Financial Statements

for the financial year ended 31 December 2017

STATEMENT ON DIRECTORS' RESPONSIBILITY

For Preparing The Annual Financial Statements

The Board of Directors is required by the Companies Act 2016 ("the Act") to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of every financial year and of the results and cash flows of the Group and the Company for every financial year.

As required by the Act, the financial statements have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors have considered that in preparing the financial statements for the financial year ended 31 December 2017, appropriate accounting policies have been adopted and are consistently applied and supported by reasonable and prudent judgements and estimates. These estimates and judgements in applying the accounting policies of the Group and the Company are based on the Directors' best knowledge of current events and actions.

The Directors have the responsibility to ensure that the Group and the Company maintain proper accounting records which disclose with reasonable accuracy the financial position and performance of the Group and the Company and also to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The statement is made in accordance with a resolution of the Board of Directors dated 27 February 2018.

DIRECTORS' REPORT
for the financial year ended 31 December 2017

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

Principal activities

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

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

Results

	Group RM	Company RM
(Loss)/Profit for the financial year attributable to:		
Owners of the Company	(10,252,689)	4,174,260
Non-controlling interests	(257,291)	-
	(10,509,980)	4,174,260

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Datuk Amar Abdul Hamed Bin Sepawi*
Polit Bin Hamzah*
Hasmawati Binti Sapawi
Umang Nangku Jabu*
Datu Haji Chiti @ Chaiti Bin Haji Bolhassan*
Azizi Bin Morni*
Ali Bin Adai*

* These Directors are also directors of the Company's respective subsidiaries.

The names of the other directors of the Company's respective subsidiaries are:

Datu Haji Mohammed Sepuan Bin Anu
Haji Soedirman Bin Haji Aini
Datu Jumastapha Bin Lamat
Hasbi Bin Suhaili
Datu Sajeli Bin Kipli
Sia Ting Lung
Koay Bee Eng
Trina Tan Yang Li
Saidi Bin Bujang (resigned on 24 October 2017)

DIRECTORS' REPORT
for the financial year ended 31 December 2017

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Direct interests in the Company				
Datuk Amar Abdul Hamed Bin Sepawi	200,000	-	-	200,000
Polit Bin Hamzah	50,000	-	-	50,000
Umang Nangku Jabu	50,000	-	-	50,000
Datu Haji Chiti @ Chaiti Bin Haji Bolhassan	100,000	-	-	100,000
Deemed interests in the Company				
Datuk Amar Abdul Hamed Bin Sepawi	84,969,024	-	-	84,969,024

By virtue of their interests in the shares of the Company, Datuk Amar Abdul Hamed Bin Sepawi is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Sarawak Plantation Berhad has an interest.

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Deemed interests in SPB Pelita Suai Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	1,596,000	-	-	1,596,000
Deemed interests in Sarawak Plantation Services Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	95,000	-	-	95,000
Deemed interests in Azaria Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	3	-	-	3
Deemed interests in SPB PPES Karabungan Plantation Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	70	-	-	70

None of the other Directors holding office at 31 December 2017 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT

for the financial year ended 31 December 2017

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, 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 32 to the financial statements).

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were neither changes in the issued and paid-up capital of the Company, nor issuances of debentures by the Company, during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, Sarawak Plantation Berhad and its subsidiaries are covered under Directors' and Officers' Liability Insurance. The total amount of insurance effected for the Directors' and Officers' is RM5,000,000. The insurance premium for the Company is RM14,250.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (continued)

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, other than the effect of impairment losses on property, plant and equipment and plantation development expenditure of RM5,621,780 and RM37,389,803 as disclosed in Notes 3 and 4 respectively, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………

Datuk Amar Abdul Hamed Bin Sepawi
Director

…………………………………………………

Polit Bin Hamzah
Director

Kuching,

Date: 27 February 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Assets					
Property, plant and equipment	3	368,092,090	384,585,715	2,221	2,515
Plantation development expenditure	4	330,734,254	354,742,095	-	-
Investment in subsidiaries	5	-	-	327,052,482	327,052,482
Investment in an associate	6	-	-	-	-
Investment properties	7	4,455,191	4,621,471	-	-
Total non-current assets		703,281,535	743,949,281	327,054,703	327,054,997
Inventories	8	16,975,430	18,092,259	-	-
Trade and other receivables	9	22,391,880	24,699,334	3,566,642	1,814,216
Prepayments and other assets	10	4,447,559	4,592,680	118,915	121,177
Current tax recoverable		3,305,997	155,863	199,130	28,999
Other investments	11	9,678,066	9,465,481	-	-
Cash and cash equivalents	12	104,399,731	100,396,897	74,439,240	72,866,496
		161,198,663	157,402,514	78,323,927	74,830,888
Assets classified as held for sale	13	949,060	949,060	-	-
Total current assets		162,147,723	158,351,574	78,323,927	74,830,888
Total assets		865,429,258	902,300,855	405,378,630	401,885,885
Equity					
Share capital	14.1	340,968,951	280,000,000	340,968,951	280,000,000
Share premium		-	60,968,951	-	60,968,951
Reserves		287,609,778	297,862,467	53,813,109	49,638,849
Total equity attributable to owners of the Company		628,578,729	638,831,418	394,782,060	390,607,800
Non-controlling interests	5	(10,102,109)	(9,844,818)	-	-
Total equity		618,476,620	628,986,600	394,782,060	390,607,800
Liabilities					
Deferred tax liabilities	15	51,333,000	53,440,000	-	-
Loans and borrowings	16	110,291,563	89,942,540	-	-
Total non-current liabilities		161,624,563	143,382,540	-	-
Trade and other payables	17	55,720,121	86,990,536	10,596,570	11,278,085
Loans and borrowings	16	29,577,184	42,925,410	-	-
Current tax payable		30,770	15,769	-	-
Total current liabilities		85,328,075	129,931,715	10,596,570	11,278,085
Total liabilities		246,952,638	273,314,255	10,596,570	11,278,085
Total equity and liabilities		865,429,258	902,300,855	405,378,630	401,885,885

The notes on pages 56 to 125 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	18	399,176,782	383,966,858	5,000,000	20,867,500
Cost of sales		(301,427,070)	(299,653,951)	-	-
Gross profit		97,749,712	84,312,907	5,000,000	20,867,500
Other income		1,721,055	2,520,268	-	-
Distribution expenses		(20,851,216)	(19,967,708)	-	-
Administrative expenses		(20,676,296)	(17,910,485)	(3,069,274)	(5,564,996)
Replanting expenses		(13,387,135)	(19,533,958)	-	-
Results from operating activities	19	44,556,120	29,421,024	1,930,726	15,302,504
Other non-operating income	20	-	3,700,000	-	-
Other non-operating expenses	21	(43,408,015)	(7,070,160)	-	-
Finance income	22	3,393,727	3,309,112	2,588,152	2,687,360
Finance costs	23	(6,088,137)	(3,631,813)	(14,748)	(5,479)
Net finance (costs)/income		(2,694,410)	(322,701)	2,573,404	2,681,881
(Loss)/Profit before tax		(1,546,305)	25,728,163	4,504,130	17,984,385
Taxation	24	(8,963,675)	(6,397,650)	(329,870)	(505,834)
(Loss)/Profit and total comprehensive (loss)/ income for the financial year		(10,509,980)	19,330,513	4,174,260	17,478,551
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(10,252,689)	22,211,066	4,174,260	17,478,551
Non-controlling interests	5	(257,291)	(2,880,553)	-	-
(Loss)/Profit and total comprehensive (loss)/ income for the financial year		(10,509,980)	19,330,513	4,174,260	17,478,551
Basic and diluted (loss)/ earnings per ordinary share (sen)	26	(3.66)	7.94		

The notes on pages 56 to 125 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

Group	Note	Share capital RM	Share premium RM	Equity reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company							
		Non-distributable				Distributable			
At 1 January 2016		280,000,000	60,968,951	493,560	(1,222,307)	288,960,523	629,200,727	(6,841,795)	622,358,932
Profit and total comprehensive income for the financial year		-	-	-	-	22,211,066	22,211,066	(2,880,553)	19,330,513
Dividends to owners of the Company	27	-	-	-	-	(12,580,375)	(12,580,375)	-	(12,580,375)
Dividends to non-controlling interests		-	-	-	-	-	-	(122,500)	(122,500)
Acquisition of a subsidiary	35	-	-	-	-	-	-	30	30
At 31 December 2016/ 1 January 2017		280,000,000	60,968,951	493,560	(1,222,307)	298,591,214	638,831,418	(9,844,818)	628,986,600
Loss and total comprehensive loss for the financial year		-	-	-	-	(10,252,689)	(10,252,689)	(257,291)	(10,509,980)
Transfer in accordance with Section 618 (2) of the Companies Act 2016	14	60,968,951	(60,968,951)	-	-	-	-	-	-
At 31 December 2017		340,968,951	-	493,560	(1,222,307)	288,338,525	628,578,729	(10,102,109)	618,476,620
		(Note 14.1)	(Note 14.2)	(Note 14.3)	(Note 14.4)				

The notes on pages 56 to 125 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

Company	Note	Attributable to owners of the Company				
		Non-distributable			Distributable	
		Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM
At 1 January 2016		280,000,000	60,968,951	(1,222,307)	45,962,980	385,709,624
Profit and total comprehensive income for the financial year		-	-	-	17,478,551	17,478,551
Dividends to owners of the Company	27	-	-	-	(12,580,375)	(12,580,375)
At 31 December 2016/1 January 2017		280,000,000	60,968,951	(1,222,307)	50,861,156	390,607,800
Profit and total comprehensive income for the financial year		-	-	-	4,174,260	4,174,260
Transfer in accordance with Section 618 (2) of the Companies Act 2016		60,968,951	(60,968,951)	-	-	-
At 31 December 2017		340,968,951	-	(1,222,307)	55,035,416	394,782,060
		(Note 14.1)	(Note 14.2)	(Note 14.4)		

The notes on pages 56 to 125 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(1,546,305)	25,728,163	4,504,130	17,984,385
Adjustments for:					
Change in fair value of other investments	19	(26,393)	87,713	-	-
Depreciation of property, plant and equipment	3	25,386,513	23,475,014	294	294
Depreciation of plantation development expenditure	4	220,980	220,980	-	-
Depreciation of investment properties	7	166,280	166,280	-	-
Dividend income from:					
- subsidiaries	18	-	-	(5,000,000)	(20,867,500)
- other investments		(48,891)	(46,436)	-	-
Gain on disposal of:					
- other investments		(58,696)	(50,921)	-	-
- property, plant and equipment	19	(18,775)	-	-	-
Loss on surrender of:					
- land to government authorities	21	4,385	-	-	-
- plantation development expenditure to government authorities	21	392,047	-	-	-
Impairment losses on:					
- property, plant and equipment	3	5,621,780	518,484	-	-
- plantation development expenditure	4	37,389,803	5,842,608	-	-
- prepayments and other assets		86,384	709,068	-	-
- trade and other receivables		80,914	27,219	2,887	957,136
Finance income	22	(3,393,727)	(3,309,112)	(2,588,152)	(2,687,360)
Finance costs	23	6,088,137	3,631,813	14,748	5,479
Inventories written down	8	365,987	-	-	-
Inventories written off	8	115,729	198,782	-	-
Write-off of investment in subsidiaries		-	-	-	1,078
Reversal of impairment losses on deposits paid		-	(3,700,000)	-	-
Property, plant and equipment written off	19	88,675	24,132	-	-
Plantation development expenditure expensed	4	191,036	-	-	-
Operating profit/(loss) before changes in working capital		71,105,863	53,523,787	(3,066,093)	(4,606,488)
Change in inventories		635,113	424,285	-	-
Change in trade and other receivables, prepayments and other assets		3,959,583	(3,558,378)	2,261	20,662,870

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Change in trade and other payables		(40,720,151)	(5,176,163)	(781,143)	9,723,643
Cash generated from/ (used in) operations		34,980,408	45,213,531	(3,844,975)	25,780,025
Tax paid		(14,205,608)	(3,878,116)	(500,000)	(604,834)
Interest/Profit paid		(6,636,445)	(3,864,396)	-	-
Interest received		3,082,025	2,851,854	2,339,692	1,606,544
Finance lease profit paid		(142,833)	(225,523)	-	-
Net cash from/(used in) operating activities		17,077,547	40,097,350	(2,005,283)	26,781,735
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(11,225,809)	(43,777,872)	-	-
Advances to subsidiaries		-	-	(1,421,973)	-
Dividends received		29,386	29,107	5,000,000	20,867,500
Net movement of deposits with original maturities exceeding three months		(100,122)	4,926,667	-	-
Plantation development expenditure (net of depreciation of property, plant and equipment and interest capitalised)		(9,473,690)	(43,938,339)	-	-
Partial payment/deposits for investment in a subsidiary company		-	(14,859,211)	-	(14,859,211)
Proceeds from disposal of:					
- property, plant and equipment		83,857	-	-	-
- plantation development expenditure		883,868	-	-	-
Deposits for investments refunded		-	3,700,000	-	-
Net cash (used in)/from investing activities		(19,802,510)	(93,919,648)	3,578,027	6,008,289
Cash flows from financing activities					
Net repayment of revolving credits		(13,000,000)	(3,000,000)	-	-
Net proceeds of term loans		21,760,000	68,929,211	-	-
Repayment of finance lease liabilities		(2,032,203)	(2,667,108)	-	-
Dividends paid to owners of the Company	27	-	(12,580,375)	-	(12,580,375)
Dividends paid to non-controlling interests		-	(122,500)	-	-
Acquisition of a subsidiary		-	30	-	30
Net cash from/(used in) financing activities		6,727,797	50,559,258	-	(12,580,345)

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Net increase/(decrease) in cash and cash equivalents		4,002,834	(3,263,040)	1,572,744	20,209,679
Cash and cash equivalents at beginning of financial year		100,396,897	103,659,937	72,866,496	52,656,817
Cash and cash equivalents at end of financial year	12	104,399,731	100,396,897	74,439,240	72,866,496

Notes

(i) Acquisition of property, plant and equipment

	Note	Group 2017 RM	Group 2016 RM
Paid in cash		11,225,809	43,777,872
Payables		6,491,535	24,470,361
Fair value of additions through acquisition of a subsidiary recognised at the date of acquisition		-	29,769,175
Total acquisitions	3	17,717,344	98,017,408

(ii) Reconciliation of liabilities arising from financing activities

	At 1.1.2017 RM	Net changes from financing cash flows RM	Acquisition of new leases RM	At 31.12.2017 RM
Group				
Revolving credit	39,000,000	(13,000,000)	-	26,000,000
Revolving credit (Islamic)	2,000,000	-	-	2,000,000
Islamic term loan	88,115,211	21,760,000	-	109,875,211
Finance lease liabilities	3,752,739	(2,032,203)	273,000	1,993,536
Total liabilities from financing activities	132,867,950	6,727,797	273,000	139,868,747

The notes on pages 56 to 125 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Sarawak Plantation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Lot 1174, Block 9, MCLD, Miri Waterfront, Jalan Permaisuri, 98000 Miri, Sarawak.

