and framework and make recommendation to the Board for approval, reviewing risk management process and assessing whether they provide reasonable assurance that risk are effectively managed, reviewing key business risks to ensure that action and risk mitigation plans have been implemented effectively, encouraging promotion of risk management awareness among the staff and reporting key business risks of the Group to the Board.

6.2 Internal Audit Function

The Board has established an internal audit function within the Company, which is led by the Head of Internal Audit who reports directly to the Audit Committee. The Audit Committee reviews and approves the annual internal audit plan and audit programme and ensures there are adequate resources available for the Internal Auditors to carry out their audit responsibilities.

Details of the Company's internal audit functions are set out in the Audit Committee Report on page 37 of this annual report.

7 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulator is in accordance with applicable legal and regulatory requirement.

The Company announces its quarterly and full year results within the mandatory period. The financial statements and, where necessary other presentation materials presented at the Company's general meetings, including material and price – sensitive information, are disseminated and publicly released via Bursa LINK on a timely basis to ensure effective dissemination of information relating to the Group.

The Board places importance in ensuring disclosures made to shareholders and investors are comprehensive, accurate and on a timely and even basis as they are critical towards building and maintaining corporate creditability and investor confidence. As such, the company has adopted a Corporate Disclosure Policy and Procedures to set out the policies and procedures for disclosure of material information of Group to ensure compliance with the Listing Requirements. The Corporate Disclosure Policy and Procedures are applicable to all employees and Directors of the Group as well as those authorized to speak on their behalf.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board acknowledges the importance of communication with shareholders and investors on the Group's business and corporate developments. The Board endeavours to make timely release of financial results on a quarterly basis, annual reports, press releases and any announcements to Bursa Securities on material corporate exercises which are the primary mode of disseminating information on the Group's business activities and financial performance.

The Company has established a website at www.suburtiasa.com.my for shareholders and the public to assess the latest corporate information and announcements related to the Group. Shareholders may also direct their queries to the Company through the email contact provided in the said website.

CORPORATE GOVERNANCE STATEMENT (contd.)

8 STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Shareholders' Participation at General Meeting

The Annual General Meeting is a crucial mechanism as it provides the Board with an important forum for shareholders' communication. At each Annual General Meeting, the Board encourages shareholders to participate in question and answer session in order to communicate their views and to seek clarifications. The Chairman, members of the Board, as well as external auditors are present to address queries during the meeting.

All concerns or queries regarding the Group may be conveyed to the Senior Independent Director at the Company's registered address and feedback and responses will be provided where such information can be made available to the public.

Notice of Annual General Meeting is issued and served to all shareholders at least twenty one (21) days prior to the Annual General Meeting in accordance with the provisions of the Company's Articles of Associations. The outcome of the annual general meeting is announced to Bursa Securities on the same meeting day.

Each item of special business included in the notice of the Annual General Meeting is accompanied by a full explanation of the effects of a proposed resolution in order to facilitate understanding and evaluation of the issues involved. Separate resolutions are proposed at the Annual General Meeting for each separate issues.

8.2 Poll Voting

Generally, all resolutions put forth for shareholders' approval at Annual General Meeting are voted by a show of hands, except for Related Party Transaction where voting by poll will be conducted. The Chairman will inform the shareholders and proxies of their rights to demand for poll at the commencement of the general meeting. With the current level of shareholders' attendance at general meetings, the Board viewed that voting by show of hands continues to be effective.

8.3 Effective Communication and Proactive Engagement with Shareholders

The Board and management value the importance of effective and transparent communications with shareholders and investors. This is achieved through the timely release of annual reports, quarterly announcements and other corporate announcements made to Bursa Securities. Corporate and financial information on the Group are easily accessible by the shareholders and the public through the Company's website, www.suburtiasa.com.my. The website provides up-to-date corporate details, overview of business activities and operations, Company's performance and position, annual reports, and all announcements made. This ensures that no selective dissemination of information and there is always symmetry of information disclosure.

The Group values dialogue with investors. The aim of the investor relations programme primarily to convey consistent and accurate information to shareholders and fund managers regarding the Group's performance and other matters affecting them. In addition, it provides a channel for prompt feedback to our senior management on investors' concerns and market perceptions, thus, ensuring effectiveness of the information dissemination.

COMPLIANCE STATEMENT

With the introduction of the Code, the Board remains committed to inculcating good corporate governance for the Group. The Group will continue to endeavour to comply with all the key principles and recommendations of the Code where the Board deems appropriates, in its effort to observe high standard of transparency, accountability and integrity.

This statement is made in accordance with the resolution of the Board of Directors dated 13 November 2015.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"):

SHARE BUY-BACKS

At the Nineteenth Annual General Meeting of the Company held on 23 December 2014, the Directors obtained the approval from the shareholders for the Company to purchase and/or hold up to 20,900,000 ordinary shares of RM1.00 each representing ten percent (10%) of the total issued and paid-up ordinary share capital of the Company.

During the financial year ended 31 July 2015, a total of 5,000 ordinary shares of RM1.00 each of the Company were purchased from the open market and retained as treasury shares, breakdown as follows:

Month	No. of Shares Purchased	Total Consideration (RM)	Purchase Price Per Share (RM)		
			Lowest	Highest	Average
September 2014	100	263	2.22	2.22	2.22
October 2014	300	660	2.05	2.09	2.06
December 2014	2,500	5,011	1.96	1.98	1.97
January 2015	1,000	2,013	1.97	1.97	1.97
February 2015	500	1,149	1.95	2.00	1.97
March 2015	600	1,389	1.83	1.95	1.90
Total	**5,000**	**10,485**	**1.83**	**2.22**	**1.97**

As at 31 July 2015, a total of 20,875,900 shares were bought back by the Company and retained as treasury shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 July 2015.

NON-AUDIT FEES

The non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 July 2015 by the Company's external auditors, Messrs Ernst & Young ("EY"), and a firm or corporation affiliated to EY were amounted to RM163,260.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries involving interests of the directors and major shareholders, either subsisting at the end of the financial year ended 31 July 2015 or entered into since the end of the previous financial year.

DISCLOSURE OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the realised and unrealised retained earnings as at 31 July 2015 are disclosed and outlined on page 128 of this annual report.

ADDITIONAL COMPLIANCE INFORMATION (contd.)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The significant RRPT entered into during the financial year under review are disclosed in Note 31 to the Financial Statements. A breakdown of the aggregate value of the RRPT conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1)(a) of the Listing Requirements, are set out below:

Type of RRPT	Name of Related Party(ies)	Relationship with the Group[1]	Actual Amount of RRPT for year ended 31 July 2015 RM'000
Contract fee income for logging / reforestation	Rejang Height Sdn Bhd	A	65,882
Logging contract fee income	Ocean Shores Development Sdn Bhd	A	1,452
	Saforin Sdn Bhd	A	13,459
	Supreme Timber Products Sdn Bhd	A	2,148
		Total	**17,059**
Sale of logs	Unique Wood Sdn Bhd	B	6,352
Sale of sawn timber	Unique Wood Sdn Bhd	B	2,318
Sale of fresh fruit bunches	Unique Palm Oil Mill Sdn Bhd	B	24,236
Towage and handling income	Jaya Tiasa Group[2]	A	431
Freight and handling charges paid /payable	Jaya Tiasa Group[2]	A	30
Logging contract fee paid / payable	Hubwood Sdn Bhd	C	506
	Millennium Midland Sdn Bhd	A	6,969
	Pertumbuhan Kekal Sdn Bhd	A	10,701
		Total	**18,176**
Purchase of adhesive materials	Petanak Enterprises Sdn Bhd	A	38,793
Purchase of logs	Lukutan Enterprises Sdn Bhd	A	1,778
	Rejang Height Sdn Bhd	A	86,692
	Supreme Timber Products Sdn Bhd	A	3,255
		Total	**91,725**
Purchase of veneer	Jaya Tiasa Group[2]	A	36,666
Purchase of waste timber	Unique Wood Sdn Bhd	B	1

Note:

1 *The relationships denoted by A to C indicate that the following persons have interest in the related parties that transacted with the Group:*

- A *These are companies in which Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and a director of certain subsidiaries, has interest, both direct and/or indirect interest.*
- B *The Group's Managing Director, Dato' Tiong Ing has indirect interest.*
- C *These are companies in which Datuk Tiong Thai King, a director of Sarawak Plywood (M) Sdn. Bhd., has interest, both direct and/or indirect interest.*

2 *Jaya Tiasa Group includes Jaya Tiasa Holdings Bhd and its subsidiary, Jaya Tiasa Plywood Sdn Bhd.*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") upholds their commitment to maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control of the Group.

BOARD RESPONSIBILITY

The Board recognises the importance of a sound risk management framework and internal control system for good corporate governance and acknowledges its responsibility to establish a sound risk management framework and internal control system.

However, in view of the inherent limitations in any system, such system of risk management and internal control is designed to manage rather than to eliminate risks of failure to the achievement of the Group's business objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements or losses, fraud, contingencies or any irregularities.

RISK MANAGEMENT FRAMEWORK

The Group has put in place a risk management process to identify, evaluate, monitor and manage significant risks that affect the achievement of the Group's business objectives. The process is supported by policies, procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group. Risk management is practised within the Group on an iterative basis.

The Group's risk profile is assessed through a bottom-up approach covering operating and supporting functions. Major business units and departments implement risk identification process to assess, evaluate and review risks pertaining to their areas of supervision and control and implement controls to manage these risks. Risk profiles of business units or departments are regularly reviewed to ensure they remain effective and current.

The Board confirms that the risk management process in identifying, evaluating and managing key business risks faced by the Group has been in place throughout the financial year 2015 and up to the date of approval of this statement.

The Board on an annual basis reviews the adequacy and effectiveness of risk management process and ensures that appropriate processes to identify and assess key business risks of the Group are implemented and appropriate measures are taken to mitigate these risks by Management. The Group has a Risk Management Committee which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and added impetus to the risk management process.

INTERNAL CONTROL SYSTEM

The Group has in place a system of internal control that provides reasonable assurance that assets of the Group are safeguarded, transactions are properly authorised and recorded and risks are managed effectively. Existing internal controls which are embedded in the daily operations of the Group are stated as follows:-

- Policies and procedures have been established for key business processes and support functions to ensure that there are adequate risk management, financial and operational policies, procedures and rules relating to the roles and responsibilities, delegation and segregation of duties;
- Annual business plans and operating budgets are prepared by business and operating units, and are approved by the Board. Actual performances and significant variances against budget are monitored on an ongoing basis;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(contd.)

- Management and the Board receives timely, relevant and reliable management and financial reports which are reviewed on a regular basis;
- The Group has in place a Management Information System that captures, compiles, analyzes and reports relevant data, which enables management to make business decisions in an accurate and timely manner;
- The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements;
- Board meetings are held at least on a quarterly basis with a formal agenda on matters for discussion. In addition, regular management and operational meetings are conducted by senior management which comprises the Managing Director and divisional heads; and
- The Group's Internal Audit function monitors compliance with policies, procedures, laws and regulations, and provides independent assurance on the adequacy and effectiveness of the system of risk management and internal control by conducting regular audits and continuous assessment. Significant audit findings and recommendations for improvements are highlighted to senior management and the Audit Committee, with periodic follow-up reviews of the implementation of corrective action plans.

The internal control system is reviewed by the Board through its Audit Committee which is supported by Internal Audit function. On a quarterly basis, reports are prepared on the adequacy, efficiency and effectiveness of the internal control system based on the annual audit plan approved by the Audit Committee.

BOARD'S ASSESSMENT

The Board has reviewed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Group Managing Director and Group Senior Finance Manager, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively throughout the financial year 2015 and up to the date of approval of this statement.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 July 2015 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted for review of adequacy and effectiveness of the system of internal control and risk management.

This Statement is made in accordance with the resolution of the Board dated 13 November 2015.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Subur Tiasa Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 July 2015.

MEMBERS AND ATTENDANCE OF MEETINGS

The Audit Committee ("Committee") comprises the Directors as listed below. All members of the Committee are financially literate. During the financial year ended 31 July 2015, four (4) meetings were held. The details of attendance of each of them are outlined as follows:

NAME	DESIGNATION	NO. OF MEETINGS APPLICABLE	ATTENDANCE OF MEETINGS
Madam Ngu Ying Ping	Chairman (Senior Independent Director)	4	4
YBhg. Datuk William Lau Kung Hui (resigned on 01.07.2015)	Member (Independent Director)	4	3
Mr. Tiong Ing Ming	Member (Independent Director)	4	4
Mr. Poh Kee Eng (appointed on 14.09.2015)	Member (Non-Independent Non-Executive Director)	N/A	N/A

Details of training attended by members of the Committee are disclosed in the Corporate Governance Statement set out on page 26 of this annual report.

These meetings are held with the internal auditors. Some of the meetings were also attended by the Senior Finance Manager and external auditors upon invitation by the Chairman of the Committee. All proceedings, matters arising and deliberations in terms of the issue discussed, and resolutions at the meetings are recorded in the minutes by the Company Secretaries, confirmed by the Committee, and signed by the Chairman. The Chairman reports on the main findings and deliberations at the meetings to the Board.

SUMMARY OF TERMS OF REFERENCE

1. Membership

1.1. The members of the Committee shall be appointed by the Board from among their members based on the recommendations of the Board's Nomination Committee and shall consist of no fewer than three (3) members. The members must be Non-Executive Directors with a majority of them being Independent Directors.

1.2. In the event that the members, for any reason, fall below three (3), the Board shall appoint such number of new members as may be required to fulfil the minimum requirement within three (3) months of that event.

1.3. No alternate directors shall be appointed to the Committee.

AUDIT COMMITTEE REPORT (contd.)

1.4. At least one (1) member of the Committee must meet the criteria set under Paragraph 15.09 (1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

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

ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and –
- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

iii. fulfils such other requirements as prescribed or approved by the Exchange.

1.5. Paragraph 15.20 of the Listing Requirements requires the term of office and performance of the Committee and each of its members to be reviewed by the Board at least once every three (3) years.

1.6. Chairman of the Committee must be elected from among their Independent Directors as according to Paragraph 15.10 of the Listing Requirements.

