MUAR BAN LEE GROUP BERHAD

(Company No: 753588-P)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

Registered office:
85 Lebuh Muntri
10200 Penang

Principal place of business:
No JR52 Lot 1818 Jalan Raja
Kawasan Perindustrian Bukit Pasir
84300 Muar Johor

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

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MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Profit for the financial year		
- from continuing operations	6,908,260	2,752,980
- from discontinued operation	(551,483)	-
	6,356,777	2,752,980
Profit attributable to:		
Owners of the parent	6,179,450	2,752,980
Non-controlling interests	177,327	-
	6,356,777	2,752,980

Reserves and Provisions

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

Dividends

Since the end of last financial year, the Company paid:

(a) Second interim single tier dividend of 2.0 sen on 92,000,000 ordinary share of RM0.50 each totalling RM1,840,000 in respect of the financial year ended 31 December 2014 on 20 May 2015; and

(b) First interim single tier dividend of 1.0 sen on 91,614,150 ordinary share of RM0.50 each totalling RM916,142 in respect of the financial year ended 31 December 2015 on 28 December 2015.

The Board of Directors does not recommend any final dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Treasury Shares

During the financial year, the Company repurchased 385,850 ordinary shares of RM0.50 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.75 per share. The total consideration paid for the repurchase, including transaction costs, was RM289,967. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2015, the Company held 385,850 treasury shares out of the total 92,000,000 issued ordinary shares. Further relevant details are disclosed in Note 18 to the financial statements.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Warrants

The Company had issued 46,000,000 warrants which were listed on Bursa Malaysia Securities Berhad on 3 December 2012 in conjunction with the right issue on the basis of one (1) warrant for every two (2) existing shares.

The warrants are constituted by a Deed Poll dated 12 December 2012 executed by the Company. Each warrant entitled the registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM0.80 per share, subject to adjustment in accordance with the provision of the Deed Poll.

The salient features of the warrants are as disclosed in Note 20 to the financial statements.

As at 31 December 2015, the total numbers of warrants that remain unexercised were 46,000,000.

Directors

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

Dato' Chua Ah Ba @ Chua Eng Ka
Chua En Hom
Chua Eng Hui
Chua Heok Wee
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai
Teh Eng Aun
Khairilanuar Bin Tun Abdul Rahman
Hj Ismail Bin Tunggak @ Hj Ahmad

Directors' Interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to Register of Directors' Shareholdings are as follows:

Interests in the Holding Company (MBL Realty Sdn. Bhd.)	**Number of ordinary shares of RM1.00 each**			
	At 1.1.2015	**Addition**	**Disposed**	**At 31.12.2015**
Direct Interests				
Dato' Chua Ah Ba @ Chua Eng Ka	40,000	-	-	40,000
Chua En Hom	20,000	-	-	20,000
Chua Eng Hui	20,000	-	-	20,000
Chua Heok Wee	20,000	-	-	20,000
Indirect Interests				
Dato' Chua Ah Ba @ Chua Eng Ka #	20,000	-	-	20,000

	Number of ordinary shares of RM0.50 each			
Interests in the Company	**At 1.1.2015**	**Addition**	**Disposed**	**At 31.12.2015**
Direct Interests				
Dato' Chua Ah Ba @ Chua Eng Ka	331,000	225,000	-	556,000
Chua En Hom	150,000	-	-	150,000
Chua Eng Hui	150,000	-	-	150,000
Chua Heok Wee	150,000	-	-	150,000
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,225,500	834,600	1,210,300	5,849,800
Khairilanuar Bin Tun Abdul Rahman	150,000	-	-	150,000
Hj Ismail Bin Tunggak @ Hj Ahmad	30,000	-	-	30,000
Indirect Interests				
Dato' Chua Ah Ba @ Chua Eng Ka # *	41,755,980	-	-	41,755,980
Chua En Hom *	41,611,980	-	-	41,611,980
Chua Eng Hui *	41,605,980	-	-	41,605,980
Chua Heok Wee *	41,605,980	-	-	41,605,980
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai #	2,764,200	1,286,900	999,400	3,051,700

deemed interest by virtue of shares held by spouse/children.
* deemed interest by virtue of the shareholdings in the holding company.

Directors' Interests (Cont'd)

By virtue of their interest in the Company, Dato' Chua Ah Ba @ Chua Eng Ka, Chua En Hom, Chua Eng Hui and Chua Heok Wee are also deemed interested in all the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

None of the other Directors in office at the end of the financial year had any interest in ordinary shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporations 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 38(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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.

Other Statutory Information

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

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and no allowance for doubtful debts was required; and

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

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

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

Other Statutory Information (Cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances: (Cont'd)

(iii) 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; or

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

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

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

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

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

Holding Company

The holding company is MBL Realty Sdn. Bhd., a private limited company incorporated and domiciled in Malaysia.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 08 April 2016.

CHUA ENG HUI	CHUA EN HOM

KUALA LUMPUR

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 12 to 100 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and the cash flows for the financial year then ended.

The supplementary information set out in Note 42 to the financial statements on page 101 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 on behalf of the Board of Directors in accordance with a resolution of the Directors dated 08 April 2016.

CHUA ENG HUI

CHUA EN HOM

KUALA LUMPUR

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

I, CHUA ENG HUI, being the Director primarily responsible for the financial management of Muar Ban Lee Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 12 to 101 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 08 April 2016)

CHUA ENG HUI

Before me,

No. W 521
MOHAN A.S. MANIAM
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUAR BAN LEE GROUP BERHAD
(Company No.: 753588-P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Muar Ban Lee Group Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 100.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUAR BAN LEE GROUP BERHAD (CONT'D)
(Company No.: 753588-P)
(Incorporated in Malaysia)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 42 on page 101 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUAR BAN LEE GROUP BERHAD (CONT'D)
(Company No.: 753588-P)
(Incorporated in Malaysia)

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 1817/12/16 (J)
Chartered Accountant

KUALA LUMPUR
08 April 2016

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	27,960,921	22,769,969
Investment properties	5	319,620	323,313
Intangible assets	6	3,261,067	3,602,058
Other investments	9	-	450,000
		31,541,608	27,145,340
Current assets			
Inventories	10	32,273,077	24,744,841
Trade receivables	11	20,312,094	10,344,488
Other receivables	12	6,459,355	2,770,580
Fixed deposits with licensed banks, cash and bank balances	14	13,163,512	5,095,577
		72,208,038	42,955,486
Assets included in disposal group classified as held for sale	15	26,964,514	26,399,612
		99,172,552	69,355,098
Total assets		130,714,160	96,500,438
EQUITY			
Share capital	16	46,000,000	46,000,000
Share premium	17	1,157,846	1,157,846
Treasury shares	18	(289,967)	-
Revaluation reserve	19	2,556,343	2,580,577
Discount on shares	20	(13,340,000)	(13,340,000)
Warrant reserves	20	17,940,000	17,940,000
Foreign currency translation reserve	21	(81,381)	-
Retained earnings	22	30,946,369	27,498,827
Equity attributable to owners of the parent		84,889,210	81,837,250
Non-controlling interests		6,682,297	6,216
Total equity		91,571,507	81,843,466

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (CONT'D)

	Note	2015 RM	2014 RM
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	23	1,311,000	1,240,000
Finance lease liabilities	24	104,294	294,748
Bank borrowings	25	12,441,524	3,637,492
		13,856,818	5,172,240
Current liabilities			
Trade payables	26	5,408,415	2,460,648
Other payables	27	13,254,480	4,105,068
Finance lease liabilities	24	190,454	208,104
Bank borrowings	25	6,245,962	2,386,561
Tax payable		10,361	15,476
		25,109,672	9,175,857
Liabilities included in disposal group classified as held for sale	15	176,163	308,875
		25,285,835	9,484,732
Total liabilities		39,142,653	14,656,972
Total equity and liabilities		130,714,160	96,500,438

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

	Note	2015 RM	2014 RM
Revenue	28	61,519,860	46,319,473
Cost of sales		(35,685,422)	(25,078,952)
Gross profit		25,834,438	21,240,521
Other income		3,093,709	799,830
Distribution and administrative expenses		(19,914,920)	(16,914,714)
Profit from operations		9,013,227	5,125,637
Finance costs	29	(810,792)	(263,345)
Profit before taxation	30	8,202,435	4,862,292
Taxation	32	(1,294,175)	(977,263)
Profit for the continuing operations		6,908,260	3,885,029
Discontinued operation			
(Loss)/Profit from discontinued operation, net of tax	15	(551,483)	139,266
Profit for the financial year		6,356,777	4,024,295
Profit attributable to:			
Owners of the parent			
- from continuing operations		6,730,933	3,928,545
- from discontinued operation		(551,483)	139,266
		6,179,450	4,067,811
Non-controlling interests		177,327	(43,516)
		6,356,777	4,024,295
Earnings per share (sen)			
- Basic, for the year from continuing operations		7.33	4.27
- Basic, for the year from discontinued operation		(0.60)	0.15
- Basic, for the financial year	33(a)	6.73	4.42
- Diluted, for the year from continuing operations		-	3.95
- Diluted, for the year from discontinued operation		-	0.14
- Diluted, for the financial year	33(b)	-	4.09

