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 continues to reinforce the importance of good corporate governance in building a sustainable business, and 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.

With the release of the Malaysian Code on Corporate Governance 2017 ("New Code") on 26 April 2017, the Board aspires to ensure that the principles and best practices as set out in the New Code are well understood, applied and reported for promoting greater internalization of corporate governance culture within the Group.

The Board is pleased to present this statement which describes on how the Company has applied the principles as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") and the extent of its compliance with the principles.

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 the 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 and integrity of the Group's internal controls and management information system;
f) providing input into and final approval of the annual operating budget;
g) approving major capital expenditure, capital management and acquisition or divestitures;

CORPORATE GOVERNANCE STATEMENT (cont'd)

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.

1.3 Ethical Standards through Code of Conduct

The Board has adopted a Code of Conduct which covers Business Ethics, workplace safety, employees' personal conduct and 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.

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 Sustainability and Corporate Social Responsibility set out on pages 16 to 19 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

The Board is supported by qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. 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 2016. 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 the 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 respective Chairman.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The Company Secretaries also ensure that the Company complies with all applicable statutory and regulatory requirements. They communicate with management on Board's decision, liaising with auditors, lawyers, bankers, tax agents, shareholders and other stakeholders in respect of company secretarial and compliance matters. 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 annually in line with changes in the expectations of the investing public and stakeholders of the Company in general and the guidelines issued 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.

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 2017 are as follows:

Chairperson	Mdm. Ngu Ying Ping	Senior Independent Director
Member	Mr. Tiong Kiong King	Non-Independent Non-Executive Director
Member	Mr. Tiong Ing Ming	Independent Director
Member	Mr. Poh Kee Eng	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 terms of reference of the Nominating Committee is available at the Company's website at www.suburtiasa.com.

The activities carried out by the Nomination Committee during the financial year ended 31 July 2017 are as follows:

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

(b) evaluated the performance and effectiveness of the Board and Board Committees including contribution of each individual director;

(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 2016;

(e) review the term of office, performance and effectiveness of the Audit Committee and Remuneration Committee;

(f) assessed the training needs of Directors; and

(g) reviewed criteria for recruitment process and annual assessment of Directors.

The Nominating Committee meets as and when required. One (1) meeting was held during the financial year ended 31 July 2017 and was attended by all the members.

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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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. 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 qualities 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 Chief Financial Officer have the character, experience, integrity, competence and time to effectively discharge their respective roles.

The Board has adopted a gender diversity policy by having two (2) female Directors on board namely YBhg. Dato' Tiong Ing and Mdm. Ngu Ying Ping. In conjunction with Hari Wanita 2016, Subur Tiasa Holdings Berhad was also given recognition for achieving the target of at least 30% women on board in public listed companies.

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 50 to 70 years of age, which underlies the Board's commitment to age diversity at the Board level appointment. This creates an environment where each generation brings different skills, experience and talent to the Board.

The Board is aware of the importance of 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. The Board has also reviewed and adopted workforce diversity policy. The Group embraces diversity at workplaces and does not allow any form of discrimination practice in the Group.

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 shall be eligible for re-election at each Annual General Meeting.

Following the enforcement of the Companies Act 2016 which came into force on 31 January 2017, the Companies Act, 1965 has been repealed and hence, there is no more maximum age limit for a Director. Therefore, a Director of a public company of or over the age of seventy (70) is no longer subject to re-appointment at the Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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	Mdm. Ngu Ying Ping	Senior Independent Director
Member	Mr. Tiong Kiong King	Non-Independent Non-Executive Director
Member	Mr. Tiong Ing Ming	Independent Director
Member	Mr. Poh Kee Eng	Independent Director

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 2017.

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

Each individual Director has abstained from the Board discussion and decision making on his/her own remuneration.

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.

Details of the remuneration of the Directors of the Company for the financial year ended 31 July 2017 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:

	Company		**Group**	
	Non- Executive Director (RM)	**Executive Director (RM)**	**Non-Executive Director (RM)**	**Executive Director (RM)**
Fees	225,000	55,000	244,000	75,000
Salary	-	1,849,000	-	1,849,000
Bonus	-	915,750	-	915,750
Allowance	-	700,000	-	700,000
EPF	-	415,770	-	415,770
Benefits in kind	-	11,100	-	11,100
Total	225,000	3,946,620	244,000	3,966,620

Range of Remuneration	**Number of Directors**			
	Company		**Group**	
	Non-Executive Director	**Executive Director**	**Non-Executive Director**	**Executive Director**
RM50,001 - RM100,000	4	-	4	-
RM3,900,001 - RM3,950,000	-	1	-	-
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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

3 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independent Directors

The Board has, through the Nomination Committee, adopted the same criteria of independence as set out in the Listing Requirements to assess the Independent Directors on an annual basis. In assessing the independence of Independent Directors, the Board, taking into account their skills, experience and contributions, as well as their background, will consider whether the Independent Directors have any relationships with the Company and their ability to exercise independent and objective judgement to the Board's deliberations at all times and to act in the best interests of the Company.

The Board, through the Nomination Committee has assessed all the independent directors and found that they met the criteria and are able to bring unbiased and independent view and advice in discharging their duties and responsibilities.

3.2 Tenure of Independent Directors

The tenure of an Independent Director shall not exceed a cumulative or consecutive term of nine (9) years. Pursuant to the New Code, annual shareholder's approval is required for independent director who has served for more than 9 to 12 years. However, for independent director who has served for more than 12 years, annual shareholder's approval must be sought through a two-tier voting process. Currently, there is no Director who has served for a consecutive term of more than nine (9) years in the Board.

3.3 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. The Board comprises a majority of independent directors although our Chairman is not an independent director.

3.4 Composition of the Board

The Board currently has five (5) members, comprising three (3) Independent Directors, one (1) 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 management are fully discussed and examined, taking into account the long term interest, not only of the shareholders, but the 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, two-third (2/3) of the Board members are 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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Mdm. Ngu Ying Ping (email address: ypngu@suburtiasa.com) 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 7 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 2017, 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	4 out of 4
YBhg. Dato' Tiong Ing	4 out of 4
Mdm. Ngu Ying Ping	4 out of 4
Mr. Tiong Ing Ming	4 out of 4
Mr. Poh Kee Eng	4 out of 4

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 Securities. The Board acknowledges that continuous training is important to broaden Directors' 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 Directors are required to attend at least one (1) training or seminar each year.

The descriptions of the trainings/seminars attended by the Directors during the financial year ended 31 July 2017 are as follows:

Director	Title of training/ seminar	Number of day(s) spent
Mr. Tiong Kiong King	- Leadership Excellence From The Chair	1 day
YBhg. Dato' Tiong Ing	- Why Do I Need To Know About Competition Law? - Transitioning The Constitution & Practical Issues Under The Companies Act 2016	1 day 1 day

CORPORATE GOVERNANCE STATEMENT (cont'd)

Director	Title of training/ seminar	Number of day(s) spent
Mdm. Ngu Ying Ping	- Risk Management and Internal Control Workshop	1 day
	- Risk Management Programme: I Am Ready To Manage Risks	1 day
	- The Draft Malaysian Code On Corporate Governance 2016 – Raising The Bar & Drafting The Management Discussion and Analysis	1 day
	- 2017 Tax and Budget Conference	1 day
	- Seminar Percukaian Kebangsaan 2016	1 day
	- The New Companies Act 2016 – Highlights on Key Changes	1 day
Mr. Tiong Ing Ming	- Claims Evaluation	1 day
	- Risk Management and Internal Control Workshop	1 day
Mr. Poh Kee Eng	- Risk Management and Internal Control Workshop	1 day
	- Risk Management Programme: I Am Ready to Manage Risks	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.

5 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Financial Reporting Standards

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors 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 2016, Listing Requirements and the Financial Reporting Standards in Malaysia. The Audit Committee provides assistance to the Board of Directors in fulfilling these statutory and fiduciary responsibilities with regard 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 Suitability and Independence of External Auditors

The Company undertakes an annual assessment of the External Auditors, via the Audit Committee, based on the criteria including quality of audit services, audit fees and audit independence as set out in the Auditor Independence Policy.

In supporting the Audit Committee's assessment of their independence, the External Auditors had provided a written assurance, confirming that they were, and had been, independent throughout the conduct of the audit engagement with the Company in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

During the financial year under review, the Audit Committee met with the External Auditors once without the presence of other Directors and employees. The External Auditors received full cooperation from management, had full access to the Group's records and had no issue of concern that require the Audit Committee's attention.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Audit and non-audit fees payable by the Group and the Company to the External Auditors during the financial year ended 31 July 2017 are set out below:

	Group RM	Company RM
Statutory audit fee:		
- Crowe Horwath (a)	203,500	38,000
- Messrs CA Trust PAC	13,741	-
Total	**217,241**	**38,000**
Non-audit fees:		
- Crowe Horwath	5,000	5,000
- Affiliates of Crowe Horwath	2,000	-
Total (b)	**7,000**	**5,000**
% of non-audit fees (b/a)	3.4%	13.2%

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee, having assessed the performance and independence of Messrs. Crowe Horwath for the financial year ended 31 July 2017, was satisfied with their suitability and independence and recommended to the Board for their re-appointment as External Auditors at the forthcoming Annual General Meeting subject to shareholders' approval.

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.

The Statement on Risk Management and Internal Control on pages 34 to 35 of this annual report provides an overview of the state of risk management and internal controls within the Group.

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 that 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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 requirements.

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, 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, 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 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.

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, Company Secretaries, senior management and 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 three (23) 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

The Board noted that pursuant to Paragraph 8.29A of the Listing Requirements, the Company must ensure that any resolution set out in the notice of general meeting, is voted by poll. The Board will implement poll voting for all the resolutions to be tabled at the forthcoming Annual General Meeting. The Company will appoint one (1) scrutineer, who is independent of the Group and the person undertaking the polling process, to validate the vote casted.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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. 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 no selective dissemination of information and there is always symmetry of information disclosure.

Currently, communications are made through the quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and the Company's website www.suburtiasa.com where shareholders can access corporate information, annual reports, financial information and Company announcements.

Compliance Statement

The Group is considered complied with the principles and recommendations of the Code, except for those disclosed herein before. With the introduction of the New Code, the Board remains committed to inculcating good corporate governance for the Group. The Group will continue to endeavour to comprehend with all the key principles and practice of the New Code where the Board deems appropriate, in its efforts to observe high standard of transparency, accountability and integrity to achieve the intended outcome.

This statement is made in accordance with the resolution of the Board of Directors dated 15 November 2017.

ADDITIONAL COMPLIANCE INFORMATION

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

MATERIAL CONTRACTS

Save as disclosed below, 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 2017 or entered into since the end of the previous financial year.

On 22 February 2017, Tiasa Mesra Sdn. Bhd. ("TMSB"), a wholly-owned subsidiary of the Company, entered into a conditional agreement with Rimbunan Sawit Berhad ("RSB") to acquire all the rights, titles and interests in relation to an oil palm plantation estate via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto ("Proposed Acquisition") for a purchase consideration of RM150.0 million to be satisfied in cash.

The Proposed Acquisition is currently pending the fulfilment of the following conditions precedent:-

(a) RSB obtaining the approval from the relevant authorities for the absolute assignment of the rights to and in favour of TMSB;

(b) RSB setting all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights; and

(c) RSB procuring a redemption statement cum letter of undertaking from its financier addressed to the financier of TMSB on redemption sum payable to settle the credit facilities granted by it inter alia, for the development of the oil palm plantation under the rights.

TMSB and RSB had on 21 August 2017, by way of an exchange letter, agreed to an extension of time until 21 February 2018 for the fulfilment of the conditions precedent above.

DISCLOSURE OF REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of the realised and unrealised retained earnings as at 31 July 2017 are disclosed and outlined on page 132 of this annual report.

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 36 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 2017 RM'000
Contract fee income for logging / reforestation	Rejang Height Sdn Bhd	A	24,132
Logging contract fee income	Bakun Logging Sdn Bhd	C	13,560
	Saforin Sdn Bhd	A	5,527
	Timbergrow Sdn Bhd	C	5,056
		Total	**24,143**
Sale of logs	Unique Wood Sdn Bhd	B	605
Sale of fresh fruit bunches	Unique Palm Oil Mill Sdn Bhd	B	58,923

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

Type of RRPT	Name of Related Party(ies)	Relationship with the Group[1]	Actual Amount of RRPT for year ended 31 July 2017 RM'000
Towage and handling income	Jaya Tiasa Group[2]	A	528
Freight and handling charges paid / payable	Jaya Tiasa Group[2]	A	29
Purchase of adhesive materials	Petanak Enterprises Sdn Bhd	A	21,217
Purchase of logs	Bakun Logging Sdn Bhd	C	19,406
	Lukutan Enterprises Sdn Bhd	A	1,096
	Rejang Height Sdn Bhd	A	29,843
	Supreme Timber Products Sdn Bhd	A	163
	Timbergrow Sdn Bhd	C	6,805
		Total	**57,313**
Purchase of spare parts and equipments	Rimbunan Hijau General Trading Sdn Bhd	A	5,391
Purchase of veneer	Jaya Tiasa Group[2]	A	6,329
Purchase of waste timber	Unique Wood Sdn Bhd	B	17

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 subsidiaries, Jaya Tiasa Plywood Sdn Bhd and Curiah 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 the Bursa Malaysia Securities Berhad Main Market Listing Requirements 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 2017 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;
- Management and the Board receives timely, relevant and reliable management and financial reports which are reviewed on a regular basis;

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

- The Group has in place a Management Information System that captures, compiles, analyses 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 controls 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 Chief Financial Office, 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 2017 and up to the date of approval of this statement.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 July 2017 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 15 November 2017.

