PROFILE OF DIRECTORS

TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING
Aged 84 / Male / Malaysian
Executive Director

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King was appointed to the Board of Rimbunan Sawit Berhad ("RSB") on 14 February 2006 and was subsequently appointed as Executive Chairman on 15 February 2006. On 19 December 2012, he was re-designated as Executive Director of RSB.

Tan Sri Datuk Sir Tiong is a businessman with vast and extensive experience in various business sectors including media and publishing, oil and gas, mining, fishery, manufacturing, information technology, timber, tree plantation, oil palm plantation and mills.

Over the years, Tan Sri Datuk Sir Tiong has started and built up the Rimbunan Hijau Group of Companies ("RH Group"). Currently, he is the Executive Chairman and Managing Director of RH Group, a large diversified conglomerate which has interests in various businesses in Malaysia comprising of timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world.

Tan Sri Datuk Sir Tiong is the founder of an English newspaper named The National in Papua New Guinea. He is currently the President of The Chinese Language Press Institute Limited. In June 2009, he was bestowed the Knight Commander of the Most Excellent Order of the British Empire (K.B.E.), which carries the title "SIR", by Queen Elizabeth II of the United Kingdom, in recognition of his contribution to commerce, community and charitable organisations. In 2010, he was awarded "Malaysia Business Leadership Award 2010 – The Lifetime Achievement Award" by the Kuala Lumpur Malay Chamber of Commerce, in recognition of his entrepreneurship and his contribution to the country.

Tan Sri Datuk Sir Tiong currently serves as the Executive Chairman of RH Petrogas Limited, a listed company in Singapore. He also serves as a director of other private limited companies.

TIONG CHIONG ONG
Aged 60 / Male / Malaysian
Executive Director

Mr. Tiong Chiong Ong was appointed to the Board of RSB on 14 February 2006 and was subsequently appointed as Managing Director of RSB on 15 February 2006. On 1 October 2015, he was re-designated as Non-Executive Chairman of RSB and following his decision to relinquish the position of Non-Executive Chairman, Mr. Tiong had been re-designated as Executive Director of RSB on 26 December 2018. He is also a member of Risk Management Committee.

Mr. Tiong graduated with a Bachelor of Law and Economics from Monash University, Australia in 1984 and joined RH Group in 1986. He started his career as a chambering student and underwent chambering at Skrine and Co. in Kuala Lumpur for nine (9) months. He is a member of CPA Australia and is a member of the Victorian and Sarawak Bar and the Malaysian Institute of Accountants.

Mr. Tiong is a businessman with extensive experience in various capacities in the timber and plantation industries. He also holds directorship in several private limited companies.

Under his leadership, RSB was presented the 2012 Top Award for the Best Performing Stock in the Plantation Sector by the EDGE Billion Ringgit Club, Malaysia.

In 2013, Mr. Tiong was presented the IPD HRD Leadership Award by the Institute of Professional Development, Open University Malaysia in acknowledgement and in recognition of his exemplary leadership and outstanding contribution to the promotion of Human Capital Development efforts in the plantation industry.

TIONG CHIONG IE
Aged 48 / Male / Malaysian
Chairman/Non-Independent Non-Executive Director

Mr. Tiong Chiong Ie was appointed to the Board of RSB on 14 February 2006 and was subsequently appointed as Chairman of RSB on 26 December 2018. He is also a member of Remuneration Committee.

Mr. Tiong graduated with a Bachelor of Business in Information System from Monash University, Australia in 1994.

Mr. Tiong is a businessman with more than 20 years of managerial experience in the timber, transportation provider and shipping industries. He joined the RH Group in 1996. He also holds directorships in Hornbilland Berhad and several private limited companies.

TIONG KIONG KING

Aged 71 / Male / Malaysian
Vice Chairman/ Non-Independent Non-Executive Director

Mr. Tiong Kiong King was appointed to the Board of RSB on 14 February 2006 and was subsequently appointed as Non-Independent Non-Executive Vice Chairman on 15 February 2006. He is also the Chairman of Remuneration Committee and a member of Audit Committee and Nomination Committee.

Mr. Tiong is a businessman with extensive managerial experience in the timber industry in various capacities. He joined the RH Group in 1975 where he has held various positions including being a Director in one (1) of the subsidiaries of RSB since December 1997.

Mr. Tiong also sits on the boards of Subur Tiasa Holdings Berhad, a public listed company and several private limited companies. Currently, he also holds key posts in several non-government organizations. Amongst others, he is the Honorary President for Sibu Chinese Chamber of Commerce and Industry, Vice President of World Federation of Fuzhou Association Limited, Life Honorary President of Persekutuan Persatuan-Persatuan Foochow Sarawak, Honorary Chairman of the World Zhang Clan Association Limited and Chairman of Persatuan Klan Zhang Negeri Sarawak.

BONG WEI LEONG

Aged 51 / Male / Malaysian
Independent Director

Mr. Bong Wei Leong was appointed to the Board as an Independent Director of RSB on 14 February 2006 and was subsequently appointed as Chairman on 19 December 2012. On 1 October 2015, he relinquished the position as Chairman of RSB and remained as Independent Director. He is the Chairman of Audit Committee and Nomination Committee. He is also a member of Remuneration Committee and Risk Management Committee.

Mr. Bong graduated with a Bachelor of Business (Accountancy) and Bachelor of Law from Queensland University of Technology, Australia in 1993. He was a Partner of a public accountants firm prior to starting his own practice in 2004. He is a member of the Malaysian Institute of Accountants and the CPA Australia.

Mr. Bong is a businessman with more than 25 years of experience in providing auditing, accounting and taxation services to various clients. He also sits on the board of CCK Consolidated Holdings Berhad, a public listed company.

TIONG ING MING
Aged 61 / Male / Malaysian
Independent Director

Mr. Tiong Ing Ming was appointed to the Board as an Independent Director of RSB on 14 February 2006. He is the Chairman of Risk Management committee and member of Audit Committee and Nomination Committee.

He graduated with a Bachelor of Building (Hons) from University of Melbourne, Australia in 1982 and began his career in a consulting quantity surveying practice since 1994. He is a registered quantity surveyor of the Board of Quantity Surveyors, Malaysia and a member of the Institution of Surveyors Malaysia. He also sits on the board of Subur Tiasa Holdings Berhad, a public listed company.

Other Information on Directors

1. Family Relationship

   Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Kiong King are brothers and is the father and uncle of Tiong Chiong Ong respectively. Both Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Kiong King, and Tiong Chiong Ong are the uncles and cousin of Tiong Chiong Ie respectively. Apart from these, the other Directors have no family relationship with each other or the major shareholders of RSB.

2. Conflict of Interest

   None of the Directors has any conflict of interests with the Company.

3. Convictions of Offences

   None of the Directors have been convicted of offences within the past five (5) years other than traffic offence, if any.

4. Details of Attendance at Board Meetings held in the Financial year ended 31 December 2018

Name of Directors	Number of Meetings Attended
Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	3 out of 5
Tiong Kiong King	4 out of 5
Tiong Chiong Ong	5 out of 5
Dato' Jin Kee Mou	5 out of 5
Tiong Chiong Ie	5 out of 5
Bong Wei Leong	5 out of 5
Tiong Ing Ming	5 out of 5

KEY SENIOR MANAGEMENT

TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING
Executive Director

TIONG CHIONG ONG
Executive Director

The profiles of Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Chiong Ong are listed under Profile of Directors on page 16 to 17 respectively of this annual report.

SUSTAINABILITY STATEMENT

INTRODUCTION

Rimbunan Sawit Berhad Group ("RSB" or "Group") recognizes the importance of sustainability-related matters which can create significant impacts towards the RSB's business, risk profiles and core values. Ever since RSB is established since year 2005, we are committed to achieve Sustaining Wellness as essential strive to obtain the highest level of sustainability in elevating economy benefits, conserving environment, enhancing people and engaging communities. We have long crafted our logo to focus our minds and souls towards the form factors to achieve Sustaining Wellness.

SCOPE

This Sustainability Statement ("Statement") covers the Group's activities in Sarawak, Malaysia and focuses on significant economic, environmental and social impacts formed by the Group's businesses activities. The reporting period is for the financial year ended 31 December 2018 ("FY2018").

Board of Directors (BOD")

- Ensure integration of sustainability agenda in business strategies;
- responsible in approving sustainability integrated strategies
- assess the results from the executed and implemented sustainability strategies.

Executive Director ("ED")

- Develops sustainability strategies and recommend to the Board;
- leads the execution and implemetation of the sustainability strategies;
- reviews and approves sustainability policies and targets;
- reports to the BOD

Head of Departments ("HOD")

- Execution of sustainability strategies;
- oversees business funtions to maintain robustness of the implemented sustainability strategies;
- reports to the ED

Business Functions

- Supports sustainability strategies implementation;
- reports to HOD

Sustainability Steering Committee

MANAGING MATERIAL ASPECTS

Highly addressed towards the concerns and expectations of the RSB's key stakeholders on the RSB's business, for the reporting year 2018, RSB had identified six (6) material aspects and categorized the aspects accordingly to the sustainability frameworks. Some of the material aspects had combined to better manage the reporting flow and to focus on reporting the common key indicators. The material aspects were then assessed by the Heads of Departments, together with the Executive Director, to ensure that proper policies and sufficient control measures are in place.

RSB had reviewed the significant risks and opportunities on the RSB's sustainability developments with the context of the global sustainability goals and recommendations and as well the industrial trends. The key indicators for each material aspects were reviewed and discussed periodically in the management meetings to assess and evaluate the outcomes and the affiliated effects. The material aspects are shown in the following table and are discussed according to the respective related sustainability framework.

<table>
<tr><td rowspan="7">Key Stakeholders' Concern and Expectations</td><td colspan="2">Material Aspect</td><td>Sustainability Framework</td></tr>
<tr><td>1.</td><td>Corporate Governance</td><td rowspan="2">Business Management</td></tr>
<tr><td>2.</td><td>Membership, Licenses, Certification and Assurance</td></tr>
<tr><td>3.</td><td>Stakeholders Engagement</td><td>Corporate Social Responsibilities Management & Business Management</td></tr>
<tr><td>4.</td><td>Agriculture Practices</td><td>Environment Management</td></tr>
<tr><td>5</td><td>Workplace Safety and Health</td><td rowspan="2">People Management</td></tr>
<tr><td>6.</td><td>Workplace Well-Being</td></tr>
</table>

GOVERNANCE AND BUSINESS MANAGEMENT

I. CORPORATE GOVERNANCE

Ethical Conducts and Regulatory Compliance:

RSB is dedicated to promote and uphold the highest standards of work ethics and transparency in conducting our daily business operations. The Codes of Ethics and Conduct ("Codes") is in place for the purpose to enhance and strengthen the RSB Group's corporate functions and as well to nurture good corporate behavior culture throughout the Group. We sincerely believe that by maintaining the trust and confidences of all our key stakeholders, we will prolong Sustaining Wellness to generations.

RSB do not tolerate any form of corruption, breach of conflict of interest, fraud and unethical behavior within the Group and serious disciplinary actions will be taken against any offender. Appropriate security measures are in place to protect the interest of our business.

RSB also strictly comply with relevant laws and regulations. Since year 2016, we have embarked on a series of activities and initiatives to comply with the Malaysia Sustainable of Palm Oil ("MSPO") certification.

II. MEMBERSHIPS, LICENSES, CERTIFICATION AND ASSURANCE

Malaysian Sustainable of Palm Oil ("MSPO") Certification:

RSB emphasizes and reviews its sustainability policy through implementation of Malaysian Sustainability of Palm Oil (MSPO) by good governance and compliances as it's' principles, criteria and indicators.

RSB to make a turn around on the Group strategic and to engulf in obtaining best practices of sustainability across the Group. Through Agricultural Practices Department of Sustainability to review, audit and act as a steering team to achieve continuous balance in assessment and development. RSB emphasizing on conservation and improving the natural environment, uplifting socio-economic conditions of employees and communities around the plantations and mills.

To-date, six (6) plantation estates and all the mills of the Group had being certified with MSPO certificate.