Registered office

8th Floor, Wisma Naim, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2017 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activities of the other group entities are stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 February 2018.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

Standard/Amendment/Interpretation	Effective date
FRS 9, *Financial Instruments* (2014)	1 January 2018
IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to FRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 4, *Insurance Contracts - Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*	1 January 2018
Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to FRS 140, *Investment Property - Transfers of Investment Property*	1 January 2018
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 10, *Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures - sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs"). As a result, the Group and the Company will not be adopting the above FRSs, interpretations and amendments.

The Group falls within the scope of MFRS 141, *Agriculture*. Therefore, the Company is currently exempted from adopting the MFRSs and is referred to as a "Transitioning Entity".

The Group and the Company will apply the following MFRSs where applicable, that have been issued by Malaysian Accounting Standards Board ("MASB") but not yet effective, on the respective effective dates.

Standard / Amendment / Interpretation	Effective date
Agriculture: *Bearer Plants (Amendments to MFRS 116 and MFRS 141)*	1 January 2018
MFRS 9, *Financial Instruments* (2014)	1 January 2018
MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 1, First-time Adoption of *Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 140, *Investment Property - Transfers*	1 January 2018
MFRS 16, *Leases*	1 January 2019
IC Interpretation 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015 - 2017 Cycle)*	1 January 2019
Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*	1 January 2019
Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*	1 January 2019
Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*	1 January 2019

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Material impacts of the initial application of the abovementioned accounting standards, amendments or interpretations, which are or are likely to be applicable to the Group and which are to be applied retrospectively, are discussed below:

(i)* Amendments to MFRS 116, *Property, Plant and Equipment and* MFRS 141, *Agriculture - Agriculture: Bearer Plants

The amendments to MFRS 116 and MFRS 141 require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment in accordance with MFRS 116, *Property, Plant and Equipment,* whereas biological assets within the scope of MFRS 141 are measured at fair value less costs to sell.

The potential impacts on the financial statements for years ended 31 December 2017 and 31 December 2016 on initial application of Amendments to MFRS 116 and MFRS 141 are as follows:

	Group			
	Statement of financial position as at 31 December 2017		Statement of financial position as at 31 December 2016	
	As currently stated RM	Expected restatement RM	As currently stated RM	Expected restatement RM
Property, plant and equipment	368,092,090	369,364,509	384,585,715	384,585,715
Plantation development expenditure	330,734,254	287,889,651	354,742,095	285,303,295
Biological assets	-	24,707,329	-	37,184,836
Reserves	287,609,778	207,989,014	297,862,467	201,685,879
Deferred tax liabilities	51,333,000	114,088,908	53,440,000	117,362,624
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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(i) Amendments to MFRS 116, *Property, Plant and Equipment and* MFRS 141, *Agriculture - Agriculture: Bearer Plants* *(continued)*

	Group			
	Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2017		Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2016	
	As currently stated RM	Expected restatement RM	As currently stated RM	Expected restatement RM
Cost of sales	(301,427,070)	(317,464,452)	(299,653,951)	(313,745,042)
Changes in fair value of biological assets	-	(12,477,508)	-	14,964,492
Replanting expenditure	(13,387,135)	-	(19,533,958)	-
Other non-operating expenses	(43,408,015)	(12,891,152)	(7,070,160)	(6,145,394)
Taxation	(8,963,675)	(7,796,960)	(6,397,650)	(14,296,217)
(Loss)/Profit for the year	(10,509,980)	6,045,844	19,330,513	32,764,071
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(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

There are no material financial impacts on the financial statements for years ended 31 December 2017 and 31 December 2016 on initial application of MFRS 9.

(iii) MFRS 15, *Revenue from Contracts with Customers* and Clarifications to MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

Currently, the Group recognises revenue from contracts with customers in accordance with the accounting policies as described in Note 2(m) to the financial statements. Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers when the Group transfers controls of goods or services to its customers as the amount to which the Group expects to be entitled. Revenue is recognised over time or at a point in time, when control of goods or service is transferred to the customers. The Company will apply MFRS 15 retrospectively with adoption of practical expedients.

There are no material financial impacts on the financial statements for years ended 31 December 2017 and 31 December 2016 on initial application of MFRS 15.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

(iv) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases,* IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(v) Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)

The amendments clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

There will be no significant impact on the Group and Company from the adoption of Amendments to MFRS 128.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than impairment assessment of property, plant and equipment and plantation development expenditure as disclosed in Notes 3 and 4 of the financial statements respectively. In preparing the financial statements, the Group has evaluated whether these assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value-in-use of the assets via estimating the cash flows from their continuing use and discounting them to their net present values or by estimating their fair value less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair value of the net identifiable assets and liabilities.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets *(continued)*

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments 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. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment [see Note 2(j)(i)].

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

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

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "administrative expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	10 - 60 years
Commercial buildings	50 years
Other buildings	20 years
Furniture, fittings and equipment	5 - 10 years
Infrastructure works	20 years
Plant and machinery	5 - 20 years
Motor vehicles	5 - 20 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. Significant accounting policies (continued)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. 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 the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. 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 property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company 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.

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 lease payments.

(e) Plantation development expenditure

(i) Oil palm plantation

Oil palm plantation is stated at cost less accumulated impairment loss, if any.

New planting expenditure incurred on land clearing, planting, upkeep of oil palms, related overhead expenses and interest incurred net of sale proceeds from scout harvesting during the pre-maturity period are capitalised as oil palm plantation expenditure. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss. The capitalised pre-cropping cost is not depreciated, which represents cost incurred in planting the original estates, as their values are maintained through replanting programmes. Replanting expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

2. Significant accounting policies (continued)

(e) Plantation development expenditure (continued)

(ii) Rubber tree plantation

Rubber tree plantation is stated at cost less accumulated depreciation and impairment loss, if any.

Expenditure on rubber tree plantation, comprising land clearing, planting and upkeep of trees, is depreciated equally over its remaining economic useful life of seven years.

(iii) Teak tree plantation

Teak tree plantation is stated at cost less accumulated depletion and impairment loss, if any.

Expenditure on teak tree plantation in the form of land clearing, planting and upkeep of trees up to the time of harvest is capitalised in the statement of financial position as tree planting expenditure and will only be charged to profit or loss at the time of harvest in proportion to the area of teak trees harvested.

(f) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Depreciation on investment property, comprising solely buildings, is charged to profit or loss on a straight-line basis over its estimated useful life of 50 years.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

The Group exercises its judgement by reference to market information available and/or in consultation with independent valuers where warranted, to estimate the fair value of its investment property.

2. Significant accounting policies (continued)

(g) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of crude palm oil and palm kernel includes raw material cost, direct labour and an appropriate share of production overheads based on normal operating capacity.

Cost of fresh fruit bunches acquired from third parties includes the cost of purchase of the inventory while that of fresh fruit bunches from own plantations includes harvesting cost and an appropriate share of the expenditure incurred in the upkeep and maintenance of mature estates.

Oil palm nursery inventories consist of seedlings remaining in the nursery for eventual field planting. Cost of palm oil seeds and seedlings includes the cost of treatment and cultivation.

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.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. Significant accounting policies (continued)

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in an associate) 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount 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 the reversal is recognised in profit or loss.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and non-current assets 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, then the asset's recoverable amount is estimated.

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 ("CGU"). 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 to sell. 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 its related cash generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. 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 (groups of cash-generating units) on a *pro rata* basis.

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 if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is 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 that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

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, and the resulting surplus or deficit on the transaction is presented in share capital.

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant accounting policies (continued)

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Provision of services

Management fee, agronomic fee and consultancy fee are recognised in profit or loss based on services rendered.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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.

2. Significant accounting policies (continued)

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 financial years.

Deferred tax is recognised using the liability method, providing for 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 or liabilities in a transaction that 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 amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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 differences 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(q) 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 the 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.

(r) Operating segments

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

(s) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Leasehold land RM	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Motor vehicles RM	Assets under construction RM	Total RM
Cost									
At 1 January 2016	37,619,402	21,007,255	96,086,369	31,734,362	241,532,062	99,081,221	51,064,495	5,735,313	583,860,479
Additions	53,406,815	-	682,984	319,929	14,601,893	1,004,083	2,761,044	25,240,660	98,017,408
Disposals	(54)	-	-	-	-	-	-	-	(54)
Write-offs	-	-	(15,465)	(17,940)	(20,000)	(84,901)	(600,797)	-	(739,103)
Transfers	-	-	6,306,639	1,600	10,226,180	2,112,435	653,234	(19,299,497)	591
At 31 December 2016/ 1 January 2017	91,026,163	21,007,255	103,060,527	32,037,951	266,340,135	102,112,838	53,877,976	11,676,476	681,139,321
Additions	-	-	197,266	431,233	361,386	364,122	469,736	15,893,601	17,717,344
Disposals	(5,337)	-	-	-	-	-	(269,364)	-	(274,701)
Write-offs	-	-	(109,109)	(61,589)	-	(81,702)	-	-	(252,400)
Transfers	15,000	-	3,886,419	392,830	10,065,002	656,675	264,492	(15,280,418)	-
At 31 December 2017	91,035,826	21,007,255	107,035,103	32,800,425	276,766,523	103,051,933	54,342,840	12,289,659	698,329,564

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Group (continued)	Leasehold land RM	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Motor vehicles RM	Assets under construction RM	Total RM
Depreciation and impairment loss									
At 1 January 2016									
Accumulated depreciation	5,377,926	7,335,015	49,983,387	26,657,336	102,363,931	45,183,095	27,796,758	-	264,697,448
Accumulated impairment loss	36,104	-	-	-	4,527,210	-	-	-	4,563,314
	5,414,030	7,335,015	49,983,387	26,657,336	106,891,141	45,183,095	27,796,758	-	269,260,762
Depreciation for the financial year	967,202	555,221	4,387,961	1,486,004	11,178,752	4,739,327	4,174,918	-	27,489,385
Disposals	(5)	-	-	-	-	-	-	-	(5)
Write-offs	-	-	(14,078)	(16,708)	(7,731)	(81,780)	(594,723)	-	(715,020)
Impairment loss	-	-	10,657	9	425,674	76,072	6,072	-	518,484
At 31 December 2016/ 1 January 2017									
Accumulated depreciation	6,345,123	7,890,236	54,357,270	28,126,632	113,534,952	49,840,642	31,376,953	-	291,471,808
Accumulated impairment loss	36,104	-	10,657	9	4,952,884	76,072	6,072	-	5,081,798
At 31 December 2016	6,381,227	7,890,236	54,367,927	28,126,641	118,487,836	49,916,714	31,383,025	-	296,553,606

3. Property, plant and equipment (continued)

Group (continued)	Leasehold land RM	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2016	6,381,227	7,890,236	54,367,927	28,126,641	118,487,836	49,916,714	31,383,025	-	296,553,606
Depreciation for the financial year	1,583,331	555,218	4,728,215	1,466,793	11,469,576	4,811,426	3,816,488	-	28,431,047
Disposals	(952)	-	-	-	-	-	(204,282)	-	(205,234)
Write-offs	-	-	(65,737)	(61,589)	-	(36,399)	-	-	(163,725)
Impairment loss	-	-	4,690	-	3,412,292	2,043,735	161,063	-	5,621,780
At 31 December 2017									
Accumulated depreciation	7,927,502	8,445,454	59,019,748	29,531,836	125,004,528	54,615,669	34,989,159	-	319,533,896
Accumulated impairment loss	36,104	-	15,347	9	8,365,176	2,119,807	167,135	-	10,703,578
	7,963,606	8,445,454	59,035,095	29,531,845	133,369,704	56,735,476	35,156,294	-	330,237,474
Carrying amounts									
At 31 December 2016/ 1 January 2017	84,644,936	13,117,019	48,692,600	3,911,310	147,852,299	52,196,124	22,494,951	11,676,476	384,585,715
At 31 December 2017	83,072,220	12,561,801	48,000,008	3,268,580	143,396,819	46,316,457	19,186,546	12,289,659	368,092,090

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM
Cost	
At 1 January 2016/31 December 2016/1 January 2017/31 December 2017	7,784
	========
Depreciation	
At 1 January 2016	4,975
Depreciation for the financial year	294
At 31 December 2016/1 January 2017	5,269
Depreciation for the financial year	294
At 31 December 2017	5,563
	========
Carrying amounts	
At 31 December 2016/1 January 2017	2,515
	========
At 31 December 2017	2,221
	========

3.1 Depreciation

Depreciation charge for the financial year is allocated as follows:

		Group	
	Note	2017 RM	2016 RM
Amount charged to profit or loss		25,386,513	23,475,014
Amount capitalised in plantation development expenditure	4.1	3,044,534	4,014,371
		28,431,047	27,489,385
		========	========

3. Property, plant and equipment (continued)

3.2 Impairment loss - Group

3.2.1 Infrastructure works

3.2.1.1 CGU 1

The Group recognised full impairment losses on infrastructure works amounted to RM4,952,884 in prior years. The allowance for impairment losses was made following disruption of its plantation activities by the local participants in a trust arrangement resulting in no harvesting activity being carried out since April 2010. In 2012, the Group through its subsidiary had initiated litigation against six (6) individuals, seeking injunctive, declaratory relief and claiming damages over the trespassing [see Note 34 (a)].