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 2017.

The primary objective of the Audit Committee ("Committee") is to assist the Board in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Company and all its subsidiaries ("Group") and to ensure the adequacy and effectiveness of the Group's internal control measures.

MEMBERS AND ATTENDANCE OF MEETINGS

The Committee comprises the Directors as listed below. All members of the Committee are financially literate. During the financial year ended 31 July 2017, five (5) meetings were held. The details of attendance of each of them are outlined as follows:

NAME	DESIGNATION	NO. OF MEETINGS HELD	ATTENDANCE OF MEETINGS
Mdm. Ngu Ying Ping	Chairman (Senior Independent Director)	5	5
Mr. Tiong Ing Ming	Member (Independent Director)	5	5
Mr. Poh Kee Eng	Member (Independent Director)	5	5

Details of training attended by members of the Committee are disclosed in the Corporate Governance Statement set out on pages 27 to 28 of this annual report.

The Group Managing Director, Chief Operating Officer, Chief Financial Officer, internal auditors and company secretaries attended all the meetings held during the year ended 31 July 2017. External auditors attended two (2) of these meetings. All proceedings, matters arising and deliberations in terms of the issue discussed, and recommendation of the committee 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 as well as its recommendations and views to the Board.

Terms of Reference
The terms of reference of the Committee are available at the company website at www.suburtiasa.com

SUMMARY OF WORK OF THE AUDIT COMMITTEE

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 2017 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 to ensure that the financial reporting and disclosures presented a true and fair view of the financial position and performance 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 and assess conflict of interest situation that may arise;

e) Assessment of the external auditors, 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;

g) Review of 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 (cont'd)

h) Meeting with the external auditors without the presence of the other directors and employees of the Group;

i) Review of the draft circular to shareholders in relation to the proposed renewal and new shareholder mandates for recurrent related party transactions of a revenue or trading nature;

j) Review of the proposed revision made to the existing terms of reference and recommendation to the Board for approval;

k) Review of the comparison of actual results of each segment against budgeted results on a quarterly basis.

INTERNAL AUDIT FUNCTION

The company has an in-house 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 prior to the commencement of new 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 2017 was RM901,935 (2016: RM1,106,499).

This report is made in accordance with the resolution of the Board of Directors dated 15 November 2017.

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 2016 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 15 November 2017.

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SUBUR TIASA
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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
(Loss)/profit after taxation for the financial year	(16,460)	13,668
Attributable to:-		
Owners of the Company	(16,748)	13,668
Non-controlling interests	288	-
	(16,460)	13,668

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 2,100 of its issued ordinary shares from the open market at an average price of RM1.42 per share. The total consideration paid for the purchase was RM3,106 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 July 2017, the Company held as treasury shares a total of 20,880,300 of its 209,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM55,164,743. The details on the treasury shares are disclosed in Note 21 to the financial statements.

DIRECTORS' REPORT (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT (cont'd)

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tiong Kiong King
YBhg. Dato' Tiong Ing
Ngu Ying Ping
Tiong Ing Ming
Poh Kee Eng

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
YBhg. Datu Sajeli Bin Kipli (Appointed on 2.5.2017)
Y.Bhg. Datu Dr Haji Sulaiman Bin Haji Husaini (Resigned on 2.5.2017)
Tan Sri Datuk Amar Haji Bujang Bin Mohammed Nor
Datuk Tiong Thai King
Tiong Chiong Ong (Resigned on 22.12.2016)
Tiong Chiong Ie
Razali Bin Zainuddin
Teng King Huat
Samuel James Tai Huei
Daniel James Tai Hann
Deborah Elaine Tai Hwe Lan
Ng Kim Fui

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares →			
	At 1.8.2016	Bought	Sold	At 31.7.2017
Direct Interests in the Company				
Tiong Kiong King	1,284,043	-	-	1,284,043
YBhg. Dato' Tiong Ing	1,780,213	-	-	1,780,213
Indirect Interests in the Company				
YBhg. Dato' Tiong Ing#	533,675	35,900	-	569,575

\# Deemed interested by virtue of her substantial shareholdings in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd. and the interests of her children in the Company.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 35 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD

The significant events during the financial year and occurring after the reporting period are disclosed in Note 40 to the financial statements.

AUDITORS

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

The auditors' remuneration are disclosed in Note 29 to the financial statements.

Signed in accordance with a resolution of the directors dated 15 November 2017.

Tiong Kiong King

YBhg. Dato' Tiong Ing

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Tiong Kiong King** and **YBhg. Dato' Tiong Ing**, being two of the directors of **Subur Tiasa Holdings Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 49 to 131 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 15 November 2017.

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

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Lim Choo Tad**, I/C No. 730130-13-5929, being the officer primarily responsible for the financial management of **Subur Tiasa Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 49 to 131 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Lim Choo Tad, I/C No. 730130-13-5929
at Sibu in the State of Sarawak
on this 15 November 2017.

Lim Choo Tad

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Subur Tiasa Holdings Berhad, which comprise the statements of financial position as at 31 July 2017 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Valuation of Inventories
Refer to Note 15 in the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>The Group's inventories were stated at a carrying amount of RM136.8 million as of 31 July 2017. These inventories mainly consist of work-in-progress and finished goods.

Inventories are measured at the lower of cost and net realisable value. The cost of work-in-progress and finished goods is based on a bill of raw materials that includes an allocation of the costs, including labour and overheads, to convert raw materials into finished goods.

The allocation of conversion costs and the assessment of net realisable value of inventories on hand as at the end of the reporting period require management estimates and judgements. This, in combination with the significance of inventories in the financial statements, made us identify the valuation of inventories as a key audit matter of our audit.</td><td>Our procedures included, amongst others:-

• understanding management's process in determining an appropriate costing basis, including the allocation of labour and overhead costs.

• understanding and testing the operating effectiveness of control over inventories; including observing the process of year-end inventory count.

• comparing, on a sample basis, the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down; including testing the actual selling prices of inventories post year-end and the estimated costs to make the sale.

• evaluating the adequacy of the disclosures in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT (cont'd)
TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Valuation of Investment Properties
Refer to Note 7 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
During the current financial year, the Group made a voluntary change in accounting policy to fair value its investment properties, which were previously measured using the cost model. The change in accounting policy has been applied retrospectively. As at 31 July 2017, the Group's investment properties carried a fair value totalling RM84.1 million. The management uses independent professional valuers to determine the fair values of investment properties. We identified valuation of investment properties as a key audit matter because of the significant judgement required for the determination of fair values of the investment properties.	Our procedures included, amongst others:- • assessing the competence, capabilities and objectivity of management's valuation expert. • evaluating the valuation methodologies and the appropriateness of the assumptions used by the valuation expert. • evaluating the adequacy of the disclosures in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (cont'd)
TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (cont'd)
TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 132 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF1018
Chartered Accountants

Ling Hang Ngee
Approval No: 3188/07/19(J)
Chartered Accountant

Sibu, Sarawak
Date: 15 November 2017

STATEMENTS OF FINANCIAL POSITION
AT 31 JULY 2017

	Note	The Group 2017 31.7.2017 RM'000	The Group 2016 31.7.2016 RM'000 (Restated)	The Group 1.8.2015 RM'000 (Restated)	The Company 2017 31.7.2017 RM'000	The Company 2016 31.7.2016 RM'000
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	376,980	383,980
Property, plant and equipment	6	617,908	606,621	659,521	207,417	230,494
Investment properties	7	84,085	79,490	85,024	-	-
Land held for property development	8	6,437	6,005	-	-	-
Intangible assets	9	-	1,621	7,161	-	-
Biological assets	10	244,856	198,663	165,258	-	-
Investment securities	11	33,156	36,722	16,286	33,156	36,722
Goodwill	12	2,720	2,720	2,720	-	-
Long-term receivable	13	3,156	3,205	5,313	3,156	3,205
Deferred tax assets	14	11,378	21,804	21,774	3,811	3,811
		1,003,696	956,851	963,057	624,520	658,212
CURRENT ASSETS						
Inventories	15	136,752	167,821	178,087	11,602	9,479
Trade receivables	16	48,735	48,627	61,061	10,968	15,005
Other receivables, deposits and prepayments	17	96,258	51,721	26,822	39,614	44,061
Amount owing by subsidiaries	18	-	-	-	293,581	244,791
Current tax assets		4,739	4,788	2,539	1,133	1,133
Deposits with licensed banks	19	16,003	35,712	11,601	8,293	20,560
Cash and bank balances		12,305	11,815	44,676	3,133	3,053
		314,792	320,484	324,786	368,324	338,082
TOTAL ASSETS		1,318,488	1,277,335	1,287,843	992,844	996,294

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

STATEMENTS OF FINANCIAL POSITION (cont'd)
AT 31 JULY 2017

	Note	The Group 2017 31.7.2017 RM'000	The Group 2016 31.7.2016 RM'000 (Restated)	The Group 1.8.2015 RM'000 (Restated)	The Company 2017 31.7.2017 RM'000	The Company 2016 31.7.2016 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	20	268,680	209,000	209,000	268,680	209,000
Treasury shares	21	(55,165)	(55,162)	(55,158)	(55,165)	(55,162)
Reserves	22	415,010	495,031	533,534	423,258	472,863
Equity attributable to owners of the Company		628,525	648,869	687,376	636,773	626,701
Non-controlling interests	5	2,489	951	(40)	-	-
TOTAL EQUITY		631,014	649,820	687,336	636,773	626,701
NON-CURRENT LIABILITIES						
Bank borrowings	23	92,906	96,259	157,020	560	10,621
Deferred tax liabilities	14	32,252	23,461	20,841	-	-
		125,158	119,720	177,861	560	10,621
CURRENT LIABILITIES						
Trade payables	25	110,791	89,691	117,732	39,030	27,632
Other payables, deposits and accruals	26	36,184	24,577	20,145	15,460	9,617
Amount owing to subsidiaries	18	-	-	-	97,963	57,976
Bank borrowings	23	414,628	392,905	279,994	203,058	263,747
Current tax liabilities		713	622	4,775	-	-
		562,316	507,795	422,646	355,511	358,972
TOTAL LIABILITIES		687,474	627,515	600,507	356,071	369,593
TOTAL EQUITY AND LIABILITIES		1,318,488	1,277,335	1,287,843	992,844	996,294

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000 (Restated)	The Company 2017 RM'000	The Company 2016 RM'000 (Restated)
REVENUE	27	492,636	554,603	224,498	293,501
COST OF SALES		(388,568)	(473,827)	(137,254)	(214,839)
GROSS PROFIT		104,068	80,776	87,244	78,662
OTHER INCOME		15,071	17,229	13,218	15,900
ADMINISTRATIVE EXPENSES		(48,473)	(49,181)	(39,560)	(40,011)
SELLING AND DISTRIBUTION EXPENSES		(48,546)	(53,797)	(21,823)	(25,881)
OTHER EXPENSES		(1,621)	(5,736)	(13,500)	(7,494)
FINANCE COSTS	28	(15,744)	(21,030)	(11,911)	(14,406)
PROFIT/(LOSS) BEFORE TAXATION	29	4,755	(31,739)	13,668	6,770
INCOME TAX EXPENSE	30	(21,215)	(1,132)	-	4,727
(LOSS)/PROFIT AFTER TAXATION		(16,460)	(32,871)	13,668	11,497
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Fair value changes of financial assets measured at fair value through other comprehensive income		(3,593)	(5,641)	(3,593)	(5,641)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		(20,053)	(38,512)	10,075	5,856
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(16,748)	(32,862)	13,668	11,497
Non-controlling interests		288	(9)	-	-
		(16,460)	(32,871)	13,668	11,497
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(20,341)	(38,503)	10,075	5,856
Non-controlling interests		288	(9)	-	-
		(20,053)	(38,512)	10,075	5,856
LOSS PER SHARE (SEN):-	31				
Basic		(8.90)	(17.47)		
Diluted		Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		← Non-distributable →				Distributable			
	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group									
Balance at 1.8.2015									
- as previously reported		209,000	(55,158)	59,680	(18,798)	478,785	673,509	(40)	673,469
- change in accounting policy	41	-	-	-	-	13,867	13,867	-	13,867
- as restated		209,000	(55,158)	59,680	(18,798)	492,652	687,376	(40)	687,336
Loss after taxation for the financial year, as restated		-	-	-	-	(32,862)	(32,862)	(9)	(32,871)
Other comprehensive income for the financial year:-									
- fair value changes of financial assets measured at fair value through other comprehensive income		-	-	-	(5,641)	-	(5,641)	-	(5,641)
Total comprehensive income for the financial year		-	-	-	(5,641)	(32,862)	(38,503)	(9)	(38,512)
Contributions by and distributions to owners of the Company:-									
- purchase of treasury shares	21	-	(4)	-	-	-	(4)	-	(4)
- additional investments in an existing subsidiary by non-controlling interests		-	-	-	-	-	-	1,000	1,000
Total transactions with owners		-	(4)	-	-	-	(4)	1,000	996
Balance at 31.7.2016		209,000	(55,162)	59,680	(24,439)	459,790	648,869	951	649,820