ISO:

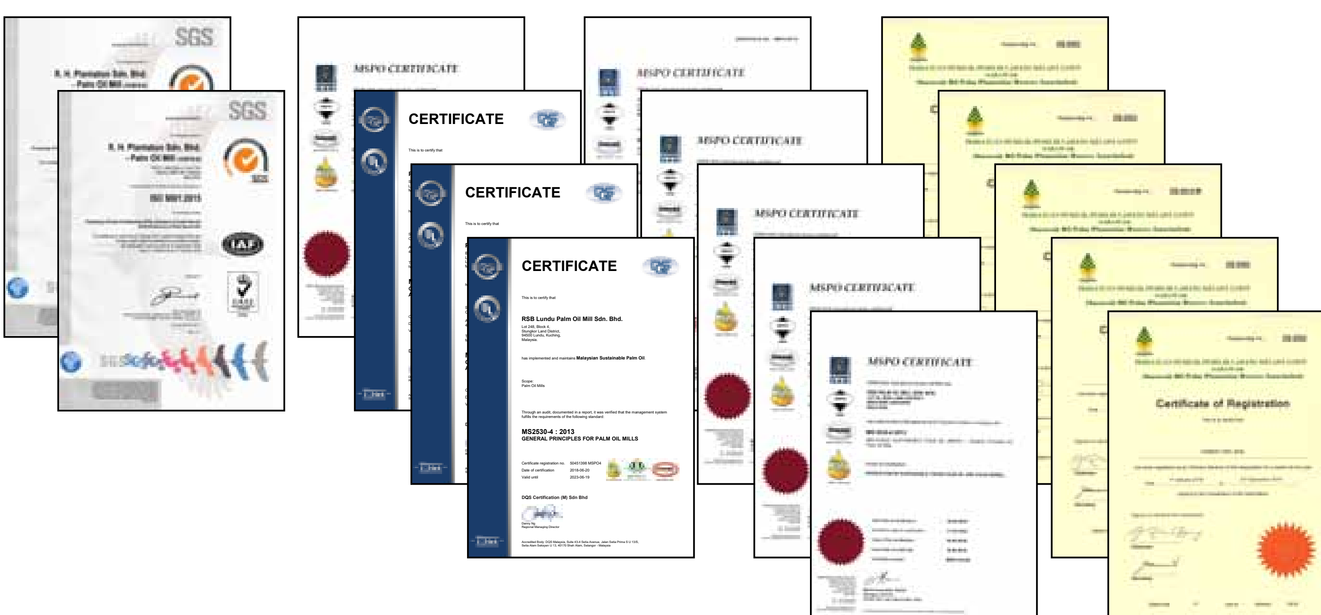
RSB continues to maintain the ISO: 9001 accreditation to ensure that the quality of products that delivering by RSB's mills.

Malaysian Palm Oil Board ("MPOB"):
All the plantation estates and mills are registered under the Malaysian Palm Oil Board with the appropriate licenses to operate. Regulations by MPOB are strictly adhere accordingly by RSB.

Sarawak Oil Palm Plantation Owners Association ("SOPPOA"):
RSB is the active members of SOPPOA, which is an association representing oil palm plantation owners in Sarawak with the objectives are to promote cordial working relation between owners and all relevant parties and also collectively address issues pertaining to oil palm industry in Sarawak. Currently, RSB's Executive Director is the chairman and the council member of SOPPOA.

Traceability and Supply Chain Management:
RSB approaches and recognizes the important place by our customers and consumers on food safety, products quality and traceability on the supply chains. Traceability demonstrate the control of our operation and has open up market opportunities. We intend to be sustainable with adequate traceability in the palm oil which we have being able to offer to our customers even in the process of Supply Chain Certification Standards.

The traceability of fresh fruit bunches from third party like smallholders has much contributed to our group. The Group is keen to extend to the small holders contribution by increasing their supply to Group Mills. With this the mill has set its support on providing training and awareness on FFB grading where in return the group mills will be able to have better CPO and higher OER. The Group places great emphasis on quality assurance and process improvements.



III. KEY STAKEHOLDERS ENGAGEMENT

RSB uphold the importance on the continuous and meaningful engagement with our key stakeholders. We believe that understanding and fulfilling their concerns and expectations is integral to ensure Group's business continuity and sustainability.

RSB believes that these challenging issues from the business can be best solved through a collaborative efforts involving all key stakeholders. By working side by side, all parties can better understand the issues and contribute their strengths respectively.

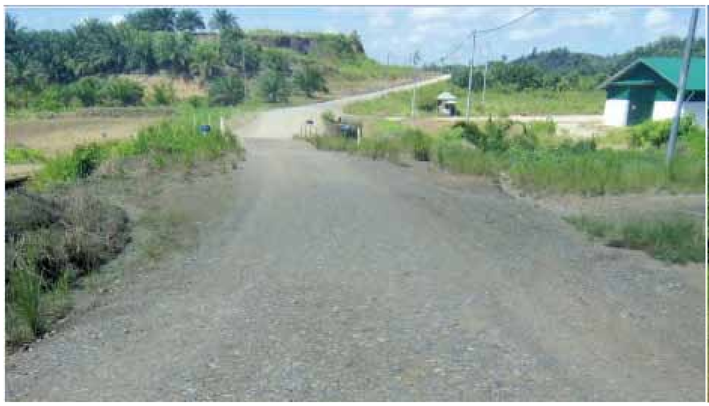
RSB utilizes different approaches to engage with the key stakeholders. Outlined below is an overview of RSB's engagement with stakeholders as well as concerns raised throughout FY2018:

Key Stakeholder	Engagement Channels	Area of Interests
Authorities and Regulators	• Dialogues in the organized seminars or talks; • Site visits and inspections; • Discussions and consultations via electronic channels.	• Compliance to the statutory requirements and fulfillment of good corporate citizen responsibilities.
Shareholders and Investors	• General meetings; • Annual Reports; • Circulars; • Announcements through listing platform; • Company website.	• Return on investments; • Business sustainability.
Rural Communities and Representatives	• Dialogue sessions; • Meeting sessions; • Strategic joint venture.	• Communities development; • Waste management; • Employment opportunities.
Customers	• Phone calls and correspondence.	• Products quality; • Compliance to statutory requirements and standards; • Traceability of supply chain.
Employees	• Memos; • Intranet portal • Meetings and briefing sessions.	• Career development; • Business sustainability; • Occupational safety and health; • Welfare.
Contractors and Suppliers	• Phone calls and correspondence; • Meeting sessions; • Strategic partnership.	• Business sustainability.

Corporate Social Responsibilities ("CSR")

Through joint-venture projects, RSB had developed thousands of hectares of Native Customary Rights ("NCR") land into plantation estates. At most of these estates, job opportunities are prioritized to the landowners and the rural communities. Further than that, RSB has consistently paid out annual land incentive to the landowners who participated in the NCR land joint-venture projects accordingly.

With the plantation estates and mills operating at rural areas, RSB prioritizes its CSR on enhancing the social wellbeing of rural communities within the vicinity of the plantation estates and mills. These includes maintenance of kampung roads, providing road access and sponsorships of events organized by rural schools and rural governmental agencies.




Enhancing Social Wellbeing of Rural Community – CSR with Construction and Maintenance of Access Road to Longhouses at NCR Land JV Project for Oil Palm

Annual blood donation responding request by Sibu General Hospital to maintain its blood bank.

ENVIRONMENT MANAGEMENT

I. AGRICULTURE PRACTICES

RSB with best commitment had enforce all plantation estates and mills with the following undertakings:

- To comply all prevailing laws under plantation management;
- Implement and comply all prevailing statutory labor ordinances;
- Implement and maintain on environmental management system acclimatizing to MSPO principles and criteria standards and the Standard Operating Procedures with Best Management Practices (BMP) and Good Agricultural Practices (GAP);
- Developing Oil Palm Plantations only in areas allocated for agriculture land;
- Complying the Environmental Impact Assessment (EIA), Greenhouse Gas (GHG), Biodiversity, Social Impact Assessment (SIA), Social environmental Impact Assessment (SEIA);
- Plantation Development emphasizing zero burning practices; and
- Compliances of Natural Resources of Environmental Board.

For the year under review, no deforestation had done for new development.

PEOPLE MANAGEMENT

I. WORKPLACE SAFETY AND HEALTH

Occupational Safety and Health ("OSH")

RSB is committed in safeguarding the safety, health and welfare of all employees, contractors, clients and general public, taking into account the statutory requirements, the relevant national and international standards and the approved codes of practices.

(a) OSH Policy

It is the line responsibility of all concerned, from the top management to the labor force, to ensure successful implementation and effectiveness of our Safety and Health Policy.

As such, RSB shall strive to ensure that:-

i. Occupational Safety and Health concerns will be given priority on par with other business objectives;
ii. OSH management system (OSHMS:1722) is adopted, while programmes are put in place, regularly reviewed and monitored to ensure continuous improvement;
iii. Holistic approaches are taken in the enterprise-wide risk management activities to promote a safe and healthy work culture, hence, inculcating risk sensitive employees for betterment of work environment for all;
iv. Detailed arrangements are contained in the various Group's safety and health manual, policies, safe operating procedures and audit reports, while the implementations are monitored to ensure achievement of our objectives;
v. Adequate resources, training and time are made available; and
vi. The Safety and Health Policy is reviewed from time to time in light of legislative or organizational changes.

(b) Compliance with Applicable Safety and Health Legislations

In order to ensure compliance with the applicable safety laws of Malaysia, the RSB 's Safety and Health Officers and the members of the workplace's Safety and Health Committees ("SHC") were required to:

- Gain a thorough understanding of Occupational Safety and Health Act 1994, Factory and Machinery Act 1967, Pesticides Act 1974, Fire Services Act 1988, Natural Resources and Environmental Ordinance 1993, Environmental Quality Act 1974, etc;
- Attend necessary training on the safety laws which were conducted by external training providers;
- After attended such trainings, cascade the knowledge to key operation staff and members of SHC; and
- Review and update, where necessary, the present legal register, safety and health policies, safe work procedures, safe operating procedures, team charters, risk assessments and etc, so as to ensure compliance with the latest requirements of safety legislations.

(c) Operation Safety Strategy

The Group's Safety and Health Department ("SHD") is the center of reference or focal point for the implementation and the monitoring of the policy by adopting the following strategies:

- Prepare and compile OSH policies, OSH manuals, guidelines, programmes, Safety Operating Procedures ("SOP"), safety training materials/manuals, crisis management plans and etc;
- Draft plans on safety training, risk assessments, job safety analysis, and safety audits of the operating units;
- Compile hazard risk profiles and devise control strategies on prioritized or significant risks;
- Publicize and disseminate information and current issues related to OSH, loss control, fire safety, hazards risk and etc;
- Organize and coordinate OSH training, education, publicity and promotional activities;
- Conduct OSH internal audits and inspections at all operating units;
- Investigate accidents/incidents and losses, and compile their reports and statistical data;
- Conduct chemical health risk assessments and health surveillance programmes; and
- Organize regular dialogues and discussions with stakeholders, including the employees, local communities and relevant government bodies on OSH concerns.

(d) OSH Performance

The effectiveness of our OSH Management System is evaluated not only on the basis of "lagging" indicators, such as the rate of work-related incidents, injuries and ill health, but also on frequent measurement of selected "leading" indicators, which are able to provide an up-to-date and concise pictures of operational performance of OSH management processes as well as the success implementation of our safety programmes. Some of those indicators are summarized as follows:

i. Accident Record

Accident Record is a major tool used to evaluate our OSH performance through the monitoring of Incident Rate, which represented the number of accidents per 1,000 workers, and Lost Time Injury Frequency Rate ("LTIFR"), which represented the number of accidents with lost days for every one million man-hours worked.

Zero fatality will always be the all-time main goal for the Group, further with FYE2018's aim of Incident Rate of 10 and a reduction of 5% of LTIFR. Our group had managed to maintain zero fatality in all our operations for two straight years in FYE2017 and FYE2018. Further to that, we managed to reduce Incident Rate from 32.94 in FYE2017 to record low of 8.99 in FYE2018. In terms of LTIFR, it was recorded at 3.60 in FYE2018 against 13.20 in FYE2017, where there is a significant reduction of 72.72%.