2. Authority

The Committee is authorised by the Board to:

a) Investigate any matter within its terms of reference;
b) Have full and unrestricted access to any information pertaining to the Group;
c) Have direct communication channels with both the external auditors and internal auditors;
d) Have full access to any employee or member of the management; and
e) Obtain independent, legal or other professional advice as it considers necessary and reasonable for the performance of its duties.

3. Functions and Duties

The Committee shall carry out the following responsibilities:

3.1. Review the quarterly results and annual financial statements of the Group prior to submission to the Board, focusing primarily on:

a) any changes in or implementation of major accounting policy and practices;
b) major judgmental areas, significant and unusual events;
c) significant adjustments resulting from audit;
d) the going concern assumptions; and
e) compliance with applicable approved accounting standards and other legal requirements.

3.2. Review with the external auditors on:

a) audit plan;
b) audit report and evaluation of the system of internal controls; and
c) problems and reservations arising from audit activities, management's response, recommendations and actions taken.

3.3. Review the assistance provided to the external auditors by the employees of the Group.

3.4. Consider the appointment, re-appointment, terms of reference, audit fee and any matters of resignation or dismissal of external auditors.

AUDIT COMMITTEE REPORT (contd.)

3.5. Perform the following, in relation to internal audit function:-
   a) approve the internal audit charter that specify roles and responsibilities and authority of internal auditors;
   b) review the internal audit plan, program, processes, reports, the results of internal audit program, investigations undertaken and whether appropriate action is taken on the recommendations of the internal audit function;
   c) review the adequacy of scope, functions, competency and resources of internal audit function and that it has the necessary authority to carry out its work;
   d) review and approve any appointment or termination of senior staff members of the internal audit function;
   e) appraise or assess the performance of internal audit function; and
   f) direct any special investigations to be carried out by internal auditors.

3.6. Review related party transactions entered into by the Group and any conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.

3.7. Undertake such other responsibilities as may be agreed to by the Committee and the Board.

4. Conduct of Meetings

4.1. The Committee shall hold at least four (4) meetings a year.

4.2. The Chairman shall convene a meeting of the Committee upon the request by any member, the Management, internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

4.3. Meetings shall be attended by members of Committee and the Company Secretary(ies).

4.4. The Committee may request other directors, members of management, counsels, internal auditors, external auditors and any other employees to attend any of its meetings to assist in resolving and clarifying matters raised.

4.5. The Committee shall meet with the external auditors, excluding the attendance of other directors and employees, whenever deemed necessary.

4.6. A quorum shall consist of a majority of independent directors in each meeting.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In order to discharge its duties and responsibilities in line with its terms of reference, the activities undertaken by the Committee during the financial year ended 31 July 2015 were as follows:

a) Review of the internal and external auditors' annual audit plans, scope of work and discuss results of their examinations and recommendations;
b) Review with the internal and external auditors the results of their audit, the audit report and internal control recommendations and management's responses thereto;
c) Review of the quarterly and annual financial results of the Group prior to recommendation to the Board for consideration and approval;
d) Review of the related party transactions entered into by the Group;
e) Consideration of the re-appointment of external auditors and their fees;
f) Review of the Statement on Risk Management and Internal Control and Audit Committee Report prior to recommendation to the Board for consideration and approval; and
g) Review the adequacy of scope, functions, competency and resources of the Internal Audit and perform annual assessment of Internal Audit Department's function.

AUDIT COMMITTEE REPORT (contd.)

INTERNAL AUDIT FUNCTION

The Internal Audit Department plays an essential role in assisting the Committee in discharging its duties and functions. It undertakes independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

Annual audit plan is reviewed and approved by the Committee at the beginning of each financial year. The Internal Audit Department performs planned and routine audit covering all operating units within the Group i.e. forest operations, oil palm operations, manufacturing operations and including head office functions such as finance, human resources, IT and other administrative support. The emphasis is dependent on risk areas and its regular assessment. Internal Audit Department also performs ad-hoc audits and investigative assignments whenever relevant and so required. Audit reports are issued to the Committee incorporating findings and recommendations to rectify weaknesses or enhance controls as noted in the course of audits. Management's comments are incorporated in the audit findings with a commitment to improve on an agreed timeline. A monitoring or follow-up system is in place to ensure that all corrective and preventive actions had been taken by the Management on the agreed audit issues and recommendations disclosed in the audit reports.

The total cost incurred for the internal audit function in respect of financial year ended 31 July 2015 was RM1,180,420 (2014: RM807,248).

STATEMENT OF DIRECTORS' RESPONSIBILITY
In respect of the financial statements

The Directors are required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibility for preparing the financial statements.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the affairs of the Group and the Company at the end of the financial year, the results and cash flows of the Group and the Company for the financial year.

In preparing those statements, the Directors have:

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

The Directors hereby confirm that suitable accounting policies have been consistently applied in respect of the preparation of the financial statements and that the Group and the Company maintain adequate accounting records. Sufficient internal controls are also in place to safeguard the assets of the Group and the Company and to prevent as well as to detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 13 November 2015.

Subur Tiasa Holdings Berhad
(Company No. 341792-W)

Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

Principal Activities

The principal activities of the Company are investment holding, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 17 of the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Owners of the Company	2,562	36,051
Non-controlling interest	(7)	-
	2,555	36,051

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

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

Dividends

The amount of dividends paid by the Company since 31 July 2014 were as follows:

	RM'000
In respect of the financial year ended 31 July 2014 as reported in the directors' report of that year:	
First and final single-tier dividend of 5 sen per share, on 188,125,200 ordinary shares, declared on 5 November 2014 and paid on 4 March 2015	9,406

Directors

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

Tiong Kiong King
YBhg. Dato' Tiong Ing
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh
Ngu Ying Ping
Tiong Ing Ming
Poh Kee Eng (appointed on 14 September 2015)
YBhg. Datuk William Lau Kung Hui (resigned on 1 July 2015)

Directors' Benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

Directors' Interests

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

	Number of Ordinary Shares of RM1 Each			
	1.8.2014	**Bought**	**Sold**	**31.7.2015**
Direct Interest:				
Tiong Kiong King	1,284,043	-	-	1,284,043
YBhg. Dato' Tiong Ing	1,759,413	15,800	-	1,775,213
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	70,595	-	-	70,595
Indirect Interest:				
YBhg. Dato' Tiong Ing	480,475	19,800	-	500,275

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

Treasury Shares

During the financial year, the Company repurchased 5,000 of its issued ordinary shares from the open market at an average price of RM1.97 per share. The total consideration paid for the repurchase including transaction costs was RM10,485. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 July 2015, the Company held as treasury shares a total of 20,875,900 of its 209,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM55,175,993 and further relevant details are disclosed in Note 27(b) to the financial statements.

Subsequent to the reporting date and up to the date of this report, the Company repurchased an additional 100 shares for a total cost of RM203. The average cost paid for the repurchase during the period was RM2.03 per share.

Other Statutory Information

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

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

DIRECTORS' REPORT (contd.)

Other Statutory Information (contd.)

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Subsequent events

Details of subsequent events are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, do not seek for re-appointment. A resolution to appoint new auditors will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 November 2015.

Tiong Kiong King **YBhg. Dato' Tiong Ing**

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

We, **Tiong Kiong King** and **YBhg. Dato' Tiong Ing**, being two of the directors of **Subur Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 46 to 127 are drawn up in accordance with Financial Reporting Standards in Malaysia and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 39 to the financial statements have been presented in accordance with directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 November 2015.

Tiong Kiong King **YBhg. Dato' Tiong Ing**

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

I, **Ling Chieh Min**, being the officer primarily responsible for the financial management of **Subur Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 128 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed **Ling Chieh Min**
at Sibu in the State of Sarawak
on 13 November 2015.

Ling Chieh Min

Before me,

INDEPENDENT AUDITORS' REPORT

to the Members of Subur Tiasa Holdings Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Subur Tiasa Holdings Berhad,** which comprise the statements of financial position as at 31 July 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 127.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the 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 the 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 Company'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.

Opinion

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

Report on other legal and regulatory requirements

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Subur Tiasa Holdings Berhad (Incorporated in Malaysia) (contd.)

Other matters

The supplementary information set out in Note 39 on page 128 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.

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

ERNST & YOUNG
No. AF 0039
Chartered Accountants

YONG NYET YUN
2708/04/16 (J)
Chartered Accountant

Kuching, Malaysia
Date:

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 July 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	4	753,947	887,116	423,921	550,348
Cost of sales		(620,038)	(688,609)	(291,904)	(363,106)
Gross Profit		133,909	198,507	132,017	187,242
Other item of income					
Other income	5	22,330	15,828	15,002	7,735
Other items of expense					
Administrative expenses		(59,914)	(60,235)	(50,443)	(51,203)
Selling and distribution expenses		(66,627)	(80,421)	(38,266)	(45,519)
Other expenses		(10,140)	(10,139)	(6,899)	(6,898)
Finance costs	6	(17,192)	(12,566)	(12,349)	(8,723)
Profit before tax	7	2,366	50,974	39,062	82,634
Income tax expense	10	189	(12,347)	(3,011)	(7,279)
Profit net of tax for the year		2,555	38,627	36,051	75,355
Other comprehensive income, net of tax to be reclassified profit or loss in subsequent periods					
Fair value changes on available-for-sale financial assets	29	(25,541)	6,688	(25,541)	6,688
Total comprehensive income for the year		(22,986)	45,315	10,510	82,043
Profit net of tax attributable to:					
Owners of the Company		2,562	38,654	36,051	75,355
Non-controlling interests		(7)	(27)	-	-
		2,555	38,627	36,051	75,355
Total comprehensive income attributable to:					
Owners of the Company		(22,979)	45,342	10,510	82,043
Non-controlling interests		(7)	(27)	-	-
		(22,986)	45,315	10,510	82,043
Earnings per share attributable to owners of the Company (sen per share)					
Basic	11	1.4	20.6		
Diluted	11	N/A	N/A		

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

STATEMENTS OF FINANCIAL POSITION
As at 31 July 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	614,522	603,232	261,626	305,959
Prepaid land lease payments	14	91,446	95,874	13,741	14,120
Biological assets	15	165,258	142,963	-	-
Investment properties	16	24,496	15,573	-	-
Investment in subsidiaries	17	-	-	373,181	341,180
Investment securities	18	16,286	35,827	16,286	35,827
Intangible assets	19	9,881	20,021	2,298	9,197
Long term receivable	20	5,313	6,987	5,313	6,987
Deferred tax assets	30	21,774	13,270	2,748	-
		948,976	933,747	675,193	713,270
Current Assets					
Inventories	21	178,087	148,034	14,433	21,010
Trade and other receivables	22	84,151	62,050	241,135	164,199
Other current assets	23	6,270	3,596	3,504	2,092
Cash and bank balances	24	56,277	88,252	7,535	25,636
		324,785	301,932	266,607	212,937
TOTAL ASSETS		1,273,761	1,235,679	941,800	926,207
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	27	209,000	209,000	209,000	209,000
Share premium	27	59,680	59,680	59,680	59,680
Treasury shares	27	(55,158)	(55,148)	(55,158)	(55,148)
Retained earnings	28	478,785	485,629	426,125	399,480
Other reserves/available-for-sale reserve	29	(18,798)	6,743	(18,798)	6,743
		673,509	705,904	620,849	619,755
Non-controlling interests		(40)	(33)	-	-
Total Equity		673,469	705,871	620,849	619,755

STATEMENTS OF FINANCIAL POSITION
As at 31 July 2015 (contd.)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
LIABILITIES					
Non-Current Liabilities					
Loans and borrowings	25	157,020	189,235	54,392	99,881
Deferred tax liabilities	30	20,626	21,019	-	1,520
		177,646	210,254	54,392	101,401
Current Liabilities					
Loans and borrowings	25	279,994	160,591	169,413	103,381
Trade and other payables	26	137,877	153,958	92,571	97,602
Income tax payable		4,775	5,005	4,575	4,068
		422,646	319,554	266,559	205,051
Total Liabilities		600,292	529,808	320,951	306,452
TOTAL EQUITY AND LIABILITIES		1,273,761	1,235,679	941,800	926,207

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 July 2015

		Equity attributable to owners of the Company							
		Non-distributable				Distributable			
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves/ Available-for-sale reserve RM'000	Retained earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
Opening balance at 1 August 2014		209,000	59,680	(55,148)	6,743	485,629	705,904	(33)	705,871
Profit net of tax for the year		-	-	-	-	2,562	2,562	(7)	2,555
Other comprehensive income		-	-	-	(25,541)	-	(25,541)	-	(25,541)
Total comprehensive income		-	-	-	(25,541)	2,562	(22,979)	(7)	(22,986)
Dividends on ordinary shares	12	-	-	-	-	(9,406)	(9,406)	-	(9,406)
Purchase of treasury shares		-	-	(10)	-	-	(10)	-	(10)
Closing balance at 31 July 2015		209,000	59,680	(55,158)	(18,798)	478,785	673,509	(40)	673,469
Opening balance at 1 August 2013		209,000	59,680	(55,147)	55	451,208	664,796	(6)	664,790
Profit net of tax for the year		-	-	-	-	38,654	38,654	(27)	38,627
Other comprehensive income		-	-	-	6,688	-	6,688	-	6,688
Total comprehensive income		-	-	-	6,688	38,654	45,342	(27)	45,315
Dividends on ordinary shares	12	-	-	-	-	(4,233)	(4,233)	-	(4,233)
Purchase of treasury shares		-	-	(1)	-	-	(1)	-	(1)
Closing balance at 31 July 2014		209,000	59,680	(55,148)	6,743	485,629	705,904	(33)	705,871

COMPANY STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 July 2015

		Equity attributable to owners of the Company					
		Non-distributable				Distributable	
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves/ Available-for-sale reserve RM'000	Retained earnings RM'000	Total RM'000
Opening balance at 1 August 2014		209,000	59,680	(55,148)	6,743	399,480	619,755
Profit net of tax for the year		-	-	-	-	36,051	36,051
Other comprehensive income		-	-	-	(25,541)	-	(25,541)
Total comprehensive income		-	-	-	(25,541)	36,051	10,510
Dividends on ordinary shares	12	-	-	-	-	(9,406)	(9,406)
Purchase of treasury shares		-	-	(10)	-	-	(10)
Closing balance at 31 July 2015		209,000	59,680	(55,158)	(18,798)	426,125	620,849
Opening balance at 1 August 2013		209,000	59,680	(55,147)	55	328,358	541,946
Profit net of tax for the year		-	-	-	-	75,355	75,355
Other comprehensive income		-	-	-	6,688	-	6,688
Total comprehensive income		-	-	-	6,688	75,355	82,043
Dividends on ordinary shares	12	-	-	-	-	(4,233)	(4,233)
Purchase of treasury shares		-	-	(1)	-	-	(1)
Closing balance at 31 July 2014		209,000	59,680	(55,148)	6,743	399,480	619,755