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

		← Non-distributable		→		Distributable			
	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group									
Balance at 31.7.2016/1.8.2016		209,000	(55,162)	59,680	(24,439)	459,790	648,869	951	649,820
(Loss)/profit after taxation for the financial year		-	-	-	-	(16,748)	(16,748)	288	(16,460)
Other comprehensive income for the financial year:-									
- fair value changes of financial assets measured at fair value through other comprehensive income		-	-	-	(3,593)	-	(3,593)	-	(3,593)
Total comprehensive income for the financial year		-	-	-	(3,593)	(16,748)	(20,341)	288	(20,053)
Contributions by and distributions to owners of the Company:-									
- purchase of treasury shares	21	-	(3)	-	-	-	(3)	-	(3)
- additional investments in existing subsidiaries by non-controlling interests		-	-	-	-	-	-	1,250	1,250
Total transactions with owners		-	(3)	-	-	-	(3)	1,250	1,247
Transfer of share capital upon implementation of the Companies Act 2016	20	59,680	-	(59,680)	-	-	-	-	-
Balance at 31.7.2017		268,680	(55,165)	-	(28,032)	443,042	628,525	2,489	631,014

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

				← Non-distributable	→	Distributable	
	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
The Company							
Balance at 1.8.2015		209,000	(55,158)	59,680	(18,798)	426,125	620,849
Profit after taxation for the financial year		-	-	-	-	11,497	11,497
Other comprehensive income for the financial year:-							
- fair value changes of financial assets measured at fair value through other comprehensive income		-	-	-	(5,641)	-	(5,641)
Total comprehensive income for the financial year		-	-	-	(5,641)	11,497	5,856
Contributions by and distributions to owners of the Company:-							
- purchase of treasury shares	21	-	(4)	-	-	-	(4)
Balance at 31.7.2016		209,000	(55,162)	59,680	(24,439)	437,622	626,701

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Note	Share Capital RM'000	Treasury Shares RM'000	← Non-distributable → Share Premium RM'000	Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
The Company							
Balance at 31.7.2016/1.8.2016		209,000	(55,162)	59,680	(24,439)	437,622	626,701
Profit after taxation for the financial year		-	-	-	-	13,668	13,668
Other comprehensive income for the financial year:-							
- fair value changes of financial assets measured at fair value through other comprehensive income		-	-	-	(3,593)	-	(3,593)
Total comprehensive income for the financial year		-	-	-	(3,593)	13,668	10,075
Contributions by and distributions to owners of the Company:-							
- purchase of treasury shares	21	-	(3)	-	-	-	(3)
Transfer to share capital upon implementation of the Companies Act 2016	20	59,680	-	(59,680)	-	-	-
Balance at 31.7.2017		268,680	(55,165)	-	(28,032)	451,290	636,773

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	The Group		The Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	4,755	(31,739)	13,668	6,770
Adjustments for:-				
Amortisation of biological assets	5,981	5,082	-	-
Amortisation of intangible assets	1,621	5,540	-	2,298
Bad debts written off	3	-	-	-
Depreciation of property, plant and equipment	39,662	79,346	15,385	44,866
Dividend income	(32)	(41)	(47,882)	(32,291)
Fair value gain on investment properties	(4,595)	(2,477)	-	-
Fair value gain on investment securities	(13)	(86)	(13)	(86)
Impairment losses on investments in subsidiaries	-	-	13,500	5,000
Interest expense	15,744	21,030	11,911	14,406
Interest income	(799)	(1,002)	(6,184)	(1,688)
(Gain)/loss on disposal of property, plant and equipment	(5,758)	1,978	(182)	(1,874)
Property, plant and equipment written off	68	25	-	2
Reversal of write-down of inventories	(355)	(710)	-	-
Unrealised loss/(gain) on foreign exchange	232	587	(7)	(23)
Write-down of inventories	1,282	196	302	196
Operating profit before working capital changes	57,796	77,729	498	37,576
Decrease/(increase) in inventories	30,142	9,212	(2,425)	4,758
(Increase)/decrease in trade and other receivables	(44,921)	(10,253)	8,394	(27,383)
Increase/(decrease) in trade and other payables	32,665	(24,193)	17,241	(1,002)
(Increase)/decrease in amount owing by subsidiaries	-	-	(4,205)	49,112
CASH FROM OPERATIONS	75,682	52,495	19,503	63,061
Income tax paid	(1,920)	(5,800)	-	(2,044)
Income tax refunded	61	856	-	-
Interest paid	(22,058)	(23,453)	(11,911)	(14,406)
Interest received	799	1,002	6,184	1,688
NET CASH FROM OPERATING ACTIVITIES	52,564	25,100	13,776	48,299

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

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000 (Restated)	The Company 2017 RM'000	The Company 2016 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	-	-	-	(250)
Additional investments in subsidiaries		-	-	(6,500)	(15,549)
Additional investments in existing subsidiaries by non-controlling interests		500	250	-	-
Costs incurred on biological assets		(44,272)	(31,863)	-	-
Dividend received		32	41	47,882	32,291
Proceeds from disposal of investment securities		-	60	-	60
Proceeds from disposal of property, plant and equipment		9,181	10,271	12,968	6,989
Purchase of investment securities		(14)	(26,051)	(14)	(26,051)
Purchase of land held for property held for development		(432)	(39)	-	-
Purchase of property, plant and equipment	33	(48,756)	(34,899)	(5,094)	(5,025)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(83,761)	(82,230)	49,242	(7,535)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loans		24,000	-	-	-
Net of drawdown/(repayment) of bankers' acceptance		14,799	6,952	(14,210)	14,210
Net of drawdown/(repayment) of revolving credit		38,500	118,000	(12,500)	88,000
Purchase of treasury shares	21	(3)	(4)	(3)	(4)
Repayment of hire purchase obligations		(50,230)	(57,435)	(44,040)	(51,732)
Repayment of term loans		(15,219)	(19,026)	-	-
Net increase in amount owing by subsidiaries		-	-	(4,598)	(75,270)
Decrease/(increase) in pledged fixed deposits with licensed banks		(31)	(29)	(12)	(11)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,816	48,458	(75,363)	(24,807)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS/ BALANCE CARRIED FORWARD		(19,381)	(8,672)	(12,345)	15,957

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

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000 (Restated)	The Company 2017 RM'000	The Company 2016 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS/ BALANCE BROUGHT FORWARD		(19,381)	(8,672)	(12,345)	15,957
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		131	(107)	146	110
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		46,576	55,355	23,256	7,189
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	27,326	46,576	11,057	23,256

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is No. 66 – 78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 November 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including The Consequential Amendments)

FRS 14 Regulatory Deferral Accounts

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

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

Amendments to FRS 101: Disclosure Initiative

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

3. BASIS OF PREPARATION (cont'd)

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (cont'd) :-

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 – 2016 Cycles: • Amendments to FRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to FRS Standards 2014 – 2016 Cycles: • Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

As disclosed in Note 3.3 to the financial statements, the Group will be applying the Malaysian Financial Reporting Standards Framework for the annual period beginning on or after 1 August 2018. Therefore, the FRSs which are effective for annual periods beginning on or after 1 January 2018 above will not be applicable to the Group. The adoption of the other accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

The amendments to FRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate,* including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 July 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(c) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(d) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Allowance for Expected Credit Losses

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade and other receivables. The impairment provisions for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(f) Allowance for Expected Credit Losses (cont'd)

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the trade and other receivables and loss allowance in the period in which such estimate has been changed.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(h) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

(i) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations from 1 August 2011 Onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business Combinations before 1 August 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business Combinations from 1 August 2011 Onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

Business Combinations before 1 August 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (cont'd)

(c) Foreign Operations (cont'd)

Goodwill and fair value adjustments arising from 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 end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that relates to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in FRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Financial Assets Measured at Amortised Cost

A financial asset is measured at amortised cost if both of the following conditions are met:-

- the financial asset is held within a business model whose objective is to hold financial 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 on the principal amount outstanding.

Interest income from these financial assets is recognised in profit or loss using the effective interest method.

These financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(ii) Financial Assets Measured at Fair Value through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:-

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an investment in an equity instrument that is not held for trading, the Group may irrevocably elect to present in other comprehensive income subsequent changes in the fair value of the investment. Gains or losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Interest income from debts instruments is recognised in profit or loss using the effective interest method.

These financial assets are classified as non-current assets, except for those having maturity within 12 months after the reporting date, or unless they are expected to be realised within 12 months after the reporting date, which are classified as current assets.

(iii) Financial Assets Measured at Fair Value through Profit or Loss

All other financial assets are classified as measured at fair value through profit or loss. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the conditions to be measured at amortised cost or at fair value through other comprehensive income as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets (cont'd)

(iii) Financial Assets Measured at Fair Value through Profit or Loss (cont'd)

Interest income from these financial assets is recognised in profit or loss.

These financial assets could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(b) Financial Liabilities

All financial liabilities, other than those categorised as fair value through profit or loss, are classified as subsequently measured at amortised cost using the effective interest method.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial liabilities 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.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are 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.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. However, the cumulative gain or loss recognised in other comprehensive income in respect of investments in equity instruments designated as measured at fair value through other comprehensive income is not recognised in profit or loss on derecognition of such investments.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities 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 or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of loss allowance determined in accordance with FRS 9 and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment, are initially measured at cost. Cost includes expenditure that are directly attributable to the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease periods of 16 to 184 years
Buildings	2% - 10%
Watercrafts, trucks and motor vehicles	5% - 25%
Plant and machinery	5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

During the financial year, the Group changed the depreciation rates for the following assets:-

Watercrafts, trucks and motor vehicles	From 10% - 25% to 5% - 25%

The change in the depreciation rate arose from a review of the useful lives of the assets concerned.

4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 INVESTMENT PROPERTIES (cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

4.9 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as a non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other direct development expenditure and related overheads.

4.10 INTANGIBLE ASSETS

(a) Computer Software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful life of 10 years.

(b) Rights in Timber Licences

Rights in timber licences are expenditure incurred in respect of the acquisition of timber licences.

The rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining tenure of the licence periods, which range from 7 to 15 years.

4.11 BIOLOGICAL ASSETS

Biological assets are stated at cost less accumulated amortisation and impairment losses, if any.

Planting expenditure incurred on land clearing, upkeep of immature trees, administrative expenses directly attributable to planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss. Pre-cropping cost is amortised on a straight-line basis over 25 years, the expected useful life of trees, upon maturity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

At the end of each reporting period, the Group recognises loss allowances for expected credit losses on financial assets that are measured at amortised cost and at fair value through other comprehensive income.

A loss allowance for a financial asset is measured at an amount equal to the lifetime expected credit losses, being the expected credit losses that result from all possible default events over the expected life of the financial asset, if the credit risk on the financial asset has increased significantly since initial recognition, considering all reasonable and supportable information, including that which is forward-looking. If, at the end of the reporting period, the credit risk on the financial asset has not increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to 12-month expected credit losses, i.e. the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on the financial asset that are possible within the 12 months after the end of the reporting period. As permitted by FRS 9, the loss allowance for expected credit losses on trade receivables is measured at an amount equal to the lifetime expected credit losses.

The amount of the change in expected credit losses is recognised in profit or loss as an impairment gain or loss.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which FRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows 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 it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.13 LEASED ASSETS

(a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 LEASED ASSETS (cont'd)

(a) Finance Lease (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.14 INVENTORIES

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

(a) Raw materials and general stores – original cost of purchase, determined on a weighted average basis.

(b) Finished goods and work-in-progress – cost of raw materials, direct labour, and an appropriate proportion of production overheads, determined on a first-in first-out basis.

(c) Nursery inventories – all costs that are directly attributable to the nursery development activities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the biological assets, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the biological assets, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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 recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 INCOME TAXES (cont'd)

(c) Goods and Services Tax ("GST") (cont'd)

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.19 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.21 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 EARNINGS PER ORDINARY SHARES

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.23 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.24 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For a non-financial asset, the fair value measurement 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.24 FAIR VALUE MEASUREMENTS (cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.25 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Contract Fee

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

(d) Interest Income

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

(e) Dividend Income

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

(f) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost		
- in Malaysia	424,228	417,728
- outside Malaysia	3	3
	424,231	417,731
Less: Accumulated impairment losses	(47,251)	(33,751)
	376,980	383,980

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
JPH Logging Sdn. Bhd.	Malaysia	100	100	Logging contractor, provision of handling services and management services
Saraju Holding Sdn. Bhd.	Malaysia	100	100	Extraction and sale of timber logs
Subur Tiasa Forestry Sdn. Bhd.	Malaysia	100	100	Development and maintenance of planted forests and forest plantation contractor
Subur Tiasa Plywood Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of plywood and veneer
Subur Tiasa Particleboard Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of raw and laminated particleboard
Borneo Lumber Industries Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of sawn timber
Grace Million Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of sawn timber
R H Timber Processing Industries Sdn. Bhd.	Malaysia	100	100	Sawmilling of timber
Trimogreen Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of sawn timber and finger-joint moulding
Diamond Biowood Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of charcoal
Excelle Timber Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of charcoal
Homet Raya Sdn. Bhd.	Malaysia	100	100	Supply of electricity, steam, and trading of lighting products and general hardware

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Momawater Sdn. Bhd.	Malaysia	100	100	Manufacture and trading of drinking water
Infrapalm Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Palmlyn Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tiasa Palm Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tiasa Mesra Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Blessings Palm Sdn. Bhd.	Malaysia	100	100	Tree planting
Allied Asiatic Sdn. Bhd.	Malaysia	100	100	Towage and transportation services
JPH Enterprise Sdn. Bhd.	Malaysia	100	100	Insurance agency
Tiasa Cergas Sdn. Bhd.	Malaysia	100	100	Insurance agency
Blessings Realty Sdn. Bhd.	Malaysia	100	100	Property holding and development
Joyful Realty Sdn. Bhd.	Malaysia	100	100	Property holding and development
Supreme Standard Development Sdn. Bhd.	Malaysia	100	100	Property holding and development
Victory Round Sdn. Bhd.	Malaysia	100	100	Investment holding
Subur Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
Subur Tiasa R&D Sdn. Bhd.	Malaysia	100	100	Biotech laboratory and research, consultancy and general trading activities
Subur Global Pte. Ltd.^	Singapore	100	100	Provision of consultancy services
Hahn Fert Sdn. Bhd.	Malaysia	75	100	Retailing of agricultural fertilisers
T. Q. Oriental Sdn. Bhd.	Malaysia	100	100	Dormant
Sarawak Plywood (M) Sdn. Bhd.	Malaysia	100	100	Dormant
AA Plywood Sdn. Bhd.	Malaysia	100	100	Dormant
Semarak Veneer & Plywood Sdn. Bhd.	Malaysia	100	100	Dormant
Honeybrix Sdn. Bhd.	Malaysia	100	100	Dormant
Mamo Sdn. Bhd.	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Momaspace Sdn. Bhd.	Malaysia	100	100	Dormant
Momaworld Sdn. Bhd.	Malaysia	100	100	Dormant
Merri Sdn. Bhd.	Malaysia	100	100	Dormant
Merri Mee Sdn. Bhd.	Malaysia	100	100	Dormant
Merri Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
United Superland Sdn. Bhd.	Malaysia	100	100	Dormant
LX Photonics Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of Momawater Sdn. Bhd.:-				
MOMA Marketing Pte. Ltd.^	Singapore	100	-	General wholesale trade
Subsidiary of Victory Round Sdn. Bhd.:-				
Victory Pelita Kabah Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm
Subsidiaries of Subur Properties Sdn Bhd:-				
Tiasa Heights Sdn. Bhd.	Malaysia	100	100	Property holding and development
Prestige Superland Sdn. Bhd.	Malaysia	100	100	Dormant

^ *Not required to be audited under the laws of the country of incorporation.*

(a) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. An impairment loss of RM13,500,000 (2016: RM5,000,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

These investments in subsidiaries are belonged to the Group's timber reportable segment.

