

GOPENG BERHAD

ANNUAL REPORT 2016

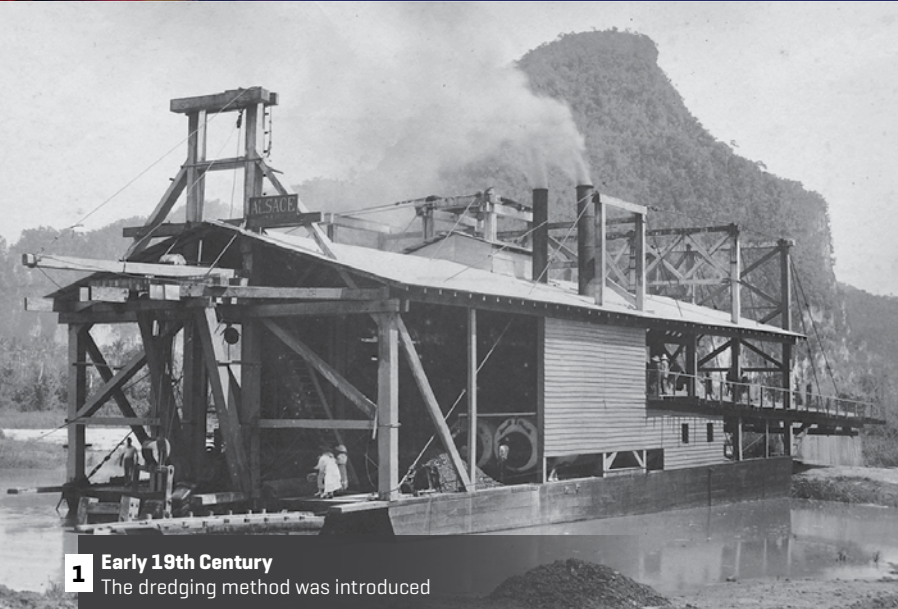


GOPENG BERHAD

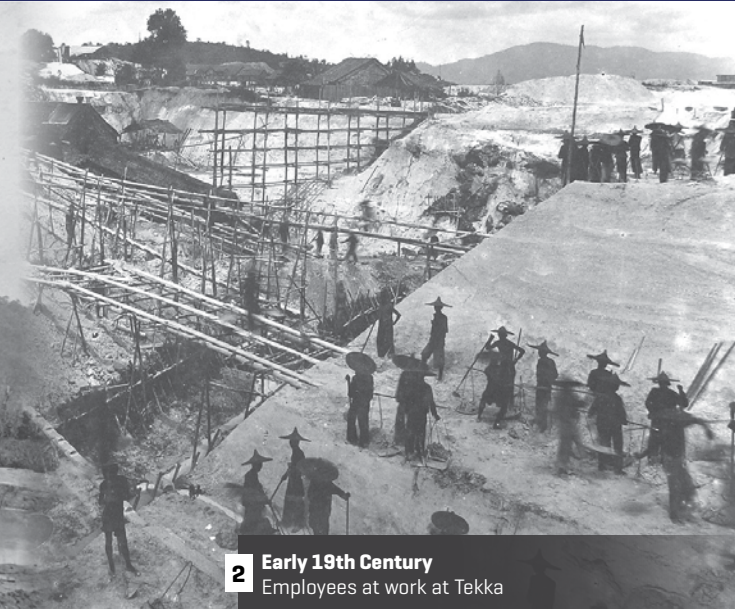
ANNUAL REPORT 2016

2	Gopeng Berhad at A Glance
3	Directorate and Administration
4	Notice of Meeting
6	Statement Accompanying Notice of Meeting
7	Board of Directors
11	Key Management Team
13	Five-Year Financial Highlights
14	Chairman's Statement
16	Management Discussion and Analysis
20	Statement on Corporate Governance
27	Statement on Risk Management and Internal Control
29	Report of the Audit Committee
33	Directors' Report
38	Statement by Directors
39	Independent Auditor's Report
43	Statement of Profit and Loss and Other Comprehensive Income
45	Statement of Financial Position
47	Statement of Changes in Equity
49	Statement of Cash Flows
51	Notes to Financial Statement
105	Supplementary Information
106	Shareholding Statistics
109	List of Group Properties
111	Proxy Form

GOPENG BERHAD AT A GLANCE



1 **Early 19th Century**
The dredging method was introduced

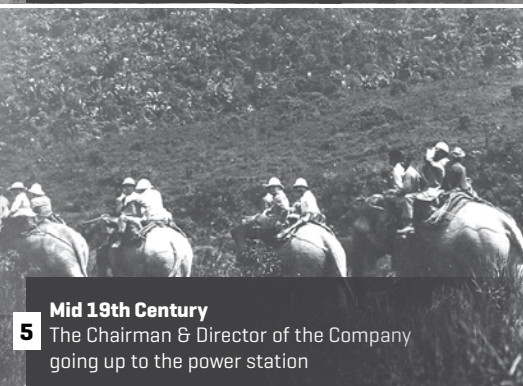


2 **Early 19th Century**
Employees at work at Tekka



3 **Early 19th Century**
The electric power station

4 **Early 19th Century**
Monitors cutting the ground



5 **Mid 19th Century**
The Chairman & Director of the Company going up to the power station



6 **1948 - 1990**
Early 20th century
Gopeng Consolidated along No 2



7 **1990**
Prime Minister Dr Mahathir visited Gopeng Berhad

BOARD OF DIRECTORS

Dato' Mohd Salleh bin Hashim
DPMP, PCM, PMP
Executive Chairman

Dato' Haji Mohamad Tahiruddin bin Mohd Tahir
DPMP, PMP, PPT
Member

Dato' Shaharuddin bin Haron
DPCM, JSM, PCM, KMN
Member

Haji Abdullah bin Yusof
Member

Dato' Chew Chee Kin
DPMT
Member

Dato' Robert Lim Git Hooi
DPMP, JP, C.A. [M], CPA[M]
Member

Manohar Hasan bin Ameer Ali
Member

Chong Chang Choong
Member

SECRETARY

Liew Thong Sin [MIA 1310]

REGISTERED OFFICE

6A, Jalan Sultan Iskandar
30000 Ipoh
Perak Darul Ridzuan
Tel No : 05-241 4620
Fax No : 05-243 1923

REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel No : 03-7849 0777
Fax No : 03-7841 8151/52
Email : ssr.helpdesk@symphony.com.my

CORPORATE OFFICE

A-17-15, Level 17
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur, Malaysia
Tel No : 603-2287 7577
Fax No : 603-2287 7578
Website : www.gopeng.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad
Standard Chartered Bank [Malaysia] Berhad

AUDITORS

HLB Ler Lum
Chartered Accountants
A member of HLB International

SOLICITORS

Azman, Davidson & Co.
Kuala Lumpur

Wan & Wan
Ipoh

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Board
Tel No : 03-2034 7000 / 03-2332 7000
Fax No : 03-2026 4122



NOTICE OF MEETING

THIS NOTICE OF MEETING DATED 27 APRIL 2017 SUPERSEDES AND REPLACES THE NOTICE OF MEETING DATED 27 APRIL 2017 ON PAGES 4 TO 6 OF THE ANNUAL REPORT 2016. (Please note that Resolution 9 had been amended)

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of the Company will be held at Room 5 First Floor, Impiana Hotel Ipoh, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Saturday, 20 May 2017 at 12.00 noon for the following purposes :

Ordinary Business

To consider, and if thought fit, to pass the following Ordinary Resolutions :

1. "That the financial statements for the year ended 31 December 2016 together with the reports of the Directors and Auditors, be and are hereby received and adopted."
2. "That the final single tier dividend of 4 sen per ordinary share in respect of the year ended 31 December 2016 as recommended by the Directors, be and is hereby approved."
3. "That Dato' Mohd Salleh bin Hashim, who retires in accordance with Article 70 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company."
4. "That Haji Abdullah bin Yusof, who was re-appointed a Director in accordance with Section 129(6) of the Companies Act, 1965 at the last annual general meeting to hold office until the conclusion of this annual general meeting, be and is hereby re-appointed a Director of the Company."
5. "That Dato' Robert Lim Git Hooi, who was re-appointed a Director in accordance with Section 129(6) of the Companies Act, 1965 at the last annual general meeting to hold office until the conclusion of this annual general meeting, be and is hereby re-appointed a Director of the Company."
6. "That Dato' Shaharuddin bin Haron, who was re-appointed a Director in accordance with Section 129(6) of the Companies Act, 1965 at the last annual general meeting to hold office until the conclusion of this annual general meeting, be and is hereby re-appointed a Director of the Company."
7. "That Dato' Haji Mohamad Tahiruddin bin Mohd Tahir, who was re-appointed a Director in accordance with Section 129(6) of the Companies Act, 1965 at the last annual general meeting to hold office until the conclusion of this annual general meeting, be and is hereby re-appointed a Director of the Company."
8. "That Dato' Chew Chee Kin, who was re-appointed a Director in accordance with Section 129(6) of the Companies Act, 1965 at the last annual general meeting to hold office until the conclusion of this annual general meeting, be and is hereby re-appointed a Director of the Company."
9. "That pursuant to Section 230 of the Companies Act, 2016 and Article 76 of the Company's Articles of Association, payment of the following from 31 January 2017 until the next Annual General Meeting of the Company be and are hereby approved :
 - a) Directors fees for the year ended 31 December 2016 by way of remuneration for their services, be and is hereby determined at a sum of RM40,000.00 to each of the Directors and RM50,000.00 to the Executive Chairman.
 - b) Directors fees of R M42,000.00 per annum to the Independent Non-Executive Chairman of the Audit Committee and RM36,000.00 per annum to each of the remaining two Independent Non-Executive Directors of the Audit Committee.
 - c) Attendance fees of RM500.00 to each and every Director for attending every Board meeting and every Committee Meeting."
10. "That HLB Ler Lum, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board."

Special Business

To consider and if thought fit, to pass the following resolutions with or without modifications as Ordinary Resolutions :

11. "That subject to the passing of Ordinary Resolution 4, Haji Abdullah bin Yusof, who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine years be and is hereby retained as an Independent Non-Executive Director of the Company."
12. "That subject to the passing of Ordinary Resolution 5, Dato' Robert Lim Git Hooi, who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine years, be and is hereby retained as an Independent Non-Executive Director of the Company."
13. "That subject to the passing of Ordinary Resolution 6, Dato' Shaharuddin bin Haron, who has served the Board as an Independent Non-Executive Director of the Company for a term of more than nine years, be and is hereby retained as an Independent Non-Executive Director of the Company."
14. "That subject always to the Companies Act 2016, the Company's Articles of Association and the approval of the relevant authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act, 2016 to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes, to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 33rd Annual General Meeting to be held on 20 May 2017, the final single tier dividend of 4 sen per ordinary share in respect of the year ended 31 December 2016, will be paid on 14 July 2017 to shareholders whose names appear in the Record of Depositors on 30 June 2017.

A depositor shall qualify for entitlement for the dividend only in respect of :-

- a) Shares deposited to the Depositor's Securities Account before 12.30 p.m. on 27 June 2017 in respect of the shares exempted from mandatory deposit;
- b) Shares transferred to the Depositor's Securities Account on or before 4.00 p.m. on 30 June 2017 in respect of ordinary transfers; and
- c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Liew Thong Sin [MIA1310]

Secretary

Ipoh, Perak Darul Ridzuan

Date : 27 April 2017

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote by poll instead of him.
2. The proxy form [as enclosed] must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof.
3. A corporation must complete the proxy form under its common seal or under the hand of a duly authorised officer or attorney.
4. Pursuant to [Paragraph 8.29A91] of the Main market Listing requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of Meeting will be put to vote by poll. A scrutineer shall be appointed to verify and validate the votes cast.
5. The profile of the Directors [together with their attendance in Board Meetings] standing for re-election/re-appointment as Directors of the Company under Resolutions 9 to 10 are shown on page 9 to page 10 of the Company's 2016 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF MEETING

Statement Accompanying Notice of Meeting

Re-appointment of Directors retiring at the conclusion of this annual general meeting.

The ordinary resolutions proposed under items 4,5,6,7 and 8 are to seek shareholders' approval on the re-appointment of Haji Abdullah bin Yusof, Dato' Robert Lim Git Hooi, Dato' Shahrudin bin Haron, Dato, Haji Mohamad Tahiruddin bin Mohd Tahir and Dato' Chew Chee Kin, who were re-appointed Directors of the Company in accordance with Section 129(6) of the Companies Act, 1965 at the last annual general meeting to hold office until the conclusion of this annual general meeting. The five Directors being eligible have offered themselves for re-appointment and the passing of the proposed ordinary resolutions will enable them to continue in office from the date of this annual general meeting onwards. The new Companies Act, 2016 has no age limit for directors.

Explanatory Notes on Special Businesses

Retention of Directors as Independent Non-Executive Directors of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.

The ordinary resolutions proposed under items 11, 12 and 13, if passed, will enable Haji Abdullah bin Yusof, Dato' Robert Lim Git Hooi and Dato' Shahrudin bin Haron to continue as Independent Non-Executive Directors notwithstanding that they had served the Board as Independent Non-Executive Directors for a term of more than nine years. The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. To qualify as independent, a director must be independent in character and judgment, independent of management and free from any relationship or circumstances as set out in Chapter 1 of the Listing Requirements, which are likely to affect or appear to affect his or her independent judgment. Following an assessment, the Board concluded that the three Directors' length of service does not interfere with their exercise of independent judgment and ability to act in the best interests of the shareholders. In addition, the Board believes that their knowledge of the Group's businesses and their proven commitment, experience and competence will greatly benefit the Company. The three Directors concerned had declared their independence and their desire to continue as Independent Non-Executive Directors of the Company. The Board has recommended they continue to act as Independent Directors based on the following justifications :-

- They have fulfilled the criteria under the definition of Independent Directors as stated in the Listing Requirements and they will continue to function as a check and balance, providing an element of objectivity to the Board;
- They have experiences in a diverse range of businesses thereby providing constructive opinion, independent judgment and acting in the best interest of the Company; and
- They have devoted sufficient time and attention to the affairs of the Company.

Authority to allot and issue shares

The Ordinary Resolution proposed under item 11 of the Agenda, if passed, will give a renewed mandate to the Directors of the Company from the date of the forthcoming AGM, to allot and issue ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 from time to time, provided that the total number of new ordinary shares to be issued does not exceed 10% of the total number of issued and paid up share capital of the Company.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 28 May 2016 which will lapse at the conclusion of the forthcoming AGM.

The Board is always on the lookout for opportunities to broaden the Company's operating base and earnings potential. If any of the expansion/diversification proposals involves the issuance of new shares, the Directors will have to convene a general meeting to approve the issuance of new shares even though the number may be less than 10% of the total issued and paid up share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, it is considered expedient that the Directors be empowered, as proposed in Resolution 14, to allot and issue shares in the Company, up to an amount not exceeding in aggregate ten percent [10%] of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding investment project(s) and/or acquisition(s).



FROM LEFT TO RIGHT

Dato' Haji Mohamad Tahiruddin bin Mohd Tahir
Dato' Shahrudin bin Haron
Dato' Robert Lim Git Hooi
Chong Chang Choong
Dato' Mohd Salleh bin Hashim
Dato' Chew Chee Kin
Manohar Hasan bin Ameer Ali

BOARD OF DIRECTORS - (CON'T)



Dato' Mohd Salleh bin Hashim



**Dato' Haji Mohamad Tahiruddin
Bin Mohd Tahir**



Dato' Shaharuddin bin Haron



Haji Abdullah bin Yusof



Dato' Chew Chee Kin



Dato' Robert Lim Git Hooi



Manohar Hasan bin Ameer Ali



Chong Chang Choong

DATO' MOHD SALLEH BIN HASHIM

Non-Independent Executive Director

Aged 69, Male, Malaysian

Dato' Mohd Salleh bin Hashim graduated from the University of Malaya in 1970 with a degree in Bachelor of Economics. He was appointed a Director on 31 March 1993 and was the Managing Director from 22 June 1996 to 26 February 2006. He was appointed Executive Chairman on 27 February 2006. Prior to joining Gopeng, he was with the Perak State Development Corporation (PSDC) and its subsidiaries.

Dato' Salleh attended all the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. As at 31 December 2016, Dato' Salleh has a direct and indirect interests totalling 32.93% in Gopeng. He is not related to any director of the Company.

DATO' HAJI MOHAMAD TAHIRUDDIN BIN MOHD TAHIR

Non-Independent Non-Executive Director

Aged 74, Male, Malaysian

Dato' Haji Mohamad Tahiruddin bin Mohd Tahir graduated with a Bachelor of Economics degree from the University of Malaya in 1970. He also holds a Master of Business Administration obtained from the Drake University in the United States of America in 1983. He attended the Oxford Advanced Management Programme (AMP) in January 1998. Prior to his appointment as a Director of Gopeng on 4 October 1988, he was the Deputy General Manager of the Perak State Development Corporation (PSDC). He was the Managing Director of Gopeng from 1989 to 1992.

He attended all the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. As at 31 December 2016, Dato' Tahiruddin has an direct interest of 5.78% in Gopeng. He is not related to any director of the Company and has no personal interest in any business arrangement involving the Gopeng group.