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 July 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Operating activities					
Profit before tax		2,366	50,974	39,062	82,634
Adjustments for:					
Amortisation of biological assets	7	4,693	3,942	-	-
Amortisation of intangible assets	7	10,140	10,140	6,899	6,899
Amortisation of prepaid land lease payments	7	4,428	4,266	379	379
Bad debts recovered	5	-	(5)	-	-
Depreciation of property, plant and equipment	7	85,852	77,844	54,219	48,200
Depreciation of investment properties	7	109	86	-	-
Dividend income	5	(18)	(142)	(18)	(61)
Reversal of loss on derivative financial instruments	5	-	(3,420)	-	(3,131)
Gain on disposal of investment	5	-	(178)	-	(178)
Loss/(gain) on disposal of property, plant and equipment, net	5,7	3,417	(27)	3,472	68
Impairment of property, plant and equipment	7	-	1,048	-	734
Reversal of impairment loss on trade receivables	7	-	(24)	-	-
(Reversal of)/ inventory written down	7	(1,386)	173	-	-
Property, plant and equipment written off	7	93	22	-	-
Unrealised foreign exchange (gain)/loss, net	5,7	(118)	630	16	104
Short term accumulating compensated absences	8	163	211	116	145
Interest expense	6	17,192	12,566	12,349	8,723
Interest income	5	(1,308)	(1,377)	(1,302)	(1,317)
Operating profit before changes in working capital		125,623	156,729	115,192	143,199
Changes in working capital:					
(Increase)/decrease in inventories		(28,667)	(2,378)	6,577	794
Increase in trade and other receivables		(21,961)	(7,384)	(76,952)	(46,145)
Decrease in other current assets		369	1,736	262	168
Decrease in trade and other payables		(16,266)	(7,742)	(5,147)	(19,424)
(Decrease)/increase in derivative financial instruments		-	(402)	-	429
Cash flows from operations		59,098	140,559	39,932	79,021
Interest paid		(19,485)	(14,431)	(12,349)	(8,723)
Taxes paid, net of refund		(10,307)	(11,934)	(6,772)	(7,166)
Net cash flows from operating activities		29,306	114,194	20,811	63,132

STATEMENTS OF CASH FLOWS
For the financial year ended 31 July 2015 (contd.)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Investing activities					
Dividends received		18	142	18	61
Proceeds from withdrawal of investment securities		-	27,912	-	7,527
Additions of biological assets		(23,120)	(18,891)	-	-
Addition of investment in subsidiaries		-	-	(32,001)	(34,350)
Purchase of investment properties	16	(9,032)	-	-	-
Purchase of prepaid land lease payments	14	-	(10,706)	-	-
Purchase of property, plant and equipment		(78,815)	(90,958)	(9,845)	(1,872)
Proceeds from disposal of property, plant and equipment		8,235	2,505	8,531	3,258
Interest received		1,308	1,377	1,302	1,317
Purchase of investment securities		(6,000)	(27,345)	(6,000)	(28,452)
Net cash used in investing activities		(107,406)	(115,964)	(37,995)	(52,511)
Financing activities					
Drawdown of revolving credit		130,000	50,000	67,500	50,000
Proceeds from bankers' acceptances		159,870	30,500	-	-
Proceeds from drawdown of term loan		20,050	15,548	-	-
Purchase of treasury shares	27	(10)	(1)	(10)	(1)
Repayment of bankers' acceptances		(171,700)	-	-	-
Repayment of hire purchase liabilities		(62,320)	(49,659)	(59,001)	(48,211)
Repayment of term loan		(20,359)	(21,589)	-	-
Dividends paid	12	(9,406)	(4,233)	(9,406)	(4,233)
Net cash flows from/(used in) financing activities		46,125	20,566	(917)	(2,445)
Net (decrease)/increase in cash and cash equivalents		(31,975)	18,796	(18,101)	8,176
Cash and cash equivalents at 1 August		88,252	69,456	25,636	17,460
Cash and cash equivalents at 31 July		56,277	88,252	7,535	25,636

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Company is located at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C. D. T. 123, 96000 Sibu, Sarawak, Malaysia.

The principal activities of the Company are investment holding, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 17 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 November 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 August 2014, and the early adoption of FRS 9, as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are round up to nearest thousand (RM'000), except otherwise indicated.

2.2 Changes in accounting policies

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

On 1 August 2014, the Group and the Company adopted the following amended FRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 August 2014. The Group and the Company also early adopted FRS 9, which is effective for annual financial periods beginning on or after 1 January 2018.

Description	Effective for annual periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
Amendments to FRS 119: Defined Benefits Plans: Employee contributions	1 July 2014
FRS 9 Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

The nature and impact of the new and amended FRSs and IC Interpretation are described below:

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10 Consolidated Financial Statements and must be applied retrospectively, subject certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment has no impact on the Group and the Company, since none of the entities in the Group and the Company would qualify to be an investment entity under FRS 10.

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's and the Company's financial statements.

IC Interpretation 21: Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in the Group's and the Company's financial statements.

Annual Improvements to FRSs 2010–2012 Cycle

The Annual Improvements to FRSs 2010-2012 Cycle include a number of amendments to various FRSs, which are summarised below. The application of these amendments have no impact on the Group's and the Company's financial statements.

(i) FRS 3: Business Combinations

The amendments to FRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 9 or FRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 August 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Annual Improvements to FRSs 2010–2012 Cycle (contd.)

(ii) FRS 8: Operating Segments

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in FRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and

- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

(iii) FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

(iv) FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to FRSs 2011–2013 Cycle

The Annual Improvements to FRSs 2011-2013 Cycle include a number of amendments to various FRSs, which are summarised below. The application of these amendments have no impact on the Group's and the Company's financial statements.

(i) FRS 3: Business Combinations

The amendments to FRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

(ii) FRS 13: Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Annual Improvements to FRSs 2011–2013 Cycle (contd.)

(iii) FRS 140: Investment Property

The amendments to FRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of FRS 140; and

- the transaction meets the definition of a business combination under FRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments have no impact on the Group and the Company, since none of the entities in the Group and the Company has defined benefit plan.

FRS 9 Financial Instruments

The Group and the Company have early adopted FRS 9 Financial Instruments with the date of initial application of 1 May 2015. As a result, the Group and the Company have classified its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing those financial assets and the assets' contractual cash flow characteristics. In accordance with the transitional provisions of FRS 9, the Group and the Company did not remeasure the Group's and the Company's financial assets in the prior periods but have classified the financial assets that the Group and the Company held at 1 August 2014 retrospectively based on the facts and circumstances of the business model in which the assets were held at the date of initial application.

FRS 9 introduces new classification and measurement for financial assets and financial liabilities. Financial assets are to be classified as amortised cost, Fair Value Through Profit or Loss ("FVTPF") or Fair Value Through Other Comprehensive Income ("FVOCI"), depending on the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial assets.

For equity instruments under FVOCI's classification, the gains or losses recognised in other comprehensive income are never reclassified to profit or loss, and consequently, there is no need to review such investments for possible impairment. Dividends earned from such investments are recognised in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment. As a result of the early adoption of FRS 9, the Group and the Company have elected to designate all equity instruments not held for trading and long term investment purposes at the date of initial application to be measured at FVOCI, these equity instruments were previously classified as "Available-for-sales" equity instruments under FRS 139. There is no difference between the previous carrying amount of these financial assets and their carrying amount as at 1 August 2014.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 9 Financial Instruments (contd.)

The Group's and the Company's financial liabilities measured at amortised cost under FRS 139 continued to be measured at amortised costs and there were no reclassification to or from the amortised cost category. Because the Group and the Company do not have any financial liabilities designated at fair value through profit or loss or embedded derivatives, the adoption of FRS 9 did not impact the Group's and the Company's accounting policy for financial liabilities or derivative financial instruments.

The new impairment requirement in FRS 9 are based on an "expected credit loss" model and replaces the "incurred loss" model under FRS 139. Under the new approach, it will no longer be necessary for a loss event to occur before an impairment loss is recognised.

The initial application of FRS 9 has no effect on the opening retained earnings of the Group as at 1 August 2014. The following summarises the classification changes for the Group's and the Company's non-derivative financial assets on 1 August 2014.

	Original measurement category and carrying amount under FRS 139		New measurement category and carrying amount under FRS 9	
	Available-for-sale RM'000	**Loans and receivables** RM'000	**FVOCI** RM'000	**Amortised cost** RM'000
Group				
Investment securities	35,827	-	35,827	-
Trade and other receivables	-	62,050	-	62,050
Cash and bank balances	-	88,252	-	88,252
	35,827	150,302	35,827	150,302
Company				
Investment securities	35,827	-	35,827	-
Trade and other receivables	-	164,199	-	164,199
Cash and bank balances	-	25,636	-	25,636
	35,827	189,835	35,827	189,835

With the change of classification of available-for-sale investments to FVOCI, the available-for-sale reserve of the Group and the Company as at 1 August 2014 have been reclassified to the other reserves.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective

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

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

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

Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(i) FRS 5: Non-current Assets Held for Sale and Discontinued Operations

The amendment to FRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(ii) FRS 7: Financial Instruments - Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

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

(iii) FRS 119: Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendment must be applied prospectively.

(iv) FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group and the Company as the Group and the Company have not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities - Applying the Consolidation Exception

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

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 11 Joint Arrangement: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operation which constitutes a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.3 Amendments/standards issued but not yet effective (contd.)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015. Subsequently, on 2 September 2014, MASB has issued the following standards:

(i) MFRS 15 Revenue from Contracts Customers
(ii) Agriculture: Bearer plants (Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture)

With the issuance of MFRS 14 and the Bearer Plants Amendment, all Transitioning Entities would be required to adopt the MFRS latest by 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 July 2015 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 July 2019.

2.4 Basis of consolidation

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

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 9 or FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations (contd.)

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10(a).

2.5 Subsidiaries

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.6 Foreign currency (contd.)

(b) Foreign currency transactions (contd.)

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

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

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

2.7 Property, plant and equipment and depreciation

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

Subsequent to recognition, property, plant and equipment except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group 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.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following rates:

Long leasehold land	1.67%
Buildings	2% - 10%
Watercrafts, trucks and motor vehicles	10% - 25%
Plant and machinery	7.5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%
Computer equipment	10% - 20%

2. Summary of significant accounting policies (contd.)

2.7 Property, plant and equipment and depreciation (contd.)

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.8 Biological assets

New planting expenditure incurred on land clearing, planting, upkeep of immature oil palms, direct administrative expenses and financing costs up to maturity are capitalised under biological assets and amortised on a straight-line basis over 25 years, the expected useful life of oil palms. Oil palm is considered mature 36 months after the month of planting. Upon maturity, all subsequent maintenance expenditure is charged to the statement profit or loss and other comprehensive income.

Replanting expenditure is also capitalised as biological assets and amortised on the same basis.

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially recorded at cost, including transaction costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Leasehold land are depreciated over the period of the leases which range from 5 years to 908 years.

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

An item of investment properties is derecognised upon disposal or when no future economic benefits are expected from its use of disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.

2.10 Intangible assets

(a) Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.10 Intangible assets (contd.)

(a) Goodwill (contd.)

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

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

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

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

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

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

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

(c) Rights in timber licence

Rights in timber licence are expenditure incurred in respect of acquisition of timber licences and are amortised on a straight line basis over the remaining tenure of the licence periods, which range from 7 to 15 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.10 Intangible assets (contd.)

(d) Computer softwares and licences

The computer software and licences cost are amortised using the straight-line method over their estimated useful lives of 10 years.

2.11 Impairment of non-financial assets

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Financial assets

Policy for non-derivative financial assets applicable before 1 August 2014

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

Policy for non-derivative financial assets applicable before 1 August 2014 (contd.)

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

Policy for non-derivative financial assets applicable before 1 August 2014 (contd.)

(d) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

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

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

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

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

Policy for non-derivative financial assets applicable from 1 August 2014

The Group and the Company initially recognise financial assets on the trade date at which the Group and the Company become a party of the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial assets are not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Group and the Company classify its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

Policy for non-derivative financial assets applicable from 1 August 2014 (contd.)

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group and the Company may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairment is recognised in profit or loss. Dividends earned from such investments are recognised in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

2.13 Impairment of financial assets

Policy for impairment of financial assets applicable before 1 August 2014

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

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets (contd.)

Policy for impairment of financial assets applicable before 1 August 2014 (contd.)

(a) Trade and other receivables and other financial assets carried at amortised cost (contd.)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted securities carried at cost

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

(c) Available-for-sale financial assets

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

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

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

Policy for impairment of financial assets applicable from 1 August 2014

The Group and the Company recognise a loss allowance for expected credit losses based on the following approaches:

1. The general approach
2. The simplified approach
3. The purchased or originated credit-impaired approach

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets (contd.)

Policy for impairment of financial assets applicable from 1 August 2014 (contd.)

The following summarise the above approaches in recognising and measuring the expected credit losses:

(a) General approach

Under the general approach, at each reporting date, the Group and the Company make the following assessment:

- For credit exposures where there have not been significant increases in credit risk since initial recognition, the Company recognises a loss allowance at an amount equal to 12-month expected credit losses, i.e, expected credit losses resulted from default event that are possible within 12-months after the reporting date;

- For credit exposures where there have been a significant increase in credit risk since initial recognition on an individual or collective basis, the Group and the Company recognise a loss allowance at an amount equal to lifetime credit losses, i.e expected credit losses from all possible default events over the expected life of a financial instruments. The assessment also considers all reasonable and supportable information, including that which is forward looking;

- In the subsequent reporting periods, if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since recognition, then the Group and the Company revert to recognise a loss allowance based on 12-month expected credit losses.