MUAR BAN LEE GROUP BERHAD
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	2015 RM	2014 RM
Profit for the financial year	6,356,777	4,024,295
Other comprehensive income		
Items that will not be reclassified subsequently to profit of loss, net of tax		
- Realisation of revaluation surplus	24,234	72,703
- Transfer of revaluation reserve to retained earnings	(24,234)	(72,703)
	-	-
Items that are or may be reclassified subsequently to profit or loss		
Exchange translation differences for foreign operations	(81,381)	-
Other comprehensive income for the financial year	(81,381)	-
Total comprehensive income for the financial year	6,275,396	4,024,295
Total comprehensive income attributable to:		
Owners of the parent	6,098,069	4,067,811
Non-controlling interests	177,327	(43,516)
	6,275,396	4,024,295

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

MUAR BAN LEE GROUP BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Attributable to owners of the parent										
		Non-distributable							Distributable			
	Note	Share capital RM	Share premium RM	Treasury shares RM	Revaluation reserve RM	Discount on shares RM	Warrant reserves RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2014		46,000,000	1,157,846	-	2,653,280	(13,340,000)	17,940,000	-	27,038,313	81,449,439	49,732	81,499,171
Profit for the financial year		-	-	-	-	-	-	-	4,067,811	4,067,811	(43,516)	4,024,295
Realisation of revaluation surplus		-	-	-	(72,703)	-	-	-	72,703	-	-	-
Total comprehensive income for the financial year		-	-	-	(72,703)	-	-	-	4,140,514	4,067,811	(43,516)	4,024,295
Transaction with owners:												
Dividends to owners of the Company	34	-	-	-	-	-	-	-	(3,680,000)	(3,680,000)	-	(3,680,000)
At 31 December 2014		46,000,000	1,157,846	-	2,580,577	(13,340,000)	17,940,000	-	27,498,827	81,837,250	6,216	81,843,466

MUAR BAN LEE GROUP BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Attributable to owners of the parent										
	Non-distributable							Distributable			
	Share capital	Share premium	Treasury shares	Revaluation reserve	Discount on shares	Warrant reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2015	46,000,000	1,157,846	-	2,580,577	(13,340,000)	17,940,000	-	27,498,827	81,837,250	6,216	81,843,466
Profit for the financial year	-	-	-	-	-	-	-	6,179,450	6,179,450	177,327	6,356,777
Realisation of revaluation surplus	-	-	-	(24,234)	-	-	-	24,234	-	-	-
Foreign exchange translation reserve	-	-	-	-	-	-	(81,381)	-	(81,381)	-	(81,381)
Total comprehensive income for the financial year	-	-	-	(24,234)	-	-	(81,381)	6,203,684	6,098,069	177,327	6,275,396

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

		Attributable to owners of the parent										
		Non-distributable							Distributable			
	Note	Share capital RM	Share premium RM	Treasury shares RM	Revaluation reserve RM	Discount on shares RM	Warrant reserves RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Transaction with owners:												
Share repurchased	18	-	-	(289,967)	-	-		-	-	(289,967)	-	(289,967)
Dividends to owners of the Company	34	-	-	-	-	-	-	-	(2,756,142)	(2,756,142)	-	(2,756,142)
Changes in ownership interest in a subsidiary		-	-	-	-	-	-	-	-	-	6,498,754	6,498,754
Total transactions with owners		-	-	(289,967)	-	-	-	-	(2,756,142)	(3,046,109)	6,498,754	3,452,645
At 31 December 2015		46,000,000	1,157,846	(289,967)	2,556,343	(13,340,000)	17,940,000	(81,381)	30,946,369	84,889,210	6,682,297	91,571,507

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

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Profit before taxation			
- Continuing operations		8,202,435	4,862,292
- Discontinued operation		(551,483)	139,266
		7,650,952	5,001,558
Adjustments for:			
Bargain purchase of subsidiary		(2,193,940)	(210,826)
Bad debts written off		58,790	-
Depreciation of investment properties		3,693	3,300
Depreciation of property, plant and equipment		1,606,769	1,912,370
Gain on disposal of property, plant and equipment		(60,848)	-
Impairment loss on intangible assets		430,071	-
Interest expenses		810,792	263,345
Interest income		(111,983)	(142,881)
Unrealised loss/(gain) on foreign exchange		22,215	(148,709)
Operating profit before working capital changes		8,216,511	6,678,157
Change in working capital:			
Inventories		(5,776,620)	(2,136,917)
Receivables		(5,387,277)	(1,908,225)
Payables		10,087,907	(2,789,011)
		(1,075,990)	(6,834,153)
Cash from/(used in) operations		7,140,521	(155,996)
Tax paid		(1,940,141)	(1,183,372)
Net cash from/(used in) operating activities		5,200,380	(1,339,368)
Cash flows from investing activities			
Additional of biological assets	15	(435,149)	(760,725)
Acquisition of intangible assets	6	(89,080)	(659,880)
Acquisition of property, plant and equipment	(i)	(2,159,562)	(660,347)
Proceed from disposal of other investments		450,000	-
Proceed from disposal of property, plant and equipment		60,849	-
Net cash outflows from acquisition of subsidiary	7 (b)	(3,589,432)	(24,750,000)
Interest received		111,983	142,881
Net cash used in investing activities		(5,650,391)	(26,688,071)

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

	Note	2015 RM	2014 RM
Cash flows from financing activities			
Dividends paid	34	(2,756,142)	(3,680,000)
Interest paid		(810,792)	(263,345)
Purchase of treasury shares	18	(289,967)	-
Withdrawal/(placement) of pledged fixed deposits		44,103	(12,344)
(Repayment of)/Proceeds from bankers acceptance		(355,000)	355,000
Net change of revolving credits		4,793,811	-
Proceeds from term loans		10,300,000	-
Repayment of term loans		(728,163)	(351,990)
Repayment of finance lease liabilities		(229,878)	(258,603)
Net cash from/(used in) financing activities		9,967,972	(4,211,282)
Net increase/(decrease) in cash and cash equivalents		9,517,961	(32,238,721)
Effect of exchange translation differences on cash and cash equivalents		281,655	-
Cash and cash equivalents at the beginning of the financial year		3,188,365	35,427,086
Cash and cash equivalents at the end of the financial year		12,987,981	3,188,365
Cash and cash equivalents at the end of the financial year comprises:			
Continuing operations			
Fixed deposits with licensed banks		367,217	713,801
Cash and bank balances		12,796,295	4,381,776
Bank overdraft		(44,631)	(1,667,754)
		13,118,881	3,427,823
Less: Fixed deposits pledged with licensed banks		(367,217)	(411,320)
		12,751,664	3,016,503
Discontinued operation			
Cash and bank balances		236,317	171,862
		12,987,981	3,188,365

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONT'D)

Note:

(i) Acquisition of property, plant and equipment

	2015 RM	2014 RM
Continued operations		
Aggregate additional cost of property, plant and equipment	2,159,562	844,122
Less: Finance lease liabilities	-	(220,000)
	2,159,562	624,122
Discontinued operation		
Aggregate additional cost of property, plant and equipment	-	161,225
Less: Finance lease liabilities	-	(125,000)
	-	36,225
Net cash payments	2,159,562	660,347

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Investments in subsidiary companies	7	36,524,999	36,524,999
Other investments	9	-	250,000
		36,524,999	36,774,999
Current assets			
Other receivables	12	7,346	7,346
Amounts owing by subsidiary companies	13	27,944,598	27,948,795
Tax recoverable		123,013	128,316
Cash and bank balances	14	183,871	673,230
		28,258,828	28,757,687
Total assets		64,783,827	65,532,686
EQUITY			
Share capital	16	46,000,000	46,000,000
Share premium	17	1,157,846	1,157,846
Treasury shares	18	(289,967)	-
Discount on shares	20	(13,340,000)	(13,340,000)
Warrant reserves	20	17,940,000	17,940,000
Retained earnings	22	41,320	44,482
Total equity		51,509,199	51,802,328
LIABILITIES			
Current liabilities			
Other payables	27	333,114	292,879
Amounts owing to subsidiary companies	13	12,941,514	13,437,479
Total liabilities		13,274,628	13,730,358
Total equity and liabilities		64,783,827	65,532,686

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

	Note	2015 RM	2014 RM
Revenue	28	3,440,000	4,260,000
Other income		8,864	28,496
General and administration expenses		(692,884)	(659,314)
Profit before taxation	30	2,755,980	3,629,182
Taxation	32	(3,000)	(6,449)
Profit for the financial year, representing total comprehensive income for the financial year		2,752,980	3,622,733