DATO' SHAHARUDDIN BIN HARON

Senior Independent Non-Executive Director

Aged 78, Male, Malaysian

Dato' Shaharuddin bin Haron graduated with a Bachelor of Arts [Economics] [Honours] degree from the University of Malaya in 1963 and a Master degree [Economics] from the University of Pittsburgh, USA. He was in government service for 30 years until he retired in 1993. His last position with the Government was as Secretary-General to the Ministry of Domestic Trade and Consumer Affairs, a position he held from May 1992 to September 1993. During his years of service with the Government, he was appointed a Director of several entities, namely, Petronas [1990-1992], Permodalan Nasional Berhad [1990-1992], MIDA [1968-1990], Johore State Economic Development Corporation [1986-1993] and the Perak State Development Corporation [1986-1990]. He was appointed to the Board of Gopeng on 30 November 1993 and he is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He also holds Directorships in Malayan Flour Mills Berhad and Latitude Tree Holdings Berhad.

He attended 4 out of the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Dato' Shaharuddin does not have any family relationship with any director and/or major shareholder of Gopeng, nor any personal interest in any business arrangement involving the Gopeng group.

HAJI ABDULLAH BIN YUSOF

Independent Non-Executive Director

Aged 80, Male, Malaysian

Haji Abdullah bin Yusof is a mining engineer who graduated from the Camborne School of Mines, United Kingdom in 1961. He has over 35 years experience in mining and related activities covering mine management and consultancy both locally and at international level. He is a Fellow of the Institute of Mining and Metallurgy UK, and a Fellow of the Institute of Mineral Engineers Malaysia.

He was appointed to the Board of Gopeng on 9 November 1983. He is the Chairman of the Remuneration Committee and the Nomination Committee and is a member of the Audit Committee.

He attended 4 out of the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any sanction or penalty imposed by the relevant regulatory bodies during the financial year. As at 31 December 2016, Haji Abdullah bin Yusof's spouse held 300,000 shares in Gopeng. He has no family relationship with any director and/or major shareholder of the Company and has no personal interest in any business arrangement involving the Gopeng group.

BOARD OF DIRECTORS - (CON'T)

DATO' CHEW CHEE KIN

Non-Independent Non-Executive Director

Aged 71, Male, Malaysian

Dato' Chew Chee Kin is the President of the Sunway Group of Companies. He graduated with a Bachelor of Economics (Hons) degree from the University of Malaya. He attended the PMD program at the Harvard Business School in 1980. Dato' Chew was first appointed to the Board of Gopeng on 18 May 1998. He is a director of Sunway Berhad.

He attended 4 out of the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no conviction for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Dato' Chew represents a substantial shareholder on the Board of Gopeng. He does not have any family relationship with any director and has no personal interest in any business arrangement involving the Gopeng group.

DATO' ROBERT LIM GIT HOOI

Independent Non-Executive Director

Aged 78, Male, Malaysian

Dato' Robert Lim Git Hooi is a Chartered Accountant and has more than 30 years of extensive experience in all aspects of the accounting profession. From 1990 to 1996, he was the Partner-In-Charge of Messrs Ernst & Young's Ipoh office until he retired on 31 December, 1996. Currently Dato' Robert Lim is a member of the Board of Governors of Kolej Yayasan UEM. He holds directorship in Kar Sin Berhad, YNH Property Bhd other private limited companies. Dato' Robert Lim is a member of the Malaysia Association of Certified Public Accountants and the Malaysian Institute of Accountants. He was appointed Director of the Company on 15 November 2001 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Dato' Robert Lim attended all the 5 board meetings during the financial year ended 31 December 2016. As at 31 December 2016, Dato' Robert Lim's spouse held 20,000 shares in Gopeng. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not have any family relationship with any director and/or major shareholder of Gopeng, nor any personal interest in any business arrangement involving the Gopeng group.

MANOHAR HASAN BIN AMEER ALI

Independent Non-Executive Director

Aged 61, Male, Malaysian

Manohar Hasan bin Ameer Ali obtained a degree in Mechanical Engineering and Business Administration from the University of Aston, Birmingham, United Kingdom in 1978 and in 1979, he obtained a Post Graduate Diploma in Operational Research, from the University of Lancaster, United Kingdom. He further obtained a Masters Degree in Management Science from the University of Warwick, United Kingdom in 1980. In 2009, he obtained a PostGraduate Certificate in Accounting and Financial Management from Charles Sturt University, Australia. He joined Anderson Consulting & Co in 1980 and in 1981 he joined Amanah Merchant Bank Berhad. His last position with the bank was as Manager of Project Finance. In 1991, he joined Shapadu Corporation Sdn Bhd as the Assistant General Manager, Corporate Affairs up to 1992 when he left for Gopeng after accumulating a total of 14 years of experience in corporate affairs. He was the General Manager of Gopeng from 1 January 1993 until 22 June 1996 when he was appointed Executive Director. He relinquished his executive functions effective 1 January 2010, but remained a Director.

He attended 4 of the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. As at 31 December 2016, Encik Hasan has a direct interest of 0.56% in Gopeng. He has no family relationship with any director and/or major shareholder of the Company and has no personal interest in any business arrangement involving the Gopeng group.

CHONG CHANG CHOONG

Non-Independent Non-Executive Director

Aged 59, Male, Malaysian

Chong Chang Choong is a member of the Institute of Chartered Accountants in England and Wales and has more than 20 years of experience in banking, stocking, corporate finance and portfolio fund management.

He graduated with a Bachelor of Arts (Hons) in Economics and Accountancy from the University of Newcastle Upon Tyne, England in 1980. After working for 5 years with Robson Rhodes, a Chartered Accountants Firm in London, he returned to Malaysia in 1984 and was a Corporate Banking Officer with Bumiputera Merchant Bankers Bhd. Subsequently he held various positions in different financial institutions, including John Hancock Life Insurance Berhad and DMG K&K Kenanga Berhad. His last position prior to joining the Sunway Group was the General Manager- Investments of Public Mutual Berhad from 1995 to 2004. Mr Chong joined the Sunway Group as the Director of Group Corporate Affairs on 1 December 2010 and he is responsible for overseeing the corporate finance and treasury functions. Upon listing of Sunway Berhad he was redesignated to Chief Financial Officer of Sunway.

Mr Chong was appointed a Director of the Company on 16 February 2015. He attended all the 5 board meetings held during the financial year ended 31 December 2016. Other than traffic offences, he has had no convictions for any offences within the past 5 years and did not incur any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. Mr Chong represents a substantial shareholder on the Board. He does not have any family relationship with any director and has no personal interest in any business arrangement involving the Gopeng group.

KEY MANAGEMENT TEAM



Hj Nordin Bin Jalani
General Manager,
Operations



Syerleena Bt Mohd Salleh
General Manager,
Corporate Affairs & Human Resource



Mohamad Shukri Bin Ishak
General Manager,
Finance



Mohd Fauzi Bin Parno
Manager,
Kota Bahroe Estate



Liew Thong Sin
Company Secretary

KEY MANAGEMENT TEAM - (CON'T)

HAJI NORDIN BIN JALANI

General Manager, Operations

Aged 64, Male, Malaysian

Haji Nordin bin Jalani has more than 25 years experience working in multi national manufacturing companies, prior to joining Gopeng Berhad in 2005 .He subsequently assumed various position within the Group. Currently he oversees the operation of the plantation business division and Gopeng Land & Properties Sdn Bhd. Hj Nordin holds a Diploma in Accountancy from Institut Teknologi Mara, he subsequently futher his study through distance learning and obtained Master's Degree in Business Administration in 2003 from Golden State University, USA.

SYERLEENA BT MOHD SALLEH

General Manager, Corporate Affairs & Human Resource

Aged 41, Female, Malaysian

Syerleena bt Mohd Salleh, joined the Group in 2009 to oversee and direct the Human Resource & Corporate Affairs division. She is responsible for the overall human capital and development as well as corporate communication of the Group. Prior to joining the Group, she has served in various capacities as director, consultant and recruiter. Syerleena holds a Bachelor's Degree (Hons) in Business Administration majoring in Human Resource from South Bank University London.

MOHAMAD SHUKRI BIN ISHAK

General Manager, Finance

Aged 47, Male, Malaysian

Mohamad Shukri bin Ishak, was appointed to his position in 2011. He is in charge of the Group's finance, treasury and risk management functions. He has assumed finance roles at Ancom Kimia Sdn Bhd for 12 years, and prior to that, was attached to Public Bank Berhad. Mohamad Shukri graduated from Universiti Teknologi Mara with a Bachelor's Degree in Accountancy (Hons.) and is a member of the Malaysian Institute of Accountant as a Chartered Accountant.

MOHD FAUZI BIN PARNO

Manager, Kota Bahroe Estate

Aged 43, Male, Malaysian

Mohd Fauzi bin Parno has more than 20 years of experience in the operations and management of the oil palm industry. He joined the Group in 2007 and has been responsible for various projects including the cultivation of mature and immature plantation, nursery seedling, development of ex mining area to oil palm plantation, and oil palm replanting. Prior to joining the Group, he served at YP Plantations Yayasan Pahang and Island & Peninsular Group.

LIEW THONG SIN

Company Secretary

Aged 67, Male, Malaysian

Liew Thong Sin has served the Group as Company Secretary since 1984, when the company first listed its shares on the Kuala Lumpur Stock Exchange [now Bursa Malaysia]. He is responsible for overseeing the Group's corporate secretarial functions. Liew holds a Bachelor of Commerce [Accountancy] degree from the University of Otago, New Zealand and is a member of the Malaysian Institute of Accountants.

ADDITIONAL INFORMATION:

- None of the other Key Senior Management of Gopeng Berhad has conflict of interest with Gopeng Berhad except for Syerleena bt Mohd Salleh who is a daughter of Dato' Mohd Salleh bin Hashim, the Executive Chairman and a substantial shareholder.
- None of the other Key Senior Management of Gopeng Berhad has any directorship in public companies and/or listed issuers except for Syerleena bt Mohd Salleh, being a director of a wholly owned subsidiary.
- None of the above Key Senior Management of Gopeng Berhad has been convicted of any offence within the past five (5) years and there was no public sanction and penalty imposed by the relevant regulatory bodies during the financial year.

5-YEAR FINANCIAL HIGHLIGHTS

		2016	2015	2014	2013	2012
		RM'000	RM'000	RM'000	RM'000	RM'000
FINANCIAL PERFORMANCE						
Revenue		11,371	9,237	9,491	10,200	14,896
Profit before tax		4,742	7,384	773	4,102	2,654
Profit for the financial year		4,439	7,970	1,017	3,607	2,634
Profit attributable to shareholders		4,439	7,970	1,017	3,607	2,634
Earning per share	sen	2.48	4.44	0.57	2.01	1.47
Return on equity	%	1.41	2.72	0.35	1.22	0.95
Return on assets	%	1.36	2.61	0.33	1.17	-

DIVIDENDS						
Dividend payment		7,173	5,380	5,380	5,380	13,181

GEARINGS						
Borrowings		144	70	89	-	33
Finance Costs		43	22	60	5	21
Interest Cover	times	111.50	335.52	13.95	912.11	130.36

OTHER FINANCIAL STATISTICS						
Net assets per share	sen	175	164	162	164	155
Paid up share capital		89,665	89,665	89,665	89,665	89,665
Total equity attributable to shareholders		314,443	293,315	290,664	294,963	278,019
Total assets		327,562	305,675	304,456	309,393	291,683
Total liabilities		13,119	12,360	13,792	14,430	13,664

CHAIRMAN'S STATEMENT



"On behalf of the Board of Directors of Gopeng Berhad, it gives me great pleasure in presenting the Annual Report and the Audited Financial Statements of the Group and of the Company for the year ended 31 December 2016."

Financial Results

In the year under review, the Group continued to derive its income from oil palm plantation and returns from short term investments.

In 2016 the Group recorded a revenue of RM11.3 million and an operating profit after tax of RM4.3 million compared with a revenue of RM9.2 million and an operating profit after tax of RM7.7 million achieved in the previous year. The higher operating profit in the previous year was mainly due to profits from sale of an investment property. Although production of FFB in 2016 at 19,404 tonnes was lower than the 21,209 tonnes produced last year, the operating profit from the plantation improved from RM0.8 million to RM3.7 million mainly due to lower cost of production and higher prices for the oil palm products. Income from the short term investments improved from RM4.4 million in 2015 to RM6.1 million in 2016. After adding the gain from the revaluation of the Company's land of RM23.8 million, the total comprehensive income for the year was RM28.3 million.

Future Outlook

It is hoped that the current uptrend in the oil palm prices will continue. This together with the greater operating efficiency at the Estates should augur well for the plantation, although production in 2017 is not expected to improve significantly. In 2016, 33 ha of the matured area were replanted and in 2017 another 60 ha have been earmarked for replanting. About 117 ha of the immatured area will come into harvesting in 2018. The income from the short term investments, under the present financial scenario, are not expected to be as good as in 2016 in view of the lower returns in the financial market.

To increase the Group's revenue In the current year, the Board will monetise a few of the Company's landed properties, which are situated outside the Group's main area of operations and which have reached their potential value. The Company's balance sheet remains strong with cash reserves of RM105 million, a good financial platform for the Group to springboard into any expansion and or diversification of activities when the opportunities present themselves.

Dividends

For the year ended 31 December 2016, the Board has recommended payment of a final single tier dividend of 4 sen per ordinary share, maintaining the rate paid for 2015. This final single tier dividend, if approved by shareholders at the 33rd Annual General Meeting scheduled to be held on 20 May 2017 will be paid on 14 July 2017 to shareholders whose names appear in the Record of Depositors as at 30 June 2017. Payment of the final single tier dividend will cost the Company RM7,173,159.

The Board hopes that the Company will be in a position to continue paying consistent dividends to its members.

Acknowledgement

On behalf of the Board of Directors, I wish to extend my sincere appreciation to the Management and staff for their continuous dedication and commitment.

I would like to thank all our valuable customers, suppliers, business associates, government authorities and not forgetting the shareholders of the Company for their continuous support and confidence in the Company.

Finally, I wish to express my heartfelt thanks to my fellow colleagues on the Board and the Directors of the subsidiaries for their relentless advice and guidance.

Dato' Mohd Salleh bin Hashim

Executive Chairman

Kuala Lumpur

Date : 5 April 2017

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

The purpose of this review is to highlight and provide brief insights on key financial and operating information of the Group. Gopeng Berhad is mainly involved in the cultivation of oil palm, investment holding and property development.

Our oil palm plantation, namely Kota Bahroe Group Estates is located in Gopeng, Perak, Malaysia. A major portion of the Estates' land was ex-tin mining land which was rehabilitated for the cultivation of oil palm.

KEY FINANCIAL INDICATORS

		2016	2015	Change
Revenue	RM thousand	11,371	9,237	23 %
Profit Before Taxation (PBT)	RM thousand	4,742	7,384	[36 %]
Profit for the financial year	RM thousand	4,439	7,970	[44 %]
Profit attributable to shareholders	RM thousand	4,439	7,970	[44 %]
Earnings per share	sen	2.48	4.44	[1.96 sen]
Return on equity	%	1.41	2.72	[1.31]
Total returns to shareholders: - Dividend [per RM0.50 share]	sen	4.0	4.0	-
Net cash flow used in operation	RM thousand	1,234	2,676	[1,442]

GROUP FINANCIAL HIGHLIGHTS AND INSIGHTS

The results for FY2016 compared with the results of FY2015 are best explained at two levels namely the Revenue and Profit Before Taxation (PBT) as different factors affected the changes at these different levels.

Revenue increased in 2016 by 23% from RM9,237 million to RM11,371 million, mainly due to the lower cost of production in the financial year under review. This was due to the reduction in labour costs as a result of mechanisation of weeding and manuring works. The higher revenue was also attributed to the average price of fresh fruit bunches (FFB) which increased 15.9% to RM546 per tonne in 2016 versus a year earlier.

Profit Before Tax (PBT) recorded a substantial reduction of 56% in the financial year under review compared to 2015. The significantly higher profit recorded in the FY2015 was mainly attributed to the proceeds from sale of investment property, amounting to RM13 million, as shown in the following table.

Five-Year Group Financial Highlights

		2016	2015	2014	2013	2012
		RM'000	RM'000	RM'000	RM'000	RM'000
FINANCIAL PERFORMANCE						
Revenue		11,371	9,237	9,491	10,200	14,896
Profit before tax		4,742	7,384	773	4,102	2,654
Profit for the financial year		4,439	7,970	1,017	3,607	2,634
Profit attributable to shareholders		4,439	7,970	1,017	3,607	2,634
Earning per share	sen	2.48	4.44	0.57	2.01	1.47
Return on equity	%	1.41	2.72	0.35	1.22	0.95
DIVIDENDS						
Dividend payment		7,173	5,380	5,380	5,380	13,181
GEARINGS						
Borrowings		144	70	89	-	33
Finance Costs		43	22	60	5	21
Interest Cover	times	111.50	335.52	13.95	912.11	130.36
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	175	164	162	164	155
Paid up share capital		89,665	89,665	89,665	89,665	89,665
Total equity attributable to shareholders		314,443	293,315	290,664	294,963	278,019
Total assets		327,562	305,675	304,456	309,393	291,683
Total liabilities		13,119	12,360	13,792	14,430	13,664

With the decrease of net earnings, the Group recorded a **Return on Equity (ROE)** of 1.41% for FY2016 based on an average shareholder's equity of RM314 million (FY2015: RM293 million), as compared to 2.72% recorded in the previous financial year.