The changes in the loss allowances balance are recognised in profit or loss as an impairment gain or loss.

(b) Simplified approach

For all the trade receivables that do not contain a significant financing component, the Group and the Company apply the simplified approach. Under the simplified approach, the Group and the Company recognise a loss allowance based on lifetime expected credit losses at each reporting date, right from origination. The Group and the Company have used practical expedients when measuring expected credit losses which include considering probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost and effort at the reporting date, about past events, current conditions and forecast of future economic conditions.

However, the Group and the Company have chosen to apply the simplified approach for the following:

- All trade receivables that contain a significant financing component;

- All lease receivables that result from transactions that are within the scope of FRS 117. The policy choice may be applied separately to finance and operating lease receivables.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets (contd.)

Policy for impairment of financial assets applicable from 1 August 2014 (contd.)

(c) Purchased or originated credit-impaired approach

On initial recognition of a financial asset, an entity is required to determine whether the asset is "credit impaired". A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Under this approach, the Group and the Company are required to apply credit-adjusted effective interest rate to the amortised cost of the financial assets from initial recognition. Subsequently, the Company is required to recognise:

- The cumulative changes in lifetime expected credit losses since initial recognition as a loss allowances;
- In profit or loss, the amount of any changes in lifetime expected credit losses as impairment gain or loss. An impairment gain is recognised if favourable results in the lifetime expected credit losses estimate becoming lower than the original estimate that was incorporated in the estimated cash flows on initial recognition when calculating the credit-adjusted effective interest rate.

The amount of loss allowances is measured at the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. The loss allowance is recognised in profit or loss.

2.14 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 the Company's cash management.

2.15 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 general stores: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs 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.

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

2.16 Provisions

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

2. Summary of significant accounting policies (contd.)

2.16 Provisions (contd.)

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

2.17 Financial liabilities

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

Financial liabilities, within the scope of FRS 9 or FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

(a) Short-term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.20 Employee benefits (contd.)

(c) Termination benefit

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after reporting date are discounted to present value.

2.21 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.22 Revenue

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

(a) Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.22 Revenue (contd.)

(b) Contract fee

Contract fee from timber extraction and reforestation operations are recognised in the income statement based on the volume of logs extracted and area planted respectively.

(c) Dividend income

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

2.23 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.23 Income taxes (contd.)

(b) Deferred tax (contd.)

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

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

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

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

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2. Summary of significant accounting policies (contd.)

2.27 Contingencies

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

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

2.28 Prepaid land lease payments

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

2.29 Fair value measurements

The Group and the Company measure financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 33.

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 ability takes place either:

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

2. Summary of significant accounting policies (contd.)

2.29 Fair value measurements (contd.)

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

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

3. Significant accounting estimates and judgements

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

Key sources of estimation uncertainty

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

(a) Deferred tax assets

Deferred tax assets are recognised for all unutilised investment tax allowances ("ITA") to the extent that it is probable that taxable profit will be available against which the ITA can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised ITA of the Group was RM57,633,000 (2014: RM51,448,000).

(b) Timber rights

The Group has five timber licenses. All timber licenses will expire in the year 2015 to 2017. The Directors are of the view that all the timber licenses are renewable.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

4. Revenue

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Sale of logs	188,486	302,260	389,668	483,383
Sale of plywood	271,424	292,884	-	-
Sale of raw and laminated particleboard	64,241	74,141	-	-
Sale of sawn timber, finger joint moulding and by-products	78,534	63,555	-	-
Contract fee from timber extraction and reforestation	96,047	99,951	1,681	1,677
Dividends income	-	-	32,572	65,288
Sale of fresh fruit bunches	43,553	46,339	-	-
Sale of charcoal	10,291	6,935	-	-
Others	1,371	1,051	-	-
	753,947	887,116	423,921	550,348

5. Other income

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain				
- realised	16,317	7,038	9,580	-
- unrealised	136	14	-	-
Freight and handling income	335	844	721	1,667
Gain on disposal of property, plant and equipment	58	165	-	-
Gain on disposal of available-for-sale financial assets (Note 29)	-	178	-	178
Interest income	1,308	1,377	1,302	1,317
Dividends income from:				
- Equity investments under FVOCI	18	-	18	-
- Available-for-sales financial assets				
- Investment securities quoted in Malaysia	-	33	-	33
- Investment securities quoted outside Malaysia	-	24	-	24
- Held for trading investments quoted unit trust in Malaysia	-	85	-	4
Rental income				
- land	177	-	-	-
- building	168	406	176	236
- equipment	-	-	1,141	-
Bad debts recovered	-	5	-	-
Fair value gain on derivative financial instruments	-	3,420	-	3,131
Maintenance income	733	623	-	-
Management fee received	768	-	768	-
Sale of scrap materials	228	75	-	-
Sale of wood waste	-	87	-	-
Sundry income	2,084	1,454	1,296	1,145
	22,330	15,828	15,002	7,735

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

6. Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Bank borrowings	12,221	6,698	5,662	1,228
Hire purchase liabilities	7,264	7,733	6,687	7,495
	19,485	14,431	12,349	8,723
Less: Interest capitalised in biological assets (Note 15)	(2,293)	(1,865)	-	-
Net interest expense	17,192	12,566	12,349	8,723

7. Profit before tax

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 8)	135,210	131,444	28,158	28,898
Non-executive directors' remuneration (Note 9)				
- fees	309	309	280	280
Auditors' remuneration				
Statutory audit				
- current year	246	212	42	37
- over provided in prior year	(1)	(10)	-	(4)
Other services	9	8	9	8
Amortisation of biological assets (Note 15)	4,693	3,942	-	-
Amortisation of intangible assets (Note 19)	10,140	10,140	6,899	6,899
Amortisation of prepaid land lease payments (Note 14)	4,428	4,266	379	379
Reversal of impairment loss on trade receivables (Note 22)	-	(24)	-	-
Depreciation of property, plant and equipment (Note 13)	85,852	77,844	54,219	48,200
Depreciation of investment properties (Note 16)	109	86	-	-
Property, plant and equipment written off (Note 13)	93	22	-	-
Rental of - buildings	190	63	87	60
- land	1,165	526	370	346
- equipment and vehicles	433	111	38	50
Impairment of property, plant and equipment (Note 13)	-	1,048	-	734
Unrealised foreign exchange loss	18	644	16	104
(Reversal of)/inventory written down	(1,386)	173	-	223
Realised foreign exchange loss	-	1,256	-	1,256
Loss on disposal of property, plant and equipment	3,475	138	3,472	68

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

8. Employee benefits expense

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonus	110,254	105,719	24,402	25,582
Contribution to defined contribution plan	8,449	7,438	3,179	2,788
Short term accumulating compensated absences	163	211	116	145
Other benefits	16,344	18,076	461	383
	135,210	131,444	28,158	28,898

Included in employee benefits expense of the Group and of the Company is an executive director's remuneration amounting to RM3,958,000 (2014: RM4,775,000) and RM3,939,000 (2014: RM4,756,000) respectively as further disclosed in Note 9.

9. Directors' remuneration

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Executive (Note 8)				
Fees	74	74	55	55
Salaries, bonus and other emoluments	3,468	4,270	3,468	4,270
Contribution to defined contribution plan	416	431	416	431
Total executive directors' remuneration	3,958	4,775	3,939	4,756
Non-executive (Note 7)				
Fees	300	300	280	280
Total non-executive directors' remuneration	300	300	280	280
Total directors' remuneration (Note 31(b))	4,258	5,075	4,219	5,036

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

	Number of directors	
	2015	**2014**
Executive director:		
RM3,950,001 - RM4,000,000	1	-
RM4,750,001 - RM4,800,000	-	1
Non-executive directors:		
RM50,001 - RM100,000	5	5

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

10. Income tax expense

Major components of income tax expense

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Income tax:				
- Current income tax	10,521	15,920	8,363	10,250
- Over provision in respect of previous years	(1,813)	(1,327)	(1,084)	(348)
	8,708	14,593	7,279	9,902
Deferred tax (Note 30):				
- Origination and reversal of temporary differences	(9,844)	(3,604)	(4,607)	(3,143)
- Reduction in Malaysian income tax rate	-	(453)	-	-
- Under provision in respect of previous years	947	1,811	339	520
	(8,897)	(2,246)	(4,268)	(2,623)
Income tax expense recognised in profit or loss	(189)	12,347	3,011	7,279

Income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 July 2015 has reflected the changes in tax rate.

Reconciliation between tax expense and accounting profit

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

	Group	
	2015	**2014**
	%	%
Statutory tax rate	25	25
Non-deductible expenses	236	10
Effect of expenses eligible for double deduction	(122)	(7)
Effect of reduction in tax rate	-	(1)
Effect of utilisation of previously unrecognised unabsorbed capital allowances and business losses	(23)	(5)
Effect of utilisation of current year's investment allowance	(10)	-
Over provision of tax expense in respect of previous years	(77)	(3)
Under provision of deferred tax in respect of previous years	29	4
Deferred tax assets recognized on previously unrecognized timing differences	(70)	-
Deferred tax not recognised on unabsorbed tax losses and unutilised capital allowances	4	1
Average effective tax rate	(8)	24

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

10. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit (contd.)

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

	Company	
	2015	**2014**
	%	%
Statutory tax rate	25	25
Income not subject to taxation	(21)	(20)
Non-deductible expenses	6	3
Under provision of deferred tax in respect of previous years	1	1
Over provision of tax expense in respect of previous years	(3)	-
Average effective tax rate	8	9

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 July:

	Group	
	2015	**2014**
Profit net of tax attributable to owners of the Company (RM'000)	2,562	38,654
Weighted average number of ordinary shares in basic earnings per share computation ('000)	188,126	188,129
Basic earnings per share (sen)	1.4	20.6

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

12. Dividends

	Group and company	
	2015	**2014**
	RM'000	RM'000
Recognised during the year:		
First and final dividend in respect of 2014: 5 sen per share, on 188,125,200 ordinary shares	9,406	-
First and final dividend in respect of 2013: 3 sen per share, less 25% taxation on 188,129,400 ordinary shares	-	4,233

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Watercrafts, trucks and motor vehicles RM'000	Plant and machinery RM'000	Infra-structure facilities RM'000	Furniture, fittings and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
At 31 July 2015										
Cost										
At 1 August 2014	17,245	36,000	178,704	533,145	369,979	99,499	21,607	8,543	40,862	1,305,584
Additions	-	-	5,701	15,860	502	5,550	831	602	81,416	110,462
Disposals	-	-	(2,921)	(26,496)	(162)	-	(80)	(3)	-	(29,662)
Written off	-	-	(9)	-	(105)	(18)	(216)	(3,045)	-	(3,393)
Transfer	-	304	14,666	12,480	1,983	1,012	503	199	(31,147)	-
At 31 July 2015	17,245	36,304	196,141	534,989	372,197	106,043	22,645	6,296	91,131	1,382,991

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment (contd.)

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Watercrafts, trucks and motor vehicles RM'000	Plant and machinery RM'000	Infra-structure facilities RM'000	Furniture, fittings and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
At 31 July 2015										
Accumulated depreciation and impairment losses										
At 1 August 2014	-	2,359	97,625	209,364	297,946	71,936	16,053	7,069	-	702,352
Depreciation charge for the year	-	588	6,313	51,693	12,670	14,668	1,018	477	-	87,427
Charge to profit or loss (Note 7)	-	379	6,164	50,567	12,656	14,640	969	477	-	85,852
Capitalised in biological assets (Note 15)	-	209	149	1,126	14	28	49	-	-	1,575
Disposals	-	-	(1,539)	(15,235)	(1,182)	-	(53)	(1)	-	(18,010)
Written off	-	-	(3)	-	(104)	(5)	(144)	(3,044)	-	(3,300)
At 31 July 2015	-	2,947	102,396	245,822	309,330	86,599	16,874	4,501	-	768,469
Net carrying amount	17,245	33,357	93,745	289,167	62,867	19,444	5,771	1,795	91,131	614,522

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment (contd.)

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Watercrafts, trucks and motor vehicles RM'000	Plant and machinery RM'000	Infra-structure facilities RM'000	Furniture, fittings and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
At 31 July 2014										
Cost										
At 1 August 2013	-	21,533	167,194	431,276	369,963	88,053	19,497	7,842	14,328	1,119,686
Additions	17,245	14,467	1,084	3,494	1,877	9,476	1,432	655	145,352	195,082
Disposals	-	-	(762)	(3,801)	(4,492)	-	(80)	-	-	(9,135)
Written off	-	-	-	-	(1)	-	(43)	(1)	(4)	(49)
Transfer	-	-	11,188	102,176	2,632	1,970	801	47	(118,814)	-
At 31 July 2014	17,245	36,000	178,704	533,145	369,979	99,499	21,607	8,543	40,862	1,305,584

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment (contd.)

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Watercrafts, trucks and motor vehicles RM'000	Plant and machinery RM'000	Infra-structure facilities RM'000	Furniture, fittings and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Group (contd.)										
At 31 July 2014										
Accumulated depreciation and impairment losses										
At 1 August 2013	-	1,904	91,616	165,659	288,746	59,005	15,164	6,637	-	628,731
Depreciation charge for the year	-	455	5,332	45,437	13,692	12,931	978	432	-	79,257
Charge to profit or loss (Note 7)	-	379	5,228	44,286	13,679	12,905	935	432	-	77,844
Capitalised in biological assets (Note 15)	-	76	104	1,151	13	26	43	-	-	1,413
Disposals	-	-	(371)	(1,732)	(4,492)	-	(62)	-	-	(6,657)
Impairment loss (Note 7)	-	-	1,048	-	-	-	-	-	-	1,048
Written off	-	-	-	-	-	-	(27)	-	-	(27)
At 31 July 2014	-	2,359	97,625	209,364	297,946	71,936	16,053	7,069	-	702,352
Net carrying amount	17,245	33,641	81,079	323,781	72,033	27,563	5,554	1,474	40,862	603,232

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment (contd.)