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

		Non-distributable					Distributable	
	Note	Share capital RM	Share premium RM	Treasury shares RM	Discount on shares RM	Warrant reserves RM	Retained earnings RM	Total equity RM
At 1 January 2014		46,000,000	1,157,846	-	(13,340,000)	17,940,000	101,749	51,859,595
Profit for the financial year, represent total comprehensive income for the financial year		-	-	-	-	-	3,622,733	3,622,733
Transaction with owners:								
Dividends to owners of the Company	34	-	-	-	-	-	(3,680,000)	(3,680,000)
At 31 December 2014		46,000,000	1,157,846	-	(13,340,000)	17,940,000	44,482	51,802,328
At 1 January 2015		46,000,000	1,157,846	-	(13,340,000)	17,940,000	44,482	51,802,328
Profit for the financial year, represent total comprehensive income for the financial year		-	-	-	-	-	2,752,980	2,752,980
Transaction with owners:								
Shares repurchased	18	-	-	(289,967)	-	-	-	(289,967)
Dividends to owners of the Company	34	-	-	-	-	-	(2,756,142)	(2,756,142)
At 31 December 2015		46,000,000	1,157,846	(289,967)	(13,340,000)	17,940,000	41,320	51,509,199

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

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

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

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Profit before taxation		2,755,980	3,629,182
Adjustments for:			
Dividend income		(3,440,000)	(4,260,000)
Interest income		(8,864)	(28,496)
Operating loss before working capital changes		(692,884)	(659,314)
Change in working capital:			
Receivables		-	25,654
Payables		40,235	(1,122)
		40,235	24,532
Cash used in operations		(652,649)	(634,782)
Tax paid		(11,328)	(55,649)
Tax refund		13,631	-
Net cash used in operating activities		(650,346)	(690,431)
Cash flows from investing activities			
Dividends received		3,440,000	4,260,000
Interest received		8,864	28,496
Proceeds from disposal of other investments		250,000	-
Net cash from operating activities		3,698,864	4,288,496
Cash flows from financing activities			
Advances to subsidiary companies		(491,768)	(10,667,684)
Dividend paid	34	(2,756,142)	(3,680,000)
Purchase of treasury shares	18	(289,967)	-
Net cash used in financing activities		(3,537,877)	(14,347,684)
Net decrease in cash and cash equivalents		(489,359)	(10,749,619)
Cash and cash equivalents at the beginning of the financial year		673,230	11,422,849
Cash and cash equivalents at the end of the financial year		183,871	673,230
Cash and cash equivalents at the end of the financial year comprises:			
Cash and bank balances		183,871	673,230

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

MUAR BAN LEE GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. Corporate Information

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

The principal place of business of the Company is at No. JR52, Lot 1818, Jalan Raja, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor.

The registered office of the Company is located at 85, Lebuh Muntri, 10200 Penang.

The principal activity of the Company is investment holding company. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is MBL Realty Sdn. Bhd., a private limited company incorporated and domiciled.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance Financial Reporting Standards ("FRSs") and the requirements of Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to FRS 119	Defined Benefits Plans: Employee Contributions
Annual Improvements to FRSs 2010 - 2012 Cycle	
Annual Improvements to FRSs 2011 - 2013 Cycle	

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

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

The Group and the Company intend to adopt the FRSs when they become effective.

The initial applications of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective (Cont'd)

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2015 could be different if prepared under the MFRS Framework.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

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

Judgments

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgments (Cont'd)

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Control over Palm Ocean Engineering Sdn. Bhd. and MBL Biotech Sdn. Bhd.

Note 7 describes that Palm Ocean Engineering Sdn. Bhd. and MBL Biotech Sdn. Bhd. are subsidiary companies of the Group even though the Group owns less than half of the ownership interest in these entities and less than half of their voting power. The Group control Palm Ocean Engineering Sdn. Bhd. and MBL Biotech Sdn. Bhd. by virtue of an agreement with its other shareholders.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and investment property

The Group regularly review the estimated useful lives of property, plant and equipment and investment property based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment property would increase the recorded depreciation and decrease the value of property, plant and equipment and investment property. The carrying amount at the reporting date for property, plant and equipment and investment property are disclosed in Notes 4 and 5 respectively.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of other intangible assets

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the intangible assets are allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The impairment assessment of other intangible assets is disclosed in Note 6.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 6.

This amount includes significant investment in the development of a tree pulverizer machine. Prior to being marketed, the Group will make necessary improvements on the machine to ensure that machine will run in a sound condition. However, the Group is confident that the machine will ready for market within next 12 months.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 23.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes (Cont'd)

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2015, the Group has tax payable of RM10,361 (2014: RM15,476) and the Company has tax recoverable of RM123,013 (2014: RM128,316).

3. Significant Accounting Policies

The Group and the Company apply the significant policies set put below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Capital work-in-progress consists of building under construction. The amount is stated at cost.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease period
Buildings	2%
Plant and machinery	10%
Furniture, fittings and office equipment	5% - 20%
Motor vehicles	20%

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

(d) Leases

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

<u>As lessee</u>

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. 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.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease (Cont'd)

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

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties are properties held either 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 measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land is not depreciated. Freehold building are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are 2%.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(e) Investment properties (Cont'd)

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Licensing fee

Licensing fee with finite useful lives is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 50 years. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(g) Biological assets

New planting and replanting expenditure incurred on land clearing, development and upkeep of immature oil palms during the pre-maturity period (pre-cropping costs) is capitalised under biological assets and is not amortised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss and the capitalised pre-cropping cost is amortised on a straight line basis over 20 years.

All replanting expenditure is also capitalised in biological assets and amortised on the above-mentioned basis.

(h) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

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

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(i) Financial liabilities

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

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

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities measured at amortised cost

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

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

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

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment 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.

3. Significant Accounting Policies (Cont'd)

(i) Financial liabilities (Cont'd)

(ii) Financial guarantee contracts (Cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

(j) Offsetting of financial instruments

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

(k) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

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

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

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

Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive incime is reclassified from equity to profit or loss.

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

Unquoted equity securities carried at cost

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

3. Significant Accounting Policies (Cont'd)

(n) Share capital

(i) Ordinary shares

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in profit of loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(o) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. Significant Accounting Policies (Cont'd)

(o) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(p) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transfer to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(ii) Project income

Revenue on project income is recognised to the extent of the project work is completed. The incomplete portion of the project income that has been invoiced to customer is treated as deferred revenue.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Interest income

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

(v) Dividend income

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

3. Significant Accounting Policies (Cont'd)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

3. Significant Accounting Policies (Cont'd)

(r) Income taxes (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3. Significant Accounting Policies (Cont'd)

(v) Disposal groups held for sale and discontinued operation

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

4. Property, Plant and Equipment

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
2015								
Cost/Valuation								
At 1 January 2015	10,039,669	980,000	7,950,001	6,922,258	1,661,508	6,112,021	-	33,665,457
Acquisition of subsidiary	754,872	-	619,818	4,739,065	358,825	-	-	6,472,580
Additions	-	-	-	646,848	87,714	-	1,425,000	2,159,562
Foreign currency translation differences	7,282	-	5,979	45,714	3,461	-	-	62,436
At 31 December 2015	10,801,823	980,000	8,575,798	12,353,885	2,111,508	6,112,021	1,425,000	42,360,035
Representing:								
At cost	-	-	-	12,353,885	2,111,508	6,112,021	1,425,000	22,002,414
At valuation	10,801,823	980,000	8,575,798	-	-	-	-	20,357,621
At 31 December 2015	10,801,823	980,000	8,575,798	12,353,885	2,111,508	6,112,021	1,425,000	42,360,035

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
2015								
Accumulated depreciation								
At 1 January 2015	-	66,192	917,516	3,910,922	1,003,386	4,516,534	-	10,414,550
Acquisition of subsidiary	-	-	334,419	1,360,443	184,347	-	-	1,879,209
Charge for the financial year	-	22,064	163,585	641,499	163,242	616,379	-	1,606,769
Foreign currency translation differences	-	-	3,197	12,705	1,746	-	-	17,648
At 31 December 2015	-	88,256	1,418,717	5,925,569	1,352,721	5,132,913	-	13,918,176
Accumulated impairment loss								
At 1 January 2015/ 31 December 2015	410,000	-	70,938	-	-	-	-	480,938
Total accumulated depreciation and impairment loss	410,000	88,256	1,489,655	5,925,569	1,352,721	5,132,913	-	14,399,114
Carrying amount								
At cost	-	-	-	6,428,316	758,787	979,108	1,425,000	9,591,211
At valuation	10,391,823	891,744	7,086,143	-	-	-	-	18,369,710
At 31 December 2015	10,391,823	891,744	7,086,143	6,428,316	758,787	979,108	1,425,000	27,960,921

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
2014							
Cost/Valuation							
At 1 January 2014	10,039,669	1,098,088	8,435,614	6,603,234	1,601,432	5,658,451	33,436,488
Acquisition of subsidiary	-	-	603,599	866,300	29,533	499,892	1,999,324
Additions	-	-	11,452	319,024	63,719	611,152	1,005,347
Reclassification	-	(118,088)	(497,065)	-	-	-	(615,153)
Transfer to assets held for sale	-	-	(603,599)	(866,300)	(33,176)	(657,474)	(2,160,549)
At 31 December 2014	10,039,669	980,000	7,950,001	6,922,258	1,661,508	6,112,021	33,665,457
Representing:							
At cost	-	-	-	6,922,258	1,661,508	6,112,021	14,695,787
At valuation	10,039,669	980,000	7,950,001	-	-	-	18,969,670
At 31 December 2014	10,039,669	980,000	7,950,001	6,922,258	1,661,508	6,112,021	33,665,457