FYE	Average no. of workers	Total man-hours worked	Total accident cases (LTI)	Incident rate (per 1,000 workers)	LTIFR (per 1,000,000 hours worked)	Fatality
2018	3,559	8,883,264	32	8.99	3.60	0
2017	3,733	9,317,558	123	32.94	13.20	0

ii. OSH In-house Training FY2018

A total of 17 training sessions were conducted at Kuching Region, Sibu Region, Miri Zone 1, Miri Zone & Marudi Region in FYE2018, involving a total of 474 participants which consist of key staff members and field workers, especially pesticides handlers.

The following is the list of the afore-mentioned OSH Training titles done in-house by our SHD, which were conducted regionally where our oil palm estates and palm oil mills are located:

a) Safety and Health Essentials;
b) Keselamatan Am Bekerja Di Kilang Sawit;
c) Mencegah Kemalangan DI Tempat Kerja;
d) Emergency Response Plan and Fire Fighting;
e) Keselamatan Menyembur Racun;
f) Latihan Pengendalian dan Keselmatan Forklift; and
g) Emergency First Aid at Workplace.

iii. Safety Tool Box Briefing FY2018

Our Safety and Health Officers had conducted a total of 31 sessions of tool box briefing at the individual oil palm estates and mills at all regions. A total of 671 participants who had participated the briefing sessions are mostly field supervisors and general field workers. The briefing titles are mainly sourced from the Company's SOP, Safety and Health Policy, case studies, safety bulletins and other official OSH channels.

Separate tool box briefing sessions were also conducted by the SHC of the estates and mills on weekly basis. The briefings were properly recorded and reported accordingly to the SHD.

iv. OSH Internal Audit FY2018

Our audit teams from the SHD which based at regional offices and headquarters conducted periodical OSH internal audits to all estates and mills at least once per year. The audits were conducted in order to:

a) Ascertain the extent of compliance with our OSH Management System;
b) Grade the estate in accordance with its efforts towards compliance; and
c) Make recommendations to improve safety and health standards at the workplace.

FYE2018, a total of 16 sessions of OSH audits were conducted, whereby 75 elements were examined at oil palm estates and 78 elements for palm oil mills.

v. Workplace Inspection

Quarterly workplace inspections were done by the estates and mills SHC members not later than a week prior to conducting the SHC meetings so that the findings of the inspections could be discussed during that meetings.

vi. Safety and Health Committee ("SHC") Meeting

The meetings were convened quarterly by the estates and mills SHC to discuss and rectify workplace safety and health issues. The respective chairman of the SHC for every region are the managers of the estates/mills with members comprising the key personnel (employer representatives) and the workers (employee representatives representing both locals and foreign workers). Meeting proceedings were properly recorded and reported by the committees' secretaries to the SHD.

vii. Hazards Identification, Risk Assessment & Risk Control ("HIRARC")

All tasks in the estates and mills are were assessed and documented in HIRARC register. HIRARC is revised yearly or when directed by Department of Occupational Safety and Health Malaysia ("DOSH") (on certain tasks), to ascertain the risk level of current tasks before and after application of safety measures so that priority could be assigned on those tasks with significant risks.

viii. Personal Protective Equipment ("PPE")

Company's PPE Policy has been in place to specify what types of PPE to use at certain work areas and for certain tasks based on JSA, SOP & HIRARC recommendations. It provides clear guide for employer/employee on mandatory requirements, issuance terms, and timeline for next issuance as well as emphasizing the importance of wearing PPE for ultimate personal protection. Compliance on usage were diligently supervised by supervisors at the worksites.

ix. Personal Chemical Exposure Monitoring ("PCEM")

DOSH registered Hygiene Techs 1 were engaged to conduct personal PCEM on pesticides handlers, welders, lab technicians and etc, once per year to quantify employee exposure to chemicals, to evaluate effectiveness of existing control measures and to recommend for improvement.

x. Chemical Health Risk Assessment ("CHRA")

DOSH registered assessors (pengapit) were engaged to perform CHRA on our mills and estates once in every 5 years to assess the risks in the use of hazardous chemicals in accordance with Use & Standard of Exposure of Chemicals Hazardous to Health Regulations. The assessment helps to identify health risk exposures and risk ratings, for recommendation of safety control measures, and for decision on PCEM and Health Surveillance requirements. Most of the CHRA assessments will be due for reassessments in the year 2022.

xi. Noise Monitoring Assessment

DOSH registered Hygiene Techs 2 were engaged to perform noise mapping to identify high noise areas in the mills as well as personal monitoring to determine employee exposure level to noise and the effectiveness of control measures that are in place.

xii. Health Surveillance Programme
Based on the report of CHRA recommendations, certain chemical handlers, workshop/lab technicians or any other persons being exposed are required to undergo PCEM by Hygiene Techs 1 and medical surveillance periodically by appointed Occupational Health Doctor ("OHD"). Medical records would be audited to ensure compliance.

xiii. Field Roads Maintenance & Posting of Traffic Signs
Adequate posting of traffic signs and scheduled road maintenance are consistently carried out to ensure better accessibility and safe navigation of field roads. The road maintenance teams carried out daily inspection to identify those road sections which were hazardous that would require prompt repair and posting of traffic signs or upgrading of existing ones.

xiv. Fire Fighting Demo
The series of demos were parts of our training on Emergency Response Plan (ERP). They served the purpose to show to the Emergency Respond Team (ERT) members and employees, the correct ways of fighting small fires using available fire extinguishers, hence, to enhance their confidence and performance in responding to fire incidents.

xv. Emergency Drill
Emergency drills involved all occupants of regional HQ offices, mills, residents of estates, etc. They are conducted yearly in order to familiarize all concerned with the correct procedures of initiating evacuation and the proper ways of evacuation so as to avoid panic in the event of real emergencies. Head counts are done by the respective ERT wardens so that all occupants are accounted for and that all have safely evacuated to safe places and assembly points.

Safety Briefing at an oil palm estate

Safety Briefing at an oil palm mill

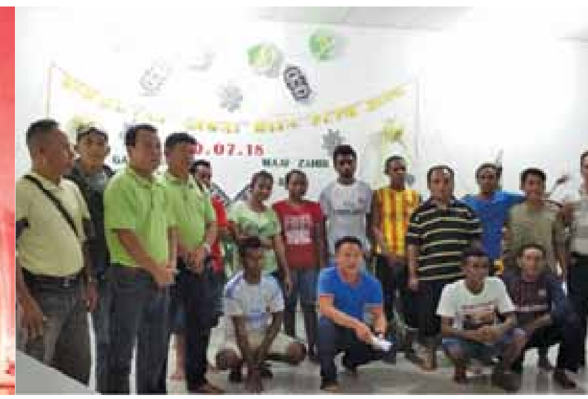
ERP & Fire Fighting Training

II. WORKPLACE WELL-BEING

Recognizing Diversity

RSB allocates annual budget for organizing of annual events such as Chinese New Year, Gawai Dayak, Hari Raya Aidilfitri and Christmas. RSB recognizes the importance of appreciating and fostering good relationships among employees of diverse races and languages.

Chinese New Year Celebration



A joint celebration of Hari Raya and Hari Gawai at PJP Pelita Lundu Estate

Welfare

Employees and workers at our plantation estates and mills are provided with free housing, treated water, electricity and basic amenities.

Sport events and games were organized to induce and promote health consciousness among the employees.

Badminton Competition

Volleyball Competition at Estate

Staff Training and Development

RSB organizes trainings and skills development programs to its employees and workers based on findings from the Training Needs Analyses, and as well to in-line with the updates on the regulations, industry practices and professional developments.

Briefing on SOCSO

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("Board") of Rimbunan Sawit Berhad ("RSB" or "the Company") recognises Corporate Governance as being vital and important to the success of RSB and its Group of Companies ("Group") business. They are unreservedly committed to apply the principles necessary to ensure that the principles of good governance are practiced in all of its business dealings in respect of its shareholders and relevant stakeholders.

This Corporate Governance Statement sets out how the Company has applied the three (3) principles which are set out in the Malaysian Code of Corporate Governance in respect of the financial year ended 31 December 2018. Where a specific practice of the Code has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

All Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance ("CG") are applied in all their dealings in respect, and on behalf of the Company.

The Board has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

(a) reviewing, approving and adopting a strategic plan for the Company, including the sustainability of the Group's businesses;
(b) overseeing and evaluating the conduct and performance of the Group's businesses and assessing whether the businesses are being properly managed;
(c) identifying principal business risks of all aspects of the Group's businesses and ensure the implementation of appropriate internal controls system and mitigating measures to effectively monitor and manage the risks;
(d) ensuring that all candidates appointed to senior management positions are of sufficient caliber and there are programmes in place to provide for the orderly succession of senior management;
(e) overseeing the development and implementation of policies relating to investors relations programme and shareholder communications policy; and
(f) reviewing the adequacy and the integrity of the management information and internal control systems of the Group.

It has put in place an annual strategy planning process, whereby Management presents to the Board its recommended strategy and proposed business and regulatory plans together with the annual budget for the following year during the Board meeting. At the meeting, the Board reviews and deliberates upon both Management's and its own perspectives, as well as challenges Management's views and assumptions, to deliver the best outcomes.

The Board recognises the importance of ensuring a balance of power and authority between the Chairman and the Chief Executive Officer ("CEO")/Executive Director ("ED"). The positions of Chairman (i.e. Non-Executive Chairman) and CEO/ED are held by different individuals with a clear division of responsibility between the running of the Board and the Company's businesses respectively. This ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.

The Chairman leads the Board and is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

The CEO/ED, supported by the Management Committee and senior management team, is responsible for the day-to-day management of the businesses and operations of the Group with respect to both its regulatory and commercial functions and implements the group's strategies, policies and decision adopted by the Board, oversees the operations and business management of the Group, provides effective leadership and ensure high management competency. The CEO/ED reports to the Board on the Group performance and operational matters at each quarterly Board meeting. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance.

Both Company Secretaries of the Company are qualified secretaries as required pursuant to Section 235(2) of the Malaysian Companies Act, 2016 and are the members of the Malaysian Association of Institute of Chartered Secretaries and Administrators ("MAICSA"). They are competent in carrying out their duties and plays supporting and advisory roles to the Board and the Group on issue relating to compliance with laws and requirements as well as the Code of Corporate Governance. They ensure adherence and compliance to the procedures and regulatory requirements from time to time. They also ensure that meetings are properly convened and deliberations at meetings are accurately and sufficiently captured and minuted, minutes and statutory records are properly kept and updated.

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. Further details pertaining to the Board Charter, Code of Conducts and Whistleblowing Policies and Procedures are set out in the CG Report. These documents are made available on the Company's website www.rsb.com.my and will be periodically reviewed and updated to ensure it remains consistent with the Board's objective and responsibilities.

II. Board Composition

During the financial year ended 31 December 2018, the Board has seven (7) members, comprising two (2) Independent Directors, two (2) Non-Independent Non-Executive Directors, two (2) Executive Directors and one (1) Director/CEO. The Board composition complies with the Main market Listing Requirements of Bursa Malaysia Securities Berhad that at least 2 directors or 1/3 of the board of directors of the company, whichever is the higher, are independent directors.

Consequent to the resignation of Dato' Jin Kee Mou as Director/CEO which took effect from 3 January 2019, the Board currently consist of six (6) members comprising of (2) Independent Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors.