	Buildings RM'000	Watercrafts, tractors, trucks and motor vehicles RM'000	Plant and machinery RM'000	Infrastructure facilities RM'000	Furniture, fittings and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company								
At 31 July 2015								
Cost								
At 1 August 2014	20,495	415,114	4,793	69,234	11,868	4,929	962	527,395
Additions	2,018	6,907	-	895	147	587	11,335	21,889
Disposals	(1,499)	(27,818)	(1,709)	-	(35)	(3)	-	(31,064)
Written off	-	-	-	-	-	(838)	-	(838)
Transfer	-	9,614	-	-	32	155	(9,801)	-
At 31 July 2015	21,014	403,817	3,084	70,129	12,012	4,830	2,496	517,382
Accumulated depreciation and impairment losses								
At 1 August 2014	8,718	141,997	3,087	53,951	9,963	3,720	-	221,436
Depreciation charge for the year (Note 7)	638	41,098	402	11,270	390	421	-	54,219
Disposals	(1,499)	(16,205)	(1,337)	-	(19)	(1)	-	(19,061)
Written off	-	-	-	-	-	(838)	-	(838)
At 31 July 2015	7,857	166,890	2,152	65,221	10,334	3,302	-	255,756
Net carrying amount	13,157	236,927	932	4,908	1,678	1,528	2,496	261,626

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment (contd.)

	Buildings RM'000	Watercrafts, tractors, trucks and motor vehicles RM'000	Plant and machinery RM'000	Infrastructure facilities RM'000	Furniture, fittings and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company (contd.)								
At 31 July 2014								
Cost								
At 1 August 2013	20,789	322,932	4,365	63,572	11,371	4,303	3,889	431,221
Additions	231	-	314	5,662	528	579	95,249	102,563
Disposals	(525)	(5,801)	-	-	(63)	-	-	(6,389)
Transfer	-	97,983	114	-	32	47	(98,176)	-
At 31 July 2014	20,495	415,114	4,793	69,234	11,868	4,929	962	527,395
Accumulated depreciation and impairment losses								
At 1 August 2013	7,514	108,608	2,635	43,861	9,609	3,338	-	175,565
Depreciation charge for the year (Note 7)	616	36,256	452	10,090	404	382	-	48,200
Disposals	(146)	(2,867)	-	-	(50)	-	-	(3,063)
Impairment loss (Note 7)	734	-	-	-	-	-	-	734
At 31 July 2014	8,718	141,997	3,087	53,951	9,963	3,720	-	221,436
Net carrying amount	11,777	273,117	1,706	15,283	1,905	1,209	962	305,959

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

13. Property, plant and equipment (contd.)

(a) Certain buildings of the Group with net carrying amount of RM6,238,000 (2014: RM4,689,000) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.

(b) The net carrying amount of the property, plant and equipment of the Group and of the Company which the title have yet to be registered under the name of the Company and its subsidiaries are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Tractor and trucks	561	831	488	742

(c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM110,462,000 (2014: RM195,082,000) and RM21,889,000 (2014: RM102,563,000) respectively of which RM31,647,000 (2014: RM104,124,000) and RM12,044,000 (2014: RM100,691,000) respectively were acquired by means of finance lease arrangements. Net carrying amounts of respective property, plant and equipment held under finance lease arrangements are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Tractors, trucks and motor vehicles	198,939	216,178	190,103	211,045
Plant and machinery	158	178	158	178
Capital work-in-progress	12,682	-	-	-
	211,779	216,356	190,261	211,223

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 32.

(d) The net carrying amount of property, plant and equipment pledged for borrowings as referred in Note 25 are as follows:

	Group	
	2015	**2014**
	RM'000	RM'000
Power plant	35,751	38,285
Long leasehold land	13,058	13,327
	48,809	51,612

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

14. Prepaid land lease payments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 August 2014/2013	114,533	103,827	15,180	15,180
Additions	-	10,706	-	-
At 31 July 2015/2014	114,533	114,533	15,180	15,180
Accumulated amortisation				
At 1 August 2014/2013	18,659	14,393	1,060	681
Amortisation for the year (Note 7)	4,428	4,266	379	379
At 31 July 2015/2014	23,087	18,659	1,439	1,060
Net carrying amount	91,446	95,874	13,741	14,120
Amount to be amortised:				
- Not later than one year	4,428	4,266	379	379
- Later than one year but not later than five years	17,717	17,064	1,516	1,516
- Later than five years	69,301	74,544	11,846	12,225
	91,446	95,874	13,741	14,120

The net carrying amount of prepaid land lease payments of the Group pledged for borrowing as referred in Note 25 to the financial statements is RM10,323,000 (2014: RM10,568,000).

Prepaid land lease payments of the Group with carrying value of RM Nil (2014: RM1,435,000) have yet to be registered in the names of the subsidiaries.

15. Biological assets

	Group	
	2015	**2014**
	RM'000	RM'000
Cost		
At 1 August 2014/2013	156,272	134,088
Additions	26,988	22,184
At 31 July 2015/2014	183,260	156,272

15. Biological assets (contd.)

	Group 2015 RM'000	Group 2014 RM'000
Accumulated amortisation		
At 1 August 2014/2013	13,309	9,367
Amortisation for the year (Note 7)	4,693	3,942
At 31 July 2015/2014	18,002	13,309
Net carrying amount	165,258	142,963

(a) Included in biological assets of the Group are the following expenses incurred and capitalised during the financial year:

	Group 2015 RM'000	Group 2014 RM'000
Staff costs	3,825	3,965
Depreciation of property, plant and equipment (Note 13)	1,575	1,413
Interest expense (Note 6)	2,293	1,865
Rental of equipment	1	1

(b) The biological assets of the Group with net carrying amount of RM151,532,000 (2014: RM138,839,000) are pledged as security for the term loans granted to the Group as referred in Note 25 to the financial statements.

(c) Included in biological asset of the Group is an oil palm plantation with carrying amount of RM83,652,000 (2014: RM66,182,000) is situated on a land which is held by a company which a substantial shareholder of the Company has substantial financial interests. The Group has the rights to develop and harvest from the plantation for a period of twenty-five years.

16. Investment properties

	Group 2015 RM'000	Group 2014 RM'000
Cost		
At 1 August 2014/2013	17,864	17,864
Additions	9,032	-
At 31 July 2015/2014	26,896	17,864
Accumulated depreciation		
At 1 August 2014/2013	2,291	2,205
Depreciation charge for the year (Note 7)	109	86
At 31 July 2015/2014	2,400	2,291
Net carrying amount	24,496	15,573

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

16. Investment properties (contd.)

The fair value of the investment properties as at 31 July 2015 is approximately RM31,398,000 (2014: RM22,365,000). The fair values of the properties are based on directors' valuation with reference to valuation by similar properties performed by accredited independence valuer.

17. Investment in subsidiaries

	Company	
	2015	**2014**
	RM'000	RM'000
Unquoted shares, at cost	401,932	369,931
Less: Accumulated impairment loss	(28,751)	(28,751)
	373,181	341,180

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Equity interest held (%) 2015	2014	Principal activities
JPH Logging Sdn. Bhd.	100	100	Logging contractor, provision of handling services and management services
Saraju Holding Sdn. Bhd.	100	100	Extraction and sales of timber logs
Sarawak Plywood (M) Sdn. Bhd.	100	100	Logging and marketing of logs, ceased operation in prior years
Subur Tiasa Forestry Sdn. Bhd.	100	100	Development and maintenance of planted forests and forest plantation contractor
Subur Tiasa Plywood Sdn. Bhd.	100	100	Manufacture and trading of plywood and veneer
Subur Tiasa Particleboard Sdn. Bhd.	100	100	Manufacture and trading of raw and laminated particleboard
Borneo Lumber Industries Sdn. Bhd.	100	100	Manufacture and sale of sawn timber
Grace Million Sdn. Bhd.	100	100	Manufacture and sale of sawn timber
R H Timber Processing Industries Sdn. Bhd.	100	100	Sawmilling of timber
Trimogreen Sdn. Bhd.	100	100	Manufacture and trading of sawn timber and finger joint moulding
Diamond Biowood Sdn. Bhd.	100	100	Manufacture and trading of charcoal
Excelle Timber Sdn. Bhd.	100	100	Manufacture and trading of charcoal
Homet Raya Sdn. Bhd.	100	100	Supply of electricity
Momawater Sdn. Bhd.	100	100	Manufacture and trading of drinking water
Infrapalm Sdn. Bhd.	100	100	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

17. Investment in subsidiaries (contd.)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows: (contd.)

Name of subsidiaries (contd.)	Equity interest held (%) 2015	2014	Principal activities
Palmlyn Sdn. Bhd.	100	100	Cultivation of oil palm
Blessings Palm Sdn. Bhd.	100	100	Cultivation of oil palm
Tiasa Palm Sdn. Bhd.	100	100	Cultivation of oil palm
Allied Asiatic Sdn. Bhd.	100	100	Towage and transportation services
JPH Enterprise Sdn. Bhd.	100	100	Insurance agency
Tiasa Cergas Sdn. Bhd.	100	100	Insurance agency
T. Q. Oriental Sdn. Bhd.	100	100	Operation of a grocery store
Blessings Realty Sdn. Bhd.	100	100	Property holding and development
Joyful Realty Sdn. Bhd.	100	100	Property holding and development
Supreme Standard Development	100	100	Property holding and development
Victory Round Sdn. Bhd.	100	100	Investment holding company
AA Plywood Sdn. Bhd.	100	100	Dormant
Semarak Veneer & Plywood Sdn. Bhd.	100	100	Dormant
Tiasa Mesra Sdn. Bhd.	100	100	Dormant
Onfire Charcoal Sdn. Bhd.	100	100	Dormant
Mamo Sdn. Bhd.	100	100	Dormant
Momamizu Sdn. Bhd.	100	100	Dormant
Momaworld Sdn. Bhd.	100	100	Dormant
Merri Sdn. Bhd.	100	100	Dormant
Merri Mee Sdn. Bhd.	100	100	Dormant
Merri Marketing Sdn. Bhd.	100	100	Dormant
United Superland Sdn. Bhd.	100	-	Dormant
Subsidiary of Victory Round Sdn. Bhd.:			
Victory Pelita Kabah Sdn. Bhd.	60	60	Cultivation of oil palm

All the subsidiaries are audited by Ernst & Young

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

17. Investment in subsidiaries (contd.)

Acquisition of subsidiary

On 31 December 2014, the Company acquired 100% equity interest in United Superland Sdn. Bhd. ("USL"), a company incorporated in Malaysia, for a total cash consideration of RM2. USL is currently a dormant company and its intended principal activity is to engage in property holding and development.

18. Investment securities

	Group and Company	
	FVOCI	**Availabe-for-sale investment**
	2015 RM'000	**2014** RM'000
Quoted outside Malaysia		
- Income fund	256	256
- Quoted equity investment	9,669	34,726
Quoted in Malaysia		
- Quoted equity investment	361	845
Unquoted in Malaysia		
- Unquoted equity investment	6,000	-
	16,286	35,827
Market value of - Income fund	256	256
- Quoted equity investments	10,030	35,571
	10,286	35,827

During the financial year, the Company acquired 12% equity interest in Borneo Edible Oils Sdn. Bhd. for a total cash consideration of RM6,000,000. As the investment which is unquoted and acquired near to the reporting date, the fair value of the unquoted equity investment approximate cost.

There is neither any de-recognition of equity investments measured at FVOCI, nor any transfers of the cumulative gain or loss within the equity during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

19. Intangible assets

	Rights in timber licences RM'000	Goodwill RM'000	Computer software & licences RM'000	Total RM'000
Group				
Costs				
At 31 July 2014/31 July 2015	206,137	2,720	19,014	227,871
Accumulated amortisation				
At 1 August 2013	178,696	-	19,014	197,710
Amortisation (Note 7)	10,140	-	-	10,140
At 31 July 2014	188,836	-	19,014	207,850
Amortisation (Note 7)	10,140	-	-	10,140
At 31 July 2015	198,976	-	19,014	217,990
Net carrying amount				
At 31 July 2015	7,161	2,720	-	9,881
At 31 July 2014	17,301	2,720	-	20,021

	Rights in timber licenses	
	2015 RM'000	**2014** RM'000
Company		
Costs		
At 1 August 2014/2013 and at 31 July 2015/2014	183,447	183,447
Accumulated amortisation		
At 1 August 2014/2013	174,250	167,351
Amortisation (Note 7)	6,899	6,899
At 31 July 2015/2014	181,149	174,250
Net carrying amount	2,298	9,197

(a) Rights in timber licenses

The Group has five timber licenses. The timber licenses will expire in the year 2015 to 2017. The Directors are of the view that all the timber licenses are renewable.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

19. Intangible assets (contd.)

(b) Impairment testing on goodwill

Goodwill arising from business combination mainly arises from plantation segment. Goodwill is tested for impairment on an annual basis by comparing the carrying amount with recoverable amount of the cash generating units ("CGUs") based on value-in-use. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGUs based on the following assumptions:

i. Cash flows are projected for the remaining life cycle of oil palm trees.
ii. Discount rate used for cash flows discounting purpose is the Group's weighted average cost of capital. The average pre-tax discount rate applied for cash flow projections is 13.8% (2014: 15.7%).
iii. Growth rate for the plantation segment is determined based on the management's estimate of commodity prices, palm yields and also cost of productions.
iv. Profit margins are projected based on industry trends and historical profit margin achieved.

20. Long term receivable

Long term receivable represents an advance payment made to a third party in respect of purchase of all the merchantable timber logs from a forest concession for a period of twenty years. This amount will be set-off against the amount payable for future purchases of timber logs from this third party.