3.2.1.2 CGU 2 & CGU 3

During the current financial year, the Group assessed the recoverable amount of CGU 2 and CGU 3 due to continuing inability to harvest fresh fruit bunches from certain areas of these estates on similar basis as disclosed in Note 4.2.1.The Group has recognised an impairment loss of RM1,432,834 and RM883,896 (2016: RM Nil) for CGU 2 and CGU 3 respectively in the current financial year.

3.2.1.3 CGU 4

The Group recognised full impairment loss on infrastructure works amounted to RM1,095,562 (2016: Nil) in current financial year. The allowance for impairment losses was made following continuing inability to harvest fresh fruit bunches from the estate.

3.2.2 Property, plant and equipment

During the current financial year, the Group assessed the recoverable amount of the property, plant and equipment that are currently not in use, of which impairment loss of RM2,209,488 (2016: Nil) were recognised.

3.3 Security - Group

Buildings, plant and machinery and leasehold land with carrying amounts of RM44,339,620 (2016: RM48,534,858) are charged to a bank for banking facilities granted to the Group (see Note 16).

Assets under finance lease are charged to secure the finance lease liabilities of the Group (see Note 16).

3.4 At 31 December 2017, the net carrying amount of leased plant and equipment was RM6,725,357 (2016: RM8,059,651).

3.5 Additions of property, plant and equipment include interest capitalised of RM100,399 (2016: RM62,033) (see Note 23).

NOTES TO THE FINANCIAL STATEMENTS

4. Plantation development expenditure - Group

Plantation development expenditure consists of the following:

	Oil palm plantation RM	Teak tree plantation RM	Rubber tree plantation RM	Total RM
Cost				
At 1 January 2016	307,759,443	10,738,357	1,546,863	320,044,663
Additions	63,530,568	-	-	63,530,568
At 31 December 2016/ 1 January 2017	371,290,011	10,738,357	1,546,863	383,575,231
Additions	15,069,893	-	-	15,069,893
Disposals	(1,275,915)	-	-	(1,275,915)
Expensed	(191,036)	-	-	(191,036)
At 31 December 2017	384,892,953	10,738,357	1,546,863	397,178,173
Depreciation and impairment loss				
At 1 January 2016				
Accumulated depreciation	-	-	1,104,900	1,104,900
Accumulated impairment loss	10,926,291	10,738,357	-	21,664,648
	10,926,291	10,738,357	1,104,900	22,769,548
Depreciation for the financial year	-	-	220,980	220,980
Impairment loss	5,842,608	-	-	5,842,608
At 31 December 2016/ 1 January 2017				
Accumulated depreciation	-	-	1,325,880	1,325,880
Accumulated impairment loss	16,768,899	10,738,357	-	27,507,256
	16,768,899	10,738,357	1,325,880	28,833,136
Depreciation for the financial year	-	-	220,980	220,980
Impairment loss	37,389,803	-	-	37,389,803
At 31 December 2017				
Accumulated depreciation	-	-	1,546,860	1,546,860
Accumulated impairment loss	54,158,702	10,738,357	-	64,897,059
	54,158,702	10,738,357	1,546,860	66,443,919
Carrying amounts				
At 31 December 2016/ 1 January 2017	354,521,112	-	220,983	354,742,095
At 31 December 2017	330,734,251	-	3	330,734,254

4. Plantation development expenditure - Group (continued)

4.1 Plantation development expenditure incurred during the financial year includes:-

	2017 RM	2016 RM
Depreciation of property, plant and equipment (Note 3.1)	3,044,534	4,014,371
Term loan interest (Note 23)	534,966	463,940
Personnel expenses		
- Contributions to the Employee Provident Fund	327,601	313,983
- Wages, salaries and others	4,352,197	3,915,374
	========	========

Included in plantation development expenditure is a carrying amount of RM16,661,348 (2016: RM17,068,785) located on certain leasehold land (see Note 16) charged to a bank for banking facilities granted to a subsidiary.

4.2 ***Impairment loss***

Plantation development expenditure is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

In preparing the financial statements, the Group has evaluated whether the assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value in use of the assets via discounting the estimated cash flows from their continuing use to net present values or by estimating their fair values less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

4.2.1 Oil palm plantation

CGU 1

In earlier financial years, the Group had recognised full impairment losses of RM12,927,728 on its oil palm estate due to inability of the Group to harvest fresh fruit bunches from the estate.

CGU 2 & CGU 3

In the current financial year, due to the continuing inability to harvest fresh fruit bunches from certain areas of CGU 2 and CGU 3, the Group has performed impairment testing to assess the recoverable amount. The recoverable amounts of the estates are estimated based on their values in use, on the assumption that the Group can reclaim the estates and resume its harvesting activities in year 2020.

The value in use calculation was based on the following key assumptions:-

- Projected future cash flows from the plantations are based on a single cycle of 25 years;
- Average selling price of fresh fruit bunches for past 10 years (2008 - 2017) being used for the forecast and projection years;
- Average palm yields ranging from 6 to 20 (2016: 6 to 23) metric tonnes per hectare;
- A pre-tax discount rate of 12% (2016: 12%) per annum; and
- The Group is forecasting moderate increase in the cost of sales due to higher activity level of rehabilitation.

4. Plantation development expenditure - Group (continued)

4.2 *Impairment loss* *(continued)*

4.2.1 Oil palm plantation *(continued)*

CGU 2 & CGU 3 *(continued)*

The values assigned to the key assumptions represent management's assessment of current trends in the oil palm plantations in Sarawak and are based on both external and internal sources (historical data). Any subsequent changes in the market conditions or to decisions on the harvesting levels may have a material impact on the assets' values as the future cash flows may differ from these estimates.

Following the reassessment, the Group has estimated that the net recoverable amounts are lower than the carrying amounts as at 31 December 2017 and thus, an impairment loss of RM8,989,153 and RM14,545,877 from CGU 2 and CGU 3 respectively has been recognised as other non-operating expenses in the profit or loss (see Note 21).

CGU 4

In earlier financial years, the Group has recognised impairment losses of RM3,841,171 on the oil palm estate. The impairment losses were made following the inability of the Group to harvest fresh fruit bunches (see Note 3.2).

In the current year, due to the continuing inability to harvest fresh fruit bunches from this estate, the Group has provided full impairment loss of RM13,854,773 for this estate.

4.2.2 Teak plantation

In previous years, the Group had recognised a full impairment loss of RM10,738,357 on its teak tree plantation.

5. Investment in subsidiaries - Company

	Note	2017 RM	2016 RM
Unquoted shares, at cost		328,374,738	328,374,738
Deemed capital contribution	5.1	1,807,509	1,807,509
Less: Allowance for impairment losses	5.2	(3,129,765)	(3,129,765)
		327,052,482	327,052,482

5.1 Deemed capital contribution

Deemed capital contribution is related to fair value effect of the interest free advances to its subsidiaries recognised in the year ended 31 December 2010.

5. Investment in subsidiaries - Company (continued)

5.2 *Impairment losses*

In the previous years, the Company recognised impairment losses of RM3,129,765 based on the estimated recoverable amount of the investment in subsidiaries. The recoverable amount is estimated based on the fair value less costs of disposal with reference to the net tangible assets of the subsidiaries. During the year, the Company reassessed on similar bases and concluded no further impairment to the investment in subsidiaries.

The principal activities of the subsidiaries, all of which are incorporated in Malaysia, and the Company's interests therein are as follows:

Subsidiary	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD")	Cultivation of oil palm and processing of fresh fruit bunches	100	100
Sarawak Plantation Property Holding Sdn. Bhd. ("SPPH")	Property investment	100	100
Sarawak Plantation Services Sdn. Bhd. ("SPSSB")	Provision of management, agronomic and consultancy services	95	95
SPB Pelita Suai Sdn. Bhd.* ("SPBPS")	Cultivation of oil palm	60	60
Azaria Sdn. Bhd.*^	Dormant	75	75
Sarawak Plantation Property Development Sdn. Bhd.	Dormant	100	100
Telliana Oil Palm Sdn. Bhd.	Cultivation of oil palm	100	100
SPB PPES Karabungan Plantation Sdn. Bhd.	Cultivation of oil palm	70	70

* *The financial statements of the subsidiaries are audited by a firm of Chartered Accountants other than KPMG PLT.*

^ *In the progress of winding up since financial year 2016.*

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2017	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI	(9,671,655)	(430,454)	(10,102,109)
Loss allocated to NCI	(92,808)	(164,483)	(257,291)

5. Investment in subsidiaries - Company (continued)

2017 (continued)	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
Summarised financial information before intra-group elimination			
As at 31 December			
Current assets	56,944		
Current liabilities	(23,953,588)		
Net liabilities	(23,896,644)		
Year ended 31 December			
Loss for the financial year	(232,019)		
Total comprehensive loss	(232,019)		
Cash flows from operating activities	9,737		
Net increase in cash and cash equivalents	9,737		

2016

	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI	(9,578,847)	(265,971)	(9,844,818)
Loss allocated to NCI	(2,894,682)	14,129	(2,880,553)
Summarised financial information before intra-group elimination			
As at 31 December			
Current assets	47,342		
Current liabilities	(23,711,968)		
Net liabilities	(23,664,626)		
Year ended 31 December			
Loss for the financial year	(7,236,705)		
Total comprehensive loss	(7,236,705)		
Cash flows from operating activities	(9,413)		
Net decrease in cash and cash equivalents	(9,413)		

6. Investment in associate - Group

	2017 RM	2016 RM
Unquoted shares, at cost	205,000	205,000
Share of post-acquisition losses	(205,000)	(205,000)
	-	-
	=========	=========

The Group's share of losses of the associate is restricted to the cost of its investment therein.

The principal activities of the associate, which is incorporated in Malaysia, and the Group's interest therein are as follows:

Name of entity	Principal activity	Effective ownership interest and voting interest 2017 %	 2016 %
Wonderland Transport Services Sdn. Bhd.*	Dormant	35	35

* *Held through a subsidiary, Sarawak Plantation Services Sdn. Bhd. The associate had ceased its operations in previous years and had not made available its management accounts or financial statements to the Group. Hence, the financial information on the associate is not presented.*

7. Investment properties - Group

	Buildings RM
Cost	
At 1 January 2016/31 December 2016/ 1 January 2017 and 31 December 2017	8,313,388
	==========
Depreciation	
At 1 January 2016	3,525,637
Depreciation for the financial year	166,280
At 31 December 2016/1 January 2017	3,691,917
Depreciation for the financial year	166,280
At 31 December 2017	3,858,197
	==========
Carrying amounts	
At 31 December 2016/1 January 2017	4,621,471
	==========
At 31 December 2017	4,455,191
	==========
Estimated fair value	
At 31 December 2016/1 January 2017	13,694,000
	==========
At 31 December 2017	16,152,207
	==========

7. Investment properties - Group (continued)

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

	2017 RM	2016 RM
Rental income	489,873	498,195
Direct operating expenses:		
- income generating investment properties	(195,178)	(230,994)
- non-income generating investment properties	(49,364)	(49,364)
	==========	==========

Determination of fair value

The estimated fair value of investment properties was based on the valuation performed on 2 November 2017 and 19 January 2018 by an independent valuer.

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.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.