The Group's **Shareholders' Equity** as at 31 December 2016 stood at RM314 million.

The Group strives to enhance ROE by continuous improvement in operating performance and by active management of its capital structure.

RETURNS TO SHAREHOLDERS

A final single-tier dividend of 4.0 sen per share amounting to a total payout of RM7,173 million was proposed for FY2016. This final single-tier dividend is subject to shareholders' approval at the 33rd Annual General Meeting scheduled to be held on 20 May 2017.

The Company continues to manage its capital in the most efficient manner to provide value to shareholders, optimise gearing levels and provide for funding requirements. The Group also continues to maintain a healthy cash and bank balance, which as at 31 December 2016 stood at RM106,520,812, inclusive of short term investments and a net gearing ratio of 0.0005 times.

MANAGEMENT DISCUSSION & ANALYSIS - (CON'T)

PALM OIL BUSINESS

The Group's palm oil business comprises only the plantation or upstream segment. Plantation is the core business of the Group which contributes 84% of the Group's earnings in the year 2016. Our Kota Bahroe Group Estates covers a land size of 1,434 hectares and this has been so for the past five years.

Five-Year Statistics of Kota Bahroe Group Estates

		2016	2015	2014	2013	2012
PRODUCTION						
Tonnage produced	MT	19,404	21,209	19,550	21,819	22,124
Price per MT	RM	573.77	437.96	491.74	533.41	614.10
Proceeds – FFB sales	RM	11,370,654	9,236,979	9,491,242	10,199,090	13,586,050
YIELD						
Mature hectarage	HA	1,155	1,284	1,284	1,245	997
Immature hectarage	HA	279	150	150	189	437
Total hectarage	HA	1,434	1,434	1,434	1,434	1,434
YIELD PER HECTARE	MT	16.80	16.52	15.23	17.53	22.19

As at 31 December 2016, total planted area or mature hectarage stood at 1,155 hectares, while the remaining 279 hectares are immature hectarage.

The Group recorded an increase in FFB yield from 16.52 MT per hectare in 2015 to 16.80 MT per hectare in 2016.

For the financial year ended 31 December 2016, proceeds from fresh fruit bunches (FFB) sales increased to RM11,261 million compared to RM9,237 million in the previous year.

Oil Palm Replanting

The Group started replanting initiatives to replace low-yielding old trees in 2010. The yield of 117 hectares of replanted trees will begin to reach peak production in year seven, beginning FY2018, and this will continue thereafter until year 18.

Plantation Management System

The Group has a strong team of hands-on managers and staff who are devoted to the common objective of achieving the highest standards for our plantation. We are committed to adopt best management practices, which include good field and harvesting standards and timely application of fertilisers to optimise crop yields. We have established stringent sustainability policies and procedures which include the use of organic fertilisers and bio treatment technique by providing nests for barn owls at our plantation to prey, catch and eat rats. These efforts are to ensure that our plantations are developed in an environmentally and socially responsible manner.

SHORT TERM INVESTMENTS

Beside plantation as its core business, the Group also generates income from its short term investments.

In 2010, the Group disposed its shares in an associate company, Perak Hanjoong Simen (PHS). The proceeds from the disposal were utilised to retire the outstanding short term loans, making dividend payouts and expansion of the Estates. An investment committee was formed to recommend placement of the balance of the sale proceeds amounting to RM100 million in short term money market and financial instruments. To minimise risk, the Investment Committee decided that all fund placements be only in non-equity and tax-exempt funds.

The year-end fair value figures of the short term investment and the yearly income generated for the past five years beginning 2012 are shown below :-

Five-Year Group Short Term Investments

		2016	2015	2014	2013	2012
Closing Balance	RM	102,405,423	109,967,716	102,443,612	107,053,513	103,908,031
Income (Distributions and fair values)	RM	6,137,876	4,448,367	3,732,474	3,145,482	3,445,775
Open ended fund (no maturity date)	RM	25,111,996	53,732,038	81,848,448	85,653,176	103,908,031
Close ended fund (with maturity date)	RM	77,293,427	56,235,678	20,595,164	21,400,337	-
Investment companies selected for placement:						
Malayan Banking Berhad						
Affin Hwang Asset Management Berhad						
Opus Asset Management Sdn Bhd						
Libra Invest Berhad						

Regularly, with the intention of maximising income, any excess of funds generated from the plantation or any other ordinary or extraordinary business of the company will be placed in short term investments.

OUTLOOK AND PROSPECTS

We continue to remain focused and prudent in our investment activities and to fill in the gaps along the value chain of our oil palm businesses. The crude palm oil prices have shown a bullish trend. This, coupled with the beginning of peak production of our replanted areas and lower costs of production, we should be optimistic to improve our financial performance in 2017.

STATEMENT ON CORPORATE GOVERNANCE

The Board welcomes the Malaysian Code on Corporate Governance 2012 [MCCG 2012] as it sets out the principles and recommendations on structures and processes the Group may use in their operations towards achieving the optimal framework in the discharge of its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

Compliance Statement

The Board is pleased to report that the Group has throughout the year ended 31 December 2016 complied with the principles and recommendations of the MCCG 2012, except for three of the recommendations in Principle 3 on Reinforce Independence namely recommendation 3.2 that the tenure of an independent director should not exceed a cumulative term of nine years, recommendation 3.4 that the positions of chairman and CEO should be held by different individuals, and the chairman must be a non-executive member of the Board and recommendation 3.5 that the Board must comprise a majority of independent directors where the chairman of the Board is not an independent director.

A. BOARD OF DIRECTORS

Board Responsibilities

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investment and business of the Company.

The Board meets at least four [4] times a year, with additional meetings convened as necessary. Among the topics for deliberation are the financial statements and results of the Company and its subsidiaries, operational activities, strategic and corporate initiatives as well as matters specifically reserved for the Board's decision. The deliberations of the Board in terms of the issues discussed, and the conclusions in discharging its duties and responsibilities are recorded. During the year ended 31 December 2016, five [5] scheduled Board meetings were held. The attendance record of each of the directors is as follows :

Name of Director	Attendance
Dato' Mohd Salleh bin Hashim	5/5
Dato' Haji Mohamad Tahiruddin bin Mohd Tahir	5/5
Dato' Shahrudin bin Haron	4/5
Haji Abdullah bin Yusof	4/5
Dato' Chew Chee Kin	4/5
Dato' Robert Lim Git Hooi	5/5
Manohar Hasan bin Ameer Ali	4/5
Chong Chang Chong	5/5

Board Balance

There was no change to the size and in the balance of the Board in 2016. The Board has eight members, comprising one Non-Independent Executive Director, three Non-Independent Non-Executive Directors and four Independent Non-Executive Directors. Dato' Shahrudin bin Haron is the Senior Independent Non-Executive Director, to whom any concern regarding the Company should be addressed. The directors have brought together to represent a blend of business, financial and technical experiences that has been vital to the successful direction of the Group. To-date, the Company had not appointed any female director. However, the Nomination Committee and the Board will keep this in mind when considering candidates in filling a vacancy and/or when a suitable female candidate presents herself.

Non-Independent Executive Chairman

Dato' Mohd Salleh bin Hashim

Non-Independent Non-Executive Directors

Dato' Haji Mohamad Tahiruddin bin Mohd Tahir

Dato' Chew Chee Kin

Chong Chang Choong

Independent Non-Executive Directors

Dato' Shaharuddin bin Haron [Senior]

Haji Abdullah bin Yusof

Dato' Robert Lim Git Hooi

Manohar Hasan bin Ameer Ali

The personal profiles of the directors are set out in pages 9 and 10.

Recommendation 3.2 of MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Board had determined that following an assessment conducted, Dato' Shaharuddin bin Haron, Haji Abdullah bin Yusof and Dato' Robert Lim Git Hooi, all of whom had served the Board for more than 9 years remain objective, independent and constructive in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The Board is of the view that their length of service does not in any way affect with their exercise of independent judgement and ability to act independently in the best interests of the Company and its shareholders. At the last AGM held on 28 May 2016, shareholders had approved the continuing in office of Haji Abdullah bin Yusof, Dato' Robert Lim Git Hooi and Dato' Shaharuddin as Independent Directors until the conclusion of the next AGM. The three Directors have declared their independence and their desire to continue as Independent Non-Executive Directors of the Company. To this end, resolutions have been proposed for shareholders to decide whether to retain them as Independent Non-Executive Directors of the Company at the Company's 33rd Annual General Meeting to be held on 20 May 2017. The Board recommends that they be retained as Independent Directors as they ensure effective checks and balances in the Board proceedings, provide objectivity in the decision making through unbiased and independent views, provide constructive opinions through their vast experience in businesses and that they had devoted sufficient time and attention in carrying out their responsibilities as Independent Directors.

Recommendation 3.4 states that the positions of chairman and CEO should be held by different individuals, and the chairman must be a non-executive member and recommendation 3.5 states that the Board must comprise a majority of independent directors where the chairman of the board is not an independent director. Although Dato' Mohd Salleh bin Hashim, is both the Executive Chairman and CEO of the Company, the Board had determined that his role as Chairman of the Board does not affect his role as CEO of the Company taking into account the size, the nature of operations and accepted practices of the Group and it would not be expedient for the Company to increase the size of its Board to accommodate additional independent directors. The Board had resolved that Dato' Mohd Salleh bin Hashim is capable and had acted equally well in carrying out his duties as Chairman of the Board and as CEO of the Company.

The Executive Chairman, who is also the chief executive officer of the Group, is responsible for ensuring Board effectiveness and conduct. He has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decisions. The presence of the independent non-executive directors fulfills a pivotal role in corporate accountability. The role of the independent non-executive directors is particularly important in providing unbiased and independent views, advice and judgment notwithstanding that all the directors have an equal responsibility for the Group's operations.

Supply of Information

The directors have full and timely access to information with an agenda and Board papers distributed in advance of the meetings. They are issued in sufficient time to enable the directors to obtain further explanation/clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the quarterly financial report and a report on the Group's cash and funds position and the minutes of the meetings of the Board Committees.

Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense. All directors have access to the advice and services of the Company Secretary in carrying out their duties.

Board Committees

To assist the Board in discharging of its duties, three [3] Board Committees were established. The functions and terms of references of the Board Committees are clearly defined and, where applicable, comply with the recommendations of the Code.

STATEMENT ON CORPORATE GOVERNANCE - (CON'T)

Appointments to the Board

Nominating Committee

The Nomination Committee held two (2) meetings during the financial year and except for Haji Abdullah bin Yusof, who only attended the first meeting, the other two members attended the two meetings. The Committee consists of three independent non-executive directors as follows;

Haji Abdullah bin Yusof (Chairman)	Independent Non-Executive Director
Dato' Shaharuddin bin Haron	Independent Non-Executive Director
Dato' Robert Lim Git Hooi	Independent Non-Executive Director

Appointment Process

The Committee is authorized to propose new nominees to the Board. The actual decision as to who shall be appointed a director remained the responsibility of the full Board after considering the recommendations of the Committee. In making its recommendations, the Committee should consider the candidates' :-

- leadership;
- skills, knowledge, expertise and experience;
- work ethics;
- professionalism;
- gender;
- integrity; and
- in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

The Board appoints its members through a formal and transparent selection process. The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met

The Nomination Committee, through a process implemented by the Board, assess the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of each individual director, including independent non-executive directors as well as the chief executive officer annually. Annually, the Nomination Committee will review the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.

Directors' Training

The Board through the Nomination Committee ensures that it recruits to the Board individuals of sufficient calibre, knowledge and experience to fulfil the duties of a director. All the directors had attended and completed the Mandatory Accreditation Programme ["MAP"] conducted by the Research Institute of Investment Analysis Malaysia ["RIIAM"]. The directors had also attended the relevant Continuing Education Programme ["CEP"] in the manner prescribed by the Bursa Malaysia Securities Bhd.

Following the repeal of the CEP requirements with effect from 1 January 2005, the Board has to evaluate and determine the training needs of its directors on a continuous basis. The directors are mindful that they should continuously update their knowledge and skills and to keep abreast with developments in the marketplace as well as the new statutory and regulatory requirements. The seminars and briefings attended by the directors during the year are set out below :

STATEMENT ON CORPORATE GOVERNANCE - (CON'T)

Name of Directors		Seminars/Briefings
Dato' Mohd Salleh bin Hashim Dato' Haji Mohamad Tahiruddin bin Mohd Tahir]]	Nomination Committee Programme Part 2 Effective Board Evaluations
Dato' Shaharuddin bin Haron]]]	Anti-corruption & Integrity – Foundation of Corporate Sustainability Sustainability Engagement Series for Directors
Dato' Chew Chee Kin]]]]	Sunway Managers Conference 2016 Future of Auditor Reporting - The Game Changer for Boardroom The New Companies Bill 2016
Haji Abdullah bin Yusof]]	Future of Auditor Reporting - The Game Changer for Boardroom
Chong Chang Choong]]]]]]]]]]]]	DBS Vickers – Pulse of Asia Conference [Singapore] The 18th Malaysia Strategic Outlook Conference 2016 "Coping with Uncertainty – The Way Forward in Difficult Times". Sunway Group SAP & Bristle Chief Procurement Officer Roundtable Discussion - Leadership Conversation with Chief Procurement Officers Invest Malaysia 2016 [Bursa Malaysia & Maybank IB] Nomura Investment Forum Asia 2016 [Singapore] Affin Awang Investment - Daiwa Investment Conference Hong Kong 2016 JP Morgan's Asia Rising Dragons Kuala Lumpur JP Morgan Asia Rising Dragon Singapore
Dato' Robert Lim Git Hooi]	The Strategy, the Leadership, the Stakeholders and the Board
Manohar Hasan bin Ameer Ali]	IFRS Financial Reporting, IAS and IFRS Standards [Revised]

Re-election

The Articles of Association provide that at least one-third of the Board are subject to retirement by rotation at each Annual General Meeting and the directors to retire in each year are the directors who have been longest in office since their appointment or re-appointment. A retiring director is eligible for re-appointment. The Articles of Association also provides for all directors to retire at least once in each three years and shall be eligible for re-appointment. These provide an opportunity for shareholders to renew their mandates. The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings of each director are furnished.

Re-appointment

The Nomination Committee recommends that the five Directors who were re-appointed directors of the Company in accordance with Section 129(6) of the Companies, Act 1965 at the last annual general meeting (AGM) to hold office until the conclusion of this AGM, be re-appointed directors of the Company at the AGM to be held on 20 May 2017, so that they could continue in office from the date of the AGM onwards. All the five directors being eligible have offered themselves for re-appointment.

B. DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee held two (2) meetings during the financial year and except for Haji Abdullah bin Yusof, who attended the first meeting, the other two members attended the two meetings. The Committee consists of three independent non-executive directors as follows:

STATEMENT ON CORPORATE GOVERNANCE - (CON'T)

Haji Abdullah bin Yusof (Chairman)	Independent Non-Executive Director
Dato' Shaharuddin bin Haron	Independent Non-Executive Director
Dato' Robert Lim Git Hooi	Independent Non-Executive Director

The remuneration package of the executive director has been structured to commensurate with the Company and individual performance. The remuneration of the non-executive directors is a matter for the Board as a whole and it should reflect their experience and level of responsibilities. The fees payable to the directors will be recommended by the Board for approval by shareholders at each Annual General Meeting.

The aggregate directors' remuneration paid or payable or otherwise made to all directors of the Group who served during the financial year are as follows :-

Category	*Fees (RM'000)	Salaries (RM'000)	**Other Emoluments (RM'000)
Executive Directors [1]	53	1,228	654
Non-Executive Directors [7]	420	-	-

* included Audit Committee fees

** included benefits in kind and gratuity payable to executive directors

The number of Directors whose total remuneration falls within the following bands is as follows:

Range of Remuneration	Executive Director	Non-Executive Director
RM50,000 - below		4
RM50,001 - RM100,000		3
RM100,001 - RM150,000		
RM150,001 - RM200,000		
RM200,001 - RM250,000		
RM250,001 - RM300,000		
RM300,001 - RM350,000		
RM350,001 - RM400,000		
RM400,001 - RM450,000		
RM450,001 - RM500,000		
RM500,001 - RM550,000		
RM550,001 - RM600,000		
RM600,001 - RM650,000		
RM650,001 - RM700,000		
RM700,001 - RM750,000		
RM750,001 - RM800,000		
RM800,001 - RM850,000		
RM850,001 - RM900,000		
RM900,001 - RM950,000		
RM950,001 - RM1,000,000		
RM1,000,001 - RM1,050,000	1	

The Board is of the view that the transparency and accountability aspects of the Corporate Governance as applicable to directors' remuneration are adequately served by the band disclosure above.