21. Inventories

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
At cost:				
Raw materials				
- Logs	18,719	47,399	10,335	19,410
- Waste timber	202	594	-	-
- Others	337	9	-	-
Finished goods				
- Particleboard	8,008	2,987	-	-
- Plywood and veneer	-	34,491	-	-
- Sawn timber	23,173	9,887	-	-
- Charcoal	730	316	-	-
Work-in-progress	11,977	15,022	765	66
General stores	33,557	31,990	1,827	1,534
	96,703	142,695	12,927	21,010
At net realisable value:				
Raw materials				
- Logs	1,506	5,339	1,506	-
Finished goods				
- Plywood	54,894	-	-	-
Work-in-progress	24,984	-	-	-
	81,384	5,339	1,506	-
	178,087	148,034	14,433	21,010

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

22. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	29,557	42,643	6,948	21,965
Related companies	33,256	6,706	5,677	2,911
Amount due from subsidiaries	-	-	42,631	26,598
	62,813	49,349	55,256	51,474
Less: Allowances for impairment				
- Third parties	(1,752)	(1,752)	(18)	(18)
	61,061	47,597	55,238	51,456
Other receivables				
Third parties	13,513	10,892	5,081	8,355
Related companies	5,260	-	5,260	-
Amount due from subsidiaries	-	-	193,901	124,072
Other receivables	769	-	-	-
Less: Allowances for impairment				
- Third parties	(105)	(105)	(79)	(79)
- Amounts due from related subsidiaries	-	-	(21,556)	(21,556)
	19,437	10,787	182,607	110,792
Deposits and advances	3,653	3,666	3,290	1,951
	23,090	14,453	185,897	112,743
Total trade and other receivables	84,151	62,050	241,135	164,199
Add: Cash and bank balances (Note 24)	56,277	88,252	7,535	25,636
Total financial assets classified under amortised cost/ loans and receivables	140,428	150,302	248,670	189,835

(a) Trade receivables

The Group's normal trade credit terms range from payment in advance to 180 days (2014: payment in advance to 180 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	35,866	36,708	5,242	20,811
1 to 30 days past due not impaired	7,397	8,088	4,637	10,697
31 to 60 days past due not impaired	9,807	30	6,168	2,918
61 to 90 days past due not impaired	4,265	76	4,268	4,389
91 to 120 days past due not impaired	2,190	34	11,300	5,068
More than 121 days past due not impaired	1,536	2,661	23,623	7,573
	25,195	10,889	49,996	30,645
Impaired	1,752	1,752	18	18
	62,813	49,349	55,256	51,474

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworth debtors with good payments records with the Group and the Company.

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

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM25,195,000 (2014: RM10,889,000) and RM49,996,000 (2014: RM30,645,000) respectively, that are past due at the reporting date but not impaired.

Receivables that are impaired

The movement of the allowance accounts of the Group and the Company used to record the impairment of trade receivables are as follows:

	Group		Company	
	Lifetime expected credit losses	**Impairment allowances under FRS 139**	**Lifetime expected credit losses**	**Impairment allowances under FRS 139**
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
At 1 August 2014/2013	1,752	1,776	18	18
Reversal for the year (Note 7)	-	(24)	-	-
At 31 July 2015/2014	1,752	1,752	18	18

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired (contd.)

There are no financial assets that are credit-impaired when purchased or originated.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from related companies

Amount due from related companies represent companies in which certain directors and substantial shareholders of the Company have financial interests.

(c) Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand except for an amount of RM24,559,000 (2014: RM7,775,000) which bears interest of 4.7% (2014: 4.4%) per annum as at the date of statement of financial position.

Other receivables that are impaired

Movement in allowances accounts:

	Group		**Company**	
	Lifetime expected credit losses 2015 RM'000	**Impairment allowances under FRS 139 2014** RM'000	**Lifetime expected credit losses 2015** RM'000	**Impairment allowances under FRS 139 2014** RM'000
At 1 August 2014/2013 and at 31 July 2015/2014	105	105	21,635	21,635

Other receivables that are individually determined to be impaired at the reporting date related to amount due from subsidiaries which have been suffering significant financial losses. The receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

23. Other current assets

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Prepayment	3,731	2,426	3,504	2,092
Tax recoverable	2,539	1,170	-	-
	6,270	3,596	3,504	2,092

24. Cash and bank balances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	44,676	80,019	3,949	23,751
Short term deposits with licensed banks	11,601	8,233	3,586	1,885
Cash and cash equivalents	56,277	88,252	7,535	25,636

Short term deposits of the Group and the Company amounting to RM922,000 (2014: RM2,482,000) and RM347,000 (2014: RM335,000) respectively have been pledged to the banks as security for the borrowings granted to the Group and hence were not available for general use.

The weighted average effective interest rates (WAEIR) of short term deposits with licensed banks of the Group and the Company at the reporting date are 2.93% (2014: 2.88 %) and 2.99% (2014: 2.84%) per annum respectively.

25. Loans and borrowings

		Group		Company	
	WAEIR	**2015**	**2014**	**2015**	**2014**
	%	RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Obligations under finance leases (Note 32)	5.89	57,349	54,766	51,913	53,381
Term loans	4.82	18,975	17,525	-	-
		76,324	72,291	51,913	53,381
Unsecured:					
Revolving credit	4.53	180,000	50,000	117,500	50,000
Term loans	4.75	-	2,800	-	-
Bankers' acceptances	4.13	23,670	35,500	-	-
		203,670	88,300	117,500	50,000
		279,994	160,591	169,413	103,381

25. Loans and borrowings (contd.)

	WAEIR	Group		Company	
		2015	2014	2015	2014
	%	RM'000	RM'000	RM'000	RM'000
Non-current					
Secured:					
Obligations under finance leases (Note 32)	5.89	69,918	103,174	54,392	99,881
Term loans	5.00	87,102	79,061	-	-
		157,020	182,235	54,392	99,881
Unsecured:					
Term loans	4.75	-	7,000	-	-
		157,020	189,235	54,392	99,881
Loans and borrowings		437,014	349,826	223,805	203,262

The remaining maturities of borrowings as at 31 July 2015 and 31 July 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Within one year	279,994	160,591	169,413	103,381
More than 1 year and less than 2 years	63,258	80,146	43,843	50,204
More than 2 years and not later than 5 years	54,712	78,639	10,549	49,677
Later than 5 years	39,050	30,450	-	-
	437,014	349,826	223,805	203,262

The secured term loan and revolving credit of the Group are secured against long leasehold land, buildings, biological assets, watercrafts and investment properties as referred in Note 13, Note 14, Note 15 and Note 16 to the financial statement and corporate guarantee of the Company.

26. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	91,088	78,020	25,384	23,083
Amount due to subsidiaries	-	-	40,634	23,946
Amount due to related companies	26,644	38,676	7,989	18,907
	117,732	116,696	74,007	65,936

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

26. Trade and other payables (contd.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Other payables				
Accruals	10,578	17,468	3,739	9,003
Deposits	373	2,201	-	446
Amount due to subsidiaries	-	-	13,685	17,785
Other payables	9,194	17,593	1,140	4,432
	20,145	37,262	18,564	31,666
Total trade and other payables	137,877	153,958	92,571	97,602
Add: Loans and borrowings (Note 25)	437,014	349,826	223,805	203,262
Total financial liabilities carried at amortised cost	574,891	503,784	316,376	300,864

(a) Trade payables

The normal trade credit terms granted to the Group range from cash term to credit of 180 days (2014: Cash term to credit of credit of 180 days).

(b) Amount due to related companies

Amount due to related companies are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

(c) Amount due to subsidiaries

The amount due to subsidiaries are non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

27. Share capital, share premium and treasury shares

	Number of Ordinary Shares of RM1 each		Amount			
	Share capital (issued and fully paid)	Treasury shares	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 31 July 2014	209,000,000	20,870,900	209,000	59,680	268,680	(55,148)
Purchase of treasury shares	-	5,000	-	-	-	(10)
At 31 July 2015	209,000,000	20,875,900	209,000	59,680	268,680	(55,158)
At 31 July 2013	209,000,000	20,870,700	209,000	59,680	268,680	(55,147)
Purchase of treasury shares	-	200	-	-	-	(1)
At 31 July 2014	209,000,000	20,870,900	209,000	59,680	268,680	(55,148)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 July 2015 (contd.)

27. Share capital, share premium and treasury shares (contd.)

	Number of Ordinary Shares of RM1 each		Amount	
	2015	**2014**	**2015**	**2014**
			RM'000	RM'000
Authorised share capital				
At 1 August/31 July	1,000,000,000	1,000,000,000	1,000,000	1,000,000

(a) Share capital

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

(b) Treasury shares

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

The Company acquired 5,000 (2014: 200) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM10,485 (2014: RM504) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

28. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 July 2015 and 31 July 2014 under the single-tier system.

29. Other reserves/Available-for-sale reserve

	Group and Company Other Reserves 2015 RM'000	Group and Company Available-for-sale reserve 2014 RM'000
At 1 August	6,743	55
Other comprehensive income:		
Fair value changes on FVOCI/available-for-sale financial assets	(25,541)	6,866
Recycle to profit or loss:		
Disposal of available-for-sale financial assets (Note 5)	-	(178)
	(25,541)	6,688
At 31 July	(18,798)	6,743

The other reserves represent the fair value gains and losses of the investments in equity instruments that are not held-for-trading, which the Group and Company has elected at initial recognition to present such gains and losses through other comprehensive income. The gains and losses within this reserve are never reclassified to profit and loss. However, the Group and Company may transfer the cumulative gain or losses within equity when these investments are derecognised.

30. Deferred tax

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 August 2014/2013	7,749	9,995	1,520	4,143
Recognised in profit or loss (Note 10)	(8,897)	(2,246)	(4,268)	(2,623)
At 31 July 2015/2014	(1,148)	7,749	(2,748)	1,520
Presented after appropriate offsetting as follows:				
Deferred tax assets	(21,774)	(13,270)	(2,748)	-
Deferred tax liabilities	20,626	21,019	-	1,520
	(1,148)	7,749	(2,748)	1,520

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

30. Deferred tax (contd.)

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Intangible assets rights in timber licences RM'000	Prepaid land lease payments RM'000	Total RM'000
At 1 August 2014	56,028	2,026	235	58,289
Recognised in profit or loss	(2,230)	(810)	(7)	(3,047)
At 31 July 2015	53,798	1,216	228	55,242
At 1 August 2013	54,751	2,836	241	57,828
Recognised in profit or loss	1,277	(810)	(6)	461
At 31 July 2014	56,028	2,026	235	58,289

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

30. Deferred tax (contd.)

Deferred tax assets of the Group:

	Property, plant and equipment RM'000	Unutilised investment tax allowances and reinvestment allowances RM'000	Unused tax losses and unutilised capital allowance RM'000	Allowance of impairment loss RM'000	Allowance of inventories RM'000	Accrued liabilities RM'000	Derivatives financial instruments RM'000	Total RM'000
At 1 August 2014	-	(12,862)	(32,503)	(1,502)	(1,715)	(1,958)	-	(50,540)
Recognised in profit or loss	(939)	(915)	(5,831)	55	628	1,152	-	(5,850)
At 31 July 2015	(939)	(13,777)	(38,334)	(1,447)	(1,087)	(806)	-	(56,390)
At 1 August 2013	-	(11,217)	(31,689)	(1,654)	(1,543)	(775)	(955)	(47,833)
Recognised in profit or loss	-	(1,645)	(814)	152	(172)	(1,183)	955	(2,707)
At 31 July 2014	-	(12,862)	(32,503)	(1,502)	(1,715)	(1,958)	-	(50,540)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

30. Deferred tax (contd.)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000
At 1 August 2014	4,173
Recognised in profit or loss	(4,992)
At 31 July 2015	(819)
At 1 August 2013	7,065
Recognised in profit or loss	(2,892)
At 31 July 2014	4,173

Deferred tax assets of the Company:

	Allowance for inventories RM'000	Derivative financial instruments RM'000	Allowances for impairment RM'000	Accrued liabilities RM'000	Total RM'000
At 1 August 2014	(56)	-	(1,456)	(1,141)	(2,653)
Recognised in profit or loss	2	-	58	664	724
At 31 July 2015	(54)	-	(1,398)	(477)	(1,929)
At 1 August 2013	-	(675)	(1,606)	(641)	(2,922)
Recognised in profit or loss	(56)	675	150	(500)	269
At 31 July 2014	(56)	-	(1,456)	(1,141)	(2,653)

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

	Group	
	2015 RM'000	2014 RM'000
Deductible temporary differences on inventory, property, plant and equipment	5,677	5,516
Unused tax losses	-	9,395
Unutilised capital allowances	2,477	5,641
	8,154	20,552

As at 31 July 2015, the deferred tax assets are not recognised as it is not probable that future taxable profit will be available against which the unused tax losses and unutilised capital allowance can be utilised. The availability of the unused tax losses and unutilised capital allowances for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act 1967.

31. Significant related party transactions

(a) Sale and purchase of goods and services

In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transaction with related parties during the financial year:

	Company 2015 RM'000	Company 2014 RM'000
Subsidiaries:		
Sales to subsidiaries		
- logs	201,183	181,123
- property, plant and equipment	-	1,355
- freight and handling charges	290	823
- interest income from subsidiaries	865	745
- rental income	1,201	-
- sundry income	487	320
- dividend received	32,572	65,288
Purchases from subsidiaries		
- logs	12,910	29,931
- sawn timber	20	54
- plywood	4	12
- property, plant and equipment	-	232
Services paid/payable to subsidiaries		
- freight and handling charges	15,402	18,126
- logpond handling charges	5,351	5,769
- contract fee	59,765	59,897
- sundry expenses	-	17

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Related companies*:				
Services paid/payable to related companies				
- freight and handling charges	1,126	1,252	95	162
- logging contract fee	18,177	37,964	17,655	37,964
- marketing fee	900	900	900	900
- rental of building	96	21	88	15
- rental of land	130	130	-	-
Purchase from related companies				
- purchase of property, plant and equipment	2,575	4,997	1,675	4,346
- purchase of consumable stores	8,125	7,550	1,893	2,575
- purchase of electricity	-	7	-	7
- purchase of logs	91,726	109,311	91,725	109,311
- purchase of adhesive materials	38,793	43,710	-	-
- purchase of waste timber	98	80	-	-
- purchase of veneer	36,666	14,870	-	-
- purchase of investment securities	6,000	27,832	6,000	27,832

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

31. Significant related party transactions (contd.)

(a) Sale and purchase of goods and services (contd.)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Related companies*: (contd.)				
Income from related companies				
- rental income	98	235	98	235
- sales of logs	6,352	5,263	6,352	5,263
- sales of sawn timber	2,319	5,982	-	-
- sales of fresh fruit bunch	24,236	-	-	-
- towage and handling income	431	844	431	844
- contract fee income	82,940	86,120	1,452	1,676
- management fee received	768	-	768	-

* Related companies are companies in which certain directors, Dato' Tiong Ing and Tiong Kiong King or substantial shareholder of the Company, Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King or persons connected with them have substantial interests.