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 investment properties, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties. Fair value of investment properties are categorised as follows:

	2017			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investment properties	-	-	16,152,207	16,152,207
	==========	==========	==========	==========

	2016			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Investment properties	-	-	13,694,000	13,694,000
	==========	==========	==========	==========

NOTES TO THE FINANCIAL STATEMENTS

7. Investment properties - Group (continued)

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The values derived are based on the comparative method. The comparative method entails comparing the property with similar properties that were sold recently and those that are currently being offered for sale in the vicinity. Diligent adjustment are then made for location, size and shape of land, age, size, design, type and condition of building, improvements, availability of facilities and amenities, time element and other relevant factors to equalise the differences so as to arrive at an acceptable degree of comparability with the subject property.

8. Inventories - Group

	2017 RM	2016 RM
At costs		
Crude palm oil and palm kernel	5,151,700	5,268,014
Stores and consumables	7,541,154	8,841,873
Oil palm nursery	2,844,215	2,594,605
Oil palm seeds	826,729	1,325,336
Oil palm fresh fruit bunches	611,632	62,431
	16,975,430	18,092,259
Recognised in profit or loss:		
Inventories recognised as part of cost of sales	298,020,940	295,426,901
Inventories written off	115,729	198,782
Inventories written down	365,987	-

Oil palm nursery and oil palm seeds incurred during the financial year include:-

	2017 RM	2016 RM
Personnel expenses		
- Contributions to the Employees Provident Fund	119,263	84,440
- Wages, salaries and others	1,582,856	1,078,018

NOTES TO THE FINANCIAL STATEMENTS

9. Trade and other receivables

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non Current					
Non-trade					
Amount due from subsidiaries	9.1	-	-	5,666,020	5,663,133
Less: Allowance for impairment losses		-	-	(5,666,020)	(5,663,133)
Non-current total		-	-	-	-
Current					
Trade					
Trade receivables		21,838,777	24,020,134	-	-
Less: Allowance for impairment losses		(80,914)	-	-	-
		21,757,863	24,020,134	-	-
Non-trade					
Other receivables		734,737	779,920	226,497	201,766
Less: Allowance for impairment losses		(100,720)	(100,720)	-	-
		634,017	679,200	226,497	201,766
Amount due from subsidiaries	9.1	-	-	3,340,145	1,612,450
		634,017	679,200	3,566,642	1,814,216
Current total		22,391,880	24,699,334	3,566,642	1,814,216
Total		22,391,880	24,699,334	3,566,642	1,814,216

9.1 Amount due from subsidiaries is unsecured and bears interest ranging from 4.60% to 7.65% (2016: 4.60% - 7.85%) per annum.

10. Prepayments and other assets

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-trade					
Deposits		3,379,451	3,180,615	-	-
Less: Allowance for impairment losses	10.1	(1,874,000)	(1,862,000)	-	-
		1,505,451	1,318,615	-	-
Prepayments	10.2	2,897,662	3,154,225	85	1,337
Less: Allowance for impairment losses		(74,384)	-	-	-
		2,823,278	3,154,225	85	1,337
Club membership		118,830	119,840	118,830	119,840
		2,942,108	3,274,065	118,915	121,177
		4,447,559	4,592,680	118,915	121,177

10.1 Impairment losses - Group

A full impairment loss of RM1,862,000 was made in earlier years following the local participants in a trust arrangement entering into an oil palm plantation of a subsidiary and disrupting its plantation activities, resulting in no harvesting activities being carried out since April 2010 (see Note 3.2).

10.2 Prepayments - Group

Included in prepayments is a prepayment of RM2,077,614 (2016: RM2,077,614) paid for an acquisition of land.

11. Other investments - Group

	2017 RM	2016 RM
Financial assets at fair value through profit or loss:		
- Unit trust	529,559	489,605
- Portfolio investments	1,384,934	1,312,425
	1,914,493	1,802,030
Deposits with original maturities exceeding three months	7,763,573	7,663,451
	9,678,066	9,465,481

The portfolio investments are managed by a fund management company.

12. Cash and cash equivalents

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash in hand and at banks	635,741	816,894	75,651	9,209
Deposits with original maturities not exceeding three months	103,763,990	99,580,003	74,363,589	72,857,287
	104,399,731	100,396,897	74,439,240	72,866,496

13. Assets held for sale - Group

The assets classified as held for sale comprise the following:

	2017 RM	2016 RM
Buildings	1,295,076	1,295,076
Furniture, fittings and equipment	146,668	146,668
	1,441,744	1,441,744
Less: Accumulated depreciation	(492,684)	(492,684)
	949,060	949,060

These assets had been classified as assets held for sale as efforts to sell them had commenced. The planned disposal of the buildings and furniture, fittings and equipment was approved by the Directors at the Board of Directors' Meeting held on 18 November 2011. The sale of building at the consideration of RM995,000 (2016: RM995,000) is pending fulfilment of conditions precedent stipulated in the sale and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

14. Capital and reserves - Group and Company

14.1 Share capital

	2017 Amount RM	2017 Number of shares	2016 Amount RM	2016 Number of shares
Ordinary shares				
Issued and fully paid:				
Opening balance	280,000,000	280,000,000	280,000,000	280,000,000
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 1)	60,968,951	-	-	-
	340,968,951	280,000,000	280,000,000	280,000,000
	(Note 2)			

Note 1: In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

Note 2: Included in share capital is share premium amounting to RM60,968,951 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.2 Share premium

This represents the premium arose from the issuance of ordinary shares in satisfaction of the purchase consideration for subsidiaries acquired in 1999 and the subsequent public issue, less capitalisation for bonus issue, effected in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in 2007.

14. Capital and reserves - Group and Company (continued)

14.3 Equity reserve

Equity reserve represents the capital contribution by certain shareholders of the Company, in respect of shares granted to employees of a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd., in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in 2007. This entailed the sale of 135,000 ordinary shares in the Company by corporate shareholders, to eligible employees of the subsidiary, on a basis proportionate to their then existing shareholdings in the Company.

14.4 Treasury shares

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 18 May 2017. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares during the financial years ended 31 December 2017 and 31 December 2016. The number of treasury shares held was 436,100 ordinary shares as at 31 December 2017 and 31 December 2016.

15. Deferred tax liabilities - Group

Movements in temporary differences during the financial year are as follows:

	At 1.1.2016 RM	Recognised in profit or loss RM	At 31.12.2016/ 1.1.2017 RM	Recognised in profit or loss RM	At 31.12.2017 RM
Property, plant and equipment	54,749,480	(1,150,375)	53,599,105	(2,054,105)	51,545,000
Others	(106,070)	(53,035)	(159,105)	(52,895)	(212,000)
	54,643,410	(1,203,410)	53,440,000	(2,107,000)	51,333,000
		(Note 24)		(Note 24)	

15. Deferred tax liabilities - Group (continued)

Unrecognised deferred tax assets - Group

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

	2017 RM	2016 RM
Capital and agriculture allowances carried forward	11,105,000	7,831,000
Unutilised tax losses carried forward	10,568,000	9,754,000
	21,673,000	17,585,000

Deferred tax assets of RM5,200,000 (2016: RM4,220,000) have not been recognised in the statement of financial position in respect of the temporary differences because it is not probable that future taxable profits will be available against which the affected group entities can utilise the benefits.

Unabsorbed capital and agriculture allowances and unutilised tax losses attributable to group entities incorporated in Malaysia do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the affected group entities if there is a substantial change of 50% or more in the shareholdings thereof.

16. Loans and borrowings - Group

	Note	2017 RM	2016 RM
Non-current			
Islamic term loan - secured		109,875,211	88,115,211
Finance lease liabilities (Islamic) - secured	16.3	416,352	1,827,329
		110,291,563	89,942,540
Current			
Revolving credit - secured		26,000,000	39,000,000
Revolving credit (Islamic) - secured		2,000,000	2,000,000
Finance lease liabilities (Islamic) - secured	16.3	1,577,184	1,925,410
		29,577,184	42,925,410
		139,868,747	132,867,950

16. Loans and borrowings - Group (continued)

One of the subsidiaries has been granted banking facilities comprising one (2016: one) term loan facility of RM150 million (2016: RM150 million) and two revolving credit facilities of RM50 million and RM30 million respectively (2016: RM50 million and RM30 million).

The subsidiary shall maintain a gearing measured by total group financings over total group shareholders' funds of not more than 1.00 time.

The Islamic term loan and revolving credit facilities of RM150 million and RM30 million respectively are Islamic facilities under Bai' Inah contract.

16.1 Security

The Islamic term loan, the revolving credit (Islamic) and the revolving credit are secured by way of legal charges over certain land and buildings of a subsidiary (see Note 3) and a corporate guarantee from the Company.

Assets under finance lease are charged to secure the finance lease liabilities (Islamic) of the Group (see Note 3).

16.2 Interest and profit rates

The Islamic term loan of RM109,875,211 (2016: RM88,115,211) bears profit rate of 12.00% (2016: 12.00%) per annum, which is equivalent to effective profit rate of 0.75% (2016: 0.75%) per annum above the Bank's i-cost of funds.

The Islamic revolving credit (Islamic) bears profit rate of 12.00% (2016: 12.00%) per annum, which is equivalent to effective profit rate of 0.60% (2016: 0.60%) per annum above the Bank's i-cost of funds.

The effective interest rate of revolving credit ranges from 4.64% to 4.96% (2016: 4.61% - 4.90%) per annum.

Finance lease liabilities (Islamic) carry profit rates fixed at 4.65% - 5.22% (2016: 4.49% - 5.32%) per annum.

16.3 Finance lease liabilities (Islamic)

Finance lease liabilities (Islamic) are payable as follows:

	Future minimum lease payments RM	Profit RM	Present value of minimum lease payments RM
2017			
Less than one year	1,636,848	59,664	1,577,184
Between one and five years	428,812	12,460	416,352
	2,065,660	72,124	1,993,536

16. Loans and borrowings - Group (continued)

16.3 Finance lease liabilities (Islamic) (continued)

	Future minimum lease payments RM	Profit RM	Present value of minimum lease payments RM
2016			
Less than one year	2,071,647	146,237	1,925,410
Between one and five years	1,879,126	51,797	1,827,329
	3,950,773	198,034	3,752,739

17. Trade and other payables

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current					
Trade					
Trade payables		20,592,497	23,336,998	-	-
Non-trade					
Amount due to subsidiaries	17.1	-	-	300,079	200,451
Accrued expenses		17,917,990	25,180,106	1,291,863	2,039,990
Other payables	17.2	16,800,651	37,659,404	9,004,628	9,037,644
GST payable		408,983	814,028	-	-
		35,127,624	63,653,538	10,596,570	11,278,085
Total		55,720,121	86,990,536	10,596,570	11,278,085

17. Trade and other payables (continued)

17.1 Amount due to subsidiaries

Amount due to subsidiaries is unsecured and bears interest at 7.65% (2016: 7.65% - 7.85%) per annum.

17.2 Other payables

Included in other payables of the Group are:

(a) an amount of RM61,359 (2016: RM1,748,761) due to companies in which a Director has interests as well as with common directorships;

(b) an amount of RM1,364,424 (2016: RM1,085,743) being construction retention sums mainly for the construction of buildings, infrastructures and plant and machinery; and

(c) an amount of RM8,956,130 (2016: RM8,956,130) being the balance purchase consideration for acquisition of equity interest in a subsidiary.

18. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income from subsidiaries	-	-	5,000,000	20,867,500
Sale of oil palm products	398,196,345	382,747,048	-	-
Management/Agronomic service income	490,564	721,615	-	-
Rental from letting of investment properties	489,873	498,195	-	-
	399,176,782	383,966,858	5,000,000	20,867,500

19. Results from operating activities

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit				
- KPMG PLT	215,000	186,000	55,000	50,000
- Other auditors	5,850	5,850	-	-
- Other services				
- KPMG PLT	35,000	43,500	35,000	43,500
- Local affiliates of KPMG PLT	113,620	191,100	12,010	12,370

19. Results from operating activities (continued)

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Results from operating activities is arrived at after charging: (continued)				
Personnel expenses (including key management personnel):				
- Contributions to the Employees Provident Fund	4,177,845	4,246,691	176,109	203,675
- Wages, salaries and others	52,620,854	50,909,581	2,039,769	1,966,018
Change in fair value of other investments	-	87,713	-	-
Property, plant and equipment written off	88,675	24,132	-	-
and after crediting:				
Change in fair value of other investments	26,393	-	-	-
Gain on disposal of property, plant and equipment	18,775	-	-	-

Included in the personnel expenses of the Company disclosed above are salary costs (including compensations to key management personnel) recharged by a subsidiary.

20. Other non-operating income - Group

Included in other non-operating income of the Group for the financial year ended 31 December 2016 was a reversal of impairment losses on deposits paid amounting to RM3,700,000.