(b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest 2017 %	2016 %	The Group 2017 RM'000	The Group 2016 RM'000
Hahn Fert Sdn. Bhd.	25	-	568	-
Victory Pelita Kabah Sdn. Bhd.	40	40	1,921	951
			2,489	951

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows:-

	Hahn Fert Sdn. Bhd.	
	2017	2016
	RM'000	RM'000
At 31 July		
Non-current assets	-	-
Current assets	16,056	-
Non-current liabilities	-	-
Current liabilities	(13,783)	-
Net assets	2,273	-
Financial Year Ended 31 July		
Revenue	19,050	-
Profit for the financial year	1,273	-
Total comprehensive income	1,273	-
Total comprehensive income attributable to non-controlling interests	318	-
Dividends paid to non-controlling interests	-	-
Net cash flows for operating activities	(1,121)	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	1,503	-

	Victory Pelita Kabah Sdn. Bhd.	
	2017	2016
	RM'000	RM'000
At 31 July		
Non-current assets	25,620	12,354
Current assets	727	982
Non-current liabilities	(556)	(112)
Current liabilities	(20,989)	(10,845)
Net assets	4,802	2,379
Financial Year Ended 31 July		
Revenue	59	-
Loss for the financial year	(77)	(22)
Total comprehensive income	(77)	(22)
Total comprehensive income attributable to non-controlling interests	(30)	(9)
Dividends paid to non-controlling interests	-	-
Net cash flows from operating activities	25	912
Net cash flows for investing activities	(11,089)	(6,507)
Net cash flows from financing activities	10,401	6,397

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

6. PROPERTY, PLANT AND EQUIPMENT

The Group

2017

Net Book Value	At 1.8.2016 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Reclassifi-cations RM'000	Depreciation Charge RM'000	At 31.7.2017 RM'000
Freehold land	17,245	-	-	-	-	-	17,245
Long leasehold land	23,542	750	-	-	-	(427)	23,865
Short leasehold land	55,726	-	-	-	-	(1,491)	54,235
Buildings	115,715	3,515	(3)	(6)	3,015	(5,615)	116,621
Watercrafts, trucks and motor vehicles	241,840	8,664	(2,982)	-	7,558	(16,387)	238,693
Plant and machinery	105,151	667	(428)	-	6,800	(11,973)	100,217
Infrastructure facilities	14,592	18,223	(5)	(4)	85	(3,229)	29,662
Furniture, fittings and equipment	12,253	1,233	(5)	(26)	280	(2,127)	11,608
Capital work-in-progress	20,557	22,975	-	(32)	(17,738)	-	25,762
	606,621	56,027	(3,423)	(68)	-	(41,249)	617,908

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

The Group	At 1.8.2015 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Reclassifi-cations RM'000	Depreciation-Charge RM'000	At 31.7.2016 RM'000
2016							
Net Book Value							
Freehold land	17,245	-	-	-	-	-	17,245
Long leasehold land	23,671	750	-	-	(488)	(391)	23,542
Short leasehold land	54,684	-	-	-	2,533	(1,491)	55,726
Buildings	93,673	5,326	(1,707)	-	26,424	(8,001)	115,715
Watercrafts, trucks and motor vehicle	289,167	4,898	(5,322)	-	2,184	(49,087)	241,840
Plant and machinery	62,867	1,411	(63)	(3)	53,994	(13,055)	105,151
Infrastructure facilities	19,446	394	-	(3)	2,965	(8,210)	14,592
Furniture, fittings and equipment	7,565	3,608	(67)	(19)	2,906	(1,740)	12,253
Capital work-in-progress	91,203	22,921	(5,090)	-	(88,477)	-	20,557
	659,521	39,308	(12,249)	(25)	2,041	(81,975)	606,621

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Net Book Value RM'000
2017				
Freehold land	17,245	-	-	17,245
Long leasehold land	25,977	(2,112)	-	23,865
Short leasehold land	72,719	(18,484)	-	54,235
Buildings	232,161	(112,106)	(3,434)	116,621
Watercrafts, trucks and motor vehicles	542,949	(304,256)	-	238,693
Plant and machinery	406,702	(304,991)	(1,494)	100,217
Infrastructure facilities	127,689	(98,027)	-	29,662
Furniture, fittings and equipment	36,422	(24,814)	-	11,608
Capital work-in-progress	25,762	-	-	25,762
	1,487,626	(864,790)	(4,928)	617,908
2016				
Freehold land	17,245	-	-	17,245
Long leasehold land	25,227	(1,685)	-	23,542
Short leasehold land	72,719	(16,993)	-	55,726
Buildings	225,828	(106,679)	(3,434)	115,715
Watercrafts, trucks and motor vehicles	532,869	(291,029)	-	241,840
Plant and machinery	426,244	(319,599)	(1,494)	105,151
Infrastructure facilities	109,396	(94,804)	-	14,592
Furniture, fittings and equipment	35,177	(22,924)	-	12,253
Capital work-in-progress	20,557	-	-	20,557
	1,465,262	(853,713)	(4,928)	606,621

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

	At 1.8.2016 RM'000	Additions RM'000	Disposals RM'000	Reclassifi-cations RM'000	Depreciation Charge RM'000	At 31.7.2017 RM'000
The Company						
2017						
Net Book Value						
Long leasehold land	1,811	-	-	-	(33)	1,778
Short leasehold land	11,570	-	-	-	(327)	11,243
Buildings	12,530	3,057	-	901	(709)	15,779
Watercrafts, trucks and motor vehicles	195,563	6	(12,774)	-	(12,731)	170,064
Plant and machinery	707	32	-	-	(204)	535
Infrastructure facilities	405	-	-	-	(293)	112
Furniture, fittings and equipment	5,162	451	(12)	244	(1,088)	4,757
Capital work-in-progress	2,746	1,548	-	(1,145)	-	3,149
	230,494	5,094	(12,786)	-	(15,385)	207,417

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

	At 1.8.2015 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Reclassifi-cations RM'000	Depreciation Charge RM'000	At 31.7.2016 RM'000
The Company							
2016							
Net Book Value							
Long leasehold land	1,844	-	-	-	-	(33)	1,811
Short leasehold land	11,897	-	-	-	-	(327)	11,570
Buildings	13,157	86	-	-	-	(713)	12,530
Watercrafts, trucks and motor vehicles	236,927	802	(5,084)	-	1,080	(38,162)	195,563
Plant and machinery	932	-	-	-	-	(225)	707
Infrastructure facilities	4,908	-	-	-	-	(4,503)	405
Furniture, fittings and equipment	3,206	2,892	(31)	(2)	-	(903)	5,162
Capital work-in-progress	2,496	1,330	-	-	(1,080)	-	2,746
	275,367	5,110	(5,115)	(2)	-	(44,866)	230,494

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Net Book Value RM'000
2017				
Long leasehold land	2,575	(797)	-	1,778
Short leasehold land	12,605	(1,362)	-	11,243
Buildings	25,058	(7,344)	(1,935)	15,779
Watercrafts, trucks and motor vehicles	364,976	(194,912)	-	170,064
Plant and machinery	3,116	(2,581)	-	535
Infrastructure facilities	70,129	(70,017)	-	112
Furniture, fittings and equipment	20,089	(15,332)	-	4,757
Capital work-in-progress	3,149	-	-	3,149
	501,697	(292,345)	(1,935)	207,417
2016				
Long leasehold land	2,575	(764)	-	1,811
Short leasehold land	12,605	(1,035)	-	11,570
Buildings	21,100	(6,635)	(1,935)	12,530
Watercrafts, trucks and motor vehicles	397,669	(202,106)	-	195,563
Plant and machinery	3,084	(2,377)	-	707
Infrastructure facilities	70,129	(69,724)	-	405
Furniture, fittings and equipment	19,579	(14,417)	-	5,162
Capital work-in-progress	2,746	-	-	2,746
	529,487	(297,058)	(1,935)	230,494

(a) Included in the depreciation charge of the Group for the financial year is an amount of RM1,587,000 (2016: RM2,629,000), which is capitalised under biological assets.

(b) The net book value of property, plant and equipment acquired under hire purchase terms is as follows:-

	The Group		The Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Watercrafts, trucks and motor vehicles	76,739	158,613	54,748	145,488
Plant and machinery	18,358	20,216	-	386
	95,097	178,829	54,748	145,874

These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

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

(c) The net book value of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 23) is as follows:-

	The Group	
	2017	**2016**
	RM'000	RM'000
Short leasehold land	2,429	2,481
Buildings	24,354	25,041
Watercrafts, trucks and motor vehicles	6,708	6,599
Plant and machinery	60,073	64,378
Infrastructure facilities	5,422	6,033
Furniture, fittings and equipment	3,082	3,089
Capital work-in-progress	2,306	298
	104,374	107,919

(d) Included in the property, plant and equipment of the Group and of the Company at the end of the reporting period were watercrafts, trucks and motor vehicles with a total net book value of RM10,213,000 and RM287,000 (2016: RM11,303,000 and RM327,000) respectively, of which the titles of these assets have yet to be registered in the name of the Company and its subsidiaries.

(e) Certain buildings of the Group with a total net book value of RM1,568,000 (2016: RM2,368,000) 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.

7. INVESTMENT PROPERTIES

	At 1.8.2016 RM'000	Fair Value Adjustment RM'000	At 31.7.2017 RM'000
The Group			
2017			
Long leasehold land, at fair value	72,868	4,212	77,080
Short leasehold land, at fair value	6,622	383	7,005
	79,490	4,595	84,085

	At 1.8.2015 RM'000	Reclassified to Property, Plant and equipment (Note 6) RM'000	Reclassified to Land Held for Property Development (Note 8) RM'000	Fair Value Adjustment RM'000	At 31.7.2016 RM'000
The Group					
2016					
Long leasehold land, at fair value	76,544	-	(5,966)	2,290	72,868
Short leasehold land, at fair value	8,480	(2,045)	-	187	6,622
	85,024	(2,045)	(5,966)	2,477	79,490

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

7. INVESTMENT PROPERTIES (cont'd)

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and market trends. The most significant input into this valuation approach is price per acre of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

8. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2017 RM'000	**2016** RM'000
Cost:-		
At 1 August	6,005	-
Reclassified from investment properties (Note 7)	-	5,966
Addition during the financial year	432	39
At 31 July	6,437	6,005

9. INTANGIBLE ASSETS

The Group	At 1.8.2016 RM'000	Amortisation Charge RM'000	At 31.7.2017 RM'000
2017			
Net Book Value			
Rights in timber licences	1,621	(1,621)	-

The Group	At 1.8.2015 RM'000	Amortisation Charge RM'000	At 31.7.2016 RM'000
2016			
Net Book Value			
Rights in timber licences	7,161	(5,540)	1,621

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

9. INTANGIBLE ASSETS (cont'd)

The Group	At Cost RM'000	Accumulated Amortisation RM'000	Net Book Value RM'000
2017			
Computer software	19,014	(19,014)	-
Rights in timber licences	183,447	(183,447)	-
	202,461	(202,461)	-
2016			
Computer software	19,014	(19,014)	-
Rights in timber licences	206,137	(204,516)	1,621
	225,151	(223,530)	1,621

The Company	At 1.8.2015 RM'000	Amortisation Charge RM'000	At 31.7.2016 RM'000
2016			
Net Book Value			
Rights in timber licences	2,298	(2,298)	-

The Company	At Cost RM'000	Accumulated Amortisation RM'000	Net Book Value RM'000
2017			
Rights in timber licences	183,447	(183,447)	-
2016			
Rights in timber licences	183,447	(183,447)	-

The Group has 4 (2016: 5) timber licences. The timber licences expired in the year 2017. The directors are of the view that all the timber licences are renewable.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

10. BIOLOGICAL ASSETS

	The Group	
	2017	**2016**
	RM'000	RM'000 (Restated)
Cost:-		
At 1 August	221,747	183,260
Addition during the financial year	52,174	36,915
Reclassified from property, plant and equipment (Note 6)	-	4
Transferred from inventories	-	1,568
At 31 July	273,921	221,747
Accumulated amortisation:-		
At 1 August	23,084	18,002
Amortisation during the financial year	5,981	5,082
At 31 July	29,065	23,084
Net book value:-		
At 31 July	244,856	198,663

(a) The biological assets include the following expenses:-

	The Group	
	2017	**2016**
	RM'000	RM'000
Depreciation of property, plant and equipment	1,587	2,629
Finance costs:-		
- hire purchase obligations	24	53
- term loans	1,559	2,370
- others	4,732	-
Rental of equipment	450	1,072
Staff costs:-		
- short-term employee benefits	9,281	8,054
- defined contribution plans	692	561

(b) The net book value of biological assets pledged to licensed banks as security for banking facilities granted to the Group (Note 23) is RM172,526,000 (2016: RM160,875,000).