The Independent Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its businesses. Independent Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

All the Independent Directors fulfil the criterias of independence as defined in the Listing Requirements and the Board Charter. The Board through the Nomination Committee has assessed the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to retain as an Independent Director, the Board shall first justify and obtain shareholders' approval. Our Independent Directors, Mr. Bong Wei Leong and Mr. Tiong Ing Ming have served as Independent Directors of the Company for a consecutive term of more than nine (9) years. However, the Board concurred that their independence as Independent Directors have not been compromised in any way based on the following justifications and recommendation from the Nomination Committee:

(a) They fulfilled the criteria as Independent Director as stipulated in the Listing Requirements and therefore are able to offer impartial judgement and advice to the Board;
(b) They remain independent and vocal, actively participated in deliberations and exercised independent judgement at Board and Board Committee meetings without compromising operational consideration. Hence, provide a check and balance to operational management; and
(c) They continue to exercise independent and objective judgement in carrying out their duties as Independent Directors and they provide guidance, unbiased and independent views to many aspects of the Company and the Group's strategy so as to safeguard the interests of minority shareholders. Their long tenure as Independent Directors have no conflict of interest or undue influence from management and interested parties.

Having considered the above, the Board had recommended both Mr. Bong Wei Leong and Mr. Tiong Ing Ming to be retained as Independent Directors of the Company and such proposal shall be tabled for shareholders' approval at the forthcoming Annual General Meeting.

The Board consists of qualified individual with diverse backgrounds, skills, age and experiences especially in entrepreneurship, plantation and timber industries, sale and marketing, business administration, finance, legal, accounting and taxation. The members of the Board with their combine business, management and professional experiences, knowledge and expertise, provide the core competencies to allow for diverse and objective perspective on Company's business and direction.

The Board acknowledges that continuous training and education are vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies. Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. A budget for Directors' continuing education is therefore provided each year by the Company.

There were also technical briefings/updates on statutory and regulatory requirements from time to time at the Board meetings by the Company Secretaries. All Directors will continue to attend relevant training as may be required from time to time to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast with regulatory and corporate governance developments in the marketplace.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

The Board has assessed the training needs of the Directors. Generally, all Directors must attend at least one (1) training/ seminar each year. During the financial year ended 31 December 2018, the Directors have attended appropriate training programmes conducted by external experts and the descriptions of the training/seminar are set out below:

Title of training/seminar	**Numbers of day(s) spent**
Recent amendments to the Listing Requirements arising from Companies Act, 2016 and dealings in listed securities	1
Workshop on Oil Palm Production Through New Technology Application & Mechanization Approaches 2018	2
Malaysia International Palm Oil Conference 2018	2
2019 Budget Seminar	1
Introduction to Malaysian Business Reporting System (MBRS)	1
Malaysian Business Reporting System (MBRS) for Preparers: Financial Statements	2
MPERS: Practical Financial Reporting Issues	2
Sales and Service Tax Mechanism for Effective Implementation and GST Transitional Rules Management	1
Prevention of Money Laundering & Terrorism Financing- Role of Company Secretaries	1
Seminar on Companies Act, 2016: Dealings with Common Issues	1
SST 2018: Practical & Effective Implementation of Sales and Service Tax	1
Palm Oil Economic Review and Outlook (R&O) Seminar 2019	1
MPOA 1-day workshop on the Latest Development on Labour Legislations	1
Invitations to Malaysia-China Palm Oil Business Forum	1/2
Market Forum - "Embracing Challenges , Optimizing Opportunities" 2019 - What Lies Ahead	1/2
Seminar on Green Food Certification & MSPO Presence in China	1/2

The Board has yet to adopt gender diversity policies and targets. However, the Company will promote corporate culture that embraces diversity when determining composition of Board and employees at all level from diverse pool of qualified candidates. The Board will continue to monitor and review the Board size and composition from time to time and ensure that women candidates are sought in the recruitment exercise. The evaluation of candidates' suitability are solely based on their competency, appropriate skills, character, time commitment, integrity, contribution and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Directors, as the case may be.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

The Nomination Committee will recommend candidates for all directorships to be filled to the Board which involves selection and assessment of candidates for directorships proposed by the CEO/ED and within the bounds of practicality, by any other senior executive or any director or shareholder, interviewing or meeting up with candidates, deliberation by the Nomination Committee and recommendations by the Nomination Committee to the Board. The Board may utilizes independent sources to identify suitably qualified candidates if deem necessary.

The Nomination Committee is chaired by Senior Independent Director and all the members are non-executive Directors and a majority of whom are independent. During the financial year ended 31 December 2018, the Nomination Committee has met once.

The Board through the Nomination Committee conducted an annual assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment and peer approach. From the results of the assessment, including the mix of skills, experience and other qualities possessed by Directors, the Board considered and approved the recommendations made by the Nomination Committee on the re-election of Directors at the Company's forthcoming Annual General Meeting. The Nomination Committee shall assess the independence of all Independent Directors annually and report to the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions shall be properly documented.

In evaluating the suitability of candidates, the Nomination Committee considers, inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, and additionally in the case of candidates proposed for appointment as Independent Directors, the candidates' independence.

During the financial year ended 31 December 2018, the Nomination Committee upon its annual review carried out, is satisfied that the size and composition of the Board is optimum and conducive to effective discussion and decision making. There is appropriate mix of skills, experience and core competencies in the composition of the Board and that the Board has an appropriate number of Independent Directors. The Nomination Committee is also satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, good character, experience, integrity, core competencies and qualities as well as their time devoted and committed to discharge their roles.

The Nomination Committee recognizes the importance of the roles that the Nomination Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Nomination Committee can assist the Board to discharge its fiduciary and leadership functions.

III. Remuneration

The Remuneration Committee is principally responsible for setting the remuneration structure and policy for Executive Directors and recommending to the Board the remuneration of Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Independent Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Independent Director concerned.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

The Board has adopted the Directors' Remuneration Policies and Procedures, summarised as follows:

(a) The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
(b) The level of remuneration for the CEO and ED are determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies, business results, experience and individual performance.
(c) No Director other than the CEO and ED shall have a service contract with the Company.

RSB recognises the need to ensure that remuneration of Directors is appreciative and reflective of the responsibility and commitment that goes with Board membership. The Remuneration Committee recommends to the Board the remuneration package of the Directors. The fees for Non-Executive Directors are determined by the Board as a whole. Each individual Director abstained from the Board discussion and decision on his own remuneration. The remuneration package is determined in accordance to fair and equitable criteria based on the performance of the Directors and the Directors' Remuneration Policies and Procedures.

The Board is of the opinion that matters pertaining to Directors' remuneration are of a personal nature. However, in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirement"), the remuneration of RSB's Directors for the financial year ended 31 December 2018 were as follows:

	Fee		Salary		Bonus		Other Emoluments		Total	
	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM	Group RM
Executive Directors										
Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	–	6,000	270,000	270,000	30,000	30,000	600	600	300,600	306,600
Dato' Jin Kee Mou	55,000	91,600	–	372,000	–	124,000	1,000	70,473	56,000	658,073
Non-Executive Directors										
Tiong Kiong King	75,000	124,600	–	–	–	–	2,000	2,000	77,000	126,600
Tiong Chiong Ong	120,000	174,600	–	–	–	–	1,000	264,950	121,000	439,550
Tiong Chiong Ie	35,000	36,000	–	–	–	–	1,200	1,200	36,200	37,200
Bong Wei Leong	45,000	45,000	–	–	–	–	2,400	2,400	47,400	47,400
Tiong Ing Ming	35,000	36,000	–	–	–	–	2,200	2,200	37,200	38,200

The terms of reference of the Remuneration Committee is available on the company's website at www.rsb.com.my.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

I. Audit Committee

The Audit Committee ("AC"), formed on 2 March 2006, comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director, Mr. Bong Wei Leong. The Committee composition complies with the Main market Listing Requirements of Bursa Malaysia Securities Berhad that the audit committee must be composed of not fewer than three (3) members and all the AC members must be non-executive directors, with a majority of them being independent directors. The Committee has adopted the practice for AC to require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a members of AC and such practice is incorporate in the terms of reference of AC.

The Board has adopted an External Auditors Policy for the AC to assess the suitability and independence of external auditors. The External Auditors Policy has outlined the criteria and procedures for the engagement, assessment and monitoring of external auditors. The AC is responsible for reviewing, assessing and monitoring the performance, suitability and independence of the external auditors, on an annual basis.

The external auditors have confirmed and assured in writing of their independence to the AC. The AC had assessed the suitability and independence of the external auditors based on the External Auditors Policy and considered several factors including adequacy of experience, resources of the firm and independence of the external auditors. AC is satisfied with the external auditors' performance, technical competency, independence and fulfillment of criteria as outlined in the External Auditors Policy. The AC recommended the re-appointment of Messrs. Crowe Malaysia PLT as external auditors for the ensuing year. The Board approved the recommendation made by AC for shareholders' approval at the forthcoming annual general meeting.

Audit and non-audit fees paid/payable by the Group and the Company to the External Auditors during the financial year ended 31 December 2018 are set out below:

	Group (RM)	Company (RM)
Statutory audit fee paid to:		
- Crowe Malaysia PLT	330,200	65,000
- Philip Tong & Co	36,500	–
Total (a)	**366,700**	**65,000**
Non-audit fees paid to:		
- Crowe Malaysia PLT	22,900	5,000
- Crowe Tax (Sarawak) Sdn Bhd	76,792	16,253
- Tomax Tax Services Sdn Bhd	9,848	–
Total (b)	**109,540**	**21,253**
% of non-audit fees (b/a)	29.9%	32.7%

The nature of the non-audit fees incurred by the Group and the company are services rendered for reviewing risk management and internal control statement and tax services.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT (CONT'D)

I. Audit Committee (Cont'd)

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

During the financial year under review, the AC met with the External Auditor twice (2) without the presence of the other Directors and employees of the Group.

II. Risk Management & Internal Control Framework

The Board acknowledges its responsibility for the Group's system of risk management and internal control, which is designed to identify, evaluate and manage the risks of the businesses of the Group, in pursuit of its objectives. In addition, the system of internal control practised by the Group spans over financial, operational and compliance aspects, particularly to safeguard the Group's assets and hence shareholders' investments. The system of internal control, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

The main features of risk management framework are disclosed on page 39 to 40 of this annual report.

In executing the responsibility for the internal control system, the Board via the internal auditors and Risk Management Committee, has adopted procedures to monitor the ongoing adequacy and integrity of the system of risk management and internal control. The effectiveness of the Group's system of risk management and internal control is reviewed on a regular basis by the internal auditors and Risk Management Committee.

Further details on the state of the risk management and system of internal control of the Group are presented on pages 39 to 41 of this annual report.

RSB has its in-house internal audit function which is independent of the activities its audit. The Internal Audit Manager report directly to the Audit Committee. Further details of the internal audit function are outlined on page 44 to 45 of this annual report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING & MEANGINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with stakeholders

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the General Meetings and through the Group's website at www.rsb.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. rsb@rsb.com.my to which stakeholders can direct their queries or concerns.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING & MEANGINGFUL RELATIONSHIP WITH STAKEHOLDERS

II. Conduct of General meeting

The general meeting, which is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the general meeting, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. The Chairman of the general meeting invited shareholders to raise questions with responses from the Board, Senior Management and external auditors. The notice of general meeting is circulated within the prescribed period before the date of the meeting to enable shareholders to go through the Annual Report, circular and papers supporting the resolutions proposed. Special business transacted at the general meeting are accompanying with the explanatory notes to facilitate full understanding of the matters involved. The outcome of the general meeting will be announced to Bursa Securities immediately.

COMPLIANCE STATEMENT

With the introduction of the new Code, the Board remains committed to inculcating good corporate governance for the Group. The Group has complied with the Code except for those disclosed in this Statement. The Group will continue to endeavour to comply with all the key principles of the Code in its effort to observe high standards of transparency, accountability and integrity.