21. Other non-operating expenses - Group

Included in other operating expenses of the Group are as below:

	2017 RM	2016 RM
Impairment losses on:		
- plantation development expenditure	37,389,803	5,842,608
- property, plant and equipment	5,621,780	518,484
- prepayments and other assets	-	709,068
Loss on surrender of		
- land to government authorities	4,385	-
- plantation development expenditure to government authorities	392,047	-
	43,408,015	7,070,160

22. Finance income

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest income of financial assets that are not at fair value through profit or loss:				
- receivables	2,073	3,134	223,728	598,674
- deposits with banks/ financial institutions	3,374,271	3,289,695	2,364,424	2,088,686
Interest income from other investments	17,383	16,283	-	-
Recognised in profit or loss	3,393,727	3,309,112	2,588,152	2,687,360

23. Finance costs

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	7,086,796	4,089,919	-	-
- payables	-	400,861	14,748	5,479
	7,086,796	4,490,780	14,748	5,479
Amount charged to profit or loss	6,088,137	3,631,813	14,748	5,479
Amount charged to profit or loss under replanting expenses	363,294	332,994	-	-
Amount capitalised in property, plant and equipment (Note 3.5)	100,399	62,033	-	-
Amount capitalised in plantation development expenditure (Note 4.1)	534,966	463,940	-	-
	7,086,796	4,490,780	14,748	5,479

24. Taxation

Recognised in profit or loss

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current tax expense				
Malaysian - current year	11,500,000	7,746,000	320,000	471,000
- prior year	(429,325)	(144,940)	9,870	34,834
	11,070,675	7,601,060	329,870	505,834
Deferred tax income (Note 15)				
Origination and reversal of temporary differences				
- current year	(2,107,000)	(1,203,410)	-	-
Total taxation	8,963,675	6,397,650	329,870	505,834

Reconciliation of taxation

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
(Loss)/Profit for the financial year	(10,509,980)	19,330,513	4,174,260	17,478,551
Total taxation	8,963,675	6,397,650	329,870	505,834
(Loss)/Profit excluding tax	(1,546,305)	25,728,163	4,504,130	17,984,385
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	(371,000)	6,175,000	1,081,000	4,316,000
Non-deductible expenses	13,916,000	4,203,000	564,000	1,248,000
Movements in unrecognised deferred tax assets	88,000	113,000	-	-
Utilisation of agriculture allowances and capital allowances	(2,617,000)	(2,435,000)	-	-
Tax exempt income	(525,000)	(1,513,410)	(1,325,000)	(5,093,000)
Effect of lower tax rate*	(1,098,000)	-	-	-
	9,393,000	6,542,590	320,000	471,000
(Over)/Under provision in prior year	(429,325)	(144,940)	9,870	34,834
Total taxation	8,963,675	6,397,650	329,870	505,834

* Pursuant to Income Tax (Exemption) (No. 2) Order 2017, a tax exemption equivalent to a reduction in the prevailing corporate tax rate from 1% to 4% will be effectively given for year of assessment 2017 and 2018 based on incremental chargeable business income.

25. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors:				
- Fees	1,408,815	1,405,815	1,171,815	1,171,815
- Short term employee benefits (including estimated benefits-in-kind)	958,883	792,570	191,398	194,075
- Post employment benefits	147,618	149,397	22,101	31,566
	2,515,316	2,347,782	1,385,314	1,397,456
Other key management personnel:				
- Short term employee benefits (including estimated benefits-in-kind)	1,508,892	1,840,314	265,106	321,964
- Post employment benefits	251,468	285,532	44,584	49,390
	1,760,360	2,125,846	309,690	371,354
	4,275,676	4,473,628	1,695,004	1,768,810

Other key management personnel comprise persons, other than the Directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

26. (Loss)/Earnings per ordinary share - Group

Basic and diluted (loss)/earnings per ordinary share

The calculation of basic and diluted (loss)/earnings per ordinary share at 31 December 2017 and 31 December 2016 was based on the (loss)/earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows.

	2017 RM	2016 RM
(Loss)/Earnings attributable to ordinary shareholders	(10,252,689)	22,211,066

26. (Loss)/Earnings per ordinary share - Group (continued)

Weighted average number of ordinary shares

	2017 RM	2016 RM
Issued ordinary shares at 1 January / 31 December	280,000,000	280,000,000
Effect of issued ordinary shares repurchased	(436,100)	(436,100)
Weighted average number of ordinary shares at 31 December	279,563,900	279,563,900

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 18 May 2017. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares during the years ended 31 December 2017 and 31 December 2016. The number of treasury shares held was 436,100 ordinary shares as at 31 December 2017 and 31 December 2016.

Basic and diluted (loss)/earnings per ordinary share

	2017 Sen	2016 Sen
Basic and diluted (loss)/earnings per ordinary share	(3.66)	7.94

27. Dividends

Dividends recognised in prior financial year by the Company were:

2016	Sen per share (tax exempt)	Total RM	Date of payment
First interim 2015 ordinary	4.50	12,580,375	30 March 2016

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2017.

28. Financial instruments

28.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R");

(b) Financial liabilities measured at amortised cost ("FL"); and

(c) Fair value through profit or loss ("FVTPL").

	Note	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
2017				
Financial assets/(liabilities)				
Group				
Trade and other receivables	9	22,391,880	22,391,880	-
Deposits	10	1,505,451	1,505,451	-
Other investments	11	9,678,066	7,763,573	1,914,493
Cash and cash equivalents	12	104,399,731	104,399,731	-
Loans and borrowings	16	(139,868,747)	(139,868,747)	-
Trade and other payables*	17	(55,311,138)	(55,311,138)	-
		==========	==========	==========
Financial assets/(liabilities)				
Company				
Trade and other receivables	9	3,566,642	3,566,642	-
Cash and cash equivalents	12	74,439,240	74,439,240	-
Trade and other payables	17	(10,596,570)	(10,596,570)	-
		==========	==========	==========
2016				
Financial assets/(liabilities)				
Group				
Trade and other receivables	9	24,699,334	24,699,334	-
Deposits	10	1,318,615	1,318,615	-
Other investments	11	9,465,481	7,663,451	1,802,030
Cash and cash equivalents	12	100,396,897	100,396,897	-
Loans and borrowings	16	(132,867,950)	(132,867,950)	-
Trade and other payables*	17	(86,176,508)	(86,176,508)	-
		==========	==========	==========
Financial assets/(liabilities)				
Company				
Trade and other receivables	9	1,814,216	1,814,216	-
Cash and cash equivalents	12	72,866,496	72,866,496	-
Trade and other payables	17	(11,278,085)	(11,278,085)	-
		==========	==========	==========

** Excluding amount payable to Royal Malaysian Customs Department.*

28. Financial instruments (continued)

28.2 Net (losses)/gains arising from financial instruments

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Net (losses)/gains on:				
Loans and receivables				
- impairment losses on trade and other receivables	(80,914)	(27,219)	(2,887)	(957,136)
- interest income from receivables	2,073	3,134	223,728	598,674
- interest income from term deposits	3,374,271	3,289,695	2,364,424	2,088,686
- impairment losses on deposits	(12,000)	(709,068)	-	-
- reversal of impairment losses on deposits	-	3,700,000	-	-
	3,283,430	6,256,542	2,585,265	1,730,224
Fair value through profit or loss				
- gain on disposal of other investments	58,696	50,921	-	-
- change in fair value of other investments	26,393	(87,713)	-	-
- dividend income	48,891	46,436	-	-
- interest income	17,383	16,283	-	-
	151,363	25,927	-	-
Financial liabilities measured at amortised cost				
- interest expense on term loan	(4,127,853)	(882,884)	-	-
- interest expense on revolving credits	(1,817,450)	(2,122,545)	-	-
- payables	-	(400,861)	(14,748)	(5,479)
	(5,945,303)	(3,406,290)	(14,748)	(5,479)
Profit payments on finance lease liabilities	(142,834)	(225,523)	-	-
	(6,088,137)	(3,631,813)	(14,748)	(5,479)
	(2,653,344)	2,650,656	2,570,517	1,724,745

28. Financial instruments (continued)

28.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, its deposits with banks and investment in liquid securities. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables from third parties

Risk management objectives, policies and processes for managing the risk

Management regularly reviews and monitors on an on-going basis by setting appropriate credit limits on trade receivables on a case-by-case basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of the receivables in the statement of financial position. The credit risk is concentrated to one (2016: four) major customers, who are mainly involved in palm oil refinery as disclosed in Note 33, representing 91% (2016: 90%) of the total trade receivables. Deposits are only placed with licensed financial institutions.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM	Individual impairment RM	Net RM
2017			
Not past due	21,492,406	-	21,492,406
Past due 31 - 365 days	251,776	-	251,776
Past due more than 365 days	94,595	(80,914)	13,681
	21,838,777	(80,914)	21,757,863
2016			
Not past due	22,816,004	-	22,816,004
Past due 31 - 365 days	1,109,878	-	1,109,878
Past due more than 365 days	94,252	-	94,252
	24,020,134	-	24,020,134

28. Financial instruments (continued)

28.4 Credit risk (continued)

The movements in the allowance for impairment losses on trade receivables during the financial year are:

	Group	
	2017 RM	2016 RM
Opening balance	-	-
Allowance of impairment losses	80,914	-
Closing balance	80,914	-

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts of the securities in the statement of financial position.

Other investments of the Group (see Note 11) are categorised as financial assets fair value through profit or loss. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. There are no significant concentrations of credit risk as at the end of the reporting period other than the amount due from one (2016: one) subsidiary of RM3,318,312 (2016: RM1,588,678).

28. Financial instruments (continued)

28.4 Credit risk (continued)

Intercompany balances (continued)

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to subsidiaries are not recoverable, other than those on which an allowance for impairment losses has been made (see Note 9). The Company does not specifically monitor the ageing of loans and advances to subsidiaries and unless the Company is satisfied that recovery is possible, the amount considered irrecoverable will be written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM137,875,211 (2016: RM129,115,211) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2017							
Non-derivative financial liabilities							
Islamic term loan - secured	109,875,211	4.97	115,336,009	-	25,192,800	90,143,209	-
Revolving credit - secured	26,000,000	4.96	27,289,600	27,289,600	-	-	-
Revolving credit (Islamic) - secured	2,000,000	4.79	2,095,800	2,095,800	-	-	-
Finance lease liabilities - secured	1,993,536	4.65 - 5.22	2,065,660	1,636,848	428,812	-	-
Trade and other payables	55,311,138	-	55,311,138	55,311,138	-	-	-
	195,179,885		202,098,207	86,333,386	25,621,612	90,143,209	-
Company							
2017							
Non-derivative financial liabilities							
Other payables	10,596,570	-	10,596,570	10,596,570	-	-	-
Corporate guarantees	-	-	230,000,000	230,000,000	-	-	-

28. Financial instruments (continued)

28.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2016							
Non-derivative financial liabilities							
Islamic term loan - secured	88,115,211	4.84	92,379,988	-	-	92,379,988	-
Revolving credit - secured	39,000,000	4.63	40,805,700	40,805,700	-	-	-
Revolving credit (Islamic) - secured	2,000,000	4.44	2,088,800	2,088,800	-	-	-
Finance lease liabilities - secured	3,752,739	4.49 - 5.32	3,950,773	2,071,647	1,879,126	-	-
Trade and other payables	86,176,508	-	86,176,508	86,176,508	-	-	-
	219,044,458		225,401,769	131,142,655	1,879,126	92,379,988	-
Company							
2016							
Non-derivative financial liabilities							
Other payables	11,278,085	-	11,278,085	11,278,085	-	-	-
Corporate guarantees	-	-	230,000,000	230,000,000	-	-	-

28. Financial instruments (continued)

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

28.6.1 Currency risk

The Group and Company are not exposed to any foreign currency risk as it operates domestically and most of its transactions are denominated in Ringgit Malaysia.

28.6.2 Interest and profit rates risk

The primary interest and profit rates risk to which the Group is exposed relates to the deposits which are fixed rate instruments placed with approved financial institutions. The exposure to a risk of change in their fair value due to changes in interest rates would not be significant as the deposits are usually placed for less than three months.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest/profit rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group monitors its exposure to changes in interest and profit rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including rates of interest/profit, to the Group.

Exposure to interest and profit rates risk

The interest and profit rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period is:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed rate instruments				
Deposits with banks/ financial institutions	111,527,563	107,243,454	74,363,589	72,857,287
Amount due from subsidiaries	-	-	3,040,066	1,411,999
Finance lease liabilities	(1,993,536)	(3,752,739)	-	-
	109,534,027	103,490,715	77,403,655	74,269,286

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest and profit rates risk (continued)

***Exposure to interest and profit rates risk** (continued)*

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Floating rate instruments				
Term loan	(109,875,211)	(88,115,211)	-	-
Revolving credits	(28,000,000)	(41,000,000)	-	-
	(137,875,211)	(129,115,211)	-	-

The amount due from subsidiaries of the Company bears interest ranging from 4.60% to 7.65% (2016: 4.60% - 7.85%) per annum. The Company bears interest at 7.65% (2016: 7.65% - 7.85%) per annum for amount due to subsidiaries.

The term loan facilities to the Group bear interest at 12.00% per annum, which is equivalent to effective profit rate of 0.75% (2016: 0.75%) per annum above the Bank's i-cost of funds.

The secured revolving credit facilities of the Group bear effective interest at 1.00% (2016: 1.00%) per annum above the Bank's cost of funds, whereas the secured revolving credit facilities (Islamic) bear effective profit rate of 0.60% (2016: 0.60%) per annum above the Bank's i-cost of funds.

The deposits placed with licensed banks of the Group and the Company (see Notes 11 and 12) bear interest ranging from 2.60% to 3.65% (2016: 2.30% to 3.65%) per annum.

Finance lease liabilities under loan and borrowings bear interest ranging from 4.65% - 5.22% (2016: 4.49% to 5.32%) per annum.

Interest and profit rates risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss. The exposure to interest rate risk is consequently not material and hence sensitivity analysis is not presented.