(c) Included in the biological assets of the Group is an oil palm plantation with a net book value of RM106,475,000 (2016: RM95,674,000), which is situated on a land held by a company in which a substantial shareholder of the Company has financial interests. The Group has the right to develop and harvest from the plantation for a period of 25 years from the date of field planting.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

11. INVESTMENT SECURITIES

	The Group/The Company	
	2017	2016
	RM'000	RM'000
Quoted outside Malaysia:-		
- debt securities	379	352
- equity investments	3,286	5,290
Quoted in Malaysia:-		
- equity investments	23,491	25,080
Unquoted in Malaysia:-		
- equity investments	6,000	6,000
	33,156	36,722
Represented by:-		
At cost	6,000	6,000
At fair value	27,156	30,722
	33,156	36,722
Market value of quoted investments:-		
- debt securities	379	352
- equity investments	26,777	30,370
	27,156	30,722

The investments are measured at fair value, except for unquoted equity investments, which are stated at cost as their fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the investments. The directors are of the view that cost of the unquoted equity instruments is an appropriate estimate of fair value as there have been no significant changes in the performance of the investee and the economic environment in which it operates.

12. GOODWILL

	The Group	
	2017	2016
	RM'000	RM'000
Cost:-		
At 1 August/31 July	2,720	2,720

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

12. GOODWILL (cont'd)

(a) Goodwill acquired through business combination has been allocated to the Group's oil palm plantation cash-generating unit, which belongs to plantation reportable segment.

(b) The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

(i) Discount rate (pre-tax) – an estimate of pre-tax rate that reflects specific risks relating to oil palm plantation, which is 9.1% (2016: 9.5%) per annum.

(ii) Growth rate – management's estimate of commodity prices, oil palm yields and oil extraction rates.

(iii) Selling prices of fresh fruit bunches – an estimate based on expectations of future changes in the market.

(iv) Development and direct costs – an estimate based on past practices and experience.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on both external sources and internal historical data.

(c) The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the carrying amount of the cash-generating unit to be exceeded its recoverable amount.

13. LONG-TERM RECEIVABLE

Long-term receivable represents an advance payment made to a third party in respect of the purchase of all merchantable timber logs from a forest concession for a period of 20 years (with 4 years remaining at the end of the reporting period). This amount will be set off against the amount payable for future purchases of timber logs from this third party.

14. DEFERRED TAX

	The Group		The Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
At 1 August				
- as previously reported	1,657	(1,148)	(3,811)	(2,748)
- change in accounting policy (Note 41)	-	215	-	-
- as restated	1,657	(933)	(3,811)	(2,748)
Recognised in profit or loss (Note 30)	19,217	2,590	-	(1,063)
At 31 July	20,874	1,657	(3,811)	(3,811)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

14. DEFERRED TAX (cont'd)

The deferred tax is attributable to the following:-

	The Group		The Company	
	2017 RM'000	**2016** RM'000 (Restated)	**2017** RM'000	**2016** RM'000
Property, plant and equipment, and biological assets	85,518	59,932	4,241	(2,019)
Investment properties	541	330	-	-
Intangible assets	4,585	5,115	-	-
Inventories	(266)	(867)	(173)	(100)
Receivables	(1,469)	(1,469)	(1,421)	(1,421)
Accrued liabilities	(1,705)	(583)	(1,038)	(276)
Unrealised (loss)/gain on foreign exchange	8	(46)	2	5
Unabsorbed investment tax allowance	(247)	(212)	-	-
Unused tax losses	(24,767)	(27,702)	-	-
Unabsorbed capital/agriculture allowance	(41,324)	(32,841)	(5,422)	-
	20,874	1,657	(3,811)	(3,811)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same taxable entity and the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:-

	The Group		The Company	
	2017 RM'000	**2016** RM'000 (Restated)	**2017** RM'000	**2016** RM'000
Deferred tax liabilities	32,252	23,461	-	-
Deferred tax assets	(11,378)	(21,804)	(3,811)	(3,811)
	20,874	1,657	(3,811)	(3,811)

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of certain subsidiaries will be available against which the deductible temporary differences, the carryforward tax losses and tax credits can be utilised:-

	The Group		The Company	
	2017 RM'000	**2016** RM'000	**2017** RM'000	**2016** RM'000
Deductible temporary differences	3,178	854	-	-
Unabsorbed investment tax allowance	7,745	7,745	-	-
Unused tax losses	15,556	5,272	-	-
Unabsorbed capital/agriculture allowance	9,560	4,177	4,487	2,472
	36,039	18,048	4,487	2,472

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

15. INVENTORIES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000 (Restated)	RM'000	RM'000
At cost:-				
Raw materials				
- logs	14,542	14,405	9,278	7,757
- waste timber	398	324	-	-
- others	468	544	-	-
Finished goods				
- bottled water	30	698	-	-
- charcoal	1,692	1,618	-	-
- particleboard	4,878	8,058	-	-
- sawn timber	1,521	3,813	-	-
Work-in-progress	732	9,874	-	-
Nursery inventories	3,767	1,935	-	-
General stores	36,617	37,721	2,324	1,722
	64,645	78,990	11,602	9,479
At net realisable value:-				
Raw materials				
- logs	148	1,803	-	-
Finished goods				
- bottled water	1,517	-	-	-
- plywood	39,873	44,341	-	-
- sawn timber	4,998	6,100	-	-
General stores	164	-	-	-
Work-in-progress	25,407	36,587	-	-
	72,107	88,831	-	-
	136,752	167,821	11,602	9,479

16. TRADE RECEIVABLES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables:-				
- third parties	22,502	29,916	9,705	10,897
- related parties	27,985	20,463	1,281	4,126
	50,487	50,379	10,986	15,023
Less: Allowance for impairment losses	(1,752)	(1,752)	(18)	(18)
	48,735	48,627	10,968	15,005
Allowance for impairment losses:-				
At 1 August/31 July	1,752	1,752	18	18

The Group's normal trade credit terms range from 30 to 180 (2016: 30 to 180) days.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Other receivables:-				
- third parties	4,858	3,557	2,044	1,986
- related parties	10,743	15,521	10,743	15,521
- goods and services tax recoverable	7,158	3,848	3,168	1,487
	22,759	22,926	15,955	18,994
Deposits	68,190	24,268	20,327	21,186
Prepayments	5,414	4,632	3,411	3,960
	96,363	51,826	39,693	44,140
Less: Allowance for impairment losses	(105)	(105)	(79)	(79)
	96,258	51,721	39,614	44,061
Allowance for impairment losses:-				
At 1 August/31 July	105	105	79	79

(a) The amount owing by related parties is unsecured, interest-free and repayable on demand.

(b) The deposits of the Group and of the Company include the followings:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits for:-				
- purchase of machinery	20,000	20,000	20,000	20,000
- acquisition of an oil palm plantation estate (Note 40)	10,500	-	-	-
- use of land for plantation	30,000	-	-	-
- others	7,690	4,268	327	1,186
	68,190	24,268	20,327	21,186

18. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2017 RM'000	2016 RM'000
Amount owing by subsidiaries		
Non-trade balances	315,137	266,347
Less: Allowance for impairment losses	(21,556)	(21,556)
	293,581	244,791
Allowance for impairment losses:-		
At 1 August/31 July	21,556	21,556

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

18. AMOUNT OWING BY/(TO) SUBSIDIARIES (cont'd)

	The Company	
	2017	2016
	RM'000	RM'000
Amount owing to subsidiaries		
Trade balances	21,730	25,935
Non-trade balances	76,233	32,041
	97,963	57,976

(a) Included in the non-trade balances is an amount of RM129,619,000 (2016: RM26,414,000) receivable from subsidiaries, which earns interest at rates ranging from 4.70% to 5.50% (2016: 4.70% to 5.50%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

(b) Amount owing by subsidiaries that are individually determined to be impaired relate to subsidiaries that have been suffering significant financial losses.

19. DEPOSITS WITH LICENSED BANKS

(a) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 2.50% to 3.31% (2016: 2.50% to 3.30%) per annum and 2.50% to 3.31% (2016: 2.50% to 3.30%) per annum respectively.

(b) Included in deposits with licensed banks of the Group and of the Company at the end of the reporting period were RM982,000 and RM369,000 (2016: RM951,000 and RM357,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Company and its certain subsidiaries.

20. SHARE CAPITAL

	The Group/The Company			
	2017	2016	2017	2016
	Number of Shares ('000)		RM'000	RM'000
Authorised				
Ordinary shares of RM1 each	N/A	1,000,000	N/A	1,000,000

N/A Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (b) below.

	2017	2016	2017	2016
Issued and fully paid-up				
Ordinary shares with No Par Value (2016: Par Value of RM1 Each)				
At 1 August	209,000	209,000	209,000	209,000
Transfer from share premium account	59,680	-	59,680	-
At 31 July	268,680	209,000	268,680	209,000

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

20. SHARE CAPITAL (cont'd)

(b) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

21. TREASURY SHARES

During the financial year, the Company has purchased 2,100 (2016: 2,300) of its issued ordinary shares from the open market at an average price of RM1.42 (2016: RM1.51) per share. The total consideration paid for the purchase was RM3,106 (2016: RM3,644) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 209,000,000 issued and fully paid-up ordinary shares at the end of the reporting period, 20,880,300 (2016: 20,878,200) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

22. RESERVES

	The Group		The Company	
	2017 RM'000	**2016** RM'000 (Restated)	**2017** RM'000	**2016** RM'000
Non-distributable:-				
- share premium	-	59,680	-	59,680
- fair value reserve	(28,032)	(24,439)	(28,032)	(24,439)
	(28,032)	35,241	(28,032)	35,241
Distributable:-				
Retained profits	443,042	459,790	451,290	437,622
	415,010	495,031	423,258	472,863

(a) The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). On 31 January 2017, the concept of par value of share capital was abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016.

(b) The fair value reserve represents the fair value gains and losses of the investments in equity instruments that are not held for trading, which the 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 or loss. However, the Company may transfer the cumulative gains or losses within equity when these investments are derecognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

23. BANK BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Long-term borrowings:-				
- hire purchase obligations (Note 24)	12,592	23,295	560	10,621
- term loans, secured	80,314	72,964	-	-
	92,906	96,259	560	10,621
Short-term borrowings:-				
- bankers' acceptance, secured	4,682	-	-	-
- bankers' acceptance, unsecured	40,739	30,622	-	14,210
- hire purchase obligations (Note 24)	17,189	50,196	10,058	44,037
- revolving credit, secured	72,000	6,000	-	-
- revolving credit, unsecured	264,500	292,000	193,000	205,500
- term loans, secured	15,518	14,087	-	-
	414,628	392,905	203,058	263,747
Total bank borrowings	507,534	489,164	203,618	274,368

The term loans are repayable as follows:-

	The Group	
	2017	2016
	RM'000	RM'000
Current:-		
- not later than 1 year	15,518	14,087
Non-current:-		
- later than 1 year and not later than 2 years	12,614	13,050
- later than 2 years and not later than 5 years	44,900	32,014
- later than 5 years	22,800	27,900
	80,314	72,964
	95,832	87,051

The bank borrowings of the Group are secured by:-

(a) a fixed charge over a subsidiary's landed properties;

(b) debentures over certain subsidiaries' fixed and floating assets, both present and in the future;

(c) deposits with licensed banks of certain subsidiaries; and

(d) a corporate guarantee provided by the Company.

The bankers' acceptance of the Group and of the Company at the end of the reporting period bore effective interest at rate of 3.98% and 3.93% (2016: 4.14% and 4.19%) per annum respectively.

The revolving credit of the Group and of the Company at the end of the reporting period bore effective interest at rate of 4.61% and 4.49% (2016: 4.62% and 4.55%) per annum respectively.

The term loans of the Group at the end of the reporting period bore effective interest at rate of 4.93% (2016: 4.94%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

24. HIRE PURCHASE OBLIGATIONS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:-				
- not later than 1 year	18,208	52,545	10,278	45,592
- later than 1 year and not later than 2 years	6,609	16,621	551	10,278
- later than 2 years and not later than 5 years	6,823	7,708	18	569
	31,640	76,874	10,847	56,439
Less: Future finance charges	(1,859)	(3,383)	(229)	(1,781)
Present value of hire purchase obligations	29,781	73,491	10,618	54,658
Current:-				
- not later than 1 year	17,189	50,196	10,058	44,037
Non-current:-				
- later than 1 year and not later than 2 years	5,919	15,922	543	10,061
- later than 2 years and not later than 5 years	6,673	7,373	17	560
	12,592	23,295	560	10,621
	29,781	73,491	10,618	54,658

(a) The hire purchase obligations of the Group are secured by the Group's watercrafts, trucks and motor vehicles, and plant and machinery under finance leases as disclosed in Note 6(b) to the financial statements.