STATEMENT ON NOMINATION COMMITTEE ACTIVITIES

During the financial year ended 31 December 2018, the Nomination Committee has met once and the activities carried out by the Nomination Committee during the financial year ended 31 December 2018 are as follows:

i) Reviewed the mix of skills, character, experience, integrity, core competencies and other qualities required for the Board as well as their time commitment and Board balance.
ii) Evaluated the performance and effectiveness of the Board including contributions of each individual Director as well as the financial controller and the independence of the Independent Directors.
iii) Assessed and recommended to the Board, Directors who are due for retirement by rotation pursuant to the Company's Articles of Association, for continuation in service as Directors.
iv) Discussed to formalise a policy on the board and workforce diversity (including gender, age and ethnicity) and discussed the assessment of Independent Directors who have served for more than nine (9) years for continuance in office as Independent Directors of the Company.
v) Assessed the financial controller or person primarily responsible for the management of the financial affairs of Group.
vi) Evaluated the performance and effectiveness of the Board Committees.
vii) Assessed and recommended to the Board the training needs and continuing education programme for Directors.
viii) Assessed and recommended the re-designation of Chairman and Executive Director.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia, the Board of Directors ("Board") of Rimbunan Sawit Berhad and Group ("Group") is committed to nurture and support a sound Risk Management Framework and Internal Controls System and is pleased to enclosed the Statement of Risk Management and Internal Control ("Statement") which outline the corporate governance practices to safeguard shareholders' investments and the Group's assets.

ROLES AND RESPONSIBILITIES

Board of Directors

The Board acknowledge its overall responsibility in the establishment and oversight of the Group's Risk Management Framework and Internal Control Systems, except for the associated company which is not under the control of the Board. The Board is cognisant of the fact that its role in providing risk oversight sets the tone and culture towards managing key risks that may impede the achievement of the Group's business goals within an acceptable risk profile. Likewise, the Board recognized the fact that the internal control systems are the actions taken by the Board and the Management to manage risks and increase occurrences that established goals will be achieved, rather than eliminate the likelihood of material misstatements or unforeseeable circumstances, fraud and losses.

Therefore, due to inherent limitations, it should be noted that the System can only provide reasonable, rather than absolute, assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptance to the business.

Risk Management Department

The Group has established the Risk Management Department ("RMD") to assists the Board in ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group. Among others the RMD is responsible for assisting in development of risk management framework, which ensuring all the necessary policies and mechanism are included; maintaining the risk register for the Group; monitoring and reporting of the key risks as identified by the Management and to facilitate the quarterly risk review.

Internal Audit Department

Pursuant to Paragraph 15.27 of MMLR of Bursa Malaysia, the Internal Audit Department ("IAD") reports directly to Audit Committee ("AC"). The activities of the IAD are guided by Internal Audit Charter and Annual Audit Plan which developed based on prioritization of the audit universe by using a risk-based methodology and approved by the AC. The IAD monitors compliance with the Group's policies and procedures, applicable laws and regulations, and provides independent assurance on the adequacy and effectiveness of risk assessment and internal control system by conducting regular audits and continuous assessment.

RISK MANAGEMENT FUNCTION & FRAMEWORK

The Group adopts an Enterprise Risk Management ("ERM") framework which streamline operations to realise business goals of organisation. This ERM provides structured guidance to identify, evaluate, control, report and monitor significant risks faced by orgainisation, including action plans to treat risks are monitored in relation to orgainisation's risk appetite. Additionally, this framework accords ownership of risks to process owners by engaging every level of the organisation as risk owners of their immediate sphere of risks which aims to approach risk management holistically and mitigating measures to address risks to acceptable levels (using Risk Registers).

RISK MANAGEMENT FUNCTION & FRAMEWORK (CONT'D)

RMD conducts periodic reviews on the Group's Risk Registers to ensure the risks and their mitigation measures are relevant and also cover responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines, changes to internal controls and management information systems, and output from monitoring processes.

Listed below are the principal risks as guidelines on risk reporting:

Operating Risk	Operating risk management ranges from managing strategic operating risks to manage diverse day-to-day business activities such as production, safety, health and environment, sustainability and compliance with laws and regulations.
Financial Risk	The Group is exposed to various financial risks relating to credit, liquidity, interest rates and etc. Financial Risk involves the Group operating liabilities to the financial results of uncertainty such as unreasonable capital structure, unreasonable debt maturity arrangement which unable to repayment of debt and etc.
Compliance Risk	Risk related to meeting global sustainability standards and certification. The Group is committed to achieve compliance of MSPO Guidelines, ISO certified, labour law and other quality standards to achieve excellence in quality management of our business. Compliance to these standards will ensure wider market reach with current demand for sustainable palm oil.
Environment Risk	Erratic Weather Conditions impacting operation.
Human Resource Risk	Our plantation is highly dependent on foreign labour especially from Indonesia for its operations. Policy changes, increased competition and intensified scrutiny of labour management may impact our operations turn leads to decrease in sales and profit.

INTERNAL AUDIT FUNCTION & SYSTEM

The IAD is responsible for undertaking regular and systematic review the adequacy and effectiveness of the Group's operations and system of internal controls based on annual audit plans which developed based on prioritisation of the audit universe as determine using a risk-based approach. All operating units are audited at least twice a year by the internal auditors. The internal audit findings are discussed at Management level and Management action plans are prepared that adequately address the Internal Audit Function's recommendations and findings arising from internal audits. The progress of the agreed actions plans have been effectively implemented through its follow-up reviews. The AC reviews all internal audit findings, Management's responses and the adequacy and effectiveness of the internal controls. The AC reports to the Board on a quarterly basis of its deliberations and recommendations.

During the year under review and up to the date of this Statement, the Group manages its risks by implementing various internal control mechanisms. The key elements of the Internal Control System are as follows:

- The Group has established an organisational structure that is aligned with its business and operational requirements, with clearly defined lines of responsibility and authority levels;
- Relevant senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;
- Policies and procedures and rules relating to the delegation of authority and segregation of duties have been established for key business processes. The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements.

INTERNAL AUDIT FUNCTION & SYSTEM (CONT'D)

During the year under review and up to the date of this Statement, the Group manages its risks by implementing various internal control mechanisms. The key elements of the Internal Control System are as follows (Cont'd):

- Annual business plans and budgets of the Group are prepared by business and operating units, reviewed and approved by the Board. The Group Management meets on a monthly basis with Operating Management to review actual performance and significant variances against budget are monitored on a going basis.
- Regular Managements and Operation Units meetings are conducted by Management which comprises the Chief Executive Officer ("CEO")/Executive Director ("ED") and divisional heads.
- Board meetings are held in quarterly basis with a formal agenda on matters for discussion. The Board is kept updated on the Group's activities and operations on a timely and regular basis.
- Periodic review and updates of risk profiles for principal risk and emerging risks both internal and external risks which will potentially derail the achievement of the business goals and objectives.
- Ensure internal audit programme covered identified principal risks. Audit findings throughout the financial period served as key feedback to validate effectiveness of risk management activities and embedded internal controls.
- Reviewed implementation progress of actionable programme, and evaluated post-implementation effectiveness.

The group will continue to enhance the adequacy and effectiveness of the Internal Control System of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants, which does not require the external auditors to form an opinion on the adequacy and effectiveness of the Risk Management and Internal Control System of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that this Statement was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board has received assurance from the CEO/ED and Corporate's General Managers of that the Group's Risk Management and Internal Control System, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement on Risk Management and internal control is made in accordance with the resolution of the Board of Directors dated 15 April 2019.

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee ("the Committee") of Rimbunan Sawit Berhad ("RSB" or "the Company") was established on 2 March 2006 and comprises the following members:

Chairman	:	Bong Wei Leong (Independent Director)
Members	:	Tiong Kiong King (Non-Independent Non-Executive Director)
		Tiong Ing Ming (Independent Director)

Mr. Bong Wei Leong is a member of the Malaysian Institute of Accountants, one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967. All members of the Audit Committee are financially literate.

KEY FUNCTIONS AND RESPONSIBILITIES

The Committee has clear written Terms of Reference ("TOR") defining its functions, qualifications for membership, scope of duties and responsibilities, regulations and procedures governing the manner in which the Committee is to operate and how decisions are to be taken.

The TOR is available on the Company's website at www.rsb.com.my.

MEETINGS AND ATTENDANCE

The Committee met five (5) times during the financial year ended 31 December 2018. All Committee meetings were attended by the Company Secretaries. Other Board members and the senior management staff attended the meetings upon invitation of the Committee to provide additional insight into matters to be discussed during the Committee meetings. The representatives of the internal and external auditors were also present during deliberations which required their inputs and advice.

The meeting attendance record of the Committee members was as follows:

	Numbers of meetings attended
Bong Wei Leong	5 out of 5
Tiong Kiong King	4 out of 5
Tiong Ing Ming	5 out of 5

All proceedings, matters arising, deliberations, in terms of the issue discussed, and resolutions at the Committee meetings are recorded in the minutes by the Company Secretaries, confirmed by the Committee, signed by the Chairman of the Committee or Chairman of the meeting and reported to the Board of Directors at the Board meetings.

SUMMARY OF THE WORK OF THE COMMITTEE

The following works were carried out by the Committee during the financial year ended 31 December 2018:

Financial Reporting

1. reviewed with the external auditors their audit for the financial year ended 31 December 2017 ("FY2017") to ensure that the audited financial statements were prepared to give a true and fair view in compliance with applicable Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016; and discussed their audit findings and accounting issues arising from their audit together with their recommendations and management's responses; and considered management's handling of impairment assessment, corrected or uncorrected misstatements and unadjusted audit differences;

SUMMARY OF THE WORK OF THE COMMITTEE (CONT'D)

The following works were carried out by the Committee during the financial year ended 31 December 2018 (Cont'd):

Financial Reporting (Cont'd)

2. reviewed and recommended the audited financial statements of the Company and of the Group for FY2017 for the Board's approval; and

3. reviewed the unaudited quarterly results of the Group to ensure compliance with applicable approved accounting standards and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), appropriate accounting policies had been adopted and applied consistently and narrative disclosures made were correct and comprehensive.

External Audit

1. reviewed the audit plan for FY2018 with the external auditors with focus on the audit engagement team, areas of audit emphasis and impairment assessment, multilocation scoping and audit timeline;

2. assessed the independence and suitability of external auditors based on the External Auditors Policy adopted by the Board of Directors and recommended to the Board of Directors their re-appointment as external auditors and their audit fees; and

3. met with the external auditors twice in FY2018 without the presence of Executive Directors and senior management to enquire about management's co-operation with the external auditors, sought clarification on certain issues arising from the final audit and ascertained no significant weaknesses were noted in the internal control system and no frauds were noted in the course of their audit.

Internal Audit

1. Reviewed the internal audit plan and was satisfied that the internal auditors employed a systematic and reasonable methodology to select suitable audit areas and the corresponding companies targeted for audit review;

2. Reviewed and deliberated the internal auditors' reports which highlighted the risk profiles and assessments, their recommendations, management's responses and actions; and

3. Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and was satisfied that the audit team has the relevant qualifications, adequate expertise and experience to conduct the audit competently and they have also demonstrate to provide quality audit performance.

Related Party Transactions

1. reviewed the adequacy of the disclosure on related party transactions entered into by the Company and the Group in the quarterly and annual reports;

2. reviewed the recurrent related party transactions ("RRPT") of the Group quarterly to:

    (i) ascertain that they were entered in accordance to the Company's established guidelines and procedures, and within the mandated limits, on normal commercial terms and were not detrimental to the interest of the Company and its minority shareholders; and

    (ii) monitored the aggregate value transacted to determine if the threshold had been breached to warrant immediate announcement to Bursa Securities.

SUMMARY OF THE WORK OF THE COMMITTEE (CONT'D)

The following works were carried out by the Committee during the financial year ended 31 December 2018 (Cont'd):

Related Party Transactions (Cont'd)

3. submitted the aforesaid RRPT to the Board for ratification and approval.

4. reviewed the draft Circular to Shareholders in relation to the proposed renewal of and new shareholders' mandate for RRPT of a revenue or trading nature and recommended to the Board for approval.

Other

1. Reviewed the draft Statement on Risk Management and Internal Control and draft Report of the Audit Committee prior to recommending to the Board of Directors for approval.

2. Review and discuss the efficiency, effectiveness, and integrity of the internal control system; including risk management; information technology security and control; and financial and operation management.

3. Meet at least quarterly with the head of Risk Management Committee to review and discuss the adequacy of the risk management functions in order to ensure that appropriate risk management functions is in place.