4. Property, Plant and Equipment (Cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Total RM
2014							
Accumulated depreciation							
At 1 January 2014	-	155,453	1,285,333	3,397,652	845,755	3,630,135	9,314,328
Acquisition of subsidiary	-	-	125,524	565,264	10,914	402,151	1,103,853
Charge for the financial year	-	28,827	189,608	609,399	157,995	926,541	1,912,370
Reclassification	-	(118,088)	(497,065)	-	-	-	(615,153)
Transfer to assets held for sale	-	-	(185,884)	(661,393)	(11,278)	(442,293)	(1,300,848)
At 31 December 2014	-	66,192	917,516	3,910,922	1,003,386	4,516,534	10,414,550
Accumulated impairment loss							
At 1 January 2014	410,000	-	70,938	-	-	-	480,938
Acquisition of subsidiary	-	-	25,150	141,036	18,621	20,740	205,547
Transfer to assets held for sale	-	-	(25,150)	(141,036)	(18,621)	(20,740)	(205,547)
31 December 2014	410,000	-	70,938	-	-	-	480,938
Total accumulated depreciation and impairment loss	410,000	66,192	988,454	3,910,922	1,003,386	4,516,534	10,895,488
Carrying amount							
At cost	-	-	-	3,011,336	658,122	1,595,487	5,264,945
At valuation	9,629,669	913,808	6,961,547	-	-	-	17,505,024
At 31 December 2014	9,629,669	913,808	6,961,547	3,011,336	658,122	1,595,487	22,769,969

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 25 are:

	Group	
	2015	**2014**
	RM	**RM**
Freehold land	6,217,669	6,217,669
Leasehold land	891,744	913,808
Buildings	1,399,420	1,429,840
	8,508,833	8,561,317

(b) Assets held under finance leases

At 31 December 2015, the carrying amount of leased motor vehicle of the Group was RM735,266 (2014: RM1,078,012). Leased assets are pledged as security for the related finance lease liabilities.

(c) Revaluation of land and buildings

Freehold, leasehold land and buildings of a subsidiary company were revalued on 27 December 2011 and 18 January 2012 by independent professional qualified valuers, SR. Wong Yin Fook (Registered Valuer, V231) and Kuljeet Singh (Registered Valuer, V431).

The fair value of land and buildings is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

Had the land and buildings been carried at historical cost less accumulated depreciation and impairment loss, their carrying amount would have been as follows:

Group	**Freehold land RM**	**Leasehold land RM**	**Buildings RM**
2015			
Carrying amount	2,265,467	244,050	5,618,145
2014			
Carrying amount	2,265,467	251,923	5,759,878

(d) Leasehold land

The remaining lease term of the leasehold land is 41 years (2014: 42 years).

5. Investment Properties

Group	Freehold land RM	Building RM	Total RM
2015			
Valuation			
At 1 January/31 December	169,000	165,000	334,000
Accumulated depreciation			
At 1 January 2015	-	10,687	10,687
Charge for the financial year	-	3,693	3,693
At 31 December 2015	-	14,380	14,380
Carrying amount			
At 31 December 2015	169,000	150,620	319,620
Fair value of investment properties	458,365	447,517	905,882
2014			
Valuation			
At 1 January 2014	169,000	184,674	353,674
Reclassification	-	(19,674)	(19,674)
At 31 December 2014	169,000	165,000	334,000
Accumulated depreciation			
At 1 January 2014	-	27,061	27,061
Charge for the financial year	-	3,300	3,300
Reclassification	-	(19,674)	(19,674)
At 31 December 2014	-	10,687	10,687
Carrying amount			
At 31 December 2014	169,000	154,313	323,313
Fair value of investment properties	442,869	432,387	875,256

The Group's investment properties was revalued on 27 December 2011 by independent professional qualified valuers, SR. Wong Yin Fook (Registered Valuer, V231) using the comparison method and cost method.

5. Investment Properties (Cont'd)

Fair value of investment properties was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within level 3 of the fair value hierarchy.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2015	**2014**
	RM	**RM**
Rental income	28,200	22,525
Direct operating expenses	1,005	1,005

6. Intangible Assets

	Goodwill RM	Licensing fees RM	Development costs RM	Total RM
Group				
2015				
Cost				
At 1 January 2015	2,018,754	872,104	729,956	3,620,814
Addition through internally generated	-	-	89,080	89,080
At 31 December 2015	2,018,754	872,104	819,036	3,709,894
Accumulated impairment loss				
At 1 January 2015	18,756	-	-	18,756
Additions	-	325,000	105,071	430,071
31 December 2015	18,756	325,000	105,071	448,827
Carrying amount				
At 31 December 2015	1,999,998	547,104	713,965	3,261,067

6. Intangible Assets (Cont'd)

	Goodwill RM	Licensing fees RM	Development costs RM	Total RM
Group				
2014				
Cost				
At 1 January 2014	2,018,754	325,000	617,180	2,960,934
Addition through internally generated	-	547,104	112,776	659,880
At 31 December 2014	2,018,754	872,104	729,956	3,620,814
Accumulated impairment loss				
At 1 January 2014/ 31 December 2014	18,756	-	-	18,756
Carrying amount				
At 31 December 2014	1,999,998	872,104	729,956	3,602,058

Licensing fees are related to wood logging at Kelantan, Malaysia. The rights of wood logging are covered approximately 404 hectare and the estimated useful life is 50 years.

The development costs related to the development of tree pulverizer machine project.

Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

(a) Cash flows were projected based on actual operating results and a five-year business plan.

(b) Revenue was projected at anticipated annual revenue growth of approximately between 10% and 20% for the years 2016 to 2020.

(c) Expenses were projected at annual increase of approximately between 10% and 20% for the years 2016 to 2020.

(d) A pre-tax discount rate of 8% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the Group plus a reasonable risk premium.

6. Intangible Assets (Cont'd)

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

7. Investments in Subsidiary Companies

	Company	
	2015	2014
	RM	RM
In Malaysia		
Unquoted shares, at cost	36,524,999	36,524,999

Details of the subsidiary companies are as follows:

Name of Company	Country of incorporation	Effective interest (%) 2015	2014	Principal activities
Muar Ban Lee Engineering Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturer of oil seed expeller and related parts
Muar Ban Lee Technology Sdn. Bhd.	Malaysia	100.00	100.00	Manufacture of automated kernel crushing plants and related parts
Palm Ocean Engineering Sdn. Bhd. *	Malaysia	50.00	50.00	Involved in renewable energy, palm oil mill effluent waste treatment and empty fruit bunch compositing and related activities
MBL Biotech Sdn. Bhd.*	Malaysia	30.00	30.00	Dormant
MBL Waste Processing Technology Sdn. Bhd.	Malaysia	95.00	95.00	Investment holding
MBL Plantation Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding

7. Investments in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Country of incorporation	Effective interest (%) 2015	2014	Principal activities
Held through MBL Plantation Sdn. Bhd.				
SPA Hidayah Enterprise Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Sokor Gemilang Ladang Sdn. Bhd.	Malaysia	100.00	100.00	Cultivation of palm oil
Held through MBL Waste Processing Technology Sdn. Bhd.				
POME Treatment Technology Sdn. Bhd. **	Malaysia	52.25	52.25	Design, fabricate, supply and installation of machinery and ancillary equipment for waste management and energy generation for palm oil mill and other industries
Held through Muar Ban Lee Engineering Sdn. Bhd.				
PT. Serdang Jaya Perdana ^	Indonesia	51.00	-	Engaged in the business of Palm Kernel Crushing Plant where crude palm kernel oil is extraxted from Palm Kernel

^ Subsidiary company not audited by UHY.

* Currently the Company exercise full control over Palm Ocean Engineering Sdn. Bhd. ("POE") and MBL Biotech Sdn. Bhd. ("MBLB"). As such, POE and MBLB are recognised as the subsidiary companies of the Company even though the Company's equity interest in these respective subsidiary companies is less than or equal to 50%.

** The total effective equity interest held by the Group is 52.25%, of which 55% is held through MBL Waste Processing Technology Sdn. Bhd..

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

7. Investments in Subsidiary Companies (Cont'd)

Acquisition of subsidiary companies

2015

On 21 September 2015, Muar Ban Lee Engineering Sdn. Bhd. ("MBLE"), a wholly-owned subsidiary of the Company had entered into a conditional Share Sales Agreement ("SSA") with the shareholders of PT Serdang Jaya Perdana ("SJP") for subscribe addition allotment of IDR15,300,000,000 (which is equivalent to RM4,570,070) paid up share capital in SJP at par value and to be settled in cash. The new subscription of share capital is represents 51% shareholding of total issued and paid up share capital of SJP.