C. SHAREHOLDERS

The Board acknowledges the need of shareholders to be informed of all material business matters affecting the Company. In addition to the announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations. The Company has been using the Annual General Meeting usually held in May each year, as a means of communicating with shareholders. Shareholders who are unable to attend are allowed to appoint proxies and representatives to attend and vote on their behalf. Members of the Board and the auditors of the Company are present to answer questions raised at the meeting.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their operations and cash-flows for the period then ended. In preparing the financial statements, the directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Audit Committee

The Audit Committee's terms of reference, which outline the Committee's functions and duties and a summary of the Committee's activities are furnished in the Audit Committee report. The Committee reviews issues of accounting policies and presentation for external financial reporting. The Committee will meet with the external auditors without the presence of the executive director at least twice a year. The Committee has full access to the external auditors, who in turn have access at all times to the Chairman of the Audit Committee. The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Group.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is stated on pages 29 to 31.

State of Internal Control

The directors acknowledge their responsibility of maintaining a sound system of internal control and the need to review its effectiveness regularly to safeguard the Group's assets and shareholders' investments. This system, by nature, can provide reasonable and not absolute assurance against misstatement, fraud or loss.

The Statement on Risk Management and Internal Control set out in the Annual Report provides an overview of the Group's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

STATEMENT ON CORPORATE GOVERNANCE - (CON'T)

E. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company continues to play a part in being a good corporate citizen by providing financial assistance to the less fortunate citizens of the country. As part of its CSR initiatives, the Company contributed RM46,860.00 to orphanages and old folks home and RM54,900.00 to mosques and suraus.

F. OTHER INFORMATION

Material Contracts

There was no material contract other than in the ordinary course of business entered into by the Company or its subsidiaries involving directors' and major shareholders' interests during the financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature

There was no material recurrent related party transaction of a revenue or trading nature conducted for the year ended 31 December 2016.

Group Audit and Non-audit Fees

Group's audit fees for the financial year ended 31 December 2016 amounted to RM55,800. Non-audit fees paid to the external auditors and their affiliated companies for the financial year ended 31 December 2016 amounted to RM8,000 being fees in reviewing the Statement on Risk Management and Internal Control and RM21,000 of tax agent fees respectively.

Revaluation Policy of Landed Properties

The Company's freehold and leasehold lands were revalued based on an opinion of fair value expressed by a firm of professional valuers in November 2016. The valuation was to comply with the requirements of the financial reporting standards.

This statement is made in accordance with a resolution of the Board of Directors dated 5 April 2017.

Introduction

Paragraphs 15.26(b) of the Bursa Malaysia Listing Requirements require the Board of Directors [“the Board”] of public listed companies to include in its annual reports a “statement about the state of internal control of the listed issuer as a group”. The Board of Gopeng Berhad [“Gopeng” or “the Group”] is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year.

Board Responsibility

The Board acknowledges its ultimate responsibility on the Group’s system of Risk Management and Internal Control [“RMIC”] and for reviewing the adequacy and effectiveness of internal control systems to ensure shareholders’ interests and the Group’s assets are safeguarded. The responsibility on reviewing the adequacy and effectiveness of the internal control system has been delegated to the Audit Committee, which seeks the assurance on the adequacy and effectiveness of the RMIC system through reports from independent reviews conducted by internal audit function and the Management. The Board has received assurances from the Management which comprises the Executive Chairman and the Managers that the Group’s system of RMIC is operating adequately and effectively in all material aspects. The Board also considers the performance improvement observations from external auditors. The Board acknowledges that the RMIC system can only provide reasonable and not absolute assurance against material misstatement or loss.

Enterprise Risk Management Framework

Management is responsible for the management of risk on the internal control system in accordance with the Risk Management Policies adopted by the Board to provide reasonable assurance to the Board. The key elements of the enterprise risk management framework:-

- Risk Management Policy, which outlines guidance to employees on risk management issues; and
- A database of all risks and controls encompassing a detailed risk register, and individual risk profiles of the Group [excluding associates]. Key risks to each business unit’s objectives were identified and scored for likelihood of the risks occurring and the magnitude of the impact.

During the year, the Risk Management Policy together with its database, were revised and updated, taking into consideration the changes in the business environment of the Group. The Board considers the enterprise risk management framework is robust, but is still subject to continuous improvement on the framework taking into consideration better practices and changes in business environment

Other Key Components of Internal Control System

Internal Audit Function

The Group outsourced its internal audit function to a professional firm to carry out its internal audit function which aims to provide the Board with reasonable assurance regarding the adequacy and effectiveness of the RMIC system based on the Group’s financial manual.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL - (CON'T)

The internal auditors carried out the following audit exercises during the year:-

- “Upkeep of Mature Oil Palms at Kota Bahroe Group Estate”, in March 2016. The objectives of this audit was to evaluate the adequacy of the system of internal control over the upkeep of mature oil palms to review the following :-
 - adequacy of policies and procedures governing upkeep of mature oil palms;
 - whether weeding and manuring are carried out in a timely manner;
 - whether water, pest and disease management processes are properly carried out;
 - whether accounting and inventory records are correctly and promptly updated.
- “Follow-Up Audit on Upkeep & Cultivation of Immature Oil Palms at Kota Bahroe Group Estate”, in March 2016. The objective of this audit was to ensure that corrective actions on the audit recommendations have been effectively implemented by the Management.
- “Disbursement & The Accounts Payable Cycle at Head Office”, in July 2016. The objective of this audit was to evaluate the adequacy of the system of internal control over the disbursement and accounts payable cycle at Gopeng Berhad’s corporate office.
- “Follow-Up Audit on Security Management System at Kota Bahroe Group Estate”, in October 2016. The objective of this audit was to ensure that corrective actions on the audit recommendations have been effectively implemented by the Management.

All the above audit findings and recommendations were duly reported to the Group’s audit committee.

Other risks and control processes

The other key elements of the Group’s internal control systems are as follows:

- an organizational structure with defined delegation of responsibilities to committees of the Board;
- all purchases and payments are approved according to formalised limits of authority. There are defined authorisation levels for management, including limits of authority for all aspects of the business;
- the Board reviews the operational and financial performance of the Group every quarter; and
- budgets are prepared annually and variances from the budgets are monitored on monthly basis by Management and discussed during the management meetings.

The Audit Committee reviews the reports from Management before submission to the Board for consideration.

Conclusion

The Board is of the view that the existing RMIC system is adequate and effective. There were no material losses incurred and contingencies requiring disclosure in the Group’s annual report during the current financial year as a result of weaknesses in internal control. Nevertheless, the Management will continue taking measures in strengthening the internal control environment.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Gopeng Berhad is pleased to present the report of the Audit Committee of the Board for the year ended 31 December 2016.

The Audit Committee was established in 1994. For the financial year ended 31 December 2016, the Audit Committee, which comprised three Directors, met a total of six (6) times. The composition of the Audit Committee and the attendance of meetings are listed below.

Name	Status of Directorship	Attendance of Meetings
Dato' Shaharuddin bin Haron [Chairman]	Independent Non-Executive Director	Attended all 6 meetings
Haji Abdullah bin Yusof	Independent Non-Executive Director	Attended all 5 out of 6 meeting
Dato' Robert Lim Git Hooi	Independent Non-Executive Director	Attended all 6 meetings

All the members of the Audit Committee are independent non-executive Directors and they have a sound knowledge of finance and accounting and one of its members, Dato'Robert Lim Git Hooi is a member of Malaysian Institute of Accountants.

Terms of Reference

Membership

The Committee shall be appointed by the Board from amongst their numbers and shall consists of not less than three (3) members, all of whom shall be independent directors and at least one of whom shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967. The Chairman of the Committee shall be an independent non-executive director. Any vacancy in the Audit Committee must be filled within 3 months.

Meetings and Minutes

Meetings shall be held not less than four (4) times a year and the head of finance, the internal audit and representatives of the external auditors shall normally be invited to attend meetings. However, at least twice a year, the Committee shall meet with the external auditors without any Executive Board member present. The external auditor or any member of the Committee may request a meeting if they consider one necessary. A quorum shall be two (2) members present. The minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report to the Board as and when deem necessary. The Company Secretary shall be the Secretary to the Committee.

Authority

The Committee is authorised by the Board :

- i) to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- ii) to have the resources in order to perform its duties as set out in its terms of reference;
- iii) to have full and unrestricted access to information pertaining to the Company and the Group;
- iv) to have direct communication channels with the external auditors and persons carrying out the internal audit function; and
- v) to obtain external legal or other independent professional advice as necessary.
- v) to obtain external legal or other independent professional advice as necessary.

Responsibility

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Bhd, the Committee shall promptly report such matter to Bursa Malaysia Securities Bhd. The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of the internal and external auditors in order to be kept informed of matters affecting the Company.

REPORT OF THE AUDIT COMMITTEE - (CON'T)

Duties

The duties of the Committee are :

- i) to consider the appointment, resignation and dismissal of the external and internal auditors and the audit fees;
- ii) to discuss with the external and internal auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- iii) to review the quarterly and annual financial statements of the Company and the Group before submission to the Board of Directors, focusing particularly on ;
 - any changes in or implementation of major accounting policy changes;
 - significant and unusual events;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with Bursa Malaysia Securities Bhd's Listing Requirements, the Capital Markets and Services Act, 2007 and other legal requirements.
- iv) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss [in the absence of management if necessary]
- v) to review the external auditor's management letter and management's response thereto;
- vi) To do the following, in relation to the internal audit function :-
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vii) to consider any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- viii) to consider the major findings of internal investigations and management's response; and;
- ix) to review the evaluation of the systems of internal control with the auditors; and
- x) to consider other topics as defined by the Board.

Activities during the year :

Pursuant to the terms of reference of the Audit Committee, the following activities were carried out by the Committee during the year ended 31 December 2016 in the discharge of its functions and duties :

- i) review of audit plans for the Company and its subsidiaries for the year prepared by the external and internal auditors;
- ii) review of the audit reports for the Company and its subsidiaries prepared by the external auditors and consideration of the major findings by the external auditors and management response thereto;
- iii) review of unaudited quarterly interim reports and year end audited annual reports of the Company and the Group prior to submission to the Board for consideration and approval. The review was to ensure that the quarterly interim reports and the year-end annual report were in compliance with the Listing Requirements of Bursa Malaysia Securities Bhd, the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements;

- iv) review of the internal audit reports for the Company and the Group and approved recommendations to management on improvements in internal control process and procedures;
- v) meeting with the external auditors on 11 April 2016 and on 23 November 2016 in the absence of management. In the first meeting the state of the Group's internal controls during the year- end audit was discussed. In the second meeting the operations of the Estates were discussed and it was reported that the matters relating to the spacing of planting of oil palm trees and the variance in weight between the recordings of the Estates and the Mill had been resolved;
- vi) review and discuss the amendments to Bursa Malaysia Listing Requirements, the New Companies Act, 2016 and the Malaysian Financial Reporting Standards (MFRS framework) as the Group and Company will be required to prepare financial statements using the MFRS Framework for the financial year ending 31 December 2018; and
- vii) review of the risk management report, the risks profile and registers of the Group and the soundness and adequacy of the Group's system of internal controls with management.

Internal Audit Function

The internal audit function includes an evaluation of the processes by which significant risks are identified, assessed and managed, thereby ensuring that the instituted controls are appropriate and effectively applied and that the risk exposure are in line with the Group's risk management policies. In the discharge of its duties and responsibilities under the internal audit function of the Group, the Audit Committee was assisted by the services of a consulting firm acting as the internal auditors of the Company.

During the year the Company's internal auditors carried out two cycles of audit and two follow-up audits.

First Cycle

The 'Upkeep of Matured Oil Palms at Kota Bahroe Estates : The report was presented and discussed at the Audit Committee meeting held on 11 April 2016. Five observations were highlighted and appropriate recommendations were made to management.

Second Cycle

The 'Disbursements and the Accounts Payable Cycle at Head Office. The report was presented and discussed at the Audit Committee meeting held on 23 November 2016. Three observations were highlighted and appropriate recommendations were made to management.

Follow-up Audits

The report of the first Follow Up Audit on Upkeep and Cultivation of Immature Oil Palms at Kota Bahroe Estates carried out by the internal auditors in August 2015 was presented and discussed at the Audit Committee meeting held on 11 April 2016. It was reported that of the four recommendations agreed by management to be implemented, two were fully implemented and two had been partially implemented. However, these two recommendations were fully implemented subsequently.

The report on the second Follow Up Audit on the Security Management System at Kota Bahroe Estates conducted by the internal auditors in July 2015 was presented and discussed at the Audit Committee meeting held on 20 July 2016. It was reported that of the five recommendations agreed to be implemented, one was fully implemented, one was considered no longer relevant due to changed circumstances and three were partially implemented. However, these three were fully implemented subsequently.

In addition to the above, the internal auditors also assessed and updated the Risk Profile and Register of the Group. Some areas which required changes to improve the internal control environment were identified and the findings were reported to the Audit Committee which recommended appropriate actions to be taken to address the weaknesses identified. A follow-up system is in place to ensure that all the agreed remedial actions would be effectively implemented.

The total cost incurred in managing the internal audit function in 2016 was RM36,000.00

This report is made in accordance with a resolution of the Board of Directors dated 5 April 2017.

CORPORATE SOCIAL RESPONSIBILITY



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the business of cultivation of oil palm, investment holding and deriving income therefrom and property development.

The principal activities of the subsidiaries and associates are disclosed respectively in Note 15 and Note 16 to the Financial Statements.

There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
<u>Attributable to owners of the parent</u>		
Profit for the year	4,438,607	4,296,665

DIVIDENDS

The amount of dividends paid since the end of the last financial year are as follows :-

	RM
In respect of the financial year ended 31 December 2015 :-	
Final single-tier dividend of 4.0 sen per ordinary share paid on 16 July 2016	7,173,159

The Board of Directors recommends the payment of a final single tier dividend of 4 sen per RM0.50 ordinary share in respect of the financial year ended 31 December 2016, subject to shareholders' approval.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT - (CON'T)

DIRECTORS

Directors who served on the Board of the Company during the financial year and during the period from the end of the financial year to the date of the report are :-

Dato' Mohd Salleh bin Hashim
 Dato' Haji Mohamad Tahiruddin bin Mohd Tahir
 Dato' Shaharuddin bin Haron
 Haji Abdullah bin Yusof
 Dato' Chew Chee Kin
 Dato' Robert Lim Git Hooi
 Manohar Hasan bin Ameer Ali
 Chong Chang Choong

DIRECTORS' INTERESTS

The Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act, 2016, interests in the shares of the Company as follows :-

	NUMBER OF ORDINARY SHARES			
	AT 1.1.2016	ADDITIONS	DISPOSALS	AT 31.12.2016
Direct shareholdings in the Company				
Dato' Mohd Salleh bin Hashim	37,250,000	50,000	-	37,300,000
Dato' Haji Mohamad Tahiruddin bin Mohd Tahir	10,364,366	-	-	10,364,366
Manohar Hasan bin Ameer Ali	1,000,000	-	-	1,000,000
Dato' Chew Chee Kin	180,000	-	[180,000]	-
Indirect shareholdings in the Company				
Dato' Mohd Salleh bin Hashim	21,800,000	-	-	21,800,000
Dato' Chew Chee Kin	189,000	-	[189,000]	-
Haji Abdullah bin Yusof	300,000	-	-	300,000
Dato' Robert Lim Git Hooi	20,000	-	-	20,000
	NUMBER OF ORDINARY SHARES			
	AT 1.1.2016	ADDITIONS	DISPOSALS	AT 31.12.2016
<u>Direct shareholdings in Gopeng Precision & Engineering Sdn. Bhd.</u>				
Dato' Haji Mohamad Tahiruddin bin Mohd Tahir	1	-	-	1

DIRECTORS' INTERESTS - (Continued)

Dato' Mohd Salleh bin Hashim is deemed to have an indirect interest in the shares in the Company by virtue of his shareholdings in the substantial corporate shareholder of the Company, Juitaneka Sdn Bhd.

By virtue of Dato' Mohd Salleh bin Hashim's interest in the shares in the Company, he is deemed to be interested in the shares of the subsidiaries during the financial year to the extent of that the Company has an interest.

Dato' Chew Chee Kin is deemed to have an indirect interest in the shares in the Company by virtue of his spouse's shareholdings in the Company pursuant to Section 59(ii)(c) of the Companies Act 2016.

Haji Abdullah bin Yusof is deemed to have an indirect interest in the shares in the Company by virtue of his spouse's shareholdings in the Company pursuant to Section 59(ii)(c) of the Companies Act 2016.

Dato' Robert Lim Git Hooi is deemed to have an indirect interest in the shares in the Company by virtue of his spouse's shareholdings in the Company pursuant to Section 59(ii)(c) of the Companies Act 2016.

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company or any of its subsidiaries is a party, with the object or objects 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.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 8 to the Financial Statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 15 to the Financial Statements. None of the auditors' report on the accounts of subsidiaries is qualified.

None of the subsidiaries held shares in the holding company and other related corporations.

ISSUE OF SHARES AND DEBENTURES

There was no change in the issued and paid-up share capital of the Company during the financial year.

There was no debenture issued during the financial year.

DIRECTORS' REPORT - (CON'T)

OPTIONS GRANTED OVER UNISSUED SHARES

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

- [a] to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- [b] to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company 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 :-

- [a] which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- [b] which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- [c] 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.