INTERNAL AUDIT FUNCTION

The Internal Audit provides independent assurance and advisory services designed to add value and improve the operations of the Group. Its scope encompasses, but is not limited to, through a systematic and regular reviews, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk assessment and internal control processes in relation to the Group's defined goals and objectives. The Committee approved the Internal Audit Function's Charter, which sets out its role, scope, accountability and authority.

Internal Audit function adopts a risk-based auditing approach towards planning and conduct of audits. The Internal Audit function is independent of the activities it audits, and is responsible for the regular review and/or appraisal of the internal control, management and governance processes with the Group in accordance with the principles of the Internal Audit Charter.

The Internal Audit reports based on the annual audit plan duly approved by the Committee and any unplanned audit reviews and special assignment undertaken by Internal Audit Department ("IAD") were issued to the Committee quarterly incorporating findings, recommendations to improve on the weaknesses noted in the course of the audits and Management's comments on the findings. An established system has been put in place to ensure that all remedial actions have been taken on the agreed audit issues and recommendations highlighted in the audit reports. At each meeting, the Committee considered the results of the audits undertaken and considered the adequacy of management's response to matters raised, including time taken to resolve such matters. The tasks, responsibilities, and goals of the Committee and internal auditing are closely intertwined in many ways.

INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year ended 31 December 2018, the IAD had undertaken the following works:

- prepare the annual audit plan for approval by the Committee;
- conducted follow-up visits on the recommendations and action plans agreed by the Management and report to the Committee on the status of its implementation;
- reviewing and appraising the soundness, adequacy and application of the system of internal control for areas covering operational, inventories, fixed assets, business process system, and human resource of the Group and recommend improvement thereon; and
- identifying ways and opportunities to improve the effectiveness and efficiency of the operations and processes within the Group.

The total costs incurred for the internal audit functions of the Group for the FY 2018 was RM 698,533.78 (FY 2017: RM 644,709.99). The additional increase in cost was mainly due to increase the frequency of operational audit visit from once to at least twice a year for all estates and increase manpower of the IAD.

This Report is made in accordance with the resolution of the Board of Directors dated 15 April 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

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

The Directors are also required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flows of the Group and of the Company for the financial year then ended.

As required by the Act and the Listing Requirements, the financial statements have been prepared in accordance with the provisions of the Act, applicable Malaysian Financial Reporting Standards and the requirements of the Main Market Listing Requirements.

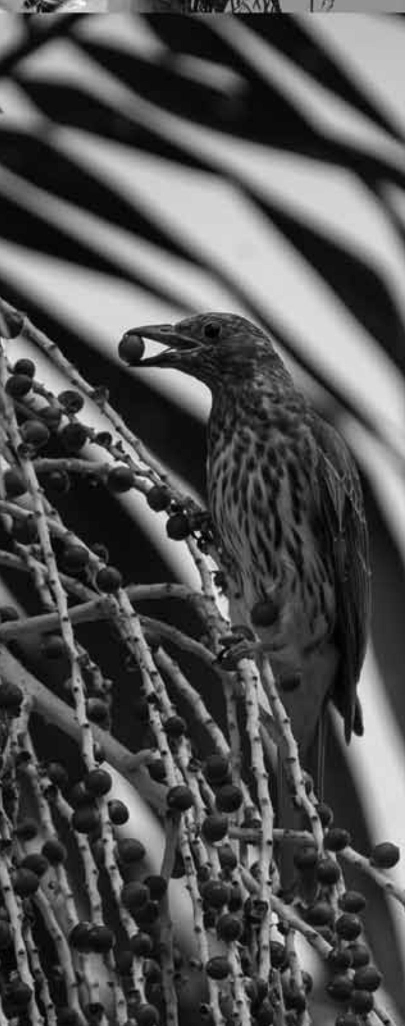
In preparing these financial statements, the Directors have:

- adopted and consistently applied the appropriate and relevant accounting policies;
- made reasonable and prudent judgements and estimates; and
- prepared the financial statements on a going concern basis.

The Directors have responsibility to ensure the Group and the Company maintain proper accounting records which disclose with reasonable accuracy at any time, the financial position and performance of the Group and the Company, and to enable them to ensure the financial statements comply with the provisions of the Act and the Listing Requirements.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated 15 April 2019.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
(Loss)/profit after taxation for the financial year	(148,697,053)	13,244,470
Attributable to:-		
Owners of the Company	(133,532,291)	13,244,470
Non-controlling interests	(15,164,762)	–
	(148,697,053)	13,244,470

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in Note 40(a) to the financial statements.

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

DIRECTORS

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

Tiong Chiong Ong
Tiong Kiong King
Diong Hiew King @ Tiong Hiew King
Tiong Chiong Ie
Bong Wei Leong
Tiong Ing Ming
Dato' Jin Kee Mou (Resigned on 3.1.2019)

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

Datuk Tiong Thai King
Datuk Stephen Timothy Wan Ullok
George Lentton Anak Indang (Appointed on 1.10.2018)
Junaidi Bin Reduan
Penghulu Ngau Ajang
Sebastian Ak Baya
Stephen Jussem Dundon
Timothy Tiong Ing Zun
Wan Abu Bakar Bin Wan Hamid (Appointed on 1.10.2018)
Wong Yiing Ngiik
YBhg. Datu Sajeli Bin Kipli
Hasbi Bin Suhaili (Resigned on 15.1.2018)
Razali Bin Zainudin (Resigned 1.10.2018)

DIRECTORS' INTERESTS

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

	< -------------- Number of Ordinary Shares -------------- >			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Direct Interests in the Company				
Tiong Chiong Ong	7,031,608	1,500	–	7,033,108
Tiong Kiong King	24,143,900	–	7,116,900	17,027,000
Diong Hiew King @ Tiong Hiew King	2,400,000	–	–	2,400,000
Tiong Chiong Ie	1,600,000	–	–	1,600,000
Tiong Ing Ming	200,000	–	–	200,000
Dato' Jin Kee Mou	16,000	–	–	16,000
Indirect Interests in the Company				
Tiong Chiong Ong	326,714	–	–	326,714
Tiong Kiong King	6,218,400	–	–	6,218,400
Diong Hiew King @ Tiong Hiew King	775,118,279	20,355,400	–	795,473,679
Tiong Chiong Ie	3,872,000	–	–	3,872,000

	Number of Irredeemable Convertible Preference Shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Indirect Interests in the Company				
Diong Hiew King @ Tiong Hiew King	164,876,929	–	–	164,876,929

By virtue of his shareholdings in the Company, Diong Hiew King @ Tiong Hiew King is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act, 2016.

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

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

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

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

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

Signed in accordance with a resolution of the Board of Directors dated 15 April 2019

Tiong Chiong Ong
Director

Tiong Kiong King
Director

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

We, Tiong Chiong Ong and Tiong Kiong King, being two of the directors of Rimbunan Sawit Berhad, state that, in the opinion of the directors, the financial statements set out on pages 61 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Directors dated 15 April 2019

Tiong Chiong Ong
Director

Tiong Kiong King
Director

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

I, Ling Tong Ung, MIA Membership Number: 5906, being the officer primarily responsible for the financial management of Rimbunan Sawit Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Ling Tong Ung
at Sibu
in the State of Sarawak
on this 15 April 2019

Ling Tong Ung
Officer

Before me

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rimbunan Sawit Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 143.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Impairment of Goodwill
Refer to Note 12 in the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The Group has goodwill with a cost stated at RM75.2 million as at 31 December 2018, which relates to the Group's oil palm plantation cash-generating unit ("CGU"). An impairment allowance of RM32.5 million (2017: RM22.3 million) was recognised for the financial year, with a resulting net carrying amount of goodwill of RM16.4 million. CGUs containing goodwill shall be tested for impairment on an annual basis. It is considered to be a key audit matter due to the significant judgement required in determining the assumptions used to estimate the recoverable amount. The recoverable amount of each CGU, being the higher of value-in-use and fair value less costs to sell, has been derived from discounted cash flows model. This model uses several key assumptions, including assumptions about future commodity prices and the appropriate discount rate as well as internal assumptions related to estimated gross profit margin, oil palm yield rates and future capital and operating expenditure.	Our procedures included, amongst others:- • evaluating and challenging the appropriateness and reasonableness of the assumptions applied to key inputs such as prices of crude palm oil, oil palm yield rates, operating costs and discount rate applied, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry. • performing sensitivity analysis, which included assessing the effect of reasonably possible reductions in key drivers (e.g. commodity prices, discount rate) of cash flows forecast to evaluate the impact on the currently estimated headroom. • evaluating the adequacy of the disclosures in the financial statements, including disclosures of key assumptions and judgements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Impairment of Property, Plant and Equipment Refer to Note 8 in the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group has oil palm plantation assets with a carrying amount of RM1.1 billion as at 31 December 2018. An impairment allowance totalling RM80.1 million (2017: RM109.7 million) was recognised during the financial year in respect of these plantation assets. The Group shall assess at the end of each reporting period whether there is any indication that the plantation assets may be impaired. If any such indication exists, the Group shall estimate the recoverable amounts of these assets. Certain oil palm plantations of the Group have a history of losses mainly due to the low oil plam yield. This was identified by management as an impairment indicator; and a value-in-use approach was adopted to determine the recoverable amounts of the plantation assets. We gave audit focus on the impairment of these plantation assets because the estimation of their recoverable amounts involves significant management judgement, including in respect of estimated future commodity prices, oil palm yield rates, operating costs and discount rate applied to future cash flows.	Our procedures included, amongst others:- • evaluating and challenging the appropriateness and reasonableness of the assumptions applied to key inputs such as prices of crude palm oil, oil palm yield rates, operating costs and discount rate applied, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry. • testing the sensitivity of the impairment calculations to changes in key assumptions used by management (e.g. commodity prices, discount rate) to evaluate the impact on the currently estimated headroom. • evaluating the adequacy of the disclosures in the financial statements, including disclosures of key assumptions and judgements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Liquidity Position Refer to Note 4 in the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The Group incurred a net loss of RM148.7 million (2017: RM157.6 million) for the financial year ended 31 December 2018 and, as at that date, the Group's current liabilities exceeded its current assets by RM368.7 million. The Group's operations are mainly financed by banking facilities that include term loans and short-term borrowings. As at 31 December 2018, the Group's bank borrowings amounted to RM537.6 million (2017: RM584.9 million). With regards to the above, management has considered the liquidity position of the Group, taking into account of the Group's cash requirements and funding sources available to meet its debt service obligations over the next 12 months. Given the current financial performance of the Group, we gave audit focus on the ability of the Group to meet its obligations as and when they arise.	Our procedures included, amongst others:- • discussing with management to understand their plans for future action to source funds, and their cash requirements. • testing and analysing the cash flows forecast for the next 12 months to assess the Group's ability to service its debt obligations. • evaluating the adequacy of the disclosures in the financial statements with regards to the Group's liquidity position.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 (cont'd):-

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER MATTERS

1. As stated in Note 3.1 to the financial statements, Rimbunan Sawit Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

OTHER MATTERS (CONT'D)

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

Crowe Malaysia PLT
LLP0018817-LCA & AF1018
Chartered Accountants

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

Sibu, Sarawak

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		The Group			The Company		
	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
ASSETS							
NON-CURRENT ASSETS							
Investments in subsidiaries	6	–	–	–	828,909,160	761,919,160	631,889,160
Investment in an associate	7	4,397,296	4,397,296	4,397,296	4,397,296	4,397,296	4,397,296
Property, plant and equipment	8	1,129,819,468	1,173,984,580	1,439,911,891	3,833,062	5,769,659	7,153,151
Biological assets	9	10,293,576	9,793,704	9,404,732	–	–	–
Intangible assets	10	772,063	1,159,006	19,973,364	–	1,151,213	1,705,513
Other investment	11	310,251	5,000,000	5,000,000	310,251	5,000,000	5,000,000
Goodwill	12	16,399,232	38,469,537	60,759,527	–	–	–
Amount owing by a subsidiary	13	–	–	–	61,453,544	104,936,868	502,713,929
Deposits with licensed banks	14	–	102,381	102,381	–	–	–
		1,161,991,886	1,232,906,504	1,539,549,191	898,903,313	883,174,196	1,152,859,049
CURRENT ASSETS							
Inventories	15	12,766,290	18,286,687	15,547,988	–	–	–
Trade receivables	16	6,725,319	13,081,071	20,304,990	–	–	–
Other receivables, deposits and prepayments	17	17,572,399	52,726,861	16,443,847	717,647	3,407,914	768,475
Current tax assets		7,922,902	4,995,907	5,688,481	860,426	–	–
Biological assets	9	2,553,344	3,930,907	5,528,984	–	–	–
Deposits with licensed banks	14	261,512	153,771	–	159,131	153,771	–
Cash and bank balances		1,572,205	1,132,253	1,612,358	17,232	39,432	39,682
		49,373,971	94,307,457	65,126,648	1,754,436	3,601,117	808,157
Assets classified as held for sale	18	–	143,808,049	–	–	–	–
		1,211,365,857	1,471,022,010	1,604,675,839	900,657,749	886,775,313	1,153,667,206