The acquisition is deemed completed on 21 October 2015 after the settlement of the acquisition amounts and consequently resulted an increase on investment in subsidiary company of the MBLE by RM4,570,070 for the financial year ended 31 December 2015. With this acquisition, SJP became a 51% owned subsidiary company of the MBLE.

2014

On 13 February 2014, MBL Plantation Sdn. Bhd. ("MBLP"), a wholly-owned subsidiary company of the Company had acquired 2,000,000 ordinary shares of RM1.00 each of Sokor Gemilang Ladang Sdn. Bhd. ("SGLSB") for a total consideration of RM24,750,000. With the acquisition, SGLSB became a wholly-owned subsidiary of the MBLP.

(a) Fair value of identifiable assets acquired and liabilities assumed

	Group	
	2015	**2014**
	RM	**RM**
Property, plant and equipment	4,638,159	689,924
Land use right	-	24,800,000
Inventories	1,751,616	-
Trade receivables	1,358,016	-
Other receivables	6,972,243	-
Cash and cash equivalents	980,638	-
Deferred tax liabilities	-	(63,987)
Trade payables	(1,028,026)	-
Other payables	(698,031)	(465,111)
Tax payable	(711,851)	-
Non-controlling interests	(6,498,754)	-
Total identifiable assets and liabilities	6,764,010	24,960,826

7. Investments in Subsidiary Companies (Cont'd)

Acquisition of subsidiary companies (Cont'd)

(b) Net cash outflows arising from acquisition of subsidiary company

	Group 2015 RM	Group 2014 RM
Purchase consideration settled in cash	(4,570,070)	(24,750,000)
Cash and cash equivalents acquired	980,638	-
Net cash outflows on acquisition of subsidiary	(3,589,432)	(24,750,000)

(c) Bargain purchase arising from business combination

	Group 2015 RM	Group 2014 RM
Fair value of consideration transferred	4,570,070	24,750,000
Fair value of identifiable assets acquired and liabilities assumed	(6,764,010)	(24,960,826)
Bargain purchase	(2,193,940)	(210,826)

8. Biological Assets

	Group 2015 RM	Group 2014 RM
At 1 January	-	-
Additions	-	760,725
Transfer to assets held for sales	-	(760,725)
At 31 December	-	-

9. Other Investments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Available-for-sale financial assets				
At amortised cost				
- Medium Term Note	-	250,000	-	250,000
- Premium Capital Income Secure Saver	-	200,000	-	-
	-	450,000	-	250,000

The investment in Premium Capital Income Secure Saver is held in trust by a Director.

The interest rate for the investments as at 31 December 2015 ranging from 3.30% to 7.15% (2014: 3.30% to 7.15%) per annum.

10. Inventories

	Group	
	2015	**2014**
	RM	**RM**
At cost:		
Raw materials	12,323,798	6,408,746
Work-in progress	19,949,279	18,336,095
	32,273,077	24,744,841
Recognised in profit or loss:		
Inventories recognised as cost of sales	33,809,825	25,288,936

11. Trade Receivables

	Group	
	2015	**2014**
	RM	**RM**
Trade receivables	20,312,094	10,344,488

The Group's normal trade credit terms range from 30 to 120 days (2014: 30 to 120 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	10,690,705	5,513,006
Past due less than 3 months but not impaired	2,570,975	3,326,394
Past due more than 3 months but not impaired	7,050,414	1,505,088
Total past due but not impaired	9,621,389	4,831,482
Trade receivables	20,312,094	10,344,488

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

As at 31 December 2015, trade receivables of RM9,621,389 (2014: RM4,831,482) were past due but not impaired. These related to a number of independent customers from whom there is no recent history of default.

12. Other Receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Other receivables	844,393	475,923	4,346	4,346
Sundry deposits	1,717,190	537,094	3,000	3,000
Prepayments	3,897,772	1,757,563	-	-
	6,459,355	2,770,580	7,346	7,346

Included in prepayments of the Group is an amount of RM Nil (2014: RM200,000) being amount paid for acquisition of subsidiary company by the Group and RM1,665,980 (2014: RM468,237) being amount paid to suppliers for purchase of raw materials that are yet to received.

13. Amounts Owing by/(to) Subsidiary Companies

Amounts owing by/(to) subsidiary companies are non-trade in nature, non-interest bearing, unsecured and repayable on demand.

14. Fixed Deposits with Licensed Banks, Cash and Bank Balances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	12,796,295	4,381,776	183,871	673,230
Fixed deposit with licensed banks	367,217	713,801	-	-
	13,163,512	5,095,577	183,871	673,230

Fixed deposits with licensed banks of the Group amounting to RM367,217 (2014: RM411,320) are pledged as securities for bank guarantees facilities as disclosed in Note 35.

The fixed deposits with licensed banks of the Group earn effective interest at rates ranging from 3.1% to 3.2% (2014: 2.75% to 3.3%) per annum.

Deposits of the Group have maturity periods ranging from 1 to 12 months (2014: 1 to 12 months).

15. Disposal Group Held For Sale and Discontinued Operation

On 28 April 2015, the Group had entered into a Memorandum of Understanding (“MOU”) with Kenali Barkat Sdn. Bhd. proposed to dispose of its entire 2,000,000 ordinary shares of RM1.00 each in Sokor Gemilang Ladang Sdn. Bhd. (“SGLSB”), a wholly owned subsidiary company of MBL Plantation Sdn. Bhd. for a total consideration of RM35,100,000.

As at 31 December 2014, the assets and liabilities of SGLSB have been presented on the consolidated statement of financial position as a disposal group held for sale and results from this subsidiary company is presented separately on the consolidated statement of profit or loss and other comprehensive income as discontinued operation.

The disposal of the subsidiary company is due to be completed on financial year 2016. As at 31 December 2015, final negotiations for the sale were in progress.

15. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Consolidated Statement of Financial Position

The major classes of assets and liabilities of Sokor Gemilang Ladang Sdn. Bhd. classified as held for sale as at the end of financial years are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Assets		
Land use right	24,800,000	24,800,000
Biological assets	1,195,874	760,725
Property, plant and equipment	654,153	654,154
Trade receivables	78,170	12,871
Cash and bank balances	236,317	171,862
Assets included in disposal group classified as held for sale	26,964,514	26,399,612
Liabilities		
Trade payables	4,583	92,779
Other payables	68,354	91,096
Finance lease liabilities	103,226	125,000
Liabilities included in disposal group classified as held for sale	176,163	308,875
Net assets directly associated with disposal group classified as held for sale	26,788,351	26,090,737

Consolidated Statement of Profits or Loss and Other Comprehensive Income

The results of Sokor Gemilang Ladang Sdn. Bhd. are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Revenue	1,102,472	982,510
Cost of sales	(820,375)	(742,240)
Gross profit	282,097	240,270
Other income	60,848	-
Distribution and administrative expenses	(887,102)	(101,004)
Finance costs	(7,326)	-
(Loss)/Profit from discontinued operation, net of tax	(551,483)	139,266

The (loss)/profit from discontinued operation is attributable entirely to the owners of the Company.

15. Disposal Group Held For Sale and Discontinued Operation (Cont'd)

Included in arriving (loss)/profit before taxation of the discontinued operation are as follows:

	Group	
	2015	2014
	RM	RM
Auditors' remuneration	12,000	12,000
Depreciation of property, plant and equipment	-	196,995
Staff costs	136,023	60,181
Gain on disposal of property, plant and equipment	(60,848)	-

Consolidated Statement of Cash Flows

Cash flows attributable to Sokor Gemilang Ladang Sdn. Bhd. as follows:

	Group	
	2015	2014
	RM	RM
Net cash (used in)/from operating activities	(788,568)	449,729
Net cash used in investing activities	(374,300)	(796,949)
Net cash from financing activities	1,227,323	-
Effect on cash flows	64,455	(347,220)

16. Share Capital

	Group/Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2015	2014	2015	2014
	Units	Units	RM	RM
Authorised:				
At 1 January/31 December	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 January/31 December	92,000,000	92,000,000	46,000,000	46,000,000

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

17. Share Premium

Share premium amounting to RM3,150,000 arose from issuance of 21,000,000 shares of RM0.50 each at a premium of RM0.15 per share in year 2009, net of listing expense amounting to RM1,157,846.

18. Treasury Shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 16 June 2015, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group/Company	
	Number of ordinary shares of RM0.50 each Units	**Amount RM**
2015		
At 1 January 2015	-	-
Own shares acquired	385,800	289,967
At 31 December 2015	385,800	289,967

During the financial year, the Company repurchased 385,800 units of its issued share capital from the open market at an average price of RM0.75 per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

Details of the repurchase of treasury shares during current financial year are as follows:

	Average price RM	**Highest price RM**	**Lowest price RM**	**Number of shares repurchased RM**	**Total consideration paid RM**
2015					
May	0.76	0.76	0.76	3,000	2,280
June	0.76	0.77	0.75	188,900	142,620
July	0.75	0.76	0.75	118,000	88,403
August	0.75	0.75	0.75	74,400	55,502
November	0.77	0.78	0.77	1,500	1,162
				385,800	289,967

19. Revaluation Reserve

The revaluation reserve represents increase in the fair value of land and buildings, net of tax, and decrease to the extent that such decrease relate to an increase on the same asset previously recognised in other comprehensive income.