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

- [a] any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- [b] any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that :-

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

In their opinion,

- [a] the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- [b] there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 7 to the Financial Statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year except as disclosed in the financial statements.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

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

Dato' Mohd Salleh bin Hashim

Dato' Shahrudin bin Haron

Dated : 5 April 2017
Kuala Lumpur

STATEMENT BY DIRECTORS

We, DATO' MOHD SALLEH BIN HASHIM and DATO' SHAHARUDDIN BIN HARON, being two of the Directors of GOPENG BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards ["FRS"] and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of the results of the operations and cash flows of the Group and of the Company for the year then ended.

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

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

Dato' Mohd Salleh bin Hashim

Dato' Shaharuddin bin Haron

Dated : 5 April 2017
Kuala Lumpur

STATUTORY DECLARATION

I, MOHAMAD SHUKRI BIN ISHAK, being the Officer primarily responsible for the financial management of GOPENG BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Mohamad Shukri Bin Ishak (MIA 23190)

Subscribed and solemnly declared by the abovenamed MOHAMAD SHUKRI BIN ISHAK at Kuala Lumpur on 5 April 2017

Before me :

Commissioner for Oaths

REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Gopeng Berhad, which comprise the Statements of Financial Position as at 31 December 2016 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 104.

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 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysia Institute of 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.

VALUATION OF FREEHOLD AND LEASEHOLD LAND

[Refer to Note 4.2 & 11 to the Financial Statements]

The valuation of freehold properties and leasehold properties comprises 53% of value of total assets and is measured at fair value, based on periodic, but at least triennial less subsequent depreciation and impairment losses. The determination of fair value involves using assumptions and estimates, to which a certain degree of subjectivity is inherent. As disclosed in Note 11 to the Financial Statements, fair values are supported by valuation reports prepared by independent valuers. Fair value involves using the sales comparison approach where fair value are generally derived from recent evidence of values of comparable properties in close proximity and making adjustments for differences in key attributes such as property size and condition.

HOW OUR AUDIT ADDRESS THIS MATTER

We examined the process of determining fair values and the internal controls included therein. We aimed our audit procedures, amongst others, at the engagements between the Group and the valuers, the methods and definitions applied and the internal analyses of the valuation results. We have audited the information provided by the Group to the valuers and the final results of the valuation process. We held discussions with the valuers and challenged their key assumptions applied by comparing them against market comparable, historical data and available industry data. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT

to The Members Of Gopeng Berhad - (CON'T)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of 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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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.

INDEPENDENT AUDITORS' REPORT

to The Members Of Gopeng Berhad - (CON'T)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- [a] In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- [b] We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the Financial Statements.
- [c] We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- [d] Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to The Members Of Gopeng Berhad - (CON'T)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 105 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ["MIA Guidance"] and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

HLB LER LUM

AF 0276

Chartered Accountants

DATO' LER CHENG CHYE

00871/03/2019 J

Chartered Accountant

Dated : 5 April 2017

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for The Financial Year ended 31 December 2016

	Note	GROUP		COMPANY	
		2016	2015	2016	2015
		RM	RM	RM	RM
Revenue	6	11,370,654	9,236,979	11,370,654	9,236,979
Cost of sales		[7,504,661]	[8,212,807]	[7,504,661]	[8,212,807]
Gross profit		3,865,993	1,024,172	3,865,993	1,024,172
Other income		7,336,766	12,632,227	7,336,766	12,632,227
Administrative expenses		[4,666,546]	[4,782,346]	[4,795,285]	[4,947,882]
Other expenses		[1,793,593]	[1,567,443]	[1,793,593]	[1,566,290]
		4,742,620	7,306,610	4,613,881	7,142,227
Interest income		41,892	99,080	26,173	82,755
Finance costs		[42,912]	[22,072]	[42,912]	[22,072]
Operating profit	7	4,741,600	7,383,618	4,597,142	7,202,910
Share of result of associates		-	-	-	-
Profit before tax		4,741,600	7,383,618	4,597,142	7,202,910
Tax credit	9	[302,993]	586,503	[300,476]	571,922
Profit for the financial year		4,438,607	7,970,121	4,296,666	7,774,832
Profit attributable to: - Owners of the parent		4,438,607	7,970,121	4,296,666	7,774,832
Earnings per share attributable to owners of the parent					
Basic earnings per ordinary share [sen]	10	2.48	4.44		

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for The Financial Year ended 31 December 2016 - (CON'T)

	Note	GROUP		COMPANY	
		2016	2015	2016	2015
		RM	RM	RM	RM
Profit for the financial year		4,438,607	7,970,121	4,296,666	7,774,832
Other comprehensive income:					
Items that may not be reclassified subsequently to income statement:					
- revaluation gains on land and buildings		23,845,406	-	23,845,406	-
Total comprehensive income for the financial year, net of tax		<u>28,284,013</u>	<u>7,970,121</u>	<u>28,142,072</u>	<u>7,774,832</u>
Total comprehensive income attributable to: - Owners of the parent		<u>28,284,013</u>	<u>7,970,121</u>	<u>28,142,072</u>	<u>7,774,832</u>

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

GROUP	Note	2016	2015
		RM	RM
NON-CURRENT ASSETS			
Property, plant and equipment	11	175,806,561	152,316,458
Biological assets	12	23,560,627	21,716,832
Investment properties	13	15,040,000	13,895,000
Land and deferred development expenditure	14	4,176,589	4,051,647
Available-for-sale investments	17	186,000	186,000
		<u>218,769,777</u>	<u>192,165,937</u>
CURRENT ASSETS			
Inventories	19	112,040	38,036
Properties under development	20	29,075	29,075
Trade and other receivables	21	1,767,457	1,346,518
Tax recoverable		362,749	240,249
Short term investments	22	102,405,423	109,967,716
Deposits, cash and bank balances	23	4,115,389	1,887,204
		<u>108,792,133</u>	<u>113,508,798</u>
TOTAL ASSETS		<u>327,561,910</u>	<u>305,674,735</u>
EQUITY			
Share capital	24	89,664,491	89,664,491
Reserves		224,778,261	203,650,407
TOTAL EQUITY		<u>314,442,752</u>	<u>293,314,898</u>
NON-CURRENT LIABILITIES			
Borrowings	25	103,536	49,995
Provision for retirement benefits	26	169,640	284,187
Deferred tax liabilities	18	11,180,000	9,924,000
		<u>11,453,176</u>	<u>10,258,182</u>
CURRENT LIABILITIES			
Trade and other payables	27	1,625,970	2,081,653
Borrowings	25	40,012	20,002
		<u>1,665,982</u>	<u>2,101,655</u>
TOTAL LIABILITIES		<u>13,119,158</u>	<u>12,359,837</u>
TOTAL EQUITY AND LIABILITIES		<u>327,561,910</u>	<u>305,674,735</u>

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016 - (CON'T)

COMPANY	Note	2016	2015
		RM	RM
NON-CURRENT ASSETS			
Property, plant and equipment	11	175,806,561	152,316,458
Biological assets	12	23,560,627	21,716,832
Investment properties	13	15,040,000	13,895,000
Available-for-sale investments	17	186,000	186,000
		<u>214,593,188</u>	<u>188,114,290</u>
CURRENT ASSETS			
Inventories	19	112,040	38,036
Properties under development	20	29,075	29,075
Trade and other receivables	21	1,759,473	1,338,536
Tax recoverable		362,500	240,000
Short term investments	22	102,405,423	109,967,716
Deposits, cash and bank balances	23	3,306,713	1,094,166
		<u>107,975,224</u>	<u>112,707,529</u>
TOTAL ASSETS		<u>322,568,412</u>	<u>300,821,819</u>
EQUITY			
Share capital	24	89,664,491	89,664,491
Reserves		<u>219,997,499</u>	<u>199,011,586</u>
TOTAL EQUITY		<u>309,661,990</u>	<u>288,676,077</u>
NON-CURRENT LIABILITIES			
Borrowings	25	103,536	49,995
Provision for retirement benefits	26	169,640	284,187
Deferred tax liabilities	18	11,180,000	9,924,000
		<u>11,453,176</u>	<u>10,258,182</u>
CURRENT LIABILITIES			
Trade and other payables	27	1,409,733	1,864,057
Amount due to subsidiary	15	3,501	3,501
Borrowings	25	40,012	20,002
		<u>1,453,246</u>	<u>1,887,560</u>
TOTAL LIABILITIES		<u>12,906,422</u>	<u>12,145,742</u>
TOTAL EQUITY AND LIABILITIES		<u>322,568,412</u>	<u>300,821,819</u>

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year ended 31 December 2016

GROUP	Attributable to owners of parent					
	Share capital		Non-distributable		Distributable	
	RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total reserve RM	Total equity RM
Balance at 1 January 2016	89,664,491	42,349,828	137,075,423	24,225,156	203,650,407	293,314,898
Profit for the year	-	-	-	4,438,607	4,438,607	4,438,607
Gain on revaluation of land	-	-	23,845,406	-	23,845,406	23,845,406
Profit & other comprehensive income for the year	-	-	23,845,406	4,438,607	28,284,013	28,284,013
Depreciation transfer on land, net of tax	-	-	(331,000)	348,000	17,000	17,000
Final single-tier dividend - 2015	-	-	-	(7,173,159)	(7,173,159)	(7,173,159)
Balance at 31 December 2016	89,664,491	42,349,828	160,589,829	21,838,604	224,778,261	314,442,752
Balance at 1 January 2015	89,664,491	42,349,828	138,265,747	20,383,580	200,999,155	290,663,646
Profit & other comprehensive income for the year	-	-	-	7,970,121	7,970,121	7,970,121
Depreciation transfer on land, net of tax	-	-	(1,190,324)	1,251,324	61,000	61,000
Final single tier dividend - 2014	-	-	-	(5,379,869)	(5,379,869)	(5,379,869)
Balance at 31 December 2015	89,664,491	42,349,828	137,075,423	24,225,156	203,650,407	293,314,898

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year ended 31 December 2016 - (CONT'D)

COMPANY	Attributable to owners of parent ----->					
	Share capital		Non-distributable----->		Distributable	
	RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total reserve RM	Total equity RM
Balance at 1 January 2016	89,664,491	42,349,828	137,075,423	19,586,335	199,011,586	288,676,077
Profit for the year	-	-	-	4,296,666	4,296,666	4,296,666
Gain on revaluation of land	-	-	23,845,406	-	23,845,406	23,845,406
Profit & other comprehensive income for the year	-	-	23,845,406	4,296,666	28,142,072	28,142,072
Depreciation transfer on land, net of tax	-	-	(331,000)	348,000	17,000	17,000
Disposal of an associate	-	-	-	-	-	-
Final single tier dividend - 2015	-	-	-	(7,173,159)	(7,173,159)	(7,173,159)
Balance at 31 December 2016	89,664,491	42,349,828	160,589,829	17,057,842	219,997,499	309,661,990
Balance at 1 January 2014	89,664,491	42,349,828	138,265,747	15,940,048	196,555,623	286,220,114
Profit & other comprehensive income for the year	-	-	-	7,774,832	7,774,832	7,774,832
Depreciation transfer on land, net of tax	-	-	(1,190,324)	1,251,324	61,000	61,000
Final single tier dividend - 2014	-	-	-	(5,379,869)	(5,379,869)	(5,379,869)
Balance at 31 December 2015	89,664,491	42,349,828	137,075,423	19,586,335	199,011,586	288,676,077

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

STATEMENTS OF OF CASH FLOWS

for the Financial Year ended 31 December 2016

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	4,741,600	7,383,618	4,597,142	7,202,910
Adjustments for: -				
Amortisation/Depreciation	1,793,593	1,567,442	1,793,593	1,566,290
Amortisation of biological assets	927,931	764,007	927,931	764,007
Impairment loss on subsidiaries	-	-	145,940	187,165
[Reversal]/Provision for retirement benefits	(114,547)	97,315	(114,547)	97,315
Fair value gain on investment properties	(5,012,615)	-	(5,012,615)	-
Fair value gain on short term investments	(2,270,261)	(4,448,367)	(2,270,261)	(4,448,367)
Gain on disposal of property, plant and equipment	-	(7,833)	-	(7,833)
Gain on disposal of investment property	-	(8,056,600)	-	(8,056,600)
Interest expenses	42,912	22,072	42,912	22,072
Interest income	(41,892)	(99,080)	(26,173)	(82,755)
	(4,674,879)	(10,161,044)	(4,513,220)	(9,958,706)
Operating profit/[loss] before changes in working capital	66,721	(2,777,426)	83,922	(2,755,796)
Change in inventories	(74,004)	5,861	(74,004)	5,861
Change in trade and other receivables	(420,935)	361,360	(420,935)	361,360
Change in trade and other payables	(455,684)	84,357	(454,324)	86,276
	(950,623)	451,578	(949,263)	453,497
Cash absorbed by operations	(883,902)	(2,325,848)	(865,341)	(2,302,299)

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

STATEMENTS OF OF CASH FLOWS

for the Financial Year ended 31 December 2016 - (CON'T)

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from operating activities - (Continued)				
Cash absorbed by operations	(883,902)	(2,325,848)	(865,341)	(2,302,299)
Income tax paid	(125,017)	(141,670)	(122,500)	(140,000)
Income tax refunded	-	182,000	-	182,000
Real property gain tax paid	(224,477)	(390,000)	(224,477)	(390,000)
	(349,494)	(349,670)	(346,977)	(348,000)
Net cash used in operating activities	(1,233,396)	(2,675,518)	(1,212,318)	(2,650,299)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(141,290)	(168,309)	(141,290)	(168,309)
Advance to subsidiaries	-	-	(145,940)	(187,165)
Interest received on late payment	-	13,685	-	13,685
Biological assets incurred	(2,771,726)	(2,498,512)	(2,771,726)	(2,498,512)
Placement of short term investments	(30,482,555)	(35,000,000)	(30,482,555)	(35,000,000)
Land and deferred development expenditure	(124,943)	(162,010)	-	-
Proceeds from disposal of an investment property	-	13,000,000	-	13,000,000
Proceeds from disposal of plant, property and equipment	-	10,400	-	10,400
Redemption/withdrawal of short term investment	44,182,724	31,924,265	44,182,724	31,924,263
Repo and fixed deposits interest received	41,892	85,395	26,173	69,070
Net cash flows from investing activities	10,704,102	7,204,912	10,667,386	7,163,432

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

STATEMENTS OF OF CASH FLOWS

for the Financial Year ended 31 December 2016 - (CON'T)

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from financing activities				
Dividend paid	[7,173,159]	[5,379,869]	[7,173,159]	[5,379,869]
Hire purchase interests	[3,623]	[2,510]	[3,623]	[2,510]
Interest on short term borrowings	[39,289]	[19,562]	[39,289]	[19,562]
Repayment of hire purchase liabilities	[26,450]	[20,002]	[26,450]	[20,002]
Net cash used in financing activities	[7,242,521]	[5,421,943]	[7,242,521]	[5,421,943]
Net changes in cash and cash equivalents	2,228,185	[892,549]	2,212,547	[908,810]
Cash and cash equivalents brought forward	1,887,204	2,779,753	1,094,166	2,002,976
Cash and cash equivalents carried forward (Note 23)	4,115,389	1,887,204	3,306,713	1,094,166
NOTE TO THE STATEMENTS OF CASH FLOWS				
Analysis of acquisition of property, plant and equipment :-				
Cash	141,290	168,309	141,290	168,309
Finance lease arrangement	100,000	-	100,000	-
	241,290	168,309	241,290	168,309

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Gopeng Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of its principal place of business and registered office of the Company are as follows :-

Principal place of business

A-17-15, 17th Floor
Menara UOA Bangsar
5 Jalan Bangsar Utama 1
59000 Kuala Lumpur

Registered office

6A Jalan Sultan Iskandar
30000 Ipoh
Perak Darul Ridzuan

The principal activities of the Company consist of the business of cultivation of oil palm, investment holding and deriving income therefrom and property development.

The principal activities of the subsidiaries and associates are disclosed respectively in Note 15 and Note 16 to the Financial Statements.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under historical cost convention [unless stated otherwise in the significant accounting policies below] and in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with the FRS and the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group's accounting policies. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

3. ACCOUNTING STANDARDS AND INTERPRETATIONS

3.1 Adoption of new and revised FRSs

The accounting policies and methods of computation adopted are consistent with those of the previous financial year except for the adoption of the amendments to FRSs and IC Interpretations ["IC Int"] that are applicable to the Group and the Company for the financial year beginning 1 January 2016.

The adoption of these amendments to FRSs and IC Int does not have any significant financial impact to the Group and the Company.

3.2 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Amendments to Standards and IC Interpretations have been issued by the Malaysian Accounting Standard Boards [MASB] but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2017	
Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRS Standards 2014-2016 Cycle	

Effective for financial periods beginning on or after 1 January 2018	
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions
FRS 9	Financial Instruments

Deferred	
Amendments to FRS10 & FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective. These pronouncements are not expected to have any effect on the financial statements of the Group and of the Company upon their initial application except as below:

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

3. ACCOUNTING STANDARDS AND INTERPRETATIONS - (CONTINUED)

3.2 Standards early adopted by the Group and the Company- (Continued)

FRS 9 Financial Instruments

In November 2014, Malaysian Accounting Standards Board ["MASB"] issued the final version of FRS 9 Financial Instruments which reflect all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

3.3 Malaysian Financial Reporting Standards ["MFRS"]

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. Early application of MFRS is permitted.