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.2 Interest and profit rates risk (continued)

Interest and profit rates risk sensitivity analysis *(continued)*

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2017 Profit or loss		2016 Profit or loss	
	100bp increase RM	100bp decrease RM	100bp increase RM	100bp decrease RM
Group				
Floating rate instruments	(1,048,000)	1,048,000	(981,000)	981,000

28.6.3 Other price risk

Equity price risk arises from the Group's investments in portfolio investments and unit trusts securities.

Risk management objectives, policies and processes for managing the risk

The Group monitors the equity investments on a portfolio basis. Material investments are managed on an individual basis and portfolio investments are managed by a fund management company appointed by the Group.

Equity price risk sensitivity analysis

There is no sensitivity analysis performed as any change will be insignificant to the Group.

28.7 Fair value information

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

The fair values of portfolio investments and unit trusts are based on the net asset value of the investments as at the date of the statement of assets and liabilities obtained from fund managers.

NOTES TO THE FINANCIAL STATEMENTS

28. Financial instruments (continued)

28.7 Fair value information (continued)

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

	Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2017						
Financial liabilities						
Term loan - secured	-	-	(102,414,325)	(102,414,325)	(102,414,325)	(109,875,211)
Finance lease liabilities	-	-	(408,645)	(408,645)	(408,645)	(416,352)
	-	-	(102,822,970)	(102,822,970)	(102,822,970)	(110,291,563)
2016						
Financial liabilities						
Term loan - secured	-	-	(79,717,791)	(79,717,791)	(79,717,791)	(88,115,211)
Finance lease liabilities	-	-	(1,791,264)	(1,791,264)	(1,791,264)	(1,827,329)
	-	-	(81,509,055)	(81,509,055)	(81,509,055)	(89,942,540)

28. Financial instruments (continued)

28.7 Fair value information (continued)

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.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

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 financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

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.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of term loans approximate their carrying amounts as these are variable rate borrowings.

Amount due from subsidiaries bears interest at a rate that is in line with prevailing rates, also approximate fair value.

Financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable inputs (%)	Inter-relationship between significant unobservable inputs and fair value measurement
Finance lease liabilities	Discounted cash flows	Interest rate 4.65% to 5.22% (2016: 4.49% to 5.32%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).
Term loan - secured	Discounted cash flows	Interest rate 4.97% (2016: 4.84%)	The estimated fair value would increase (decrease) if the interest rate were higher (lower).

29. Contingencies

The Directors are of the opinion that provision is not required in respect of the following corporate guarantees as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:

	Company	
	2017 RM	2016 RM
Corporate guarantees for banking facilities granted to subsidiaries	230,000,000	230,000,000

30. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group is required to maintain a maximum gearing level of 1.00 time to comply with a bank covenant, failing which the bank may call an event of default (see Note 16). The Group has not breached this covenant as evident from the following tabulation:

	2017 RM	2016 RM
Total loans and borrowings (Note 16)	139,868,747	132,867,950
Total equity	618,476,620	628,986,600
Debt-to-equity ratio	0.23	0.21

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

31. Capital expenditure commitments

	Group	
	2017 RM	2016 RM
Contracted for but not provided for		
Property, plant and equipment	27,444,609	30,749,407
Plantation development expenditure	6,565,841	8,230,340
	34,010,450	38,979,747

32. Related parties

Identity of 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 jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. 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 include all the Directors of the Group, and certain members of senior management of the Group.

The Group has a related party relationship with:

(i) its subsidiaries;

(ii) its associate;

(iii) key management personnel;

(iv) companies/organisations connected to certain Directors of the Company and/or of its subsidiaries; and

(v) its corporate shareholders.

Significant related party transactions

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 25) and those disclosed elsewhere in the financial statements, are shown below.

Subsidiaries

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income	-	-	(5,000,000)	(20,867,500)
Interest income	-	-	(223,728)	(598,674)
Interest expense	-	-	14,748	5,479
Administrative fee	-	-	70,878	93,427
	=========	=========	=========	=========

A company in which a Director has interest

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of oil palm fresh fruit bunches	3,347,371	2,835,768	-	-
Fresh fruit bunches transportation cost	7,965	-	-	-
Purchase of materials	653,652	-	-	-
	=========	=========	=========	=========

32. Related parties (continued)

Significant related party transactions (continued)

A company with common Director and another Director has interest

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Purchase of oil palm fresh fruit bunches	9,228,633	18,883,425	-	-

A company in which a Director has interest

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental and annual support for satellite and broadband services	195,849	298,456	-	-

A company in which a person connected to a Director has interest

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Software support, customisation, maintenance and implementation costs	315,418	209,753	-	-
Acquisition of software	-	131,970	-	-

The balances related to the above transactions are shown in Notes 9 and 17. There is no allowance for impairment loss on doubtful receivables provided against the outstanding balances of related parties, other than that provided against the amount due from subsidiaries as disclosed in Note 9.

Related party transactions are based on negotiated terms and the amounts outstanding at the statement of financial position date are unsecured and expected to be settled in cash.

33. Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports on a quarterly basis. The following describes the operations in each of the Group's reportable segments.

Investment holding	- Investment holding company.
Oil palm operations	- Cultivation of oil palm and processing of fresh fruit bunches.
Management services and rental	- Provision of management service and rental of investment properties.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment gross profit as included in the internal management reports. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2017				
Revenue				
Segment revenue	5,000,000	398,196,345	4,055,884	407,252,229
Inter-segment revenue	(5,000,000)	-	(3,075,447)	(8,075,447)
External revenue	-	398,196,345	980,437	399,176,782
Cost of sales				
Segment cost of sales	-	299,808,881	1,897,844	301,706,725
Inter-segment cost of sales	-	(99,655)	(180,000)	(279,655)
External cost of sales	-	299,709,226	1,717,844	301,427,070
Gross profit/(loss)	-	98,487,119	(737,407)	97,749,712
Other income including finance income	2,588,152	2,892,852	500,621	5,981,625
Inter-segment	(223,728)	(631,222)	(11,893)	(866,843)
External other income	2,364,424	2,261,630	488,728	5,114,782

33. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2017 (continued)				
Other expenses including finance costs	(3,084,022)	(102,477,428)	(2,129,965)	(107,691,415)
Inter-segment	397,374	2,128,721	754,521	3,280,616
External other expenses	(2,686,648)	(100,348,707)	(1,375,444)	(104,410,799)
(Loss)/Profit before tax	(322,224)	400,042	(1,624,123)	(1,546,305)
Included in the measure of segment gross profit is:				
Depreciation of property, plant and equipment	-	20,978,797	980,923	21,959,720
2016				
Revenue				
Segment revenue	20,867,500	382,747,048	4,276,586	407,891,134
Inter-segment revenue	(20,867,500)	-	(3,056,776)	(23,924,276)
External revenue	-	382,747,048	1,219,810	383,966,858
Cost of sales				
Segment cost of sales	-	(297,857,370)	(2,106,501)	(299,963,871)
Inter-segment cost of sales	-	129,920	180,000	309,920
External cost of sales	-	(297,727,450)	(1,926,501)	(299,653,951)
Gross profit/(loss)	-	85,019,598	(706,691)	84,312,907

NOTES TO THE FINANCIAL STATEMENTS

33. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2016 (continued)				
Other income including finance income	2,687,360	7,832,582	480,232	11,000,174
Inter-segment	(598,674)	(861,784)	(10,336)	(1,470,794)
External other income	2,088,686	6,970,798	469,896	9,529,380
Other expenses including finance costs	(5,570,475)	(70,113,332)	(1,967,061)	(77,650,868)
Inter-segment	1,785,108	6,960,084	791,552	9,536,744
External other expenses	(3,785,367)	(63,153,248)	(1,175,509)	(68,114,124)
(Loss)/Profit before tax	(1,696,681)	28,837,148	(1,412,304)	25,728,163
Included in the measure of segment gross profit is:				
Depreciation of property, plant and equipment	-	19,718,128	1,582,882	21,301,010

	2017 RM	2016 RM
Segment assets		
Investment holding	405,378,630	401,885,885
Oil palm operations	735,258,909	772,578,518
Management services/Rental	37,233,054	36,710,803
Others	44,013	44,013
	1,177,914,606	1,211,219,219
Elimination	(312,485,348)	(308,918,364)
Total assets	865,429,258	902,300,855

33. Segment reporting (continued)

Reconciliation of reportable segment revenue, profit or loss, assets and other material items

	2017 RM	2016 RM
Profit or loss		
Total gross profit for reportable segments	97,749,712	84,312,907
Depreciation of tangible assets	(3,814,053)	(2,561,264)
Impairment losses on tangible assets	(43,544,868)	(7,097,379)
Finance costs	(6,088,137)	(3,631,813)
Finance income	3,393,727	3,309,112
Corporate expenses	(2,686,648)	(3,785,367)
Others expenses	(46,556,038)	(48,518,033)
Reversal of impairment losses	-	3,700,000
Consolidated (loss)/profit before tax	(1,546,305)	25,728,163

Segment information is presented in respect of the Group's business segments. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

Major customers

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

	Revenue 2017 RM	Revenue 2016 RM	Segment
- Customer A	131,832,744	76,927,236	Cultivation of oil palm and processing of fresh fruit bunches
- Customer B	114,565,594	73,491,578	Cultivation of oil palm and processing of fresh fruit bunches
- Customer C	87,385,959	94,302,165	Cultivation of oil palm and processing of fresh fruit bunches
- Customer D	50,543,641	76,354,228	Cultivation of oil palm and processing of fresh fruit bunches

The major customers listed above collectively owe RM19,822,932 (2016: RM21,301,420) to the Group, equivalent to 91% (2016: 90%) of the total trade receivables.

34. Material litigations

(a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

(i) There is no concluded contract between the Defendants and SP Suai;

(ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;

(iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect;

(iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. The Court of Appeal heard the appeal on 10 December 2015, and ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

The retrial of the case proceeded on 26 July 2016.

At the conclusion of the proceedings, the Court directed as follows:

(i) The parties are to file and exchange Written Submissions;
(ii) Thereafter, the parties are to file Written Reply; and
(iii) Counsels for the parties are to appear before the Court to go through their Submissions on 25 August 2016.

The Court allowed the Counsel for the Defendants' application for an extension of 2 weeks from 27 October 2016 to file the Written Submission and the same has to be filed on or before 10 November 2016. Thereafter, the parties may file Reply (if any) by 17 November 2016. Hearing of the Submissions was fixed on 28 November 2016.

The Court delivered its ruling on 23 February 2017 as follows:

(i) Dismissed SP Suai's claim;
(ii) Allowed part of the Defendants' claims, namely SP Suai is prohibited from entering the 2 parcels of NCR Land and SP Suai has to vacate and remove its machineries, equipments and structures existing on the Defendants' 2 parcels of NCR land.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 9 March 2017 and an application for a stay of execution on 11 April 2017. The Court heard and allowed the application for a stay of execution on 9 June 2017. The Appeal came up for Case Management on 6 September 2017. The Court of Appeal fixed the hearing of the Appeal on 27 June 2018.

34. Material litigations (continued)

(b) On 13 July 2016, the Company and SPAD were served with legal proceedings. Amongst other things, the Plaintiffs seeked a declaration to the effect that they have acquired native customary rights and/or are the customary owners over land situated at/around all of Kampung Melugu Sri Aman.

The Company and SPAD had on 20 July 2016 entered appearance. On 10 August 2016, an application to strike out the Plaintiffs' Writ and Statement of Claim was filed and served the Plaintiffs. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD filed its appeal against the Court's said decision on 9 November 2016.

On 14 July 2017, the Court of Appeal dismissed the Company and SPAD's appeal with costs in the cause.

On 18 July 2017, the parties informed the Court of the verdict of the appeal hearing. The Company and SPAD also informed the Court of their intention to amend the 'Defence of the 1st and 2nd Defendants'.

The Court fixed 18 August 2017 as the next mention date to monitor the progress of the application for amendment of the Defence of the 1st and 2nd Defendants.

On 28 August 2017, the Court had allowed the 1st and 2nd Defendants' application for amendment of the Defence. The Court on 20 September 2017 had given directors for the parties to file the bundle of documents and documents pertinent to the trial. At the pre-trial case management held on 20 November 2017, the High Court fixed the case for trial from 5 March 2018 to 9 March 2018.

The Directors, in consultation with the Company's and SPAD's advocates are of the opinion that the Company and SPAD have strong merits in the case.

35. Acquisition of subsidiaries

Year ended 31 December 2016

(a) Acquisition of a subsidiary - Telliana Oil Palm Sdn. Bhd.

On 17 August 2015, the Company entered into a Share Sale Agreement to purchase 100,000 ordinary shares of RM1.00 each of Telliana Oil Palm Sdn. Bhd. ("Telliana") for a cash consideration of RM29,769,175. On 10 May 2016, the Company entered into a Deed of Variation with the Vendors to vary the terms of payment. The balance purchase consideration of RM8,956,130 shall be payable upon obtaining Environment Impact Assessment (EIA) approval from the relevant authority for part of the land (approximately 1,147 hectares). The EIA approval for the other part of land measuring approximately 1,903 hectares was obtained on 7 April 2016. The 100% equity in Telliana has also been transferred to the Company, thus making Telliana a wholly owned subsidiary of the Company.