(b) The hire purchase obligations of the Group and of the Company at the end of the reporting period bore effective interest at rate of 4.93% and 4.83% (2016: 4.87% and 4.85%) per annum respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

25. TRADE PAYABLES

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade payables:-				
- third parties	85,352	60,162	27,900	17,667
- related parties	25,439	29,529	11,130	9,965
	110,791	89,691	39,030	27,632

The normal trade credit terms granted to the Group range from 30 to 180 (2016: 30 to 180) days.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

26. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000 (Restated)	RM'000	RM'000
Other payables:-				
- third parties	12,860	10,435	2,533	1,691
- related parties	3,035	1,411	2,464	1,299
- goods and services tax payable	232	477	-	-
	16,127	12,323	4,997	2,990
Deposits	387	334	10	-
Accruals	19,670	11,920	10,453	6,627
	36,184	24,577	15,460	9,617

The amount owing to related parties is unsecured, interest-free and repayable on demand.

27. REVENUE

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Dividend income	-	-	47,850	32,250
Contract fee from timber extraction and reforestation	45,160	27,672	349	362
Sale of bottled water	1,728	558	-	-
Sale of charcoal	14,710	11,333	-	-
Sale of fertilisers	953	-	-	-
Sale of fresh fruit bunches	89,560	51,187	-	-
Sale of logs	100,237	150,111	176,299	260,889
Sale of plywood	127,433	196,334	-	-
Sale of raw and laminated particleboard	65,036	59,835	-	-
Sale of sawn timber, finger-joint moulding and by-products	43,361	56,077	-	-
Others	4,458	1,496	-	-
	492,636	554,603	224,498	293,501

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

28. FINANCE COSTS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities not at fair value through profit or loss:-				
- bankers' acceptance	1,197	1,662	47	101
- hire purchase obligations	2,345	4,952	1,553	3,923
- revolving credit	14,112	12,013	10,311	10,382
- term loans	4,405	4,826	-	-
	22,059	23,453	11,911	14,406
Less: Amount capitalised under biological assets (Note 10)	(6,315)	(2,423)	-	-
	15,744	21,030	11,911	14,406

29. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000 (Restated)	RM'000	RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):-				
Amortisation of biological assets	5,981	5,082	-	-
Amortisation of intangible assets	1,621	5,540	-	2,298
Auditors' remuneration:-				
- current financial year	217	194	38	37
Bad debts written off	3	-	-	-
Depreciation of property, plant and equipment	39,662	79,346	15,385	44,866
Directors' remuneration (Note 35)	4,211	4,189	4,172	4,150
Dividend income from investment securities:-				
- quoted equity investments in Malaysia	(18)	(31)	(18)	(31)
- quoted equity investments outside Malaysia	(14)	(10)	(14)	(10)
Dividend income from subsidiaries	-	-	(47,850)	(32,250)
Fair value gain on investment properties	(4,595)	(2,477)	-	-
Fair value gain on investment securities	(13)	(86)	(13)	(86)
Finance costs (Note 28)	15,744	21,030	11,911	14,406
Impairment losses on investments in subsidiaries	-	-	13,500	5,000
Interest income on financial assets not at fair value through profit or loss:-				
- deposits with licensed banks	(799)	(1,002)	(347)	(473)
- advances to subsidiaries	-	-	(5,837)	(1,215)
(Gain)/loss on disposal of property, plant and equipment	(5,758)	1,978	(182)	(1,874)
Loss on foreign exchange:-				
- realised	1,897	2,993	583	1,273
- unrealised	232	587	(7)	(23)
Management fee income	-	-	(1,160)	(234)
Property, plant and equipment written off	68	25	-	2

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

29. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	The Group		The Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting) (cont'd):-				
Rental expense on:-				
- buildings	180	201	159	109
- land	762	797	526	552
- equipment and vehicles	499	822	38	37
Rental income on:-				
- buildings	(132)	(227)	(28)	(18)
- land	(27)	(46)	(120)	(145)
- equipment	(14)	-	(2,785)	(1,014)
Reversal of write-down of inventories	(355)	(710)	-	-
Write-down of inventories	1,282	196	302	196
Staff costs (including other key management personnel as disclosed in Note 35):-				
- short-term employee benefits	103,034	96,250	24,876	22,368
- defined contribution plans	7,655	7,061	2,520	2,663

30. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Current tax:-				
- current financial year	1,494	2,347	-	-
- under/(over) provision in the previous financial year	504	(3,805)	-	(3,664)
	1,998	(1,458)	-	(3,664)
Deferred tax (Note 14):-				
- origination and reversal of temporary differences	17,779	345	(1,810)	(1,536)
- under provision in the previous financial year	1,438	2,245	1,810	473
	19,217	2,590	-	(1,063)
	21,215	1,132	-	(4,727)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

30. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000 (Restated)	RM'000	RM'000
Profit/(loss) before taxation	4,755	(31,739)	13,668	6,770
Tax at the statutory tax rate of 24% (2016: 24%)	1,141	(7,617)	3,280	1,625
Tax effects of:-				
Differential in tax rates on fair value adjustment of investment properties	(873)	(479)	-	-
Non-taxable income	(11,511)	(9,933)	(11,492)	(8,438)
Non-deductible expenses	10,598	13,450	4,387	2,805
Double deductions	-	(1,320)	-	-
Deferred tax assets not recognised during the financial year	19,664	9,090	2,015	2,472
Utilisation of deferred tax assets previously not recognised	(19)	(949)	-	-
Under/(over) provision in the previous financial year:-				
- current tax	504	(3,805)	-	(3,664)
- deferred tax	1,438	2,245	1,810	473
Others	273	450	-	-
Income tax expense for the financial year	21,215	1,132	-	(4,727)

31. LOSS PER SHARE

	The Group	
	2017	**2016**
Loss attributable to owners of the Company (RM'000)	(16,748)	(32,862)
Weighted average number of ordinary shares in issue ('000):-		
Ordinary shares at 1 August	209,000	209,000
Effects of treasury shares held	(20,880)	(20,876)
Weighted average number of ordinary shares at 31 July	188,120	188,124
Basic loss per share (Sen)	(8.90)	(17.47)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

32. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired 100% equity interests in MOMA Marketing Pte. Ltd.

In the previous financial year, the Company acquired 100% equity interest in the following companies:-

- Hahn Fert Sdn. Bhd.
- LX Photonics Sdn. Bhd.
- Prestige Superland Sdn. Bhd.
- Subur Global Pte. Ltd.
- Subur Properties Sdn. Bhd.
- Subur Tiasa R&D Sdn. Bhd.
- Tiasa Heights Sdn. Bhd.

	The Company	
	2017	**2016**
	RM'000	RM'000
Total purchase consideration, to be settled by cash	-	250
Add: Transaction costs	-	-
Net cash outflows from the acquisitions of subsidiaries	-	250

The acquired subsidiaries have contributed the following results to the Group:-

	The Group	
	2017	**2016**
	RM'000	RM'000
Revenue	-	-
Loss after taxation	(41)	(441)

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Cost of property, plant and equipment purchases (Note 6)	56,027	39,308	5,094	5,110
Less: Amount financed through hire purchase	(6,521)	(3,659)	-	(85)
Less: Amount financed through issuance of shares	(750)	(750)	-	-
Cash disbursed for the purchase of property, plant and equipment	48,756	34,899	5,094	5,025

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

34. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks	16,003	35,712	8,293	20,560
Cash and bank balances	12,305	11,815	3,133	3,053
	28,308	47,527	11,426	23,613
Less: Deposits pledged to licensed banks (Note 19)	(982)	(951)	(369)	(357)
	27,326	46,576	11,057	23,256

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors				
Executive Directors				
Short-term employee benefits:-				
- fees	75	74	55	55
- salaries, bonuses and other benefits	3,465	3,423	3,465	3,423
	3,540	3,497	3,520	3,478
Defined contribution plans	416	411	416	411
Benefits-in-kind	11	11	11	11
	3,967	3,919	3,947	3,900
Non-executive Directors				
Short-term employee benefits:-				
- fees	244	270	225	250
Total directors' remuneration (Note 29)	4,211	4,189	4,172	4,150
Other Key Management Personnel				
Short-term employee benefits	2,758	2,669	2,758	2,661
Defined contribution plans	323	304	323	304
Total compensation for other key management personnel	3,081	2,973	3,081	2,965

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

35. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2017	2016
	Number of Directors	
Executive Directors		
RM3,900,001 – RM3,950,000	1	1
Non-executive Directors		
Less than RM50,001	-	2
RM50,001 – RM100,000	4	3
	5	6

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Sale to subsidiaries:-				
- logs	-	-	76,062	110,776
- freight and handling	-	-	339	952
- dividend income	-	-	47,850	32,250
- interest income	-	-	5,837	1,215
- management fee	-	-	1,160	234
- marketing fee	-	-	295	-
- rental income	-	-	2,905	1,159
Purchases from subsidiaries:-				
- bottled water	-	-	64	14
- lighting products	-	-	99	-
- logs	-	-	16,944	36,571
- plywood	-	-	6	13
- sawn timber	-	-	-	24
- waste timber	-	-	221	41

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

36. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Significant Related Party Transactions and Balances (cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (cont'd):-

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Subsidiaries (cont'd)				
Services paid/payable to subsidiaries:-				
- compensation	-	-	-	78
- consultancy fee	-	-	2,653	853
- contract fee	-	-	24,128	47,998
- freight and handling charges	-	-	7,338	10,329
- interest expense	-	-	1,078	2,229
- logpond handling charges	-	-	2,334	3,073
- rental of buildings	-	-	24	24
- repairs and maintenance	-	-	81	74
Other Related Parties				
Sale to other related parties:-				
- bottled water	42	21	-	-
- canteen sale	27	-	-	-
- fertilisers	948	-	-	-
- fresh fruit bunches	63,479	41,134	-	-
- lighting products	17	32	-	-
- logs	605	531	605	531
- plywood	17	22	-	-
- sawn timber	72	98	-	-
- contract fee	48,376	28,308	-	591
- towage and handling income	528	614	528	614
- sundry income	335	393	-	-
Purchases from other related parties:-				
- adhesive materials	21,217	27,841	-	-
- consumable stores	5,644	6,102	307	815
- logs	57,313	24,614	57,313	24,614
- property, plant and equipment	2,056	156	-	97
- veneer	6,329	23,568	-	-
- waste timber	17	101	-	-
Services paid/payable to other related parties:-				
- compensation	-	728	-	728
- fresh fruit bunches premium	2,231	-	-	-
- freight and handling charges	342	548	30	65
- logging contract fee	585	11,719	585	10,300
- marketing fee	900	900	900	900
- rental of buildings	13	13	13	13
- rental of land	130	130	-	-
- rental of vehicles	40	-	-	-
- travelling expenses	-	274	-	274

The significant outstanding balances of the related parties (including the allowance for impairment losses made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- Timber Segment – involved in the extraction, sale of logs and subcontractor for tree planting (reforestation), and the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger-joint moulding, charcoal and the supply of electricity for its manufacturing activities.

- Plantation Segment – involved in the cultivation of oil palm and sale of fresh fruit bunches.

- Others – involved in the provision of towage and transportation services, insurance services, property holding and development, and manufacturing and trading of drinking water.

(a) The Group Managing Director assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

BUSINESS SEGMENTS

2017	Timber RM'000	Plantation RM'000	Others RM'000	Group RM'000
Revenue				
External revenue	400,826	90,513	1,297	492,636
Inter-segment revenue	82,738	134	13,028	95,900
	483,564	90,647	14,325	588,536
Consolidation adjustments				(95,900)
Consolidated revenue				492,636
Results				
Segment (loss)/profit before taxation	(31,833)	36,692	(104)	4,755
Consolidation adjustments				-
Consolidated profit before taxation				4,755

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

37. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

2017	Timber RM'000	Plantation RM'000	Others RM'000	Group RM'000
Results (cont'd)				
Segment (loss)/profit before taxation includes the followings:-				
Interest income[(1)]	633	137	29	799
Interest expense[(2)]	(14,396)	(791)	(557)	(15,744)
Amortisation of biological assets	-	(5,981)	-	(5,981)
Amortisation of intangible assets[(3)]	-	(1,621)	-	(1,621)
Bad debts written off	-	-	(3)	(3)
Depreciation of property, plant and equipment[(4)]	(34,173)	(1,783)	(3,706)	(39,662)
Fair value gain on investment properties	-	-	4,595	4,595
Fair value gain on investment securities	13	-	-	13
Gain on disposal of property, plant and equipment	5,758	-	-	5,758
Property, plant and equipment written off	(60)	(6)	(2)	(68)
Reversal of inventories written down	355	-	-	355
Unrealised loss on foreign exchange	(232)	-	-	(232)
Write-down of inventories	(1,282)	-	-	(1,282)
Assets				
Segment assets	1,536,217	414,189	249,231	2,199,637
Consolidation adjustments				(881,149)
Consolidated total assets				1,318,488
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment[(5)]	25,084	23,200	7,743	56,027
Land held for property development	-	-	432	432
Biological assets[(6)]	15,026	37,148	-	52,174
Liabilities				
Segment liabilities	747,903	319,357	139,968	1,207,228
Consolidation adjustments				(519,754)
Consolidated total liabilities				687,474

(1) After consolidation adjustments of RM7,864,000.
(2) After consolidation adjustments of RM8,990,000.
(3) After consolidation adjustments of RM1,621,000.
(4) After consolidation adjustments of RM378,000.
(5) After consolidation adjustments of RM12,036,000.
(6) After consolidation adjustments of RM1,808,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

37. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

2016	**Timber** RM'000	**Plantation** RM'000	**Others** RM'000	**Group** RM'000
Revenue				
External revenue	501,998	51,187	1,418	554,603
Inter-segment revenue	536	1,331	11,935	13,802
	502,534	52,518	13,353	568,405
Consolidation adjustments				(13,802)
Consolidated revenue				554,603
Results				
Segment (loss)/profit before taxation	(37,886)	9,405	(3,258)	(31,739)
Consolidation adjustments				-
Consolidated loss before taxation				(31,739)
Segment (loss)/profit before taxation includes the followings:-				
Interest income[(1)]	864	94	44	1,002
Interest expense[(2)]	(17,500)	(2,646)	(884)	(21,030)
Amortisation of biological assets	-	(5,082)	-	(5,082)
Amortisation of intangible assets[(3)]	(5,540)	-	-	(5,540)
Depreciation of property, plant and equipment[(4)]	(70,292)	(2,791)	(6,263)	(79,346)
Fair value gain on investment properties	-	-	2,477	2,477
Fair value gain on investment securities	86	-	-	86
Loss on disposal of property, plant and equipment	(1,887)	(91)	-	(1,978)
Property, plant and equipment written off	(9)	(16)	-	(25)
Reversal of write-down of inventories	710	-	-	710
Unrealised loss on foreign exchange	(587)	-	-	(587)
Write-down of inventories	(196)	-	-	(196)

(1) After consolidation adjustments of RM2,469,000.
(2) After consolidation adjustments of RM2,113,000.
(3) After consolidation adjustments of RM3,242,000.
(4) After consolidation adjustments of RM378,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

37. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

2016	Timber RM'000	Plantation RM'000	Others RM'000	Group RM'000
Assets				
Segment assets	1,068,102	250,354	217,499	1,535,955
Consolidation adjustments				(258,620)
Consolidated total assets				1,277,335
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	28,180	4,678	6,450	39,308
Land held for property development	-	-	39	39
Biological assets	13,069	23,846	-	36,915
Liabilities				
Segment liabilities	612,996	161,940	120,329	895,265
Consolidation adjustments				(267,750)
Consolidated total liabilities				627,515

GEOGRAPHICAL INFORMATION

The Group operates predominantly in in Malaysia. Accordingly, the information by geographical segments is not presented.

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

38. CAPITAL COMMITMENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Authorised but not Contracted for				
Property, plant and equipment	1,709	4,619	599	1,914
Contracted but not Provided for				
Property, plant and equipment	6,205	4,806	19	199
Investment properties	-	3,319	-	-
	6,205	8,125	19	199

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Japanese Yen ("JPY") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

The Group	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	**Total** RM'000
2017						
Financial Assets						
Investment securities	-	-	-	3,665	29,491	33,156
Trade receivables	13,638	-	-	-	35,097	48,735
Other receivables and deposits	717	-	-	-	82,969	83,686
Deposits with licensed banks	-	-	-	-	16,003	16,003
Cash and bank balances	374	-	-	784	11,147	12,305
	14,729	-	-	4,449	174,707	193,885
Financial Liabilities						
Trade payables	570	30	25	493	109,673	110,791
Other payables, deposits and accruals	1,260	7	32	-	34,653	35,952
Bank borrowings	-	-	-	-	507,534	507,534
	1,830	37	57	493	651,860	654,277
Net financial assets/ (liabilities)	12,899	(37)	(57)	3,956	(477,153)	(460,392)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	-	477,153	477,153
Currency Exposure	12,899	(37)	(57)	3,956	-	16,761

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Group	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	**Total** RM'000
2016						
Financial Assets						
Investment securities	-	-	-	5,642	31,080	36,722
Trade receivables	21,441	-	-	-	27,186	48,627
Other receivables and deposits	2,289	482	-	-	40,470	43,241
Deposits with licensed banks	-	-	-	-	35,712	35,712
Cash and bank balances	5,661	-	-	757	5,397	11,815
	29,391	482	-	6,399	139,845	176,117
Financial Liabilities						
Trade payables	1,272	94	76	-	88,249	89,691
Other payables, deposits and accruals	4,255	9	33	-	19,803	24,100
Bank borrowings	-	-	-	-	489,164	489,164
	5,527	103	109	-	597,216	602,955
Net financial assets/ (liabilities)	23,864	379	(109)	6,399	(457,371)	(426,838)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	-	457,371	457,371
Currency Exposure	23,864	379	(109)	6,399	-	30,533

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Company	United States Dollar RM'000	Euro RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	**Total** RM'000
2017					
Financial Assets					
Investment securities	-	-	3,665	29,491	33,156
Trade receivables	9,293	-	-	1,675	10,968
Other receivables and deposits	-	-	-	33,035	33,035
Amount owing by subsidiaries	-	-	965	292,616	293,581
Deposits with licensed banks	-	-	-	8,293	8,293
Cash and bank balances	78	-	784	2,271	3,133
	9,371	-	5,414	367,381	382,166
Financial Liabilities					
Trade payables	-	-	-	39,030	39,030
Other payables, deposits and accruals	4	7	-	15,449	15,460
Amount owing to subsidiaries	-	-	-	97,963	97,963
Bank borrowings	-	-	-	203,618	203,618
	4	7	-	356,060	356,071
Net financial assets/(liabilities)	9,367	(7)	5,414	11,321	26,095
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	-	-	-	(11,321)	(11,321)
Currency Exposure	9,367	(7)	5,414	-	14,774

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Company	United States Dollar RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	**Total** RM'000
2016				
Financial Assets				
Investment securities	-	5,642	31,080	36,722
Trade receivables	9,769	-	5,236	15,005
Other receivables and deposits	88	-	38,526	38,614
Amount owing by subsidiaries	-	86	244,705	244,791
Deposits with licensed banks	-	-	20,560	20,560
Cash and bank balances	677	757	1,619	3,053
	10,534	6,485	341,726	358,745
Financial Liabilities				
Trade payables	-	-	27,632	27,632
Other payables, deposits and accruals	9	-	9,608	9,617
Amount owing to subsidiaries	-	-	57,976	57,976
Bank borrowings	-	-	274,368	274,368
	9	-	369,584	369,593
Net financial assets/(liabilities)	10,525	6,485	(27,858)	(10,848)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	27,858	27,858
Currency Exposure	10,525	6,485	-	17,010

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
		RM'000	RM'000	RM'000	RM'000
Effects on Profit After Taxation					
USD/RM	– strengthened by 5%	+ 490	+ 907	+ 356	+ 400
	– weakened by 5%	- 490	- 907	- 356	- 400
EUR/RM	– strengthened by 5%	- 1	+ 14	-	-
	– weakened by 5%	+ 1	- 14	-	-
JPY/RM	– strengthened by 5%	- 2	- 4	-	-
	– weakened by 5%	+ 2	+ 4	-	-
SGD/RM	– strengthened by 5%	+ 150	+ 243	+ 206	+ 246
	– weakened by 5%	- 150	- 243	- 206	- 246
Effects on Equity					
USD/RM	– strengthened by 5%	+ 490	+ 907	+ 356	+ 400
	– weakened by 5%	- 490	- 907	- 356	- 400
EUR/RM	– strengthened by 5%	- 1	+ 14	-	-
	– weakened by 5%	+ 1	- 14	-	-
JPY/RM	– strengthened by 5%	- 2	- 4	-	-
	– weakened by 5%	+ 2	+ 4	-	-
SGD/RM	– strengthened by 5%	+ 150	+ 243	+ 206	+ 246
	– weakened by 5%	- 150	- 243	- 206	- 246

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's hire purchase obligations are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in FRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	**2016**
	RM'000	RM'000
Effects on Profit After Taxation		
Increase of 50 basis points	- 364	- 331
Decrease of 50 basis points	+ 364	+ 331
Effects on Equity		
Increase of 50 basis points	- 364	- 331
Decrease of 50 basis points	+ 364	+ 331

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Effects on Other Comprehensive Income				
Increase of 10%	+ 2,678	+ 3,037	+ 2,678	+ 3,037
Decrease of 10%	- 2,678	- 3,037	- 2,678	- 3,037

As the Group's equity investments are measured at fair value through other comprehensive income, there is no financial impact on profit after taxation for the changes in prices of quoted investments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group applies the simplified approach and establishes a loss allowance that represents its estimate of expected credit losses in respect of the trade and other receivables as appropriate. This allowance, which is measured at an amount equal to the lifetime expected credit losses, is estimated by management by reference to past default experience, current market conditions and forward-looking information.

The Company provides financial guarantee to financial institutions for credit facilities granted to its subsidiaries. The Company monitors the results of the subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 customers which constituted approximately 71% of its trade receivables (including related parties) at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the "Maturity Analysis" of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition was not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

The Group	Gross Amount RM'000	Lifetime Expected Credit Losses RM'000	Carrying Amount RM'000
2017			
Not past due	24,523	-	24,523
Past due:-			
- less than 1 month	1,508	-	1,508
- 1 to 2 months	2,569	-	2,569
- 2 to 3 months	3,054	-	3,054
- 3 to 4 months	3,479	-	3,479
- more than 4 months	15,354	(1,752)	13,602
	50,487	(1,752)	48,735
2016			
Not past due	33,781	-	33,781
Past due:-			
- less than 1 month	3,931	-	3,931
- 1 to 2 months	2,187	-	2,187
- 2 to 3 months	1,569	-	1,569
- 3 to 4 months	1,508	-	1,508
- more than 4 months	7,403	(1,752)	5,651
	50,379	(1,752)	48,627

The Company	Gross Amount RM'000	Lifetime Expected Credit Losses RM'000	Carrying Amount RM'000
2017			
Not past due	9,558	-	9,558
Past due:-			
- less than 1 month	50	-	50
- 1 to 2 months	21	-	21
- 2 to 3 months	53	-	53
- 3 to 4 months	8	-	8
- more than 4 months	1,296	(18)	1,278
	10,986	(18)	10,968

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Ageing Analysis (cont'd)

The ageing analysis of trade receivables (including amount owing by related parties) is as follows (cont'd):-

The Company	Gross Amount RM'000	Lifetime Expected Credit Losses RM'000	Carrying Amount RM'000
2016			
Not past due	14,490	-	14,490
Past due:-			
- less than 1 month	132	-	132
- more than 4 months	401	(18)	383
	15,023	(18)	15,005

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	Over 5 Years RM'000
2017							
Trade and other payables	-	146,743	146,743	146,743	-	-	-
Bank borrowings:-							
- bankers' acceptance	3.98	45,421	45,421	45,421	-	-	-
- hire purchase obligations	4.93	29,781	31,640	18,208	6,609	6,823	-
- revolving credit	4.61	336,500	336,500	336,500	-	-	-
- term loans	4.93	95,832	123,167	21,901	59,443	29,537	12,286
		654,277	683,471	568,773	66,052	36,360	12,286
2016							
Trade and other payables	-	113,791	113,791	113,791	-	-	-
Bank borrowings:-							
- bankers' acceptance	4.14	30,622	30,622	30,622	-	-	-
- hire purchase obligations	4.87	73,491	76,874	52,545	16,621	7,708	-
- revolving credit	4.62	298,000	298,000	298,000	-	-	-
- term loans	4.94	87,051	101,872	17,771	16,232	39,634	28,235
		602,955	621,159	512,729	32,853	47,342	28,235

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000
2017						
Trade and other payables	-	152,453	152,453	152,453	-	-
Bank borrowings:-						
- hire purchase obligations	4.83	10,618	10,847	10,278	551	18
- revolving credit	4.49	193,000	193,000	193,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries*		-	27,715	27,715	-	-
		356,071	384,015	383,446	551	18

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000
2016						
Trade and other payables	-	95,225	95,225	95,225	-	-
Bank borrowings:-						
- bankers' acceptance	4.19	14,210	14,210	14,210	-	-
- hire purchase obligations	4.85	54,658	56,439	45,592	10,278	569
- revolving credit	4.55	205,500	205,500	205,500	-	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries*		-	25,010	25,010	-	-
		369,593	396,384	385,537	10,278	569

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised since their fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Company and non-controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2017	**2016**
	RM'000	RM'000
Bank borrowings	507,534	489,164
Less: Deposits with licensed banks	(16,003)	(35,712)
Less: Cash and bank balances	(12,305)	(11,815)
Net debt	479,226	441,637
Total equity	631,014	649,820
Debt-to-equity ratio	0.76	0.68

There was no change in the Group's approach to capital management during the financial year.