The related party transactions are mainly to provide support to the Group's day-to-day operations. It is the Group's policy to purchase materials, goods or services also from related parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties; by taking into consideration of the availability of raw materials or resources, reliability of supply, delivery, services and quality of material or goods.

Sales of logs and timber related products to related parties and other income received or receivable from related parties have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	6,386	6,347	6,338	6,299
Defined contribution plan	704	704	704	704
	7,090	7,051	7,042	7,003
Included in total key management personnel are:				
Directors' remuneration (Note 9)	4,258	5,075	4,219	5,036

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

32. Commitments

(a) Capital commitments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	22,908	19,429	13,290	12,906
Investment properties	6,217	9,259	-	-
	29,125	28,688	13,290	12,906
Approved but not contracted for:				
Property, plant and equipment	5,845	2,396	-	-
	34,970	31,084	13,290	12,906

(b) Operating lease commitments - as lessee

Future minimum rental payables under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2015	**2014**
	RM'000	RM'000
Not later than 1 year	-	265
Later than 1 year and not later than 5 years	-	386
	-	651

(c) Finance lease commitments

The Group and the Company has finance leases for certain items of plant and equipment (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

32. Commitments (contd.)

(c) Finance lease commitments (contd.)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2015 RM'000	**2014** RM'000	**2015** RM'000	**2014** RM'000
Minimum lease payments:				
Not later than 1 year	62,272	61,222	55,860	59,636
Later than 1 year but not later than 2 years	51,475	55,449	45,385	53,872
Later than 2 years but not later than 5 years	21,435	53,061	10,771	51,144
Total minimum lease payments	135,182	169,732	112,016	164,652
Less: Amounts representing finance charges	(7,915)	(11,792)	(5,711)	(11,390)
Present value of minimum lease payments	127,267	157,940	106,305	153,262
Present value of payments:				
Not later than 1 year	57,349	54,766	51,913	53,381
Later than 1 year but not later than 2 years	49,291	51,653	43,843	50,204
Later than 2 years but not later than 5 years	20,627	51,521	10,549	49,677
	127,267	157,940	106,305	153,262
Present value of minimum lease payments:				
Less: Amounts due within 12 months (Note 25)	(57,349)	(54,766)	(51,913)	(53,381)
Amount due after 12 months (Note 25)	69,918	103,174	54,392	99,881

33. Fair value of financial instruments

(a) Set out below, is a comparison by class of the carrying amount and the fair value of the Group's and Company's financial instruments, other than those which carrying amount are reasonable approximation of fair value

	Note	2015		2014	
		Carrying amount RM'000	**Fair value** RM'000	**Carrying amount** RM'000	**Fair value** RM'000
Financial liabilities:					
Group					
Loans and borrowings					
- Obligations under finance leases	25	127,267	127,330	157,940	157,924
Company					
Loans and borrowings					
- Obligations under finance leases	25	106,305	106,227	153,262	153,214

33. Fair value of financial instruments (contd.)

(b) Determination of fair value

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

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

	Note
Trade and other receivables	22
Cash and bank balances	24
Loans and borrowings	25
Trade and other payables	26

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

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

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

Obligation under finance lease

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

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

Investment securities

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

34. Fair value measurement

Fair value hierarchy

The Group and Company uses the following hierarchy for determining and disclosing the fair value of the Group's and Company's assets and liabilities:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

34. Fair value measurement (contd.)

Fair value hierarchy (contd.)

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

Quantitative disclosures fair value measurement hierarchy for the Group's and the Company's assets and liabilities as at 31 July 2015.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value				
Group and Company				
Equity investments at FVOCI	10,286	-	-	10,286
Assets for which fair value are disclosed				
Group				
Investment properties	-	-	31,398	31,398
Liabilities for which fair value are disclosed				
Group				
Finance lease payables	-	127,330	-	127,330
Company				
Finance lease payables	-	106,227	-	106,227

Quantitative disclosures fair value measurement hierarchy for the Group's and the Company's assets and liabilities as at 31 July 2014.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value				
Group and Company				
Available-for-sale investments	35,827	-	-	35,827
Assets for which fair value are disclosed				
Group				
Investment properties	-	-	22,365	22,365
Liabilities for which fair value are disclosed				
Group				
Finance lease payables	-	157,924	-	157,924
Company				
Finance lease payables	-	153,214	-	153,214

35. Financial risk management objectives and policies

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group's overall financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its credit risks, liquidity, interest rate and foreign currency. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies.

The Group uses derivative financial instrument on a short term basis such as forward foreign exchange contracts to hedge on confirmed receipts when it is deemed necessary. It does not engage in speculative transactions.

The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively 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. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control.

Prior to 1 August 2014, the Group recognised impairment loss under "incurred losses" model. With the adoption of FRS 9 on 1 August 2014, the Group has adopted the "expected credit loss" model. As the credit risk of the Group is mainly from trade and other receivables, the Group has adopted the simplified approach which measures the loss allowance based on lifetime expected credit losses.

Exposure to credit risk

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

(i) the carrying amount of each class of financial assets recognised in the statements of financial position including derivatives with positive fair values.

(ii) A nominal amount of RM213,210,000 (2014: RM127,195,000) provided by the Company to the banks on subsidiaries' loans and borrowings.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

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

(a) Credit risk (contd.)

Credit risk concentration profile

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of business customers which are spread across a diverse range of industries. The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis.

At the reporting date, approximately 40% and 94% (2014: 11% and 80%) of the Group's and the Company's trade and other receivables respectively, were balances with related company and subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage its liquidity risk by maintaining adequate reserves, access to a number of sources of banking facilities which are sufficient to meet anticipated funding requirements, and reserve borrowing facilities by continuously monitoring its forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At the reporting date, approximately 64% (2014: 46%) of the Group's borrowings (Note 25) will mature in less than one year based on the carrying amount reflected in the financial statements. 76% (2014: 51%) of the Company's borrowings will mature in less than one year at the reporting date.

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

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	Within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31.07.2015				
Group				
Financial liabilities:				
Trade and other payables	137,877	-	-	137,877
Loans and borrowings	299,056	133,536	42,177	474,769
Total undiscounted financial liabilities	436,933	133,536	42,177	612,646
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantee *	92,571	-	-	92,571
Loans and borrowings	178,688	56,156	-	234,844
Total undiscounted financial liabilities	271,259	56,156	-	327,415
As at 31.07.2014				
Group				
Financial liabilities:				
Trade and other payables	153,958	-	-	153,958
Loans and borrowings	175,225	174,325	32,542	382,092
Total undiscounted financial liabilities	329,183	174,325	32,542	536,050
Company				
Financial liabilities:				
Trade and other payables, excluding financial guarantee *	97,602	-	-	97,602
Loans and borrowings	111,818	105,016	-	216,834
Total undiscounted financial liabilities	209,420	105,016	-	314,436

* At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 9 or FRS 139 are not included in the above maturity profile analysis.

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

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, loans at floating rates given to subsidiaries and deposits in the approved financial institutions. The Company's loans at floating rate given to subsidiaries form a natural hedge for its current floating rate bank borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are re-priced to market interest rates.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit net of tax through the impact on interest expenses on floating rate loans as borrowings.

	Increase/ decrease in basis points	2015 Effect on profit net of tax RM'000	2014 Effect on profit net of tax RM'000
Group			
Loans and borrowings	+50	-914	-560
Loans and borrowings	-50	+914	+560
Company			
Loans and borrowings	+50	-441	-188
Loans and borrowings	-50	+441	+188

(d) Foreign currency risk

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

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, which is RM. The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD"), European Dollars ("Euro") and Japanese Yen ("JPY").

The Company enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (in USD) amounted to RM14,672,000 (2014: RM62,126,000) and RM2,242,000 (2014: RM15,360,000) for the Group and the Company respectively.

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

(d) Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

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

		2015 Profit net of tax RM'000	2014 Profit net of tax RM'000
Group			
USD/RM	- strengthened 20% (2014: 5%)	+5,086	+3,225
	- weakened 5% (2014: 5%)	-1,272	-3,225
Euro/RM	- strengthened 20% (2014: 5%)	+115	+32
	- weakened 5% (2014: 5%)	-29	-32
JPY/RM	- strengthened 20% (2014: 5%)	-13	+70
	- weakened 5% (2014: 5%)	+3	-70
Company			
USD/RM	- strengthened 20% (2014: 5%)	+1,301	+1,351
	- weakened 5% (2014: 5%)	-325	-1,351

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2015 and 31 July 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances and held for trading investments. Capital includes equity attributable to the owners of the Company.

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Loans and borrowings	25	437,014	349,826	223,805	203,262
Trade and other payables	26	137,877	153,958	92,571	97,602
Cash and bank balances	24	(56,277)	(88,252)	(7,535)	(25,636)
Net debts		518,614	415,532	308,841	275,228
Equity attributable to the owners of the Company		673,509	705,904	620,849	619,755
Capital and net debt		1,192,123	1,121,436	929,690	894,983
Gearing ratio		44%	37%	33%	31%

37. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

i. The logging segment is involved in extraction, sale of logs and subcontractor for tree planting (reforestation).

ii. The manufacturing segment is in the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding, charcoal and supply of electricity for its manufacturing activities.

iii. The plantation segment is involved in cultivation of oil palm and sales of fresh fruit bunch.

iv. The others segment is involved in sales of grocery, provision of towage and transportation services, insurance services, property holding and development.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No segment analysis on a geographical basis is provided as the Group's activities were wholly carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

37. Segment information (contd.)

	Logging		Manufacturing		Plantation		Others		Adjustments and eliminations			Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	Note	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue													
External customers	284,881	402,211	424,490	437,515	43,553	46,339	1,023	1,051	-	-		753,947	887,116
Inter-segment	201,183	181,115	702	1,052	-	-	17,100	20,360	(218,985)	(202,527)	A	-	-
Total revenue	486,064	583,326	425,192	438,567	43,553	46,339	18,123	21,411	(218,985)	(202,527)		753,947	887,116
Results													
Interest income	1,400	1,382	600	1,687	13	116	160	113	(865)	(1,921)	A	1,308	1,377
Amortisation of biological assets	-	-	-	-	4,693	3,942	-	-	-	-		4,693	3,942
Amortisation of intangible assets	10,140	10,140	-	-	-	-	-	-	-	-		10,140	10,140
Amortisation of prepaid lease payments	379	379	1,115	1,099	3	3	2,931	2,785	-	-		4,428	4,266
Depreciation of investment properties	-	-	-	-	-	-	109	86	-	-		109	86
Depreciation of property, plant and equipment	60,502	53,549	18,380	18,429	3,946	1,363	4,604	5,916	(5)	-	B	87,427	79,257
Other non-cash expenses/(income)	116	1,102	(1,358)	292	6	12	13	2	-	-	C	(1,223)	1,408
Segment profit/(loss)	(4,790)	17,214	9,278	26,898	180	6,460	(2,302)	402	-	-		2,366	50,974

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

37. Segment information (contd.)

	Logging		Manufacturing		Plantation		Others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets													
Additions to non-current assets	36,025	139,925	69,490	19,892	37,627	44,748	14,560	54,820	(5,220)	(2,961)	D	152,482	256,424
Segment assets	627,621	617,851	502,377	373,016	228,958	197,596	142,486	152,810	(227,681)	(105,594)	E	1,273,761	1,235,679
Segment liabilities	342,337	332,527	264,564	137,501	155,915	131,285	60,856	70,424	(223,380)	(141,929)	F	600,292	529,808

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 July 2015 (contd.)

37. Segment information (contd.)

A Inter-segment revenues and interest income are eliminated on consolidation.

B The amount relating to gain on disposal of property, plant and equipment between fellow subsidiaries is eliminated on consolidation.

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2015 RM'000	2014 RM'000
Reversal of impairment loss on trade receivables	7	-	(24)
Impairment of property, plant and equipment	7	-	1,048
(Reversal of)/inventory write-down	7	(1,386)	173
Short term accumulating compensated absences	8	163	211
		(1,223)	1,408

D Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	110,462	195,082
Biological assets	26,988	22,184
Prepaid land lease payment	-	10,706
Investment properties	9,032	-
Investment securities	6,000	28,452
	152,482	256,424

E The following items deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Inter-segment assets	227,681	105,594

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

	2015 RM'000	2014 RM'000
Deferred tax liabilities	1,593	4,823
Inter-segment liabilities	(224,973)	(146,752)
	(223,380)	(141,929)

37. Segment information (contd.)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2015 RM'000	2014 RM'000
Property, plant and equipment	614,522	603,232
Biological assets	165,258	142,963
Prepaid land lease payments	91,446	95,874
Investment properties	24,496	15,573
Investment securities	16,286	35,827
Intangible assets	9,881	20,021
	921,889	913,490

Information about a major customer

Revenue from one major customer amount to RM84,237,000 (2014: RM98,211,000) from following segments:

	2015 RM'000	2014 RM'000
Logging segment	84,237	92,227
Manufacturing segment	-	5,984
	84,237	98,211

38. Subsequent events

On 5 August 2015, the Company has acquired 100% equity interest in Subur Properties Sdn. Bhd. ("SPSB"), Prestige Superland Sdn. Bhd. ("PSSB") and Tiasa Heights Sdn. Bhd. ("THSB"), are companies incorporated in Malaysia for a total cash consideration of RM2 each. All the above subsidiaries are currently dormant and their intended activities are property holding and development.

On 11 August 2015, the Company has acquired 12 million ordinary shares of RM0.50 each from Pemandangan Jauh Plantation Sdn. Bhd. and 40 million ordinary shares of RM0.50 each from Kendaie Oil Palm Plantation Sdn. Bhd. in Rimbunan Sawit Berhad at a total cash consideration of RM26,000,000.

On 7 September 2015, the Company has acquired 100% equity interest in Subur Tiasa R&D Sdn. Bhd. ("STRD"), a company incorporated in Malaysia for a total cash consideration of RM2. STRD is currently dormant and its intended principal activities are biotech laboratory and research, consultancy and general trading activities.

39. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 July 2015 and 2014 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant of Bursa Malaysia Securities Berhad Listing Requirements, and issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and the subsidiaries				
Realised	476,672	488,619	423,393	401,104
Unrealised	1,030	(8,379)	2,732	(1,624)
	477,702	480,240	426,125	399,480
Less: Consolidated adjustments	1,083	5,389	-	-
Retained earnings as per financial statement	478,785	485,629	426,125	399,480

LIST OF PROPERTIES
As at 31 July 2015

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Net Carrying Amount as at 31.07.2015 (RM'000)	Date of Acqusition
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.054	Factories, office, welfare building	3 - 26 years	55,446	31.03.1989 - 30.12.1994
Industrial Land at Lot 400, Blk 38 Kemena Land, Bintulu	Leasehold land expiring on 15.09.2057	12.672	Factory, office, welfare building	19 years	21,963	01.10.2008
Lot 47, Block 135, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	5,000	Oil palm plantation, office, store, quarters	3 - 9 years	16,816	30.09.2004
Lot 69, Block 12, Buan Land District	Leasehold land expiring on 01.08.2051	12.013	Factory	2 years	11,897	24.06.2013
Lot 854-866, Block 10, Sibu Town District	Leasehold land expiring on 06.09.2071	0.212	Office building	14 years	11,788	01.06.2001
Lot 57, Block 233, Kuching North Land District	Leasehold land expiring on 31.12.2038	5.536	Vacant	-	10,713	31.08.2013
Lot 23-27,64-67,125-140,145, Blk 3, Seduan Land District, Rantau Panjang	Leasehold land expiring on 24.01.2087	69.479	Rubber plantation	-	8,863	20.09.2013
Lot 1459, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2027	0.977	Vacant	-	7,723	23.11.2012
Lot 1153, Batu 23 Jalan Johor, Mukim Jeram Batu	Freehold land	4.082	Vacant	-	7,484	30.12.2013
Lot 3, Section 39, Kuching Town Land District	Leasehold land expiring on 01.04.2791	0.571	Vacant	-	6,936	31.03.2015

ANALYSIS OF SHAREHOLDINGS
As at 30 October 2015

Share Capital

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Fully Paid-up Share Capital	:	RM209,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per Ordinary Share

Distribution schedule of ordinary shares

No. of Holders	Holdings	Total Holdings	%
101	less than 100 shares	3,352	0.00[1]
194	100 to 1,000 shares	147,143	0.08
2,591	1,001 to 10,000 shares	6,574,079	3.50
285	10,001 to 100,000 shares	8,189,803	4.36
50	100,001 to less than 5% of issued shares	76,492,838	40.66
5	5% and above of issued shares	96,716,785	51.41
3,226		188,124,000[2]	100.00

1 Less than 0.01%

2 Excluding 20,876,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on Record of Depositors as at 30 October 2015

LIST OF SUBSTANTIAL SHAREHOLDERS
As at 30 October 2015

Name	No. of Ordinary Shares of RM1.00 each	
	Direct Interest	Indirect Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	61,950,021 [1] (32.93%*)	3,507,012 [2] (1.86%*)
2. Kinta Hijau Sdn. Bhd.	16,937,532 [3] (9.00%*)	-
3. Raya Abadi Sdn. Bhd.	16,575,033 (8.81%*)	-
4. Teck Sing Lik Enterprise Sdn. Bhd.	4,679,977 (2.49%*)	66,507,033 [4] (35.35%*)
5. YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120 (0.59%*)	71,187,010 [5] (37.84%*)

1 37,000,000 shares, 23,000,000 shares and 1,500,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd., RHB Nominees (Tempatan) Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd. respectively

2 Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong & Sons Sdn. Bhd.

3 6,900,000 shares are held through EB Nominees (Tempatan) Sdn. Bhd.

4 Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

5 Deemed interested by virtue of his substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd.

* Excluding 20,876,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 30 October 2015

DIRECTORS' INTERESTS
As at 30 October 2015

Name	No. of Ordinary Shares Held in the Company			
	Direct Interest	%*	Indirect Interest	%*
1. Mr. Tiong Kiong King	1,284,043 [1]	0.68	-	-
2. YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh	70,595 [2]	0.04	-	-
3. YBhg. Dato' Tiong Ing	1,775,213	0.94	500,275 [3]	0.27
4. Madam Ngu Ying Ping	-	-	-	-
5. Mr. Tiong Ing Ming	-	-	-	-
6. Mr. Poh Kee Eng	-	-	-	-

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 6A of the Companies Act, 1965.

Notes :

1 1,221,373 shares and 51,000 shares are held through AMSEC Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively

2 Shares are held through Public Nominees (Tempatan) Sdn. Bhd.

3 Deemed interested by virtue of her substantial interests in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd. and the interests of her children in the Company

* Excluding 20,876,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 30 October 2015

LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS
As at 30 October 2015

	Names	No. of ordinary shares of RM1.00 each	Percentage %*
1.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (Upper Lanang)	37,000,000	19.67
2.	RHB Nominees (Tempatan) Sendirian Berhad - Bank of China (Malaysia) Berhad Pledged Securities Account for Tiong Toh Siong Holdings Sdn. Bhd.	23,000,000	12.23
3.	Raya Abadi Sdn. Bhd.	16,575,033	8.81
4.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	10,104,220	5.37
5.	Kinta Hijau Sdn. Bhd.	10,037,532	5.34
6.	Pertumbuhan Tiasa Sdn. Bhd.	8,611,032	4.58
7.	Pertumbuhan Abadi Enterprises Sdn. Bhd.	7,522,295	4.00
8.	Asanas Sdn. Bhd.	7,200,000	3.83
9.	EB Nominees (Tempatan) Sendirian Berhad - Pledged securities account for Kinta Hijau Sdn. Bhd. (Upper Lanang)	6,900,000	3.67
10.	Insan Angun Sdn. Bhd.	6,800,000	3.61
11.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. - Exempt An For Bank Of Singapore Limited	4,165,500	2.21
12.	Globegate Alliance Sdn. Bhd.	3,673,950	1.95
13.	Tiong Toh Siong & Sons Sdn. Bhd.	3,507,012	1.86
14.	Serrano Group Limited	2,639,490	1.40
15.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teck Sing Lik Enterprise Sdn Bhd	2,600,000	1.38
16.	Teck Sing Lik Enterprise Sdn. Bhd.	2,079,977	1.11
17.	Neoh Choo Ee & Company Sdn. Bhd.	1,711,200	0.91
18.	UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Novel Investment Group Limited	1,574,075	0.84
19.	RHB Capital Nominees (Tempatan) Sdn. Bhd - RHB Bank (L) Ltd for Tiong Toh Siong Holdings Sdn. Bhd.	1,500,000	0.80
20.	UOBM Nominees (Asing) Sdn. Bhd. - United Overseas Bank Nominees (Pte) Ltd for Max Fortune Resources Inc.	1,449,200	0.77
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,213,473	0.65
22.	Dato' Tiong Ing	1,211,233	0.64
23.	CIMBSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Nustinas Sdn. Bhd. (MQ0516)	1,195,950	0.64
24.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120	0.59
25.	Tiong Toh Siong Enterprises Sdn. Bhd.	1,050,000	0.56
26.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Datuk Tiong Thai King	987,120	0.52
27.	Cartaban Nominees (Tempatan) Sdn. Bhd. - AXA Affin General Insurance Berhad	845,000	0.45
28.	Maybank Nominees (Asing) Sdn. Bhd. - Exempt An For DBS Bank Limited (Client A/C)	770,000	0.40
29.	Dato' Tiong Ing	529,435	0.28
30.	Dynaquest Sdn. Bhd.	460,000	0.24
	Total	**168,021,847**	**89.31**

* Excluding 20,876,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on the Record of Depositors as at 30 October 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of Subur Tiasa Holdings Berhad ("the Company") will be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Tuesday, 22 December 2015 at 11.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2015 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of directors' fees of RM335,000 for the financial year ended 31 July 2015. **Resolution 1**

3. To re-elect Mr. Tiong Ing Ming who retires in accordance with Article 86 of the Company's Articles of Association. **Resolution 2**

4. To re-elect Mr. Poh Kee Eng who retires in accordance with Article 90 of the Company's Articles of Association. **Resolution 3**

5. To consider and if thought fit, to pass the following resolution:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh be hereby re-appointed as a director of the Company to hold office until the conclusion of the next annual general meeting." **Resolution 4**

6. To appoint auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

   A Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 from a member of the Company has been received for the nomination of Messrs. Crowe Horwath for appointment as Auditors of the Company and the member has proposed the following Ordinary Resolution:

   "THAT, Messrs. Crowe Horwath, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs. Ernst & Young and to hold office until the conclusion of the next annual general meeting and that the Directors be authorised to determine their remuneration."

As Special Business

7. To consider and, if thought fit, pass the following ordinary resolution:

   Continuation in office as Independent Non-Executive Director pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 **Resolution 6**

   "THAT, subject to passing of Resolution 4, approval be and is hereby given to YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company."

NOTICE OF ANNUAL GENERAL MEETING (contd.)

8. To consider and, if thought fit, pass the following ordinary resolution:

Proposed renewal of authority for purchase of own shares by the Company **Resolution 7**

"THAT, subject always to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be hereby unconditionally and generally authorised to purchase and hold on the market of Bursa Securities such number of ordinary shares of RM1.00 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being and an amount not exceeding the Company's share premium reserve account at the time of purchase be allocated by the Company for the Proposed Share Buy-Back AND THAT, such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of Bursa Securities, or subsequently may be cancelled AND THAT the Directors be hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities AND FURTHER THAT the authority hereby given will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities."

9. To consider and, if thought fit, pass the following ordinary resolution:

Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate") **Resolution 8**

"THAT approval be hereby given to the Company and its subsidiaries ("STH Group") to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of STH Group as outlined in point 3(b) of the Circular to Shareholders dated 27 November 2015 ("Circular"), with the specific related parties mentioned therein subject further to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and

NOTICE OF ANNUAL GENERAL MEETING (contd.)

(b) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed;

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

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

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate."

10. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board of Directors
Ling Chieh Min (MIA 18531)
Voon Jan Moi (MAICSA 7021367)
Joint Company Secretaries

Dated : 27 November 2015
Sibu, Sarawak

Explanatory Notes on Special Business

(a) Ordinary resolution in relation to the re-election of Independent Non-Executive Director (proposed resolution no. 2)
The Nomination Committee and the Board of Directors had assessed the independence of Mr. Tiong Ing Ming and recommended him to be re-elected as Independent Non-Executive Director of the Company.

(b) Ordinary resolution in relation to continuation in office as Independent Non-Executive Directors pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 (proposed resolution no. 6)
The Nomination Committee and the Board of Directors had assessed the independence of YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh who has served as Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- *he fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and therefore would be able to offer impartial judgment and advice to the Board; and*

NOTICE OF ANNUAL GENERAL MEETING (contd.)

- *he devoted sufficient time and attention to his responsibilities as an Independent Director of the Company.*

(c) Ordinary resolution on proposed renewal of authority for purchase of own shares by the Company

The proposed resolution No. 7, if passed, will renew the authority for the Company to purchase up to ten per cent (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad. The authority to purchase share will expire at the conclusion of the next AGM, unless revoked or varied by ordinary resolution passed by shareholders at general meeting. Please refer to the Statement to Shareholders dated 27 November 2015 for further information.

(d) Ordinary resolution on Shareholder Mandate for recurrent related party transactions

Paragraph 10.09 of Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

The proposed resolution No. 8, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in point 3(b) of the Circular to Shareholders dated 27 November 2015 ("Circular"), which are necessary for day-to-day operations of the STH Group, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the STH Group or adversely affecting the business opportunities available to the STH Group. Please refer to the Circular for further information.

Notes:

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. To be valid, the duly completed proxy form must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. A depositor whose name appears in the Record of Depositors as at 16 December 2015 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his behalf.

NOMINATION LETTER

TIONG TOH SIONG HOLDINGS SDN. BHD. (105159-U)
Menara Rimbunan Hijau, 101 Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak.
Head Office : Tel : 084-216155 Fax : 084- 217215

11 November 2015

The Board of Directors
Subur Tiasa Holdings Berhad
No. 66-78, Pusat Suria Permata
Jalan Upper Lanang
C.D.T. 123, 96000 Sibu, Sarawak

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS. CROWE HORWATH AS NEW AUDITORS

We, being a shareholder of Subur Tiasa Holdings Berhad ("the Company"), hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965, of our nomination of Messrs. Crowe Horwath as new Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young and we hereby propose the following ordinary resolution at the forthcoming Annual General Meeting of the Company:

"**THAT,** Messrs. Crowe Horwath, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs. Ernst & Young and to hold office until the conclusion of the next annual general meeting and that the Directors be authorised to determine their remuneration."

Yours faithfully,
For Tiong Toh Siong Holdings Sdn. Bhd.

Tiong Kiong King
Director

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Subur Tiasa Holdings Berhad

(Company No. 341792-W)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ________________________________ (Name in full) ________________

(IC/Passport/Company No.) of ________________________________ (Address)

being a member/members of the abovenamed Company, hereby appoint ________________

(Name in full) ________________ (IC/Passport No.) of ________________

________________________________ (Address) or failing him,

________________ (Name in full) ________________ (IC/Passport No.)

of ________________________________ (Address)

as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Tuesday, 22 December 2015 at 11.30 a.m. and any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

My/our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	Approval of the directors' fees for the financial year ended 31 July 2015.		
2.	Re-election of Mr. Tiong Ing Ming as Director.		
3.	Re-election of Mr. Poh Kee Eng as Director.		
4.	Re-appointment of YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh as Director.		
5.	To appoint Messrs. Crowe Horwath as auditors for the ensuing year.		
6.	To retain YBhg. Temenggong Datuk Kenneth Kanyan anak Temenggong Koh as an Independent Non-Executive Director.		
7.	Proposed renewal of authority for purchase of own shares by the Company.		
8.	Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature.		

Shareholding Represented by Proxy 1	
Shareholding Represented by Proxy 2	

Dated this ________ day of ________________ 2015

____
Signature of shareholder(s)/common seal

Notes :

(1) A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(2) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.

(3) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(4) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(5) To be valid, the duly completed proxy form must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

(7) A depositor whose name appears in the Record of Depositors as at 16 December 2015 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Affix Stamp
Here

The Secretary
Subur Tiasa Holdings Berhad
No 66-78, Pusat Suria Permata
Jalan Upper Lanang, C.D.T. 123
96000 Sibu, Sarawak
Malaysia

常豐控股
SUBUR TIASA

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