35. Acquisition of subsidiaries (continued)

Year ended 31 December 2016 (continued)

(a) Acquisition of a subsidiary - Telliana Oil Palm Sdn. Bhd. *(continued)*

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised fair value RM
Property, plant and equipment	29,769,175
Other payables	(1,200)
Net identifiable assets	29,767,975
Reserve on consolidation	1,200
Purchase consideration	29,769,175

(b) Acquisition of a subsidiary - SPB PPES Karabungan Plantation Sdn. Bhd.

On 4 March 2016, the Company entered into a joint venture agreement with a third party for the development of approximately 1,000 acres of land into an oil palm plantation. The land is situated at Karabungan, Niah Land District, Sarawak. On 23 May 2016, a joint venture company named SPB PPES Karabungan Plantation Sdn. Bhd. ("SPB PPES Karabungan") was incorporated to undertake the said development. The equity shareholding in SPB PPES Karabungan is 70/30, with the Company owning 70% and the third party owning 30%.

The Group recognised a non-controlling interest of RM30.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 49 to 125 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Amar Abdul Hamed Bin Sepawi
Director

Polit Bin Hamzah
Director

Kuching,

Date: 27 February 2018

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Koay Bee Eng, the officer primarily responsible for the financial management of Sarawak Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Koay Bee Eng, NRIC: 690102-07-5398, at Kuching in the State of Sarawak on 27 February 2018.

……………………………………………

Koay Bee Eng

Before me:

PESURUHJAYA SUMPAH
Q 137
EVELYN
LAU SIE JIONG
MALAYSIA

EVELYN LAU SIE JIONG
Commissioner For Oaths
No.10, Lot 663, Ground Floor
Lorong 2 Jalan Ong Tiang Swee
93200 Kuching, Sarawak.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

(Company No. 451377 - P)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sarawak Plantation Berhad., which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements including a summary of significant accounting policies, as set out on pages 49 to 125.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

(Company No. 451377 - P)
(Incorporated in Malaysia)

1. Impairment evaluation of property, plant and equipment ("PPE") and plantation development expenditure ("PDE")

   Refer to Note 2(e) (accounting policy) and Notes 3.2.1 and 4.2 (financial disclosures).

Key audit matter	How our audit addressed the key audit matter
Two subsidiaries of the Group, SPB Pelita Suai Sdn. Bhd. and Sarawak Plantation Agriculture Development Sdn. Bhd., recognised impairment losses of RM5,045,694 and RM16,768,899 on property, plant and equipment and plantation development expenditure in prior years. The impairment losses were made following the inability of the Group to harvest fresh fruit bunches from these estates. We have identified this as a key audit matter because of the required exercise of judgment in our assessment of the recoverable amount and the significance of the remaining carrying amount of the said plantations to the overall financial statements. Following the reassessment, the Group has estimated that the net recoverable amounts are to be lower than the carrying amounts as at 31 December 2017 and thus, an impairment loss of RM3,412,292 and RM37,389,803 respectively on property, plant and equipment and plantation development expenditure has been recognised as other non-operating expenses in the profit or loss. The impairment assessment of the property, plant and equipment and plantation development expenditure is disclosed in Notes 3.2.1 and 4.2 to the financial statements.	Our procedures focused on evaluating and assessing key assumptions used by management in carrying out the impairment review. The key procedures included the following: i) We assessed management's determination of the Company's CGU, as required under the FRS 136 Impairment of assets; ii) We evaluated the key assumptions as below: • Forecast selling price; • Yield; • Forecast costs (operating and administration costs); and • Discount rate by comparing them to historical results, known market and industry trends. We challenged the basis of estimations applied by the management and assessed whether there were any management biasness. iii) We considered the adequacy of the Company's disclosures about the assumptions to which the outcome of the impairment assessment were most sensitive.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report. The remaining parts of the annual report are expected to be made available to us after that date of this auditors' report.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

(Company No. 451377 - P)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon
(continued)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

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

KPMG

KPMG PLT
(LLP0010081-LCA & AF0758)
Chartered Accountants

Lee Hean Kok
Approval Number: 02700/12/2019 J
Chartered Accountant

Kuching,

Date: 27 February 2018

ANALYSIS OF SHAREHOLDINGS
as at 3 April 2018

According to the number of securities held in respect of Ordinary Shares:

Size of Shareholdings	No. of Shareholders / Depositors	% of Shareholders / Depositors	No. of Shares Held	% of Issued Capital
1 - 99	14	0.673	427	0.000
100 - 1000	434	20.855	375,707	0.134
1,001 - 10,000	1,202	57.761	5,674,978	2.030
10,001 - 100,000	344	16.531	11,201,105	4.007
100,001 - 13,978,194*	83	3.988	72,007,173	25.757
13,978,195 and above**	4	0.192	190,304,510	68.072
Total	2,081	100.000	279,563,900	100.000

** Less than 5% of Issued Shares* *** 5% and above of Issued Shares*

Top Thirty Shareholders

	Names	Holdings Number	Holdings %
1.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Ta Ann Holdings Berhad	84,968,024	30.393
2.	State Financial Secretary Sarawak	71,218,101	25.474
3.	Lembaga Tabung Haji	18,791,400	6.721
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair Bin Reduan	15,326,985	5.482
5.	Yayasan Sarawak	11,604,939	4.151
6.	Amanah Khairat Yayasan Budaya Melayu Sarawak	6,467,471	2.313
7.	Dayak Cultural Foundation	5,315,000	1.901
8.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Berhad for Amanah Khairat Yayasan Budaya Melayu Sarawak	5,137,468	1.837
9.	Lembaga Amanah Kebajikan Masjid Negeri Sarawak	5,000,000	1.788
10.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Kiu Kiong	3,500,000	1.251
11.	Palmhead Holdings Sdn. Bhd.	3,163,700	1.131

ANALYSIS OF SHAREHOLDINGS
as at 3 April 2018

Top Thirty Shareholders (continued)

	Names	Holdings Number	%
12.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hasmi Bin Hasnan	2,955,700	1.057
13.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	2,086,200	0.746
14.	Cheng Ah Teck @ Cheng Yik Lai	1,800,000	0.643
15.	Lambaian Kukuh Sdn. Bhd.	1,481,600	0.529
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kiu Kiong (6000710)	1,400,000	0.500
17.	Koperasi Permodalan Felda Malaysia Berhad	1,265,400	0.452
18.	Wong Kuok Kiong	1,123,100	0.401
19.	Law Kiu Kiong	1,060,000	0.379
20.	CIMB Group Nominees (ASING) Sdn. Bhd. Exempt An for DBS Bank Ltd (SFS)	847,000	0.302
21.	AMSEC Nominees (Tempatan) Sdn Bhd ASSAR Asset Management Sdn Bhd for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	750,000	0.268
22.	Wong Kuo Hea	725,000	0.259
23.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	693,100	0.247
24.	Trinity MMM Holdings Sdn Bhd	632,800	0.226
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kiu Kiong	632,400	0.226
26.	Law Kiu Kiong	575,700	0.205
27.	Tiong Siew Ling	530,000	0.189
28.	Mohamad Bolhair Bin Reduan	500,000	0.178
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Poh Ean (Pb)	492,100	0.176
30.	Liew Men Khian	463,733	0.165

ANALYSIS OF SHAREHOLDINGS
as at 3 April 2018

Substantial Shareholders

Names of Substantial Shareholders	NRIC/ Registration No.	Malaysian/ Foreign	Nationality/ Country of Incorporation	Direct Holdings No.	Direct Holdings %	Indirect Holdings (excluding bare trustees) No.	Indirect Holdings (excluding bare trustees) %
1. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Ta Ann Holdings Berhad	102918-T	Malaysian	Malaysia	84,968,024	30.393	-	-
2. State Financial Secretary Sarawak	ORD211948	Malaysian	Malaysia	71,218,101	25.474	-	-
3. Lembaga Tabung Haji	ACT5351995	Malaysian	Malaysia	18,791,400	6.721	-	-
4. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair bin Reduan	16778M	Malaysian	Malaysia	15,326,985	5.482	-	-
5. Datuk Amar Abdul Hamed bin Sepawi	490531-13-5129	Malaysian	Malaysian	200,000	0.072	84,969,024	30.393
6. Dato Wong Kuo Hea	511117-13-5553	Malaysian	Malaysian	725,000	0.259	84,968,024	30.393

Directors' Direct and Indirect Shareholding in the Company

Names of Directors	Designation	Nationality	Direct Holdings No.	Direct Holdings %	Indirect Holdings No.	Indirect Holdings %
1. Datuk Amar Abdul Hamed bin Sepawi	Chairman	Malaysian	200,000	0.072	84,969,024	30.393
2. Polit Bin Hamzah (Resigned on 28 February 2018)	Group Managing Director	Malaysian	50,000	0.018	-	-
3. Dato Wong Kuo Hea	Executive Director	Malaysian	725,000	0.259	84,968,024	30.39
4. Hasmawati binti Sapawi	Non Executive Non Independent Director	Malaysian	-	-	-	-
5. Umang Nangku Jabu	Independent Director	Malaysian	50,000	0.018	-	-
6. Datu Haji Chaiti bin Haji Bolhassan	Independent Director	Malaysian	100,000	0.036	-	-
7. Azizi bin Morni	Independent Director	Malaysian	-	-	-	-
8. Ali bin Adai	Independent Director	Malaysian	-	-	-	-

OTHER COMPLIANCE INFORMATION

Audit and Non Audit Fees

The amount of audit fees payable to the Company's auditors KPMG PLT for the Group and the Company amounted to RM215,000 and RM55,000 respectively.

The amount of non audit fees incurred by the Company for services, for example tax compliance services, review of the Interim Reports and Statement on Risk Management and Internal Control rendered by the external auditors, KPMG PLT and its affiliates to the Company and its subsidiaries during the financial year ended 31 December 2017 amounted to RM148,620 and RM47,010 for the Group and the Company, respectively.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the Directors and or major shareholders either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Recurrent Related Party Transactions ('RRPT')

Breakdown of recurrent related party transactions ('RRPT') of a revenue or trading nature conducted with Sarawak Plantation Agriculture Development Sdn. Bhd. (SPAD), the Company's wholly owned subsidiary pursuant to shareholders' mandate during the financial year are as follows:

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Danawa Resources Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and also major shareholder of Danawa Resources Sdn Bhd	Rental and annual support fee for satellite broadband services	195,849
Intuitive Systems Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and his sister is a Director and shareholder of Intuitive Systems Sdn Bhd	Software support, customisation and maintenance fee for Estate Management System (EMS)	315,418
KUB Sepadu Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and a shareholder of Medan Sepadu Sdn Bhd, a company which holds 30% equity interest in KUB Sepadu Sdn Bhd Polit bin Hamzah is a director of SPB and also a director of KUB Sepadu Sdn Bhd	Purchase of fresh fruit bunches	9,228,633
Manis Oil Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and a shareholder of Ta Ann Holdings Berhad, a company which holds 100% equity interest in Manis Oil Sdn Bhd	Sale of fresh fruit bunches	3,347,371

TOP 10 PROPERTIES

Registered Owner/Lessee	Estate/Address	Title/Location	Description	Approximate Age of Building (years)
SPAD	Pinji Mewah 45KM off KM53, Miri-Bintulu Road via Beluru Bakong Road	Lot 32, Blk 20, Puyut LD Lot 3, Blk 30, Puyut LD	Land and Building	2
	Bakau 6KM off KM24 Selangau-Matadeng Road	Lot 12, Blk 13, Bawan LD	Land and Building	1 - 5
	Matadeng 5KM off KM35 Selangau-Matadeng Road	Lot 5, Blk 15, Mukah LD	Land and Building	2 - 4
	Tulai 3KM off KM20 Sibu/Sarikei Road	Lot 619, Blk 5, Tulai LD Lot 25, Tulai LD Lot 1281 Assan LD	Land and Building	1 - 12
	Melugu KM16, Sri Aman/ Serian Road	Lot 1, 2 and 85, Blk 11, Klauh LD Lot 185-188 and 309-315 Melugu Town Lot 44, 252, 298, 307, 319-321 Blk 7 Klauh LD. Lot 14, 26, 149, 250-252 Blk 12 Klauh Land. Lot 84, Blk 13 Klauh Land Lot 8, Blk 3 Klauh LD	Land and Building	1 - 15
	Subis 3 6KM off KM87 Miri-Bintulu Road	Part of Lot 15 and 17, Blk 18, Niah LD, Part of Lot 4, Blk 8, Bukit Kisi LD	Land and Building	5 - 35
	Mukah 1 KM12, Selangau- Matadeng Road	Part of Lot 23, 25, 54 & 55 Blk 8, Sikat LD	Land and Building	5 - 35
		Part of Lot 55, Blk 8, Sikat LD	Land and Building	2 - 37
	Bukut 18KM off KM20, Selangau-Matadeng Road	Lot 8 Blk 13 Bawan LD Lot 2 Blk 4 Buloh LD	Land and Building	1 - 4
	Tugau 37KM off KM15, Sibu-Teku Road via Rantau Panjang Road	Lot 76, Blk 5, Retus LD	Land	-
	Ladang Tiga KM77 Miri-Bintulu Road	Lot 2, Lot 14, Blk 11, Niah LD, Lot 33 and 34, Blk 8, Bukit Kisi LD	Land and Building	2 - 41
		Part of Lot 2, Blk 11, Niah LD	Land and Building	2 - 41