The Group and the Company fall within the definition of Transitioning Entities and did not opt for early adoption.

The Group and the Company are in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

[a] Subsidiaries

Subsidiaries are all entities [including structured entities] over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the financial statements of subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date when control ceases. The consideration is measured as the fair value of the assets given, equity instruments issued and liabilities incurred. Contingent consideration is recorded at fair value as a component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair value, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill [see accounting policy Note 4.7 on goodwill]. Any gain from bargain purchase is recognised directly in the profit or loss.

All inter-company transactions and balances are eliminated on consolidation. Unrealised losses on transactions with and between Group companies are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the profit or loss.

When control ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the Group's share of its net assets as of that date. The difference together with the carrying amount of allocated goodwill and the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the profit or loss as gain or loss on disposal of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.1 Basis of consolidation - (Continued)

(a) Subsidiaries - (Continued)

Non-controlling interests are presented on the Statements of Financial Position and changes in equity separate from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented in the Statements of Profit or Loss and Other Comprehensive Income as an allocation of the total profit or loss and total comprehensive income for the financial year between owners of non-controlling interests and the Company.

Transactions with owners of non-controlling interests without a change in control are treated as transactions with equity owners of the Group. For purchases of additional interests from owners of non-controlling interests, the difference between the consideration paid and the non-controlling interests acquired is recorded in equity.

Similarly, in the case of partial disposal of interests to owners of non-controlling interests, the difference between the consideration received and the amount by which the non-controlling interest is adjusted is recognised in equity.

(b) Associates

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses in the Company's Statement of Financial Position. On disposal of investments in associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.1 Basis of consolidation - (Continued)

(b) Associates - (Continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured noncurrent receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence and any retained interest in the former associate is a financial asset. Such retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

4.2 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.2 Property, plant and equipment - (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss. Each year, the difference between the depreciation based on the revalued carrying amount of the asset charged to the profit or loss and depreciation based on the asset's original cost is transferred from 'revaluation reserve' to 'retained profits'.

Freehold land is not depreciated as it has an infinite life. 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. Depreciation on assets under construction commences when the assets are ready for their intended use. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives.

The principal annual rates of depreciation used are as follows :-

Leasehold land	30 - 99 years
Other properties	2% - 15%
Plant and equipment	10% - 20%
Earthmoving equipment	20%
Motor vehicles	20%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

At the end of each reporting period, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount [see accounting policy Note 4.12(a) on impairment].

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.3 Biological assets

New planting and replanting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised at cost as biological assets and is amortised at maturity of the crop on the straight line basis over the economic useful lives of the trees of 20 years.

4.4 Investment properties

Investment properties are land and buildings held for rental income and/or capital appreciation which are not substantially occupied for use by the Group. Property that is being constructed for future use as investment property is classified under properties under development until construction is completed, at which time the property is reclassified to investment property.

Investment properties are stated at fair value, representing open-market value determined by external valuers. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair value are recorded in the profit or loss.

On disposal of an investment property or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss in the period of retirement or disposal.

4.5 Land and deferred development expenditure

Land and deferred development expenditure consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current assets and is stated at cost less accumulated impairment losses.

Land and deferred development expenditure is reclassified as property development expenditure at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

4.6 Investments

Investments in subsidiaries, jointly controlled entities and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount [see accounting policy Note 4.12(a) on impairment].

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.7 Goodwill

Goodwill represents the excess of the consideration and the fair value of previously held interests over the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill on acquisition of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing [see accounting policy Note 4.12(a) on impairment]. When control of a subsidiary ceases, the gains and losses on disposal includes the carrying amount of allocated goodwill.

Goodwill on acquisition of jointly controlled entities and associates is included as part of cost of investments in jointly controlled entities and associates. Such goodwill is tested for impairment as part of the overall net investment in each jointly controlled entity and associate.

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes all direct expenses and attributable overheads incurred in the production. Cost is determined on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less cost to completion and selling expenses.

4.9 Properties under development

Properties under development comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable and will be recoverable and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any unexpected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Properties under development not recognised as an expense are recognised as an asset, and is stated at the lower of cost and net realisable value.

At the end of each reporting period, the cumulative revenue recognised and progress billings made for each development unit sold are compared. Where the revenue recognised exceeds the billings to the purchaser, the net amount is shown as accrued billings within trade receivables. Where the billings to the purchaser exceed revenue recognised, the net amount is shown as progress billings within trade payables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.10 Financial assets

Financial assets are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

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

The Group and the Company determine the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The Group and the Company have not classified any of its financial assets as held-to-maturity.

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

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

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

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

(b) Loans and receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.10 Financial assets - (Continued)

(c) Available-for-sale financial assets

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

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

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

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

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

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

4.11 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 re-measured in accordance with the Group's and the Company's accounting policies. Depreciation ceases when an asset is classified as non-current assets held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.12 Impairment

(a) Non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

An impairment loss is charged to the profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

(b) Receivables and other financial assets carried at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.12 Impairment - (Continued)

(b) Receivables and other financial assets carried at amortised cost - (Continued)

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

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

(c) Available-for-sale financial assets

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

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

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

4.13 Cash and cash equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise cash in hand, bank balances, other short term, highly liquid investments with original maturities of three months or less, net of pledged deposits, which have an insignificant risk of changes in value.

4.14 Share capital

Proceeds from ordinary shares issued are accounted for as equity, with the nominal value of the shares being separately disclosed as share capital. Costs incurred directly attributable to the issuance of shares are accounted for as a deduction from equity.

Dividends to shareholders are recognised in the Statements of Changes In Equity in the period in which they are declared.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.15 Financial liabilities

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

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

Other financial liabilities

The Group's and the Company's other financial liabilities include payables, amount due to a subsidiary and loans and borrowings.

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

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

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

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

4.16 Borrowing costs

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

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.17 Employee benefits - (Continued)

(b) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity [a fund] and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ["EPF"]. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(c) Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefit basis. Full provision has been made for retirement benefits payable to all eligible employees based on the last drawn salaries at the year end and the length of service rendered. The present value of the defined benefit obligations as required by FRS 119, Employee Benefits has not been used in arriving at the provision, as the amount involved is insignificant to the Group and the Company. Accordingly no further disclosure as required by the standard is made.

4.18 Revenue recognition

(a) Property development

Revenue from property development activities is recognised based on the stage of completion method as described in Note 4.9.

(b) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

(c) Dividend income

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

(d) Rental income

Rental income is recognised on accrual basis.

(e) Interest income

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

4.19 Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and the Company intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4.20 Functional and presentation currency

The financial statements of the Group and of the Company are prepared using the functional currency i.e. the currency of the primary economic environment in which the Group and the Company operate.

The financial statements are presented in Ringgit Malaysia ["RM"], which is also the Group's and Company's functional and presentation currency.

4.21 Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. These are affected predominantly by differences in the products and services provided. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Inter-segment pricing is based on similar terms as those available to other external parties.

4.22 Contingencies

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

Contingent liabilities and assets are not recognised in the Statements of Financial Position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's result and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are outlined below.

5.1 Impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value-in-use of the property, plant and equipment. The value-in-use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 4.2 in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceed the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding cash flows of these assets are made.

5.2 Estimated residual values and useful lives of property, plant and equipment

The Group and the Company review the residual values and useful lives of property, plant and equipment at the end of each reporting period in accordance with the accounting policy. The review is based on factors such as expected level of usage, business plans and strategies and future regulatory changes. The estimation of the residual values and useful lives involves significant judgment. The carrying amounts of property, plant and equipment at the end of the reporting period are disclosed in Note 11.

5.3 Revaluation of properties

The Group's and the Company's properties which are reported at valuation are based on valuation performed by independent professional valuers. The independent professional valuers have exercised judgement using sales comparison approach where the valuers critically analyse recent evidence of values of comparable properties in close proximity and making adjustments for differences in key attributes such as property size and condition.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS - (CONTINUED)

5.4 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transaction. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the Statements of Financial Position and the amount of unrecognised tax losses and unrecognised temporary differences.

6. REVENUE

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Plantation	11,370,654	9,236,979	11,370,654	9,236,979
	<u>11,370,654</u>	<u>9,236,979</u>	<u>11,370,654</u>	<u>9,236,979</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

7. OPERATING PROFIT

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Operating profit is arrived at after charging :-				
Impairment loss on subsidiaries	-	-	145,940	187,165
Amortisation/Depreciation	1,793,592	1,567,442	1,793,562	1,566,290
Amortisation of biological assets	927,931	764,007	927,931	764,007
Auditors' remuneration:				
- audit fees	55,800	55,800	50,000	50,000
- non audit fees				
- current financial year	8,000	8,000	8,000	8,000
Interest expenses on				
- finance lease liabilities	3,623	2,510	3,623	2,510
- short-term borrowing	39,289	19,562	39,289	19,562
Rental of office	295,614	295,614	295,614	295,614
Rental of equipment	3,256	2,575	3,256	2,575
Personnel expenses (excluding key management personnel)				
- contributions to EPF	277,711	273,451	277,711	273,451
- [reversal]/provision on retirement benefits	(114,547)	97,315	(114,547)	97,315
- termination benefits	328,000	-	328,000	-
- wages, salaries and others	2,028,411	1,993,868	2,028,411	1,993,868
and after crediting [other than those disclosed in Note 6]:-				
Fair value gain on short term investments	6,137,876	4,448,367	6,137,876	4,448,367
Gain on disposal of investment properties	1,145,000	8,056,600	1,145,000	8,056,600
Gain on disposal of property, plant and equipment	-	7,833	-	7,833
Interest income				
- deposits with licensed financial institutions	41,892	85,395	26,173	69,070
- others	-	13,685	-	13,685
Rental income	51,430	54,405	51,430	54,405

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

8. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows :-

	GROUP / COMPANY	
	2016	2015
	RM	RM
Executive Directors		
- fees	53,000	52,500
- remuneration	1,412,200	1,412,200
- other short term benefits (including estimated monetary value of benefits-in-kind)	469,715	439,268
Non-executive Directors		
- fees	420,171	427,000
Total short-term Directors' remuneration	<u>2,355,086</u>	<u>2,330,968</u>
Other key management personnel :-		
- short-term employee benefits	541,708	176,800
	<u>2,896,794</u>	<u>2,307,768</u>

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

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

9. TAX EXPENSE / (TAX CREDIT)

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current taxation				
Malaysian income tax				
- current financial year	-	-	-	-
- under-provision in prior financial year	2,518	[569,581]	-	-
	<u>2,518</u>	<u>[569,581]</u>	<u>-</u>	<u>-</u>
Real property gains tax				
- current financial year	-	390,000	-	390,000
- over-provision in prior financial year	224,476	[23,922]	224,476	[23,922]
	<u>224,476</u>	<u>366,078</u>	<u>224,476</u>	<u>366,078</u>
	<u>226,994</u>	<u>[203,503]</u>	<u>224,476</u>	<u>366,078</u>
Deferred taxation				
Origination and reversal of temporary differences	[5,000]	[922,000]	[5,000]	[922,000]
Under/(Over)-provision in prior financial years	81,000	539,000	81,000	[16,000]
	<u>76,000</u>	<u>[383,000]</u>	<u>76,000</u>	<u>[938,000]</u>
	<u>302,994</u>	<u>[586,503]</u>	<u>300,476</u>	<u>[571,922]</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

9. TAX EXPENSE / (TAX CREDIT) - (CONTINUED)

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before tax	4,741,600	7,383,618	4,597,142	7,202,910
Tax at Malaysian tax rate of 24% (2015: 25%)	1,137,984	1,845,905	1,103,314	1,800,728
Non-deductible expenses	330,106	1,308,549	364,776	1,353,726
Income not subject to tax	(1,473,090)	(4,076,454)	(1,473,090)	(4,076,454)
Under/(Over) provision for income tax in prior year	2,518	(569,581)	-	-
Under/(Over) provision for deferred tax in prior year	81,000	539,000	81,000	(16,000)
Real property gains tax	224,476	366,078	224,476	366,078
Tax credit	302,994	(586,503)	300,476	(571,922)

10. EARNINGS PER SHARE

Basic earnings per ordinary share

The basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2016	2015
	RM	RM
Profit attributable to owners of the parent [RM]	4,438,607	7,970,121
Weighted average number of ordinary shares in issue	179,328,982	179,328,982
Basic earnings per share [sen]	2.48	4.44

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Cost/Valuation						Total
	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment		
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2015	85,855,000	67,029,989	2,532,794	1,339,941	1,752,089	158,509,813	
Additions	-	-	13,400	116,000	38,909	168,309	
Disposals	-	-	-	[76,400]	-	[76,400]	
Written off	-	-	[209,498]	-	-	[209,498]	
At 31 December 2015/1 January 2016	85,855,000	67,029,989	2,336,696	1,379,541	1,790,998	158,392,224	
Additions	-	-	56,360	169,545	15,385	241,290	
Revaluation	12,925,000	8,185,566	-	-	-	21,110,566	
Written off	-	-	-	-	-	-	
At 31 December 2016	98,780,000	75,215,555	2,393,056	1,549,086	1,806,383	179,744,080	

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

GROUP	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Total
	RM	RM	RM	RM	RM	RM
Accumulated depreciation/amortisation						
At 1 January 2015						
- Accumulated depreciation	-	-	-	998,842	1,157,111	2,155,953
- Accumulated amortisation	-	1,572,319	866,455	-	-	2,438,774
	-	1,572,319	866,455	998,842	1,157,111	4,594,727
Charge for the financial year	-	1,251,324	44,268	128,771	143,079	1,567,442
Disposals	-	-	(12,570)	(73,833)	-	(86,403)
Written off	-	-	-	-	-	-
At 31 December 2015						
- Accumulated depreciation	-	-	-	1,053,780	1,300,190	2,353,970
- Accumulated amortisation	-	2,823,643	898,153	-	-	3,721,796
	-	2,823,643	898,153	1,053,780	1,300,190	6,075,766
Charge for the financial year	-	1,466,348	44,929	139,507	142,808	1,793,592
Disposals	-	-	-	-	-	-
Reclassification due to valuation	-	(3,931,840)	-	-	-	(3,931,840)
At 31 December 2016						
- Accumulated depreciation	-	-	-	1,193,287	1,442,998	2,636,285
- Accumulated amortisation	-	358,151	943,082	-	-	1,301,233
	-	358,151	943,082	1,193,287	1,442,998	3,937,518

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

GROUP	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Total
	RM	RM	RM	RM	RM	RM
Accumulated impairment loss						
At 31 December 2015	-	-	-	-	-	-
Written off	-	-	-	-	-	-
At 31 December 2016	-	-	-	-	-	-
Net carrying value						
At 31 December 2015	85,855,000	64,206,346	1,438,543	325,761	490,808	152,316,458
At 31 December 2016	98,780,000	74,857,404	1,449,974	355,799	363,385	175,806,562

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

COMPANY	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Total
	RM	RM	RM	RM	RM	RM
Cost/Valuation						
At 1 January 2015	85,855,000	67,029,989	2,323,296	1,339,941	1,591,823	158,140,049
Additions	-	-	13,400	116,000	38,909	168,309
Disposals	-	-	-	[76,400]	-	[76,400]
Written off	-	-	-	-	-	-
At 31 December 2015/1 January 2016	85,855,000	67,029,989	2,336,696	1,379,541	1,630,732	158,231,958
Additions	-	-	56,360	169,545	15,385	241,290
Revaluation	12,925,000	8,185,566	-	-	-	21,110,566
Written off	-	-	-	-	-	-
At 31 December 2015	98,780,000	75,215,555	2,393,056	1,549,086	1,646,117	179,583,814

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

COMPANY	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Total
	RM	RM	RM	RM	RM	RM
Accumulated depreciation/amortisation						
At 1 January 2015						
- Accumulated depreciation	-	-	-	998,842	997,997	1,996,839
- Accumulated amortisation	-	1,572,319	853,885	-	-	2,426,204
	-	1,572,319	853,885	998,842	997,997	4,423,043
Charge for the financial year	-	1,251,324	44,268	128,771	141,927	1,566,290
Disposals	-	-	-	[73,833]	-	[73,833]
Written off	-	-	-	-	-	-
At 31 December 2015						
- Accumulated depreciation	-	-	-	1,053,780	1,139,924	2,193,704
- Accumulated amortisation	-	2,823,643	898,153	-	-	3,721,796
	-	2,823,643	898,153	1,053,780	1,139,924	5,915,500
Charge for the financial year	-	1,466,348	44,929	139,507	142,808	1,793,592
Reclassification due to valuation	-	[3,931,840]	-	-	-	[3,931,840]
Written off	-	-	-	-	-	-
At 31 December 2016						
- Accumulated depreciation	-	-	-	1,193,287	1,282,732	2,476,019
- Accumulated amortisation	-	358,151	943,082	-	-	1,301,233
	-	358,151	943,082	1,193,287	1,282,732	3,777,252