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	The Group 31.12.2018 RM	The Group 31.12.2017 RM	The Group 1.1.2017 RM	The Company 31.12.2018 RM	The Company 31.12.2017 RM	The Company 1.1.2017 RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	19	807,129,190	807,129,190	791,682,240	807,129,190	807,129,190	791,682,240
Reserves	20	(321,844,632)	(188,312,341)	(40,842,504)	22,663,634	9,419,164	48,134,066
Equity attributable to owners of the Company		485,284,558	618,816,849	750,839,736	829,792,824	816,548,354	839,816,306
Non-controlling interests	6	60,594	15,015,356	42,580,772	–	–	–
TOTAL EQUITY		485,345,152	633,832,205	793,420,508	829,792,824	816,548,354	839,816,306
NON-CURRENT LIABILITIES							
Borrowings	21	249,728,181	296,247,850	354,093,825	1,467,022	2,534,187	3,558,716
Deferred tax liabilities	23	58,258,289	103,113,018	127,881,484	–	450,612	719,275
		307,986,470	399,360,868	481,975,309	1,467,022	2,984,799	4,277,991
CURRENT LIABILITIES							
Trade payables	24	60,473,048	70,372,115	60,736,943	–	–	–
Other payables, deposits and accruals	25	60,826,721	75,282,625	33,807,961	4,865,636	5,636,109	9,612,419
Amount owing to subsidiaries		–	–	–	–	–	264,903,313
Borrowings:-	21						
- bank overdrafts		19,183,047	13,648,600	13,078,560	5,451,937	1,629,132	1,334,655
- other borrowings		268,660,062	274,957,032	218,032,991	59,080,330	59,029,998	32,230,619
Current tax liabilities		8,891,357	3,568,565	3,623,567	–	946,921	1,491,903
		418,034,235	437,828,937	329,280,022	69,397,903	67,242,160	309,572,909
TOTAL LIABILITIES		726,020,705	837,189,805	811,255,331	70,864,925	70,226,959	313,850,900
TOTAL EQUITY AND LIABILITIES		1,211,365,857	1,471,022,010	1,604,675,839	900,657,749	886,775,313	1,153,667,206

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
REVENUE	26	338,688,464	324,391,931	50,000,000	3,000,000
COST OF SALES		(345,253,378)	(301,050,603)	–	–
GROSS (LOSS)/PROFIT		(6,564,914)	23,341,328	50,000,000	3,000,000
OTHER INCOME		14,125,035	2,072,044	5,805,831	9,427,097
DISTRIBUTION COSTS		(15,702,511)	(10,077,330)	–	–
ADMINISTRATIVE AND OTHER EXPENSES		(150,751,449)	(158,712,665)	(40,297,542)	(31,372,620)
FINANCE COSTS	27	(25,011,851)	(22,623,784)	(3,670,906)	(2,422,941)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	28	(156,633)	(507,317)	–	–
(LOSS)/PROFIT BEFORE TAXATION	29	(184,062,323)	(166,507,724)	11,837,383	(21,368,464)
INCOME TAX EXPENSE	30	35,365,270	8,919,421	1,407,087	(1,899,488)
(LOSS)/PROFIT AFTER TAXATION		(148,697,053)	(157,588,303)	13,244,470	(23,267,952)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		(148,697,053)	(157,588,303)	13,244,470	(23,267,952)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(133,532,291)	(132,022,887)	13,244,470	(23,267,952)
Non-controlling interests		(15,164,762)	(25,565,416)	–	–
		(148,697,053)	(157,588,303)	13,244,470	(23,267,952)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(133,532,291)	(132,022,887)	13,244,470	(23,267,952)
Non-controlling interests		(15,164,762)	(25,565,416)	–	–
		(148,697,053)	(157,588,303)	13,244,470	(23,267,952)
LOSS PER SHARE (SEN)	31				
Basic		(6.54)	(6.47)		
Diluted		(6.54)	(6.47)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Group	Note	< ---- Non-distributable ---- > Share Capital Ordinary Shares RM	Preference Shares RM	Share Premium RM	Merger Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.1.2017									
- as previously reported		709,243,775	82,438,465	15,446,950	(53,065,553)	(6,363,010)	747,700,627	42,147,054	789,847,681
- effects of transition to MFRS framework	41	–	–	–	–	3,139,109	3,139,109	433,718	3,572,827
- as restated		709,243,775	82,438,465	15,446,950	(53,065,553)	(3,223,901)	750,839,736	42,580,772	793,420,508
Loss after taxation/Total comprehensive income for the financial year		–	–	–	–	(132,022,887)	(132,022,887)	(25,565,416)	(157,588,303)
Contributions by and distributions to the owners of the Company:-									
- dividends by a subsidiary to non-controlling interests		–	–	–	–	–	–	(2,000,000)	(2,000,000)
Transfer to share capital upon implementation of the Companies Act 2016	19	15,446,950	–	(15,446,950)	–	–	–	–	–
Balance at 31.12.2017		724,690,725	82,438,465	-	(53,065,553)	(135,246,788)	618,816,849	15,015,356	633,832,205

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

The Group	Share Capital Ordinary Shares RM (Non-distributable)	Share Capital Preference Shares RM (Non-distributable)	Merger Reserve RM (Non-distributable)	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 31.12.2017/1.1.2018	724,690,725	82,438,465	(53,065,553)	(135,246,788)	618,816,849	15,015,356	633,832,205
Loss after taxation/Total comprehensive income for the financial year	–	–	–	(133,532,291)	(133,532,291)	(15,164,762)	(148,697,053)
Contributions by and distributions to the owners of the Company:- - issuance of ordinary shares by a subsidiary to non-controlling interests	–	–	–	–	–	210,000	210,000
Balance at 31.12.2018	724,690,725	82,438,465	(53,065,553)	(268,779,079)	485,284,558	60,594	485,345,152

The Company	Note	Share Capital Ordinary Shares RM (Non-distributable)	Share Capital Preference Shares RM (Non-distributable)	Share Premium RM (Non-distributable)	Retained Profits RM	Total Equity RM
Balance at 1.1.2017		709,243,775	82,438,465	15,446,950	32,687,116	839,816,306
Loss after taxation/Total comprehensive income for the financial year		–	–	–	(23,267,952)	(23,267,952)
Transfer to share capital upon implementation of the Companies Act 2016	19	15,446,950	–	(15,446,950)	–	–
Balance at 31.12.2017/1.1.2018		724,690,725	82,438,465	–	9,419,164	816,548,354
Profit after taxation/Total comprehensive income for the financial year		–	–	–	13,244,470	13,244,470
Balance at 31.12.2018		724,690,725	82,438,465	–	22,663,634	829,792,824

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/profit before taxation		(184,062,323)	(166,507,724)	11,837,383	(21,368,464)
Adjustments for:-					
Allowance for stock obsolescence		20,188	73,251	–	–
Allowance for stock obsolescence no longer required		(41,093)	(14,428)	–	–
Amortisation of intangible assets		434,944	896,323	314,820	584,054
Bad debts written off		87,463	445,211	–	300,046
Biological assets written off		–	140,347	–	–
Changes in fair value of:-					
- biological assets		1,377,563	1,598,077	–	–
- other investment		4,689,749	–	4,689,749	–
Depreciation of property, plant and equipment		68,476,157	77,417,693	990,490	1,387,075
Dividend income		–	–	(50,000,000)	(3,000,000)
(Gain)/loss on disposal of:-					
- assets classified as held for sale		(6,191,951)	–	–	–
- intangible assets		–	(19,655)	–	(19,655)
- investment in a subsidiary	33	–	(48,141)	–	–
- property, plant and equipment		401,916	(290,241)	(32)	–
Impairment losses on:-					
- goodwill		32,474,566	22,289,990	–	–
- investments in subsidiaries		–	–	29,200,000	24,970,000
- property, plant and equipment		80,087,548	109,653,259	–	–
- receivables		1,405,927	631,016	–	–
Impairment losses on receivables no longer required		(1,249,294)	(123,699)	–	–
Interest expense		25,011,851	22,623,784	3,670,906	2,422,941
Interest income		(17,438)	(23,994)	(4,845,314)	(8,721,652)
Property, plant and equipment written off		7,213,136	2,871,692	232	1,417
Operating profit/(loss) before working capital changes		30,118,909	71,612,761	(4,141,766)	(3,444,238)
Decrease/(increase) in inventories		5,714,586	(2,797,522)	–	–
Decrease/(increase) in trade and other receivables		41,591,962	(30,011,623)	2,690,267	(2,939,485)
(Decrease)/increase in trade and other payables		(55,071,732)	51,112,936	(770,473)	(3,976,310)
CASH FROM/(FOR) OPERATIONS		22,353,725	89,916,552	(2,221,972)	(10,360,033)
Income tax paid		(11,284,582)	(15,628,280)	(850,872)	(2,803,446)
Income tax refunded		371,459	461,848	–	90,313
Interest paid		(11,339,361)	(8,875,709)	(3,443,552)	(2,128,290)
Interest received		17,438	23,994	4,845,314	8,721,652
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		118,679	65,898,405	(1,671,082)	(6,479,804)

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
BALANCE BROUGHT FORWARD		118,679	65,898,405	(1,671,082)	(6,479,804)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	32	(16,964,988)	–	(17,000,000)	(4)
Net of advance to/(repayment from) subsidiaries		–	–	43,483,324	132,873,748
Costs incurred on biological assets		(416,840)	(445,960)	–	–
Dividend received		–	–	50,000,000	3,000,000
Proceeds from disposal of assets classified as held for sale		150,000,000	–	–	–
Proceeds from disposal of intangible assets		836,393	24,800	836,393	24,800
Proceeds from disposal of property, plant and equipment		2,441,178	3,832,436	947,787	–
Proceeds from issuance of ordinary shares from non-controlling interests		210,000	–	–	–
Purchase of intangible assets		(884,394)	(43,004)	–	(34,899)
Purchase of property, plant and equipment	34(a)	(66,866,870)	(41,097,521)	(1,880)	(5,000)
Subscription of shares in subsidiaries		–	–	(79,190,000)	(154,999,996)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		68,354,479	(37,729,249)	(924,376)	(19,141,351)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid by subsidiaries to non-controlling interests		–	(2,000,000)	–	–
Drawdown of term loans	34(c)	18,103,264	10,336,807	–	–
Net of drawdown/(repayment) of bankers' acceptance	34(c)	856,989	(7,222,433)	–	–
Net of drawdown/(repayment) of revolving credit	34(c)	13,000,000	43,500,000	–	26,800,000
Payment of interests on long-term borrowings	34(c)	(17,596,904)	(18,617,596)	(227,354)	(294,651)
Repayment of hire purchase obligations	34(c)	(6,435,399)	(5,733,224)	(51,494)	(119,066)
Repayment of term loans	34(c)	(81,490,243)	(49,329,084)	(965,339)	(906,084)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(73,562,293)	(29,065,530)	(1,244,187)	25,480,199
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,089,135)	(896,374)	(3,839,645)	(140,956)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(12,362,576)	(11,466,202)	(1,435,929)	(1,294,973)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(b)	(17,451,711)	(12,362,576)	(5,275,574)	(1,435,929)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 15 April 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

3.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards,* with 1 January 2017 as the date of transition. An opening statements of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 5 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 41 to the financial statements.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS: 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

(a) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

(b) Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the "SPPI criterion") and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

4. GOING CONCERN

The financial statements of the Group are prepared on the basis of accounting principles applicable to going concern, notwithstanding that the Group incurred a net loss of RM148.7 million for the financial year ended 31 December 2018 and, as at that date, the Group's current liabilities exceeded its current assets by RM368.7 million.