SPAD - Sarawak Plantation Agriculture Development Sdn Bhd

Blk - Block LD - Land District

TOP 10 PROPERTIES

Year of Acquisition	Tenure/Expiry of Lease	Existing use	Land Area (Ha)	Net book value as at 31 December 2017 Land and building (RM)	PDE & Infrastructure works (RM)	Total (RM)
2016	60 years/ 07.12.2070/ 23.09.2068	Oil palm activities/ residential/office	1,908	23,388,224	54,282,191	77,670,415
2009	60 years/ 06.03.2067	Oil palm activities/ residential/office	3,993	13,760,545	56,270,187	70,030,732
2009	60 years/ 06.03.2067	Oil palm activities/ residential/office/store	1,848	9,742,424	41,506,445	51,248,869
1997	60 years/ 07.05.2063/ 10 years/ 31.12.2023	Oil palm activities/ residential/ office/store	2,079	3,546,898	45,615,505	49,162,403
1997/2009	60 years/ 20.03.2060/ 18.08.2068/ 07.09.2068/ 11.01.2069/ 14.01.2069/ 21.01.2069	Oil palm activities/ residential/office/ store	2,996	4,782,257	34,745,007	39,527,264
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/office/store	2,559	1,076,080	35,401,170	36,477,250
1997	60 years/ 11.06.2049	Nursery/residential oil palm activities	3,854	3,629,885	27,308,085	30,937,970
	60 years/ 11.06.2049	Mill/residential/ office/store	23	4,499,467	199,006	4,698,473
2009	60 years/ 06.03.2067	Oil palm activities/ residential/office/ store	1,561	5,463,052	26,936,676	32,399,728
2016	60 years/ 29.09.2074	Oil palm activities	3,050	29,119,934	1,670,951	30,790,885
1997	60 years/ 06.05.2043 29.11.2057	Oil palm activities/ residential/office/store	2,232	4,697,715	14,786,988	19,484,703
	60 years/ 06.05.2043	Mill/residential/ office/store	19	8,937,861	2,082,590	11,020,451

PDE - Plantation Development Expenditure

Cautionary Statement Regarding Forward-looking Statements

This Annual Report contains some forward-looking statements in respect of the Company's financial condition, results of operations and business. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statements. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding Sarawak Plantation Berhad. The Board and the Company shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise between the time of publication of this Annual Report and the time of reading this Annual Report. The Board has however established a Risk Management Committee to mitigate as much as practicably possible the consequences of any uncertainties and contingencies. Further details can be found in the Corporate Governance Overview Statement on pages 33 to 38 of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting (AGM) of Sarawak Plantation Berhad will be held at Riverside Majestic Hotel, Jalan Tunku Abdul Rahman, 93576 Kuching, Sarawak on 25 May 2018 at 10am to transact the following business:

AGENDA:

1.	To receive the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' and Auditors' Reports thereon	**Please refer to Note 7**
2.	To approve payment of Directors' Fees amounting to RM1,133,250 in respect of the financial year ended 31 December 2017	**Ordinary Resolution 1**
3.	To approve payment of Directors' benefits up to an amount of RM77,500 from 1 January 2017 up to this AGM	**Ordinary Resolution 2**
4.	To approve payment of Directors' benefits up to an amount of RM112,000 from 26 May 2018 up to the next AGM	**Ordinary Resolution 3**
5.	To approve payment of Directors' Fees up to an amount of RM1,215,000 in respect of the financial year ending 31 December 2018	**Ordinary Resolution 4**
6.	In accordance with Article 86 of the Company's Articles of Association, the following directors retire from the Board and being eligible offer themselves for re-election:	
	Datuk Amar Abdul Hamed bin Sepawi	**Ordinary Resolution 5**
	Hasmawati binti Sapawi	**Ordinary Resolution 6**
	Datu Haji Chaiti bin Haji Bolhassan	**Ordinary Resolution 7**
	Dato Wong Kuo Hea	**Ordinary Resolution 8**
7.	To re-appoint Messrs. KPMG PLT as auditors for the Company and authorize the Directors to fix their remuneration	**Ordinary Resolution 9**

SPECIAL BUSINESSES

8. CONTINUATION IN OFFICE AS INDEPENDENT NON EXECUTIVE DIRECTORS

(a) "THAT approval be and is hereby given to Umang Nangku Jabu who has served as an Independent Non Executive Director for a cumulative term of more than 9 years to continue to act as an Independent Non Executive Director of the Company until the conclusion of the next AGM." **Ordinary Resolution 10**

(b) "THAT approval be and is hereby given to Azizi bin Morni who has served as an Independent Non Executive Director for a cumulative term of more than 9 years to continue to act as an Independent Non Executive Director of the Company until the conclusion of the next AGM." **Ordinary Resolution 11**

9. AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT pursuant to Section 76 of the Companies Act 2016 and subject always to approval of the relevant authorities, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the Issued Share Capital of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Ordinary Resolution 12**

10. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into RRPT of a Revenue or Trading Nature as set out in Section 2.5 of the Circular to Shareholders dated 25 April 2018 ("Circular") with the specific related parties mentioned therein which are necessary for the Group's day to day operations, subject to the following: **Ordinary Resolution 13**

(a) That the RRPT are entered into on generally acceptable commercial terms not more favourable to the mandated related parties, they are at arm's length and are not prejudicial to the interests of the minority shareholders; and

(b) A disclosure of the aggregate amount of RRPT conducted pursuant to the Proposed Renewal of Shareholders' Mandate shall be made in the Annual Report, including a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:

(i) The type of recurrent transactions made; and

(ii) The names of the related parties involved in each type of recurrent transaction made and their relationship with the Company

AND THAT such approval shall continue to be in force until:

(i) The conclusion of the next AGM of the Company;

(ii) The expiration of the period within which the next AGM of the Company subsequent to this date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) Revoked or varied by resolution passed by the shareholders in general meeting;

Whichever is the earlier

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for the period from this AGM to the next AGM."

11. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES

"THAT subject always to the Companies Act 2016 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby unconditionally authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that: **Ordinary Resolution 14**

(a) The aggregate number of shares to be purchased and / or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(b) An amount not exceeding the Company's retained profits based on the latest audited financial statements be allocated for the proposed share buy back;

11. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES
(continued)

(c) The Directors of the Company may decide in their discretion to retain the ordinary shares in the Company as Treasury Shares and / or cancel them and / or resell them and / or distribute them as share dividends **Ordinary Resolution 14**

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalise and give effect to the proposed share buy back;

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this ordinary resolution, unless revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

12. TO TRANSACT ANY OTHER ORDINARY BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN

BY ORDER OF THE BOARD

TRINA TAN YANG LI (0666-KT032)
Company Secretary
Kuching Sarawak
Dated this 25 April 2018

NOTES:

1. A Member entitled to attend, participate, speak and vote at this 21st AGM of the Company may appoint another person as his proxy to attend, participate, speak and vote on his behalf. A proxy need not be a Member of the Company.

2. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

3. A Member shall not be entitled to appoint more than 2 proxies to attend, participate, speak and vote on his behalf at this 21st AGM provided the Member is an authorized nominee as defined under the provisions of the Securities Industry (Central Depositories) Act 1991 in which event, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing in the credit of the Securities Account. When a Member appoints more than 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. Where a Member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32 Tower A Vertical Business Suite Avenue 3 Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for holding this 21st AGM or any adjournment thereof.

   If there is any alteration to the instrument appointing a proxy, the same must be initialed.

6. In respect of deposited securities, only Members whose name appears on the Record of Depositors as at 18 May 2018 shall be eligible to attend, participate, speak and vote at this 21st AGM.

7. Pursuant to Section 340(1) of the Companies Act 2016, the Audited Financial Statements are meant for discussion only and do not require the shareholders' formal approval. Hence this item on the Agenda is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Ordinary Resolution 2 - Directors' Benefits Payable**

   The proposed Directors' benefits to be paid comprise allowances only.

   The total amount of Directors' benefits proposed to be paid is calculated based on the actual and scheduled number of Board and Board Committees meetings from 1 January 2017 up to the date of the 21st AGM.

2. **Ordinary Resolution 3 - Directors' Benefits Payable**

   The proposed Directors' benefits payable comprises allowances and other benefits.

   The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings from 26 May 2018, being the day after the 21st AGM until the next AGM and other benefits. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

3. **Ordinary Resolution 10 and 11 - Continuation in Office as Independent Non Executive Directors**

   The Board through its Remuneration and Nomination Committee had assessed the independence of Umang Nangku Jabu and Azizi bin Morni, both of whom have served as Independent Non Executive Directors for a cumulative term of more than 9 years and recommends that they continue to act as Independent Non Executive Directors for the following reasons:

   (a) They fulfill the criteria of "Independent Director" as defined under the Listing Requirements;
   (b) They are able to provide proper check and balance, bringing an element of objectivity to the Board;
   (c) Over the years, they have become familiar with SPB's business and are able to give insight into the business;
   (d) Further for Umang Nangku Jabu, she is the only Independent Director qualified to chair the Audit Committee and is one of 2 women on the Board of the Company thus maintaining gender diversity in the Board's composition.

4. **Ordinary Resolution 12 - Authority to Allot and Issue New Shares**

   This proposed resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 20th AGM held on 18 May 2017.

5. **Ordinary Resolution 13 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature**

   This ordinary resolution, if passed, will authorise the Company and its subsidiaries to transact with mandated related parties for the period from this AGM till the next AGM. Please refer to Part I of the Circular to Shareholders dated 25 April 2018 for further details.

6. **Ordinary Resolution 14 - Proposed Renewal of Authority to Purchase Own Shares**

   Please refer to Part II of the Circular to Shareholders dated 25 April 2018 for further details.

STATEMENT ACCOMPANYING NOTICE OF AGM:

There is no person seeking election as Director of the Company at this Annual General Meeting.

CDS Account no. of Authorized Nominee: ____________________

SARAWAK PLANTATION BERHAD
COMPANY NO. 451377-P
INCORPORATED IN MALAYSIA

FORM OF PROXY

I / We ....

NRIC No. / ID No. / Company No .... (new) .... (old)

of ....

being a member of SARAWAK PLANTATION BERHAD, hereby appoint ....

NRIC No. / ID No. .... (new) .... (old)

of ....

or failing which the Chairman of the Meeting as my / our proxy / proxies to vote for me on my / our behalf at the 21st Annual General Meeting of the Company to be held at Riverside Majestic Hotel, Jalan Tunku Abdul Rahman, 93576 Kuching, Sarawak on Friday, 25 May 2018, at 10.00am or at any adjournment thereof, in the manner as indicated below:

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' Fees for financial year ended 31 December 2017		
Ordinary Resolution 2	Approval of Directors' Benefits from 1 January 2017 up to 25 May 2018		
Ordinary Resolution 3	Approval of Directors' Benefits from 26 May 2018 up to the next AGM		
Ordinary Resolution 4	Approval of Directors' Fees for financial year ending 31 December 2018		
Ordinary Resolution 5	Re-election of Director: Datuk Amar Abdul Hamed bin Sepawi		
Ordinary Resolution 6	Re-election of Director: Hasmawati binti Sapawi		
Ordinary Resolution 7	Re-election of Director: Datu Haji Chaiti bin Haji Bolhassan		
Ordinary Resolution 8	Re-election of Director: Dato Wong Kuo Hea		
Ordinary Resolution 9	Re-appointment of Auditors		
Special Businesses:			
Ordinary Resolution 10	Continuation in office as an Independant Non Executive Director: Umang Nangku Jabu		
Ordinary Resolution 11	Continuation in office as an Independant Non Executive Director: Azizi bin Morni		
Ordinary Resolution 12	Authority to Allot and Issue Shares		
Ordinary Resolution 13	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature		
Ordinary Resolution 14	Proposed Renewal of Authority to Purchase Own Shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolutions specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy / proxies will vote or abstain from voting as he / she / they think fit.)

NOTES:

1. A Member entitled to attend, participate, speak and vote at this 21st AGM of the Company may appoint another person as his proxy to attend, participate, speak and vote on his behalf. A proxy need not be a Member of the Company.
2. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
3. A Member shall not be entitled to appoint more than 2 proxies to attend, participate, speak and vote on his behalf at this 21st AGM provided the Member is an authorized nominee as defined under the provisions of the Securities Industry (Central Depositories) Act 1991 in which event, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing in the credit of the Securities Account. When a Member appoints more than 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a Member of the Company is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. To be valid, the instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32 Tower A Vertical Business Suite Avenue 3 Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for holding this 21st AGM or any adjournment thereof.

   If there is any alteration to the instrument appointing a proxy, the same must be initialed.
6. In respect of deposited securities, only Members whose name appears on the Record of Depositors as at 18 May 2018 shall be eligible to attend, participate, speak and vote at this 21st AGM.

Dated this ...... day of 2018

....
Signature of Shareholder(s) / Common Seal

Number of Shares

____

____

Fold line

STAMP

The Company Secretary

SARAWAK PLANTATION BERHAD

8th Floor, Wisma NAIM, 2½ Mile, Rock Road
93200 Kuching, Sarawak.
Tel: 082-233550 Email: info@spbgroup.com.my

Fold line

www.spbgroup.com.my

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info@spbgroup.com.my

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