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

COMPANY	Freehold estates	Leasehold land	Other properties	Motor vehicles and earthmoving equipment	Plant and equipment	Total
	RM	RM	RM	RM	RM	RM
Net carrying value						
At 31 December 2015	85,855,000	64,206,346	1,438,543	325,761	490,808	152,316,458
At 31 December 2016	98,780,000	74,857,404	1,449,974	355,799	363,385	175,806,562

(i) The carrying amounts of motor vehicle of the Group and of the Company acquired under hire purchase arrangements are RM169,559 (2015: RM111,912).
(ii) On 30 September 2016, the Group's freehold estates and leasehold land had been revalued. Valuations were made on the basis of recent market transactions using the comparison method. The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and accumulated in revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

11. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

Analysis of cost and valuation	Freehold estates and leasehold land	
	GROUP/COMPANY	
	2016	2015
	RM	RM
Cost	103,555	103,555
Valuation	173,892,000	152,781,434
	<u>173,995,555</u>	<u>152,884,989</u>

If the Group's and the Company's freehold estates and leasehold land were stated on the historical cost basis, the carrying amounts would be as follows:-

	GROUP/COMPANY	
	2016	2015
	RM	RM
Freehold estate	4,017,926	4,017,926
Leasehold land	1,813,509	1,853,794
At 31 December	<u>5,831,435</u>	<u>5,871,720</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

12. BIOLOGICAL ASSETS

	GROUP/COMPANY	
	2016	2015
	RM	RM
Cost		
At 1 January	26,744,853	24,246,341
Additions	2,771,726	2,498,512
Disposal	-	-
At 31 December	29,516,579	26,744,853
Accumulated amortisation		
At 1 January	5,028,021	4,264,014
Amortisation for the financial year	927,931	764,007
At 31 December	5,955,952	5,028,021
Carrying amount		
At 31 December	23,560,627	21,716,832

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

13. INVESTMENT PROPERTIES

Cost/Valuation	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	13,895,000	18,695,000	13,895,000	18,695,000
Gain on fair value	1,145,000	-	1,145,000	-
Disposal	-	(4,800,000)	-	(4,800,000)
At 31 December	<u>15,040,000</u>	<u>13,895,000</u>	<u>15,040,000</u>	<u>13,895,000</u>

Fair value hierarchy	Fair value measurements at 31 December 2016 using		
	Quoted prices in active markets for identical assets [Level 1]	Significant other observable inputs [Level 2]	Significant unobservable inputs [Level 3]
	RM	RM	RM
Recurring fair value measurements			
- Investment properties:			
- land	-	15,040,000	-

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

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the group's properties at the end of every three financial year based on the properties' highest and best use. As at 31 December 2016, the fair values of the properties have been determined by independent external valuers.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the valuation discussions between the Board of Directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

14. LAND AND DEFERRED DEVELOPMENT EXPENDITURE

	GROUP	
	2016	2015
	RM	RM
Cost		
Land		
At 1 January/At 31 December	1,883,881	1,883,881
Deferred expenditure		
At 1 January	2,167,766	2,005,756
Additions	124,943	162,010
At 31 December	2,292,709	2,167,766
Carrying amounts		
At 31 December	4,176,590	4,051,647

15. SUBSIDIARIES

	COMPANY	
	2016	2015
	RM	RM
Investment in subsidiaries		
Unquoted shares, at cost	3,225,000	3,225,000
Less : Accumulated impairment losses	(3,225,000)	(3,225,000)
Carrying amount	-	-
Amount due to a subsidiary		
- Non-trade	(3,501)	(3,501)

Amounts due from/to subsidiaries are unsecured, interest free and repayable on demand. Full impairment loss had been provided for the amounts due from subsidiaries.

The Group had the following subsidiaries at 31 December 2016 and 31 December 2015. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares and incorporated in Malaysia. The country of incorporation is also their place of principal place of business.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

15. SUBSIDIARIES - (CONTINUED)

Name of Company	Principal Activities	Proportion of ordinary shares held by the parent/group [%]	Proportion of ordinary shares held by non-controlling interests [%]
Gopeng Land & Properties Sdn. Bhd. ["GLP"]	Property developer	100	-
Gopeng Precision And Engineering Sdn. Bhd. ["GPE"]	Dormant	77.8	22.2
Grooved Secretaries Limited * #^	Dormant	100	-

* The financial statements of this subsidiary are not required to be audited in the country of incorporation. Since the company is dormant, no results were consolidated for the financial year.

Not audited by HLB Ler Lum

^ Incorporated in United Kingdom

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

The accumulated non-controlling interest as at 31 December 2016 is not material.

Summarised financial information on subsidiaries with material non-controlling interests

The summarised financial information for each subsidiary that has non-controlling interests are not presented as they are not material to the Group.

Changes in the Group's ownership interest in subsidiaries without losing control

There were no changes during the period [2015: NIL] in the Group's ownership interest in its significant subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

16. ASSOCIATES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unquoted shares, at cost	393,275	393,275	393,275	393,275
Group's share of post- acquisition profits	-	-	-	-
	393,275	393,275	393,275	393,275
Less :				
Accumulated impairment losses	[393,275]	[393,275]	[393,275]	[393,275]
	-	-	-	-

	GROUP		
	2016	2015	
	RM	RM	
* Represented by :-			
Group's share of net assets	-	-	
The associates, all of which are incorporated in Malaysia, are:-			
Held by the Company	Effective equity interest [%]	Principal activities	
	<u>2016</u>	<u>2015</u>	
Rimba Raya Sdn. Bhd. ["RR"] **	20.00	20.00	Ceased operations

** The financial statements of Rimba Raya Sdn. Bhd. ["RR"] has not been equity accounted when the Group's share of losses of the associate exceeded the carrying amount of its investment and the associate has ceased operations.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

17. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP/COMPANY	
	2016	2015
	RM	RM
Quoted shares in Malaysia, at cost	16,738	16,738
Unquoted shares in Malaysia, at cost	60,000	60,000
Other investment	126,000	126,000
Less : Accumulated impairment loss	[16,738]	[16,738]
	<u>186,000</u>	<u>186,000</u>

It was not practicable within the constraints of timeliness and cost to estimate the fair value of the unquoted investment reliably.

18. DEFERRED TAX

18.1 Deferred tax movement

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
At beginning of the year [net]	9,924,000	10,368,000	9,924,000	10,923,000
Transferred to profit or loss	[5,000]	[383,000]	[5,000]	[938,000]
Over accrual of deferred tax in prior years	81,000	-	81,000	-
Transferred to equity	[17,000]	[61,000]	[17,000]	[61,000]
Transferred to revaluation reserve	1,197,000	-	1,197,000	-
At end of the year [net]	<u>11,180,000</u>	<u>9,924,000</u>	<u>11,180,000</u>	<u>9,924,000</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

18. DEFERRED TAX - (CONTINUED)

18.2 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:-

	Assets		Liabilities	
	2016	2015	2016	2015
	RM	RM	RM	RM
GROUP				
Biological assets	-	-	5,322,000	4,977,000
Investment properties	-	-	557,000	549,000
Property, plant and equipment	-	-	44,000	48,000
Revaluation surplus	-	-	8,387,000	7,207,000
Unabsorbed capital allowances	(158,000)	(305,000)	-	-
Unused tax losses	(2,931,000)	(2,484,000)	-	-
Provision for retirement benefits	(41,000)	(68,000)	-	-
Before offsetting	(3,130,000)	(2,857,000)	14,310,000	12,781,000
Offset	3,130,000	2,857,000	(3,130,000)	(2,857,000)
After offsetting	-	-	11,180,000	9,924,000
COMPANY				
Biological assets	-	-	5,322,000	4,977,000
Investment properties	-	-	557,000	549,000
Property, plant and equipment	-	-	44,000	48,000
Revaluation surplus	-	-	8,387,000	7,207,000
Unabsorbed capital allowances	(158,000)	(305,000)	-	-
Unused tax losses	(2,931,000)	(2,484,000)	-	-
Provision for retirement benefits	(41,000)	(68,000)	-	-
Before offsetting	(3,130,000)	(2,857,000)	14,310,000	12,781,000
Offset	3,130,000	2,857,000	(3,130,000)	(2,857,000)
After offsetting	-	-	11,180,000	9,924,000

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

18. DEFERRED TAX - (CONTINUED)

18.3 Unrecognised deferred tax assets

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

	GROUP	
	2016	2015
	RM	RM
Unutilised tax losses carry-forward	8,033,000	8,033,000

The unutilised tax losses do not expire under current tax legislations. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The unutilised tax losses as disclosed above which give rise to unrecognised deferred tax asset, are subject to agreement with the Inland Revenue Board.

19. INVENTORIES

	GROUP/COMPANY	
	2016	2015
	RM	RM
Developed properties	16,434	16,434
Stores and spares	95,606	21,602
	<u>112,040</u>	<u>38,036</u>

20. PROPERTIES UNDER DEVELOPMENT

COST	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
At 1 January	29,075	172,476	29,075	172,476
Disposal	-	[143,401]	-	[143,401]
At 31 December	<u>29,075</u>	<u>29,075</u>	<u>29,075</u>	<u>29,075</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

21. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables	772,628	403,505	770,147	401,024
Less:				
Provision for impairment loss	[20,130]	[20,130]	[20,130]	[20,130]
	<u>752,498</u>	<u>383,375</u>	<u>750,017</u>	<u>380,894</u>
Other receivables				
Other debtors	774,337	745,764	770,837	742,263
Deposits	192,483	191,883	190,483	189,883
Prepayments	48,136	25,496	48,136	25,496
	<u>1,014,956</u>	<u>963,143</u>	<u>1,009,456</u>	<u>957,642</u>
Total trade and other receivables	<u>1,767,454</u>	<u>1,346,518</u>	<u>1,759,473</u>	<u>1,338,536</u>
Trade and other receivables	1,767,454	1,346,518	1,759,473	1,338,536
Add :				
Deposits, cash and bank balances [Note 23]	4,115,389	1,887,204	3,306,713	1,094,166
Short term investment [Note 24]	102,405,423	109,967,716	102,405,423	109,967,716
Less :				
Prepayments	[48,136]	[25,496]	[48,136]	[25,496]
Total loans and receivables	<u>108,240,130</u>	<u>113,175,942</u>	<u>107,423,473</u>	<u>112,374,922</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

21. TRADE AND OTHER RECEIVABLES - (CONTINUED)

21.1 Trade receivables

Trade receivables of the Group and of the Company are non-interest bearing and are generally on 30 days (2015: 30 days) terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at original invoiced amount which represents their fair values on initial recognition.

Ageing analysis of trade receivables

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Neither past due nor impaired	739,058	369,935	736,577	367,454
More than 120 days past due not impaired	13,440	13,440	13,440	13,440
Impaired	20,130	20,130	20,130	20,130
	<u>772,628</u>	<u>403,505</u>	<u>770,147</u>	<u>401,024</u>

Receivables that are neither past due nor impaired

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

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

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

21. TRADE AND OTHER RECEIVABLES - (CONTINUED)

21.1 Trade receivables - (Continued)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM13,440 [2015: RM13,440] that are past due at the end of the reporting period but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

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

	GROUP/COMPANY	
	2016	2015
	RM	RM
Trade receivables - nominal amounts	33,570	33,570
Less : Provision for impairment loss	[20,130]	[20,130]
	<u>13,440</u>	<u>13,440</u>

Movement of the provision for impairment:-

	GROUP/COMPANY	
	2016	2015
	RM	RM
At 1 January	20,130	20,130
Bad debts written off	-	-
Write-back in the financial year	-	-
At 31 December	<u>20,130</u>	<u>20,130</u>

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

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

21. TRADE AND OTHER RECEIVABLES - (CONTINUED)

21.2 Other receivables

Amount due from other debtors are non-trade, unsecured, non-interest bearing and repayable on demand.

22. SHORT TERM INVESTMENTS

	GROUP/COMPANY	
	2016	2015
	RM	RM
Financial assets at fair value through profit or loss - unquoted unit trusts in Malaysia	102,405,423	109,967,716

The fair value of all unit trusts is based on their net assets value as at the end of the reporting period.

23. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deposits with licensed banks	616,595	596,586	561,027	542,559
Cash at banks and on hand	2,801,309	607,251	2,745,686	551,607
Housing development account	697,485	683,367	-	-
Cash and cash equivalents	<u>4,115,389</u>	<u>1,887,204</u>	<u>3,306,713</u>	<u>1,094,166</u>

Cash and bank balances of the Group included amounts totalling RM697,485 [2015:RM683,367] held pursuant to Section 7A of the Housing Developers [Control and Licensing] Act 1966. Those amounts were restricted from use in other operation.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

23. DEPOSITS, CASH AND BANK BALANCES - (CONTINUED)

The weighted average interest rates and the range of remaining maturities as at the end of the reporting period are as follows :-

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Interest rate [%]	3.00	3.00	3.00	3.00
Maturities [days]	4 to 365	4 to 365	4 to 95	4 to 95

24. SHARE CAPITAL

	GROUP/COMPANY	
	2016	2015
	RM	RM
Authorised:		
300,000,000 ordinary shares of RM0.50 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued and fully paid:		
179,328,982 ordinary shares of RM0.50 each	<u>89,664,491</u>	<u>89,664,491</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

25. BORROWINGS

	MATURITY	GROUP	COMPANY
		2016	2015
		RM	RM
Long term borrowings			
Unsecured :-			
Finance lease liabilities [Note 25.1]	2019	98,356	49,995
Short term borrowings			
Unsecured :-			
Finance lease liabilities [Note 25.1]	2015	45,192	20,002
Short term borrowings [Note 25.2]	On demand	-	-
		45,192	20,002
Total borrowings		143,548	69,997

The remaining maturities of the borrowings as at 31 December are as follows :-

	GROUP	COMPANY
	2016	2015
	RM	RM
On demand or within 1 financial year	40,012	20,002
More than 1 financial year and less than 2 financial years	40,012	20,002
More than 2 financial years and less than 5 financial years	63,524	29,993
	143,548	69,997

25.1 Finance lease liabilities

	GROUP/COMPANY	
	2016	2015
	RM	RM
Future minimum lease payments :-		
Not later than one year	45,192	22,512
Later than 1 year and not later than 2 years	45,192	22,512
Later than 1 year and not later than 5 years	71,676	33,758
	162,060	78,782
Less : Financing charges	[18,512]	[8,785]
Present value of minimum lease payments	143,548	69,997

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

25. BORROWINGS - (CONTINUED)

25.1 Finance lease liabilities - (Continued)

	GROUP/COMPANY	
	2016	2015
	RM	RM
Present value of minimum lease payments :-		
Not later than 1 year	40,012	20,002
Later than 1 year and not later than 2 years	40,012	20,002
Later than 1 year and not later than 5 years	63,524	29,993
	<u>143,548</u>	<u>69,997</u>

The finance lease liabilities of the Group and of the Company carried interest rate at the end of the reporting year was 2.51% [2015: 2.51%] per annum.

25.2 Overdrafts

The bank overdrafts of the Group and of the Company are unsecured and there is a negative pledge on the Group's and the Company's assets for the above credit facilities. The bank overdraft facility with the limit of RM100,000 was not utilised at the financial year end.

26. PROVISION FOR RETIREMENT BENEFITS

	GROUP/COMPANY	
	2016	2015
	RM	RM
At 1 January	284,187	186,872
Charge for the financial year	-	97,315
Reversal	[114,547]	-
At 31 December	<u>169,640</u>	<u>284,187</u>

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

27. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade payables	160,260	480,739	160,260	480,739
Other payables:				
Other creditors	850,985	956,311	648,388	753,715
RPGT payable	35,719	35,719	35,719	35,719
Directors' fee and staff cost payable	493,202	531,764	493,202	531,764
Accruals	85,804	77,120	72,164	62,120
	<u>1,465,710</u>	<u>1,600,914</u>	<u>1,249,473</u>	<u>1,383,318</u>
Total trade and other payables	<u>1,625,970</u>	<u>2,081,653</u>	<u>1,409,733</u>	<u>1,864,057</u>
Trade and other payables	1,625,970	2,081,653	1,409,733	1,864,057
Add:				
Amount due to a subsidiary[Note 15]	-	-	3,501	3,501
Borrowings [Note 25]	143,548	69,997	143,548	69,997
Total financial liabilities carried at amortised cost	<u>1,769,518</u>	<u>2,151,650</u>	<u>1,556,782</u>	<u>1,937,555</u>

27.1 Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group and the Company is 30 days (2015: 30 days). Other credit terms are assessed and approved on a case-by-case basis.

27.2 Other creditors

Amount due to other creditors are non-trade, unsecured, non-interest bearing and repayable on demand.

28. DIVIDEND

	GROUP / COMPANY			
	2016		2015	
	Gross per share sen	Amount of dividend RM	Gross per share sen	Amount of dividend RM
Dividend paid in respect of :-				
Final single tier dividend for the financial year ended 31 December 2014				
- tax exempt	-	-	3.00	5,379,869
Final single tier dividend for the financial year ended 31 December 2015				
- tax exempt	4.00	7,173,159	-	-

The Board of Directors recommends the payment of a final single tier dividend of 4 sen per RM0.50 ordinary share in respect of the financial year ended 31 December 2016, subject to shareholders' approval.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

29. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities and borrowings.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments :-

Property development	Development of residential and commercial properties
Plantation	Cultivation of oil palm
Others	Investment holding and others

Geographical segments

The activities of the Group are carried out in Malaysia and accordingly no segmental reporting by geographical location is presented.