20. Warrant Reserves

On 3 December 2012, the Group and the Company issued a Renounceable Rights Issue of 46,000,000 warrants in the Group and the Company on the basis of 1 warrant for every 2 existing shares of the Group and of the Company at an issue price of RM0.10 per warrant.

The warrant reserve represents the fair value of the warrants on the issue date of RM0.39 based on the Black-Scholes Model. The discount on shares represents the fair value of the warrants less the proceeds received from the issuance of the said warrants.

Each warrant entitles the registered holder of warrant to subscribe for one new ordinary share in the Company at any time on or after 3 December 2012 up to the date of expiry on 28 November 2022, at an exercise price of RM0.80 per share.

During the financial year, no Warrants were exercised. The outstanding number of warrants as at 31 December 2015 was 46,000,000 (2014: 46,000,000).

Other Reserve

This represents fair value allocated to the detachable warrants issued in conjunction with right issue.

21. Foreign Currency Translation Reserve

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

22. Retained Earnings

Under the single tier system introduced by the Finance Act 2007 which came into effect from the year of assessment 2007, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings of the Company can be distributed to shareholders as tax exempt dividends.

23. Deferred Tax Liabilities

	Group	
	2015	**2014**
	RM	**RM**
At 1 January	1,240,000	1,239,000
Acquisition of subsidiary	-	63,987
Recognised to profit or loss (Note 32)		
- relating to origination and reversal of temporary difference	16,115	55,275
- relating to crystallisation of deferred tax liability on revaluation reserve	(8,078)	(24,234)
- Under/(Over) provision in prior year	62,963	(94,028)
At 31 December	1,311,000	1,240,000

The net deferred tax assets and liabilities shown on the consolidated statement of financial position after appropriate offsetting are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Deferred tax assets	-	(812)
Deferred tax liabilities	1,311,000	1,240,812
	1,311,000	1,240,000

The components and movements of deferred tax assets and liabilities are as follows:

Group

	Unutilised capital allowances RM
Deferred tax assets	
At 1 January 2014	-
Recognised in profit or loss	812
At 31 December 2014	812
Recognised in profit or loss	(812)
At 31 December 2015	-

23. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax assets and liabilities are as follows: (Cont'd)

Group

	Accelerated capital allowances RM	**Revaluation surplus RM**	**Total RM**
Deferred tax liabilities			
At 1 January 2014	873,755	365,245	1,239,000
Acquisition of subsidiary	63,987	-	63,987
Recognised in profit or loss	(37,941)	(24,234)	(62,175)
At 31 December 2014	899,801	341,011	1,240,812
Recognised in profit or loss	78,266	(8,078)	70,188
At 31 December 2015	978,067	332,933	1,311,000

Deferred tax assets have not been recognised in respect of the following temporary difference due to uncertainty of its recoverability:

	Group	
	2015 RM	**2014 RM**
Unutilised capital allowances	69,389	37,303
Unutilised tax losses	636,339	53,930
Other deductible temporary differences	13,869	26,222
	719,597	117,455

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

24. Finance Lease Liabilities

	Group 2015 RM	Group 2014 RM
Minimum lease payments:		
Repayable within one year	199,267	226,152
Repayable within one to two years	106,124	199,267
Repayable within two to five years	-	106,124
	305,391	531,543
Less: Future finance charges	(10,643)	(28,691)
Present value of minimum lease payments	294,748	502,852
Present value of minimun lease payments:		
Repayable within one year	190,454	208,104
Repayable within one to two years	104,294	190,454
Repayable within two to five years	-	104,294
	294,748	502,852
Representing minimum lease payments:		
Current portion	190,454	208,104
Non-current portion	104,294	294,748
	294,748	502,852

The finance lease liabilities bear interest at the rates ranging from 2.34% to 2.51% (2014: 2.34% to 3.15%) per annum.

25. Bank Borrowings

	Group 2015 RM	Group 2014 RM
Secured		
Non-current		
Term loans	12,441,524	3,637,492
Current		
Term loans	1,131,612	363,807
Bank overdraft	44,631	1,667,754
Bankers acceptance	-	355,000
Revolving credits	5,069,719	-
	6,245,962	2,386,561
Total bank borrowings	18,687,486	6,024,053

25. Bank Borrowings (Cont'd)

	Group	
	2015	2014
	RM	RM
Maturity of bank borrowings is as follows:		
Repayable within one year	6,245,962	2,386,561
Repayable within one to two years	1,150,247	383,755
Repayable within two to five years	3,747,036	1,282,194
Repayable more than five years	7,544,241	1,971,543
	18,687,486	6,024,053

The effective interest rates per annum at the end of the reporting period for the bank borrowings were as follows:

	Group	
	2015	2014
	%	%
Term loans	4.65 - 5.85	5.35
Bank overdraft	7.35	7.35
Bankers acceptance	-	5.26
Revolving credits	2.45 - 2.72	-

The term loans, bank overdraft, bankers acceptance and revolving credits are secured by the following:

(i) legal charge over the Group's freehold, leasehold land and building as mentioned in Note 4; and
(ii) corporate guarantee by the Company.

26. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

27. Other Payables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other payables	830,818	192,792	-	-
Deposits received	10,473,020	2,192,790	-	-
Accruals	1,950,642	1,719,486	333,114	292,879
	13,254,480	4,105,068	333,114	292,879

27. Other Payables (Cont'd)

Included in the deposits of the Group is an amount of RM9,983,408 (2014: RM1,172,763) being deposits received for securing sales contract.

28. Revenue

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Continuing operations				
Sale of goods	61,519,860	46,319,473	-	-
Dividend income from subsidiary companies	-	-	3,440,000	4,260,000
	61,519,860	46,319,473	3,440,000	4,260,000

29. Finance Costs

	Group	
	2015	**2014**
Continuing operations	**RM**	**RM**
Interest expenses on:		
- Bank overdraft	61,840	18,899
- Bankers acceptance	47,679	126
- Finance lease liabilities	18,048	27,293
- Term loans	628,896	217,027
- Revolving credits	54,329	-
	810,792	263,345

30. Profit Before Taxation

Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Continuing operations				
Auditors' remuneration				
- audit fee	74,220	71,000	19,220	17,500
- non-audit fee	5,000	3,000	5,000	3,000
Bargain purchase of subsidiary	(2,193,940)	(210,826)	-	-

30. Profit Before Taxation (Cont'd)

Profit before taxation is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Continuing operations				
Bad debts written off	58,790	-	-	-
Depreciation of investment properties	3,693	3,300	-	-
Depreciation of property, plant and equipment	1,606,769	1,715,375	-	-
Foreign exchange gain				
- realised	(328,134)	(209,361)	-	-
- unrealised	22,215	(148,709)	-	-
Impairment loss on intangible assets	430,071	-	-	-
Interest income	(111,983)	(142,881)	(8,864)	(28,496)
Non-executive Directors' remunerations				
- fees	108,000	90,000	108,000	90,000
- other emoluments	7,000	7,000	7,000	7,000
Rental expenses	607,127	668,297	-	-
Rental income	(59,000)	(36,525)	-	-
Research and development costs	411,788	379,904	-	-

31. Staff Costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Continuing operations				
Salaries, wages and other emoluments	11,545,977	10,784,351	426,577	379,577
Social security contributions	41,797	41,208	-	-
Defined contribution plans	1,085,731	1,068,021	23,058	23,053
Other benefits	94,316	64,633	-	-
	12,767,821	11,958,213	449,635	402,630

31. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Continuing operations				
Executive Directors				
Fees	1,970,000	1,940,000	180,000	150,000
Salaries and other emoluments	2,348,928	2,818,601	130,577	130,077
Social security contributions	2,214	2,465	-	-
Bonus	1,416,672	909,722	-	-
Defined contribution plans	670,558	670,512	23,058	23,053
Other benefits	25,608	25,112	-	-
	6,433,980	6,366,412	333,635	303,130

32. Taxation

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Continuing operations				
Current tax:				
Current year provision	1,128,541	1,025,079	3,000	6,500
Under/(Over) provision in prior year	94,634	15,171	-	(51)
	1,223,175	1,040,250	3,000	6,449
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	16,115	55,275	-	-
Relating to crystallisation of deferred tax liability on revaluation reserve	(8,078)	(24,234)	-	-
Over provision in prior year	62,963	(94,028)	-	-
	71,000	(62,987)	-	-
	1,294,175	977,263	3,000	6,449

Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profits for the financial year.

32. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Profit before taxation				
- Continuing operations	8,202,435	4,862,292	2,755,980	3,629,182
- Discontinued operation	(551,483)	139,266	-	-
	7,650,952	5,001,558	2,755,980	3,629,182
At Malaysian statutory tax rate of 25% (2014: 25%)	1,912,738	1,250,389	688,995	907,296
Income not subject to tax	(1,216,203)	(694,566)	(860,000)	(1,065,000)
Expenses not deductible for tax purposes	337,012	528,146	174,005	164,204
Utilisation of previously not recognised deferred tax assets	(13,279)	(3,615)	-	-
Changes in tax rate	(32,230)	-	-	-
Relating to crystallisation of deferred tax liability on revaluation reserve	(8,078)	(24,234)	-	-
Deferred tax assets not recognised	156,618	-	-	-
Under/(Over) provision of deferred tax in prior year	62,963	(94,028)	-	-
Under/(Over) provision of income tax in prior year	94,634	15,171	-	(51)
	1,294,175	977,263	3,000	6,449

A subsidiary company of the Group was accorded pioneer status under the Promotion of Investment Act 1986 and has been granted with 100% tax exemption on its statutory income for Automated Kernel Crushing Plant and Parts for ten (10) years commencing 21 November 2006.

The corporate tax rate will be reduced to 24% for the year of assessment 2016 as announced in the Malaysia Budget 2014. Consequently, recognised deferred tax assets and liabilities are measured using this rate.

The Group has estimated unutilised tax losses and unutilised capital allowances of RM636,339 (2014: RM53,930) and RM69,389 (2014: RM40,551) respectively carried forward available for set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

33. Earnings per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2015	**2014**
Profit attributable to ordinary shareholders (RM)		
- from continuing operations	6,730,933	3,928,545
- from discontinued operation	(551,483)	139,266
	6,179,450	4,067,811
Wighted average number of ordinary shares in issues		
Number of ordinary shares in issue at 1 January	92,000,000	92,000,000
Effect of treasury shares	(189,131)	-
Weighted average number of ordinary shares as at 31 December	91,810,869	92,000,000
Basic earnings per share (sen)		
- from continuing operations	7.33	4.27
- from discontinued operation	(0.60)	0.15
	6.73	4.42

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential shares as follows:

	Group	
	2015	**2014**
Profit attributable to ordinary shareholders (RM)		
- from continuing operations	6,730,933	3,928,545
- from discontinued operation	(551,483)	139,266
	6,179,450	4,067,811
Weighted average number of ordinary shares used in the calculation of basic earning per share	91,810,869	92,000,000
Effect of dilution of the warrants	*	7,565,426
Weighted average number of ordinary shares in issue (diluted)	91,810,869	99,565,426

33. Earnings per Share (Cont'd)

(b) Diluted earnings per share (Cont'd)

	Group 2015	Group 2014
Diluted earnings per share (sen)		
- from continuing operations	-	3.95
- from discontinued operation	-	0.14
	-	4.09

* Diluted earnings per share is not applicable as the exercise price of warrants is higher than the average market price of the Company's ordinary share during the current financial year.

34. Dividends

	Group/Company 2015 RM	Group/Company 2014 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
In respect of the financial year ended 31 December 2013:		
Second interim single tier dividend of RM0.03 per ordinary share on 30 April 2014	-	2,760,000
In respect of the financial year ended 31 December 2014:		
First interim single tier dividend of RM0.01 per ordinary share on 30 December 2014	-	920,000
Second interim single tier dividend of RM0.02 per ordinary share on 20 May 2015	1,840,000	-
In respect of the financial year ended 31 December 2015:		
First interim single tier dividend of RM0.01 per ordinary share on 28 December 2015	916,142	-
	2,756,142	3,680,000

The Board of Directors does not recommend the payment of a final dividend for the current financial year.

35. Contingent Liabilities

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Secured				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	-	-	10,548,566	6,847,177
Bank guarantee given to third party	1,756,954	123,374	-	-
Bank guarantee given to tender deposit and third parties in respect of a contract entered	-	699,750	-	-
Bank guarantee given to financial institutions for customs duties and supply of electricity	35,000	34,000	-	-

36. Commitments

	Group	
	2015	2014
	RM	RM
Capital expenditure		
Authorised and contracted for property, plant and equipment	75,000	1,757,920
Authorised and not contracted for biological assets	-	1,000,000

Operating lease commitments - as lessee

The future minimum lease payments payable under non-cancellable operating leases are:

	Group	
	2015	2014
	RM	RM
Within one year	124,862	184,594
Later than one year but not later than two years	4,500	124,862
Later than two years but not later than five years	-	4,500
	129,362	313,956

Leasing agreements

Operating lease commitments represent rentals payables for use of building. Leases are negotiated for terms ranging from 1 to 5 years.

37. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Transaction with subsidiaries:				
- Dividend income received from subsidiary companies	-	-	3,440,000	4,260,000
Transaction with a company in which Directors of the Company have substantial financial interest				
- Secretarial fees paid	9,618	8,780	-	-
Transaction with Directors:				
- Rental paid	24,000	7,200	-	-

(c) Compensation of key management personnel

There are no other transactions with the key management personnel of the Group and of the Company other than the remuneration package accordance with the terms and conditions of their appointment as disclosed in Note 31.

38. Segment Information

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

Investment holding	Investment holding and provision of management services.
Manufacturing	Manufacture of oil seed expeller, automated kernel crushing plants and related parts.
Trading and service	Trading of renewable energy, Palm Oil Mill Effuent waste treatment and Empty Fruit Brunch composting and related activities.
Plantation	Involved in oil palm plantation.

Other non-reportable segments comprise operations related to rental of investment property. None of these segments met the quantitative thresholds for reporting segments in 2015 and 2014.

Except as indicated above, no operating segments have been aggregated to from the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

38. Segment Information (Cont'd)

(a) Business segments (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:

	Investment holding RM	Manufacturing RM	Trading and service RM	Plantation (discontinued) RM	Adjustment and eliminations RM	Consolidated RM
Group						
2015						
Revenue						
External reveue	-	59,246,071	2,273,789	1,102,472	-	62,622,332
Inter-segment revenue	3,440,000	852,270	-	-	(4,292,270)	-
Total revenue	3,440,000	60,098,341	2,273,789	1,102,472	(4,292,270)	62,622,332
Results						
Interest income	8,864	103,119	-	-	-	111,983
Finance costs	-	(810,792)	-	-	-	(810,792)
Depreciation of:						
- Property, plant and equipment	-	(1,605,733)	(1,036)	-	-	(1,606,769)
- Investment properties	-	(3,693)	-	-	-	(3,693)
Other material profit or loss items:						
- Bargain purchase of subsidiary	2,193,940	-	-	-	-	2,193,940
- Bad debts written off	-	58,790	-	-	-	58,790
- Gain on disposal of property, plant and equipment	-	-	-	(60,848)	-	(60,848)

38. Segment Information (Cont'd)

(a) Business segments (Cont'd)

	Investment holding RM	Manufacturing RM	Trading and service RM	Plantation (discontinued) RM	Adjustment and eliminations RM	Consolidated RM
Group						
2015						
Results (Cont'd)						
Other material profit or loss items:						
- Impairment loss on intangible assets	430,071	-	-	-	-	430,071
- Unrealised exchange gain/(loss)	133,777	(157,640)	1,648	-	-	(22,215)
- Realised exchange gain	-	138,552	3,416	-	-	141,968
- Taxation	(3,000)	(1,190,175)	(101,000)	-	-	(1,294,175)
Segment (loss)/profit	1,366,223	4,787,822	932,447	(729,715)	-	6,356,777
Segment assets	1,431,028	100,316,773	284,511	26,964,514	1,717,334	130,714,160
Segment liabilities	346,976	39,733,182	51,816	176,163	(1,165,484)	39,142,653
2014						
Revenue						
External reveue	-	46,120,599	198,874	982,510	-	47,301,983
Inter-segment revenue	4,260,000	648,330	8,800	-	(4,917,130)	-
Total revenue	4,260,000	46,768,929	207,674	982,510	(4,917,130)	47,301,983

38. Segment Information (Cont'd)

(a) Business segments (Cont'd)

	Investment holding RM	Manufacturing RM	Trading and service RM	Plantation (discontinued) RM	Adjustment and eliminations RM	Consolidated RM
Group						
2014						
Results						
Interest income	28,496	114,385	-	-	-	142,881
Finance costs	-	(263,345)	-	-	-	(263,345)
Depreciation of:						
- Property, plant and equipment	-	(1,714,725)	(650)	(196,995)	-	(1,912,370)
- Investment properties	-	(3,300)	-	-	-	(3,300)
Other material profit or loss items:						
- Bargain purchase of subsidiary	210,826	-	-	-	-	210,826
- Unrealised exchange gain	-	148,709	-	-	-	148,709
- Realised exchange gain	-	207,439	1,922	-	-	209,361
- Taxation	57,538	(1,034,801)	-	-	-	(977,263)
Segment (loss)/profit	(426,965)	4,372,934	(60,940)	139,266	-	4,024,295
Segment assets	2,592,854	65,434,419	291,159	26,399,612	1,782,394	96,500,438
Segment liabilities	310,549	13,995,091	260,061	308,875	(217,604)	14,656,972

38. Segment Information (Cont'd)

(b) Geographical segments

The segment information by geographical location is presented as below:

	Group 2015 RM	2014 RM
Continuing operations		
Malaysia	10,851,775	3,920,762
Indonesia	35,513,352	31,999,302
Thailand	2,112,824	3,285,687
Gabon	197,878	1,142,943
Guatamala	5,061,512	1,179,021
Papua New Guinea	740,386	1,314,830
Colombia	759,246	489,913
Outside Malaysia	6,282,887	2,987,015
Discontinued operation		
Malaysia	1,102,472	982,510
	62,622,332	47,301,983

(c) Major customers

Revenue from six (2014: five) major customers amount to approximately RM18,577,000 (2014: RM16,375,000), arising from sales in the manufacturing and trading segment.

39. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss are recognised.

39. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

Group	Loans and receivables RM	Available-for-sale RM	Financial liabilities measured at amortised cost RM	Total RM
2015				
Financial assets				
Trade receivables	20,312,094	-	-	20,312,094
Other receivables	2,561,583	-	-	2,561,583
Fixed deposits with licensed banks, cash and bank balances	13,163,512	-	-	13,163,512
	36,037,189	-	-	36,037,189
Financial liabilities				
Trade payables	-	-	5,408,415	5,408,415
Other payables	-	-	13,254,480	13,254,480
Finance lease liabilities	-	-	294,748	294,748
Bank borrowings	-	-	18,687,486	18,687,486
	-	-	37,645,129	37,645,129
2014				
Financial assets				
Other investments	-	450,000	-	450,000
Trade receivables	10,344,488	-	-	10,344,488
Other receivables	1,013,017	-	-	1,013,017
Fixed deposits with licensed banks, cash and bank balances	5,095,577	-	-	5,095,577
	16,453,082	450,000	-	16,903,082
Financial liabilities				
Trade payables	-	-	2,460,648	2,460,648
Other payables	-	-	4,105,068	4,105,068
Finance lease liabilities	-	-	502,852	502,852
Bank borrowings	-	-	6,024,053	6,024,053
	-	-	13,092,621	13,092,621

39. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis: (Cont'd)

Company	Loans and receivables RM	Available-for-sale RM	Financial liabilities measured at amortised cost RM	Total RM
2015				
Financial assets				
Other receivables	7,346	-	-	7,346
Amounts owing by subsidiary companies	27,944,598	-	-	27,944,598
Cash and bank balances	183,871	-	-	183,871
	28,135,815	-	-	28,135,815
Financial liabilities				
Other payables	-	-	333,114	333,114
Amount owing to subsidiary companies	-	-	12,941,514	12,941,514
	-	-	13,274,628	13,274,628
2014				
Financial assets				
Other investments	-	250,000	-	250,000
Other receivables	7,346	-	-	7,346
Amounts owing by subsidiary companies	27,948,795	-	-	27,948,795
Cash and bank balances	673,230	-	-	673,230
	28,629,371	250,000	-	28,879,371
Financial liabilities				
Other payables	-	-	292,879	292,879
Amount owing to subsidiary companies	-	-	13,437,479	13,437,479
	-	-	13,730,358	13,730,358

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process. The Group has not active engaged in the trading of financial assets for speculative purposes nor does it write options. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM10,548,566 (2014: RM6,847,177), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

<u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amounts owing by seven customers (2014: seven customers) which constituted approximately 48% (2014: 41%) of its trade receivables as at the end of the reporting period.

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group	
	2015	**2014**
	RM	**RM**
Columbia	424,153	370,279
Gabon	274,685	271,935
Independent State of Papua New Guinea	430,897	171,891
Kingdom of Belgium	742,357	171,445
Kingdom of Thailand	37,235	95,245
Malaysia	3,140,000	1,066,650
Republic of Guatemala	88,780	-
Republic of Indonesia	14,934,237	8,197,043
Singapore	239,750	-
	20,312,094	10,344,488

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Group	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2015						
Non-derivative financial liabilities						
Trade payables	5,408,415	-	-	-	5,408,415	5,408,415
Other payables	13,254,480	-	-	-	13,254,480	13,254,480
Finance lease liabilities	199,267	106,124	-	-	305,391	294,748
Bank borrowings	6,798,994	1,684,644	4,784,786	10,917,904	24,186,328	18,687,486
	25,661,156	1,790,768	4,784,786	10,917,904	43,154,614	37,645,129
2014						
Non-derivative financial liabilities						
Trade payables	2,460,648	-	-	-	2,460,648	2,460,648
Other payables	4,105,068	-	-	-	4,105,068	4,105,068
Finance lease liabilities	226,152	199,267	106,124	-	531,543	502,852
Bank borrowings	2,591,770	569,016	1,707,048	2,185,413	7,053,247	6,024,053
	9,383,638	768,283	1,813,172	2,185,413	14,150,506	13,092,621

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM
Company	
2015	
Non-derivative financial liabilities	
Other payables	333,114
Amount owing to subsidiary companies	12,941,514
Financial guarantee	10,548,566
	23,823,194
2014	
Non-derivative financial liabilities	
Other payables	292,879
Amount owing to subsidiary companies	13,437,479
Financial guarantee	6,847,177
	20,577,535

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Indonesia Rupiah ("IDR").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in			
	USD	**IDR**	**Others**	**Total**
Group	**RM**	**RM**	**RM**	**RM**
2015				
Financial assets				
Trade receivables	2,529,874	6,831,289	-	9,361,163
Other receivables	1,486,356	-	-	1,486,356
Fixed deposits with licensed banks, cash and bank balances	4,856,047	-	138,292	4,994,339
	8,872,277	6,831,289	138,292	15,841,858
Financial liabilities				
Trade payables	1,081,509	-	-	1,081,509
Other payables	5,935,276	-	-	5,935,276
Bank borrowings	5,069,719	-	-	5,069,719
	12,086,504	-	-	12,086,504
Currency exposure	(3,214,227)	6,831,289	138,292	3,755,354
2014				
Financial assets				
Trade receivables	3,163,124	-	-	3,163,124
Other receivables	710,565	-	-	710,565
Fixed deposits with licensed banks, cash and bank balances	706,932	-	92,935	799,867
	4,580,621	-	92,935	4,673,556

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

	Denominated in			
	USD	**IDR**	**Others**	**Total**
Group	**RM**	**RM**	**RM**	**RM**
2014				
Financial liabilities				
Trade payables	553,610	-	-	553,610
Other payables	1,351,052	-	-	1,351,052
	1,904,662	-	-	1,904,662
Currency exposure	2,675,959	-	92,935	2,768,894

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD, IDR and others exchange rates against RM, with all other variables held constant.

		2015	**2014**
		RM	**RM**
Group			
USD/RM	- strengthened 5% (2014: 5%)	(160,711)	133,798
	- weakened 5% (2014: 5%)	160,711	(133,798)
IDR/RM	- strengthened 5% (2014: 5%)	341,564	-
	- weakened 5% (2014: 5%)	(341,564)	-
Others/RM	- strengthened 5% (2014: 5%)	6,915	4,647
	- weakened 5% (2014: 5%)	(6,915)	(4,647)

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2015 RM	**2014 RM**
Group		
Fixed rate instruments		
Financial asset	367,217	713,801
Financial liabilities	(5,364,467)	(857,852)
	(4,997,250)	(144,051)
Floating rate instruments		
Financial liabilities	(13,617,767)	(5,669,053)

Interest rate risk sensitivity analysis

Fair value sensitivity for fixed rate instruments

The Group do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before taxation by RM136,178 (2014: RM56,691), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

39. Financial Instruments (Cont'd)

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total fair value RM**	**Carrying amount RM**
Group					
2015					
Financial liability					
Finance lease liabilities	-	104,549	-	104,549	104,294
2014					
Financial asset					
Other investments	450,000	-	-	450,000	450,000
Financial liability					
Finance lease liabilities	-	273,254	-	273,254	294,748
Company					
2014					
Financial asset					
Other investments	250,000	-	-	250,000	250,000

39. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

40. Capital Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

40. Capital Management (Cont'd)

The Group and the Company monitors capital using a gearing ratio. The Group's and the Company's policy to maintain a prudent level of gearing ratio. The gearing ratios are as follows:

	Group 2015 RM	Group 2014 RM
Finance lease liabilities (Note 24)	294,748	502,852
Bank borrowings (Note 25)	18,687,486	6,024,053
	18,982,234	6,526,905
Less: Cash and cash equivalents	(12,751,664)	(3,016,503)
Net debts	6,230,570	3,510,402
Total equity	84,889,210	81,837,250
Gearing ratio (times)	0.07	0.04

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company is not subject to any externally imposed capital requirements.

41. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 08 April 2016.

42. Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses

The following analysis of realised and unrealised retained earnings of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiary companies				
- realised	64,234,386	59,682,738	41,320	44,482
- unrealised	(955,852)	(1,047,698)	-	-
	63,278,534	58,635,040	41,320	44,482
Less: Consolidation adjustments	(32,332,165)	(31,136,213)	-	-
Total retained earnings	30,946,369	27,498,827	41,320	44,482

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