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Measured at Amortised Cost				
Trade receivables	48,735	48,627	10,968	15,005
Other receivables and deposits	83,686	43,241	33,035	38,614
Amount owing by subsidiaries	-	-	293,581	244,791
Deposits with licensed banks	16,003	35,712	8,293	20,560
Cash and bank balances	12,305	1,815	3,133	3,053
	160,729	139,395	349,010	322,023

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (cont'd)

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM'000	RM'000	RM'000	RM'000
Financial Assets (cont'd)				
Measured at Fair Value through Other Comprehensive Income				
Investment securities – equity instruments	32,777	36,370	32,777	36,370
Measured at Fair Value through Profit or Loss				
Investment securities – debt instruments	379	352	379	352
Financial Liabilities				
Measured at Amortised Cost				
Trade payables	110,791	89,691	39,030	27,632
Other payables, deposits and accruals	35,952	24,100	15,460	9,617
Amount owing to subsidiaries	-	-	97,963	57,976
Bank borrowings	507,534	489,164	203,618	274,368
	654,277	602,955	356,071	369,593

39.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair value of the Group's investment in unquoted shares with carrying amount of RM6,000,000 (2016: RM6,000,000) is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.4 FAIR VALUE INFORMATION (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	**Total Fair Value** RM'000	**Carrying Amount** RM'000
2017								
Financial Assets								
Investment securities:-								
- quoted investments	27,156	-	-	-	-	-	27,156	27,156
Financial Liabilities								
Hire purchase obligations	-	-	-	-	29,766	-	29,766	29,781
2016								
Financial Assets								
Investment securities:-								
- quoted investments	30,722	-	-	-	-	-	30,722	30,722
Financial Liabilities								
Hire purchase obligations	-	-	-	-	73,357	-	73,357	73,491

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.4 FAIR VALUE INFORMATION (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	**Total Fair Value** RM'000	**Carrying Amount** RM'000
2017								
Financial Assets								
Investment securities:-								
- quoted investments	27,156	-	-	-	-	-	27,156	27,156
Financial Liabilities								
Hire purchase obligations	-	-	-	-	10,604	-	10,604	10,618
2016								
Financial Assets								
Investment securities:-								
- quoted investments	30,722	-	-	-	-	-	30,722	30,722
Financial Liabilities								
Hire purchase obligations	-	-	-	-	54,593	-	54,593	54,658

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

39. FINANCIAL INSTRUMENTS (cont'd)

39.4 FAIR VALUE INFORMATION (cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of hire purchase obligations is determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	%	%	%	%
Hire purchase obligations	5.03	5.12	5.03	5.12

(ii) The fair value of term loans approximated their carrying amounts as they bear interest at variable rates.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD

On 22 February 2017, Tiasa Mesra Sdn. Bhd. ("TMSB"), a wholly-owned subsidiary of the Company, entered into a conditional agreement with Rimbunan Sawit Berhad ("RSB") to acquire all the rights, titles and interests in relation to an oil palm plantation estate via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto ("Proposed Acquisition") for a purchase consideration of RM150.0 million to be satisfied in cash.

The Proposed Acquisition is currently pending the fulfilment of the following conditions precedent:-

(a) RSB obtaining the approval from the relevant authorities for the absolute assignment of the rights to and in favour of TMSB;

(b) RSB settling all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights; and

(c) RSB procuring a redemption statement cum letter of undertaking from its financier addressed to the financier of TMSB on the redemption sum payable to settle the credit facilities granted by it inter alia, for the development of the oil palm plantation under the rights.

TMSB and RSB had on 21 August 2017, by way of an exchange letter, agreed to an extension of time until 21 February 2018 for the fulfilment of the conditions precedent above.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

41. CHANGE IN ACCOUNTING POLICY

During the financial year, the Group changed its accounting policy with respect to the measurement of investment properties. The Group now applies the fair value model, under which investment properties are stated at fair value with fair value changes recognised in profit or loss in the period in which they arise. Prior to the change in accounting policy, the Group applied the cost model, under which investment properties were stated at cost less accumulated depreciation and any accumulated impairment losses.

The Group believes that the use of fair value model for subsequent measurement of investment properties better reflects the value of its investment properties and therefore provides more relevant information to the management and the users of financial statements. The change in accounting policy has been applied retrospectively and the comparative figures have been restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

41. CHANGE IN ACCOUNTING POLICY (cont'd)

The financial effects of the change in accounting policy on financial statements are summarised below:-

	Audited at 1.8.2016 RM'000	**Effects of Change in Accounting Policy** RM'000	**Restated at 1.8.2016** RM'000	**Audited at 1.8.2015** RM'000	**Effects of Change in Accounting Policy** RM'000	**Restated at 1.8.2015** RM'000
Statement of Financial Position (Extract):-						
Investment properties	59,887	19,603	79,490	70,942	14,082	85,024
Deferred tax liabilities	(23,131)	(330)	(23,461)	(20,626)	(215)	(20,841)
Reserves	(475,758)	(19,273)	(495,031)	(519,667)	(13,867)	(533,534)

	Audited 2016 RM'000	**Effects of Change in Accounting Policy** RM'000	**Restated 2016** RM'000
Statement of Profit or Loss and Other Comprehensive Income (Extract):-			
Other income	14,719	2,477	17,196
Administrative expenses	(60,131)	3,044	(57,087)
Income tax expense	(1,017)	(115)	(1,132)

This change in accounting policies did not have any material impact to the loss per share as disclosed in Note 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year and the change of accounting policy with respect to investment properties as disclosed in Note 41 to the financial statements:-

	The Group		The Company	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Statement of Financial Position (Extract):-				
Investment properties	79,490	59,887	-	-
Biological assets	198,663	200,598	-	-
Inventories	167,821	165,886	-	-
Other receivables, deposits and prepayments	51,721	51,409	-	-
Deferred tax liabilities	23,461	23,131	-	-
Other payables, deposits and accruals	24,577	24,265	-	-
Statement of Profit or Loss and Other Comprehensive Income (Extract):-				
Cost of sales	473,827	465,888	214,839	206,901
Other income	17,229	14,719	-	-
Administrative expenses	49,181	60,131	40,011	47,949
Income tax expense	1,132	1,017	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

43. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad 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, as follows:-

	The Group		The Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Total retained profits of the Company and its subsidiaries:-				
- realised	448,549	465,257	447,472	433,788
- unrealised	(11,466)	2,801	3,818	3,834
	437,083	468,058	451,290	437,622
Add/(Less): Consolidation adjustments	5,959	(8,268)	-	-
At 31 July	443,042	459,790	451,290	437,622

LIST OF PROPERTIES
As at 31 July 2017

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Carrying Amount as at 31.07.2017 (RM'000)	Date of Acquisition
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.054	Factories, office, welfare building	5 - 28 years	50,315	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	21 years	22,026	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, welfare building	5 - 11 years	17,075	30.09.2004
Lot 96, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2031	2.135	Factory	1 year	16,784	31.10.2015
Lot 854-866, Block 10, Sibu Town District	Leasehold land expiring on 06.09.2071	0.212	Office building	16 years	12,038	01.06.2001
Lot 69, Block 12, Buan Land District	Leasehold land expiring on 01.08.2051	12.013	Factory	4 years	11,244	24.06.2013
Lot 1459, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2027	0.977	Vacant	-	10,591	23.11.2012
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	2.261	Vacant	-	9,826	05.06.2006
Lot 63, Blk 12, Buan Land District, Tg Manis	Leasehold land expiring on 01.08.2051	4.83	Factory, office, welfare building	-	9,485	31.07.2012
Lot 57, Block 233, Kuching North Land District	Leasehold land expiring on 31.12.2038	5.536	Vacant	-	9,352	31.08.2013

ANALYSIS OF SHAREHOLDINGS
As at 31 October 2017

Share Capital

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

Distribution schedule of ordinary shares

No. of Holders	Holdings	Total Holdings	%
109	less than 100 shares	3,605	0.00[1]
180	100 to 1,000 shares	131,180	0.07
2,428	1,001 to 10,000 shares	6,077,112	3.23
261	10,001 to 100,000 shares	7,632,585	4.06
51	100,001 to less than 5% of issued shares	78,082,543	41.51
5	5% and above of issued shares	96,192,775	51.13
3,034		188,119,800[2]	100.00

1 Less than 0.01%

2 Excluding 20,880,200 ordinary shares bought back by the Company and retained as treasury shares based on Record of Depositors as at 31 October 2017

LIST OF SUBSTANTIAL SHAREHOLDERS
As at 31 October 2017

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

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

2 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 20,880,200 ordinary shares bought back by the Company and retained as treasury shares as at 31 October 2017

DIRECTORS' INTERESTS
As at 31 October 2017

Name	No. of Ordinary Shares Held in the Company			
	Direct Interest	%	Indirect Interest	%
1. Mr. Tiong Kiong King	1,284,043	0.68*	-	-
2. YBhg. Dato' Tiong Ing	1,780,213	0.95*	571,975 [1]	0.30*
3. Mdm. Ngu Ying Ping	-	-	-	-
4. Mr. Tiong Ing Ming	-	-	-	-
5. 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 8 of the Companies Act 2016.

Notes :

1 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 20,880,200 ordinary shares bought back by the Company and retained as treasury shares as at 31 October 2017

LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS
As at 31 October 2017

	Names	No. of ordinary shares	Percentage (%*)
1.	HLB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tiong Toh Siong Holdings Sdn. Bhd. (SBU-CR Admin)	37,000,000	19.67
2.	RHB Nominees (Tempatan) Sdn Bhd - 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.	Kinta Hijau Sdn. Bhd.	10,037,532	5.34
5.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. - Exempt An For Bank Of Singapore Limited	9,580,210	5.09
6.	Pertumbuhan Tiasa Sdn. Bhd.	8,718,632	4.63
7.	Pertumbuhan Abadi Enterprises Sdn. Bhd.	7,542,295	4.01
8.	Asanas Sdn. Bhd.	7,200,000	3.83
9.	HLB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Kinta Hijau Sdn. Bhd. (SBU-CR Admin)	6,900,000	3.67
10.	Insan Angun Sdn. Bhd.	6,800,000	3.61
11.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	4,689,510	2.49
12.	Globegate Alliance Sdn. Bhd.	3,673,950	1.95
13.	Tiong Toh Siong & Sons Sdn. Bhd.	3,507,012	1.86
14.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teck Sing Lik Enterprise Sdn Bhd (OCESB)	3,100,000	1.65
15.	Serrano Group Limited	2,639,490	1.40
16.	Neoh Choo Ee & Company Sdn. Berhad	1,851,900	0.98
17.	Teck Sing Lik Enterprise Sdn. Bhd.	1,579,977	0.84
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.	CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt An For DBS Bank Limited (SFS)	1,350,000	0.72
22.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,213,473	0.65
23.	Dato' Tiong Ing	1,211,233	0.64
24.	CIMBSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Nustinas Sdn. Bhd. (MQ0516)	1,195,950	0.64
25.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120	0.59
26.	Tiong Toh Siong Enterprises Sdn. Bhd.	1,050,000	0.56
27.	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Datuk Tiong Thai King	987,120	0.52
28.	Cartaban Nominees (Tempatan) Sdn. Bhd. - AXA Affin General Insurance Berhad	793,800	0.42
29.	Dato' Tiong Ing	534,435	0.28
30.	Dynaquest Sdn. Berhad	460,000	0.24
	Total	**168,823,947**	**89.73**

* Excluding 20,880,200 ordinary shares bought back by the Company and retained as treasury shares based on the Record of Depositors as at 31 October 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of Subur Tiasa Holdings Berhad ("Subur" or "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 Thursday, 28 December 2017 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 2017 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note (a)]**

2. To approve the payment of directors' fees of RM280,000 for the financial year ended 31 July 2017. **Resolution 1**

3. To re-elect Mdm. Ngu Ying Ping who retires in accordance with Article 86 of the Company's Articles of Association and being eligible, offers herself for re-election. **Resolution 2**

4. To re-appoint Messrs. Crowe Horwath as the Company's auditors until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 3**

As Special Business

5. To consider and, if thought fit, pass the following ordinary resolution:

Proposed renewal of authority for purchase of own shares by the Company **Resolution 4**

"THAT, subject always to the Companies Act 2016 (as may be amended, modified or re-enacted from time to time) ("the 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, where applicable, the Company be hereby unconditionally and generally authorised to purchase and/or hold such an amount of ordinary shares ("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 number of issued shares of the Company for the time being and an amount of funds not exceeding the Company's total retained profits 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 and are 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 authorities;

AND FURTHER THAT the authority hereby given will commence immediately upon the passing of this resolution and will continue to be in force until:

(a) the conclusion of the next annual general meeting 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 annual general meeting after that date is required by law to be held; or

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(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."

6. 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 5**

"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 28 November 2017 ("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

(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 340(1) and 340(2) of the Companies Act 2016 ("Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) 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."

7. 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 2016 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 : 28 November 2017
Sibu, Sarawak

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes

(a) This agenda item is meant for discussion only and therefore, it will not be put forward for voting.

(b) Ordinary resolution in relation to the re-election of Independent director (proposed Resolution 2)
The Nomination Committee and the Board of Directors have assessed the independence of Mdm. Ngu Ying Ping and recommended her to be re-elected as the Director of the Company.

(c) Ordinary resolution on proposed renewal of authority for purchase of own shares by the Company (proposed Resolution 4)
The proposed Resolution No. 4, if passed, will renew the authority for the Company to purchase and/or hold up to ten per cent (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. This authority will expire at the conclusion of the next annual general meeting, unless revoked or varied by ordinary resolution passed by shareholders at general meeting.

Please refer to the Statement to Shareholders dated 28 November 2017 for further information.

(d) Ordinary resolution on Shareholder Mandate for recurrent related party transactions (proposed Resolution 5)
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. 5, 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 28 November 2017 ("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 member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
2. A member entitled to attend, speak and vote at this Annual General Meeting shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. 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.
3. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (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.
5. The Form of Proxy 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 set for holding the meeting or any adjournment thereof.
6. A depositor whose name appears in the Record of Depositors as at 21 December 2017 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

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Subur Tiasa Holdings Berhad

(Company No.: 341792-W)
(Incorporated in Malaysia)

CDS Account no.	
Number of shares held	

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 Twenty-Second 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 Thursday, 28 December 2017 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.	To approve the payment of directors' fees for the financial year ended 31 July 2017.		
2.	To re-elect Mdm. Ngu Ying Ping as Director.		
3.	To re-appoint Messrs. Crowe Horwath as auditors.		
4.	Proposed renewal of authority for purchase of own shares by the Company.		
5.	Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature.		

The proportions of *my/our holdings to be presented by my *proxy/our proxies are as follows:

Proxy 1	%
Proxy 2	%
Total	100%

Dated this .... day of 2017

....
Signature of shareholder(s)/common seal

Notes :

1. A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
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4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (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.
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6. A depositor whose name appears in the Record of Depositors as at 21 December 2017 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak 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
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