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows :-

	ASSET		LIABILITIES	
	2016	2015	2016	2015
	RM	RM	RM	RM
Segment total	327,199,161	305,434,486	1,795,610	2,365,840
Tax assets/liabilities	362,749	240,249	11,180,000	9,924,000
Borrowings	-	-	143,548	69,997
	<u>327,561,910</u>	<u>305,674,735</u>	<u>13,119,158</u>	<u>12,359,837</u>

29. SEGMENT REPORTING - (CONTINUED)

	PROPERTY DEVELOPMENT		PLANTATION		OTHERS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM	RM	RM
Segment revenue								
Revenue from external customers	-	-	11,370,654	9,236,979	-	-	11,370,654	9,236,979
Segment results								
Results from operating activities	(13,171)	(18,760)	3,715,785	869,752	1,040,008	6,455,618	4,742,622	7,306,610
Share of results of associates	-	-	-	-	-	-	-	-
(Loss)/Profit before interest and tax	(13,171)	(18,760)	3,715,785	869,752	1,040,008	6,455,618	4,742,622	7,306,610
Included in results from operating activities are :-								
Depreciation and amortisation								
- property, plant and equipment	-	(1,153)	(150,782)	(160,420)	(1,642,811)	(1,405,869)	(1,793,593)	(1,567,442)
- biological assets	-	-	(927,931)	(764,007)	-	-	(927,931)	(764,007)
Gain on disposal of property, plant and equipment	-	-	-	-	6,000	1,833	-	7,833
Gain on disposal of investment properties	-	-	-	-	-	8,056,600	-	8,056,600
Fair value gain on short term investments	-	-	-	-	6,137,876	4,448,367	6,137,876	4,448,367
Fair value gain on investment properties	-	-	-	-	1,145,000	-	1,145,000	-
Other non-cash items	-	-	-	-	-	-	-	-

29. SEGMENT REPORTING - (CONTINUED)

	PROPERTY DEVELOPMENT		PLANTATION		OTHERS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM	RM	RM
Segment assets								
Operating assets	4,989,747	4,849,165	26,573,207	23,398,942	295,636,207	277,186,377	327,199,161	305,434,484
Associates	-	-	-	-	-	-	-	-
	<u>4,989,747</u>	<u>4,849,165</u>	<u>26,573,207</u>	<u>23,398,942</u>	<u>295,636,207</u>	<u>277,186,377</u>	<u>327,199,161</u>	<u>305,434,484</u>
Segment liabilities								
Liabilities	13,640	15,000	1,230,664	1,323,493	551,306	1,027,347	1,795,610	2,365,840

Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows :-

	PROPERTY DEVELOPMENT		PLANTATION		OTHERS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM	RM	RM	RM	RM	RM	RM	RM
Capital expenditure								
Property, plant and equipment	-	-	131,345	150,360	109,945	17,949	241,290	168,309
Biological assets incurred	-	-	2,771,726	2,498,512	-	-	2,771,726	2,498,512
Land and deferred development expenditure	124,943	162,010	-	-	-	-	124,943	162,010
	<u>124,943</u>	<u>162,010</u>	<u>2,903,071</u>	<u>2,648,872</u>	<u>109,945</u>	<u>17,949</u>	<u>3,137,959</u>	<u>2,828,831</u>
Major customers								

There is one [2015: one] major customer with revenue more than 10 per cent of the Group's total revenue derived from the plantation business segment .

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

30. RELATED PARTIES

The Company has controlling related party relationship with its subsidiaries [as disclosed in Note 15], associate [as disclosed in Note 16] and Directors.

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to 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.

Key management personnel are 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 Directors of the Group, and certain members of senior management of the Group. Key management personnel compensation are disclosed in Note 8 to the Financial Statements.

The significant related party transactions and balances of the Group and of the Company, other than those disclosed elsewhere in the financial statements are as follows :-

	COMPANY	
	2016	2015
	RM	RM
Significant balances in respect of non-trade transactions	-	-
Amount due to a subsidiary	<u>(3,501)</u>	<u>(3,501)</u>

31. OPERATING LEASE COMMITMENTS

The Group and the Company have lease commitments in respect of rental of equipment and premises, classified as operating leases. A summary of the non-cancellable long term lease commitments is as follows :-

	GROUP/COMPANY	
	2016	2015
	RM	RM
Future minimum rentals payable :-		
Not later than 1 financial year	24,634	24,634
Later than 1 financial year and not later than 5 financial years	-	-
	<u>24,634</u>	<u>24,634</u>

32. CONTINGENT LIABILITIES (UNSECURED)

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concern.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and of the Company's financial instruments are reasonable approximation of fair values due to their short term nature.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's operations are subject to a variety of financial risks, including interest rate risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board of the Company regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's and the Company's policy to engage in speculative transactions.

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

34.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises mainly from deposits with licensed banks. The deposits with licensed banks are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group's and the Company's policy is to obtain the most favorable interest rate available.

Information on maturity dates and effective interest rates of deposits with licensed banks are disclosed in Note 23.

As the influence of interest rate changes on the profit or loss is insignificant, no sensitivity analysis has been conducted.

34.2 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and advances made to its subsidiaries. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (CONTINUED)

34.2 Credit risk - (Continued)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the Statements of Financial Position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 21.1.

Credit risk concentration profile

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

	GROUP			
	2016		2015	
	RM	% of Total	RM	% of Total
Plantation	750,017	99	367,454	96
Property development	2,481	1	15,921	4
	<u>752,498</u>	<u>100</u>	<u>383,375</u>	<u>100</u>

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21.1. Deposits with licensed bank that are neither past due nor impaired are placed with or entered into with reputable bankers with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.1.

34.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (CONTINUED)

34.3 Liquidity risk - (Continued)

Analysis of financial instruments by remaining contractual maturities

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

	2016			
	On demand or within one year	One year to two years	Two years to five years	Total
	RM	RM	RM	RM
GROUP				
Financial liabilities :-				
Trade and other payables	1,625,970	-	-	1,625,970
Borrowings	45,192	45,192	71,676	162,060
Total undiscounted financial liabilities	1,671,162	45,192	71,676	1,788,030
COMPANY				
Financial liabilities :-				
Trade and other payables	1,409,733	-	-	1,409,733
Amount due to a subsidiary	3,501	-	-	3,501
Borrowings	45,192	45,192	71,676	162,060
Total undiscounted financial liabilities	1,458,426	45,192	71,676	1,575,294

	2015			
	On demand or within one year	One year to two years	Two years to five years	Total
	RM	RM	RM	RM
GROUP				
Financial liabilities :-				
Trade and other payables	2,081,653	-	-	2,081,653
Borrowings	22,512	22,512	33,758	78,782
Total undiscounted financial liabilities	2,104,165	22,512	33,758	2,160,435
COMPANY				
Financial liabilities :-				
Trade and other payables	1,864,057	-	-	1,864,057
Amount due to a subsidiary	3,501	-	-	3,501
Borrowings	22,512	22,512	33,758	78,782
Total undiscounted financial liabilities	1,890,070	22,512	33,758	1,946,340

NOTES TO THE FINANCIAL STATEMENTS - (CON'T)

35. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manage its capital structure and make adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company monitor capital using return on equity, which is the profit for the financial year as percentage of average equity.

At the end of the reporting period, the ratios were as follows :-

	2016		2015	
	GROUP %	COMPANY %	GROUP %	COMPANY %
Return on equity	1.41	1.39	2.72	2.72

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2016 and 31 December 2015.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 5 April 2017.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits/([losses]) at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	GROUP		COMPANY	
	2016		2015	
Total retained profits/([losses]) of Gopeng Berhad and its subsidiaries :-				
- realised	7,035,251	9,678,742	18,020,295	20,659,788
- unrealised	[962,453]	[1,073,453]	[962,453]	[1,073,453]
	<u>6,072,798</u>	<u>[8,605,289]</u>	<u>17,057,842</u>	<u>19,586,335</u>
Total retained profits/([losses]) from associated companies				
- realised	-	-	-	-
	<u>6,072,798</u>	<u>8,605,289</u>	<u>17,057,842</u>	<u>19,586,335</u>
Consolidation adjustments	<u>15,765,806</u>	<u>15,619,866</u>	-	-
Total retained profits as at 31 December	<u>21,838,604</u>	<u>24,225,155</u>	<u>17,057,842</u>	<u>19,586,335</u>

The disclosure of realised and unrealised profits/([losses]) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

SHAREHOLDINGS STATISTICS

as at 10 April 2017

Authorised Share Capital	RM150,000,000
Issued and fully paid up Share Capital	RM 89,664,491

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No of		No of	
	Shareholders	%	shares	%
Less than 100	58	1.45%	1,395	0.00%
100-1,000	1,322	32.94%	1,247,021	0.70%
1,001-10,000	2,266	56.48%	9,558,757	5.32%
10,001-100,000	324	8.08%	8,517,480	4.75%
100,001 - less than 5%	36	0.90%	56,784,963	31.67%
5% & above	6	0.15%	103,219,366	57.56%
	4,012	100.00%	179,328,982	100.00%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Holdings		Percentage
	Direct	Indirect	
1 Dato' Mohd Salleh Bin Hashim	37,300,000	21,800,000 ¹	32.95%
2 Fortuna Gembira Enterpris Sdn Bhd	34,662,000		19.33%
3 Dato' Mohamad Tahiruddin Bin Mohd Tahir	10,364,366		5.78%

Notes:

¹ Held through Juitaneka Sdn Bhd

THIRTY LARGEST REGISTERED SHAREHOLDERS

Name of Shareholders	Holdings	Percentage [%]
1. FORTUNA GEMBIRA ENTERPRIS SDN. BHD.	27,862,000	15.54
2. JUITANEKA SDN BHD	21,800,000	12.16
3. MOHD SALLEH BIN HASHIM	19,300,000	10.76
4. DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	13,893,000	7.75
5. MOHAMAD TAHIRUDDIN BIN MOHD TAHIR	10,364,366	5.78
6. DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	10,000,000	5.58
7. ANEKA LANCAR SDN. BHD.	8,808,900	4.91
8. SHARP VENTURES SDN BHD	8,639,900	4.82
9. CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR MOHD SALLEH HASHIM	8,000,000	4.46
10. SHEKEL ENTERPRISE SDN BHD	7,900,000	4.41
11. FORTUNA GEMBIRA ENTERPRIS SDN. BHD.	6,800,000	3.79
12. BAKAWALI ENTERPRISES SDN BHD	4,547,863	2.54
13. TRUE PARAGON SDN BHD	2,983,300	1.66
14. CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,094,000	1.17
15. MANOHAR HASAN BIN AMEER ALI	1,000,000	0.56

SHAREHOLDINGS STATISTICS

as at 10 April 2017 - (CON'T)

THIRTY LARGEST REGISTERED SHAREHOLDERS - (Continued)

Name of Shareholders	Holdings	Percentage [%]
16 YTL POWER INTERNATIONAL BERHAD	500,000	0.28
17 RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AB GHAUS BIN ISMAIL (551010)	379,900	0.21
18 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG KAH HUAT (M03)	356,100	0.20
19 TAN CHAI HOCK	306,000	0.17
20 SAPIAH @ SAFIAH BINTI HUSSIN	300,000	0.17
21 TEO KWEE HOCK	295,700	0.16
22 TENG YEW HUAT	281,300	0.16
23 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TONG HAI	270,000	0.15
24 PHANG AH KOW	260,000	0.14
25 MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAM KIAN KWANG	259,000	0.14
26 YEO KHEE HUAT	256,400	0.14
27 KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	232,000	0.13
28 ONG KAH HUAT	228,200	0.13
29 CHIN KIAN FONG	226,000	0.13
30 PRETAM SINGH A/L CHANAN SINGH	206,000	0.11

LIST OF GROUP PROPERTIES

Location	Description	Status/ Tenure	Areas [Ha]	Net Carrying Value	Date of Acquisition
Kota Bahroe Division					
in the Mukim of Teja	Oil Palm Estate	Freehold	254.47	28,898,346	1985
in the Mukim of Teja	Oil Palm Estate	Leasehold 7/15/2057	41.59	4,044,930	1997
			<u>296.06</u>		
Gopeng Division					
in the Mukim of Sg Terap	Oil Palm Estate	Freehold	92.48	10,395,256	1985
in the Mukim of Sg Raia	Oil Palm Estate	Freehold	85.02	9,578,715	1985
in the Mukim of Teja	Oil Palm Estate	Freehold	3.38	351,695	1985
			<u>180.88</u>		
Sanglop Division					
in the Mukim of Teja & village of Kota Bahroe	Oil Palm Estate	Freehold	430.03	48,475,988	1985
Kampar, Perak Lot 9023, 1393, 9249, 10030 16142, 19068, 19943, 25986 16944 and 20648	Agricultural Land	Freehold	7.98	1,080,000	1985
GB New Township Land in Mukim Sg Raia	Commercial	Leasehold 9/6/2098	1.00	960,000	1999
GB New Township Land in Mukim Teja	Agriculture [ex-residential]	Leasehold 1/2/2106	29.39	2,558,332	1999
in Gopeng Town	Residential	Leasehold 1/2/2106	22.12	6,000,000	1999
in Mukim Teja	Agriculture	Leasehold 1/2/2106	33.31	3,880,000	1999

LIST OF GROUP PROPERTIES - (CON'T)

Location	Description	Status/ Tenure	Areas (Ha)	Net Carrying Value	Date of Acquisition
Bandar Gopeng	Agriculture	Leasehold 29/6/2068	4.06	-	2007
Sg Raia, Perak	Agriculture	Leasehold 29/6/2068	82.40	8,046,604	2007
Teja, Perak	Agriculture	Leasehold 29/6/2068	586.20	57,221,375	2007
Sg Terap, Perak	Agriculture	Leasehold 29/6/2068	44.32	4,333,238	2007
Teja, Perak	Agriculture	Leasehold 23/6/2070	18.93	1,641,668	2010
			TOTAL	1,736.68	187,466,147
Taman Seri Raia	2 double storey shophouse	Leasehold 25/5/2096	381 sqm	357,372	9/9/1997
<i>Properties pending registration titles</i>					
Catchment area in Mukim Kampar	Commercial	Leasehold	137.86 ha	103,059	1996
Bandar Baru Pulai	1 double storey shop house	Leasehold 25/5/2093	171 sqm		5/8/1995

I/We..... [Full Name in Block Letters]

NRIC No./Co. No:.....

of..... [Full Address]

being a member/members of GOPENG BERHAD, hereby appoint the Chairman of the meeting or.....

to be my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, 20 May 2017 at Conference Room No. 5, First Floor, Impiana Hotel Ipoh, 18 Jalan Sultan Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan, at 12.00 noon and at any adjournment thereof, and to vote as indicated below :

Resolution	Relating To	For	Against
	Ordinary Business		
1	Adoption of Report and Financial Statements		
2	Approval of proposed final dividend		
3	Re-election of Dato' Mohd Salleh bin Hashim		
	Re-appointment of Directors [refer Resolution 4 to 8]		
4	Haji Abdullah bin Yusof		
5	Dato' Robert Lim Git Hooi		
6	Dato' Shahrudin bin Haron		
7	Dato' Haji Mohamad Tahiruddin bin Mohd Tahir		
8	Dato' Chew Chee Kin		
9	Approval of Directors Fees		
10	Re-appointment of Auditors : HLB Ler Lum		
	Special Business		
	Retention of Independent Non-Executive Directors [refer to Resolutions 11 to 13		
11	Haji Abdullah bin Yusof		
12	Dato' Robert Lim Git Hooi		
13	Dato' Shahrudin bin haron		
14	Authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		

[Please indicate with an "X" in the space provided how you wish your votes to be cast. In the absence of any specific direction, your Proxy will vote or abstain from voting at his/her discretion].

Dated this day of 2017

.....

Signature of Member / Common Seal

No of shares held
CDS Account No
Contact No

Notes :

1. A member [other than an exempt authorized nominee] is entitled to appoint only one proxy to vote in his stead. A proxy need not be a member of the Company For the proxy to be valid, the form of proxy must reach the Registered office of the Company not less than 48 hours before the time appointed for the meeting or adjourned meeting.
2. Where a member is an exempt authorized nominee as defined under the Securities Industry [Central Depositories] Act, 199, which holds shares in the Company for a multiple beneficial owners in one securities account t [omnibus account] there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
3. Only depositors whose names appear in the Record of Depositors as at 15 May 2017 be regarded as members and entitled to attend, speak and vote at the meeting.
4. If the appointor is a corporation, this Proxy should be executed under its Common Seal or the hand of an officer or attorney authorized in writing.

Personal Data Policy

By submitting the duly executed proxy form, the member consents to the Company [and/or its agents/service providers] collecting, using and disclosing the personal data therein in accordance with the personal data protection Act 2010, for the purpose of the Annual General Meeting including any adjournment thereof.

AFFIX
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STAMP

The Secretary
Gopeng Berhad
[109465-X]

6A, Jalan Sultan Iskandar
30000 Ipoh, Perak Darul Ridzuan
Malaysia.



GOPENG BERHAD

(12946-X)

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