In assessing the appropriateness of the use of going concern assumption, management has considered the Group's cash flows forecast for the financial year ending 31 December 2019. Management believes that the debt service obligations of the Group could be met out of operating cash flows and the proceeds arising from the sale of property, plant and equipment as disclosed in Note 40(b) to the financial statements. In addition, management is contemplating the sale of other non-profitable oil palm plantation estates to improve the liquidity position of the Group.

In view of the above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements of the Group have been prepared on the going concern basis.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 8 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 12 to the financial statements.

(c) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A discounted cash flow method is used to determine the recoverable amount. Significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 8 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date are disclosed in Note 16 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by a subsidiary as at the reporting date are disclosed in Notes 17 and 13 to the financial statements respectively.

(f) Income Taxes

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

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 32 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification of Leasehold Land

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(b) Classification of Rubber Plantation as Bearer Plants

The classification of rubber trees as bearer plants or non-bearer plants depends on the business plan for respective rubber plantations, pertinent facts and circumstances surrounding the trees, plantations and relevant local market or industry considerations. Rubber trees are not considered as bearer plants when there is a commercially viable plan to sell the rubber trees as lumber to an established market.

The Group's business plan is to cultivate rubber trees for rubber tapping and hence, rubber plantation is accounted for as bearer plants.

5.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

The acquisitions of Baram Trading Sdn Bhd and Nescaya Palma Sdn Bhd by the Company have been accounted for as a business combination among entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

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

(b) Non-Controlling Interests

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

(c) Changes in Ownership Interests in Subsidiaries without Change of Control

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

(d) Loss of Control

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

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2017: FRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before 1 January 2017. Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous accounting framework (i.e. FRSs) as at the date of transition.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 GOODWILL

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

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

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

Interests in Associates

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

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

5.5 FINANCIAL INSTRUMENTS

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 *Revenue from Contracts with Customers* at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Investments in Equity Instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has made an irrevocable election to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

Ordinary Shares and Irredeemable Convertible Preference Shares ("ICPSs")

Ordinary shares and ICPSs are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

5.6 INVESTMENTS IN SUBSIDIARIES

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2018. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9 (2017: FRS 139). Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

5.8 PROPERTY, PLANT AND EQUIPMENT

(a) Bearer Plants

Bearer plants comprise mainly mature and immature oil palm and rubber plantations, and nurseries that are established by the Group.

The oil palm and rubber plantations are measured at costs less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of materials and direct labour, and other costs directly attributable to bringing the immature plantations to a mature state. Costs also include capitalised borrowing costs and other charges incurred in connection with the financing of the development of immature plantations.

Immature plantations are not depreciated. Mature plantations are being depreciated on a straight-line method over the estimated useful lives of 25 years.

The depreciation method, useful lives and residual values will be reviewed if there is a significant change. The effect of any change in estimate is to be accounted for on a prospective basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT

(b) Other Property, Plant and Equipment

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

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

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

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

Land and buildings	Over the lease period of 60 years and 5%
Leasehold land	Over the lease periods of 43 to 87 years
Buildings, drainage and roads	4% - 20%
Nursery irrigation systems	7½% - 10%
Motor vehicles, plant and machinery	10%
Equipment and furniture	10% - 100%

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

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 BIOLOGIGAL ASSETS

Biological assets include gaharu plantations and agriculture produce growing on bearer plants, which is referred to as fresh fruit bunches ("FFB"), and are stated at fair value less costs to sell.

Gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss in the period in which they arise.

5.10 INTANGIBLE ASSETS

(a) Computer Software

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

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful lives of 5 to 10 years.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

(b) Commercial Rights on Licence for Planted Forest ("LPF")

Commercial rights on LPF represent rights granted to the Company to plant trees on licensed area, which will expire in March 2064.

The rights acquired by the Company are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining term of the licence of 55 years at the date of acquisition.

5.11 LEASED ASSETS

(a) Finance Leases

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 LEASED ASSETS (CONT'D)

(a) Finance Leases (Cont'd)

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

(b) Operating Leases

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

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

5.12 INVENTORIES

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

(a) Processed inventories – cost of raw materials, direct labour, and an appropriate proportion of production overheads, determined on a first-in first-out basis.

(b) Sundry stores and consumables – original cost of purchase, determined on a weighted average basis.

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

5.13 CASH AND CASH EQUIVALENTS

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

5.14 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal group comprising assets and liabilities) 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 non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables, and on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

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

5.16 PROVISIONS

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

5.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

5.18 INCOME TAXES

(a) Current Tax

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

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

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

5.19 OPERATING SEGMENTS

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

5.20 EARNINGS PER ORDINARY SHARE

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

5.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Rendering of Services

Revenue from the provision of services is recognised over time in the period in which services are rendered. Customers are invoiced when the service is rendered and consideration is payable when invoiced.

5.24 OTHER INCOME

(a) Dividend Income

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

(b) Interest Income

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

(c) Rental Income

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

6. INVESTMENTS IN SUBSIDIARIES

	The Company 2018 RM	The Company 2017 RM
Unquoted shares, at cost	883,079,160	786,889,160
Less: Accumulated impairment losses	(54,170,000)	(24,970,000)
	828,909,160	761,919,160

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	Percentage of Issued Share Capital Held by Parent 2017 %	Principal Activities
Subsidiaries of the Company				
Baram Trading Sdn. Bhd.	Malaysia	85	85	Cultivation of oil palm
Burung Tiong Helicopter Sdn. Bhd.	Malaysia	85	85	Aircraft operations and Services

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	Principal Activities
Subsidiaries of the Company (Cont'd)				
Jayamax Plantation Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Lumiera Enterprise Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Nescaya Palma Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Novelpac-Puncakdana Plantation Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Pelita-Splendid Plantation Sdn. Bhd. #	Malaysia	70	70	Cultivation of oil palm
PJP Pelita Biawak Plantation Sdn. Bhd. #	Malaysia	85	85	Cultivation of oil palm
PJP Pelita Ekang-Banyok Plantation Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Lundu Plantation Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Selangau Plantation Sdn. Bhd. #	Malaysia	60	60	Cultivation of oil palm
PJP Pelita Ulu Teru Plantation Sdn. Bhd. #	Malaysia	60	60	Cultivation of oil palm
R.H. Plantation Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and operation of palm oil mill
Rajang Agrisupplies Sdn. Bhd.	Malaysia	100	100	Dormant
Rajang Builders Sdn. Bhd.	Malaysia	100	100	Dormant
Rakantama Sdn. Bhd. #	Malaysia	100	100	Insurance agency services
Rimbunan Sawit Management Services Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of management services

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	Principal Activities
Subsidiaries of the Company (Cont'd)				
RSB Lundu Palm Oil Mill Sdn. Bhd.	Malaysia	100	100	Provision of milling services
RSB Palm Oil Mill Sdn. Bhd.	Malaysia	100	100	Operation of palm oil mill
Sastat Holdings Sdn. Bhd.	Malaysia	100	–	Cultivation of oil palm
Timrest Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Topline Synergy Sdn. Bhd.	Malaysia	100	100	Provision of management consultancy services
Woodijaya Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Subsidiary of Nescaya Palma Sdn. Bhd.				
Formasi Abadi Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm

These subsidiaries were audited by other firms of chartered accountants.

(a) During the financial year, the Company acquired 100% equity interests in Sastat Holdings Sdn. Bhd. The details of the acquisition are disclosed in Note 32 to the financial statements.

(b) In the previous financial year, the Company acquired 100% equity interest in RSB Lundu Palm Oil Mill Sdn. Bhd. and Topline Synergy Sdn. Bhd. The details of the acquisitions are disclosed in Note 32 to the financial statements.

(c) In the previous financial year, Midas Plantation Sdn. Bhd., a wholly-owned subsidiary of the Group, completed its members voluntary winding up procedures. As a result, Midas Plantation Sdn. Bhd. ceased to be a subsidiary of the Group. The details of the disposal are disclosed in Note 33 to the financial statements.

(d) During the financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A total impairment loss of RM29,200,000 (2017: RM24,970,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Administrative and Other Expenses" line item of the statement of profit or loss and other comprehensive income. The recoverable amounts were determined based on their value in use approach and the pre-tax discount rate used was 10.0% (2017: 10.0%).

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Effective Equity Interest		The Group	
	2018	**2017**	**2018**	**2017**
	%	**%**	**RM**	**RM**
Subsidiaries of the Company (Cont'd)				
PJP Pelita Biawak Plantation Sdn. Bhd. ("Biawak")	15	15	4,894,126	5,219,836
PJP Pelita Ekang-Banyok Plantation Sdn. Bhd. ("Ekang-Banyok")	40	40	(4,755,280)	(2,092,443)
PJP Pelita Lundu Plantation Sdn. Bhd. ("Lundu")	40	40	22,376,888	25,101,586
PJP Pelita Selangau Plantation Sdn. Bhd. ("Selangau")	40	40	(16,034,596)	(13,213,222)
PJP Pelita Ulu Teru Plantation Sdn. Bhd. ("Ulu Teru")	40	40	(4,999,829)	554,143
Other individually immaterial subsidiaries			(1,420,715)	(554,544)
			60,594	15,015,356

(f) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Biawak	
	2018	**2017**
	RM	**RM**
<u>At 31 December</u>		
Non-current assets	43,269,364	47,132,233
Current assets	2,993,302	2,203,687
Non-current liabilities	(8,679,967)	(9,429,024)
Current liabilities	(4,955,195)	(5,107,989)
Net assets	32,627,504	34,798,907
<u>Financial year ended 31 December</u>		
Revenue	7,310,457	9,897,937
Loss for the financial year	(2,171,403)	(23,281,212)
Total comprehensive income	(2,171,403)	(23,281,212)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (cont'd):-

	Biawak	
	2018 RM	2017 RM
Total comprehensive income attributable to non-controlling interests	(325,710)	(3,492,182)
Dividends paid to non-controlling interests	–	–
Net cash flows from operating activities	846,108	4,111,424
Net cash flows for investing activities	(167,861)	(909,967)
Net cash flows for financing activities	(665,482)	(3,216,737)

	Ekang-Banyok	
	2018 RM	2017 RM
<u>At 31 December</u>		
Non-current assets	52,337,482	52,984,074
Current assets	1,989,799	1,369,334
Non-current liabilities	(12,628,731)	(18,253,297)
Current liabilities	(53,586,751)	(41,331,218)
Net assets	(11,888,201)	(5,231,107)
<u>Financial year ended 31 December</u>		
Revenue	5,546,184	5,952,772
Loss for the financial year	(6,657,094)	(4,324,917)
Total comprehensive income	(6,657,094)	(4,324,917)
Total comprehensive income attributable to non-controlling interests	(2,662,837)	(1,729,967)
Dividends paid to non-controlling interests	–	–
Net cash flows (for)/from operating activities	(1,115,348)	829,974
Net cash flows for investing activities	(2,158,630)	(2,551,868)
Net cash flows from financing activities	3,261,856	1,732,552

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (cont'd):-

	Lundu	
	2018	**2017**
	RM	**RM**
<u>At 31 December</u>		
Non-current assets	83,866,000	93,675,760
Current assets	2,679,768	3,975,386
Non-current liabilities	(19,746,751)	(22,135,019)
Current liabilities	(10,856,796)	(12,762,162)
Net assets	55,942,221	62,753,965
<u>Financial year ended 31 December</u>		
Revenue	20,019,206	26,758,881
Loss for the financial year	(6,811,744)	(8,121,752)
Total comprehensive income	(6,811,744)	(8,121,752)
Total comprehensive income attributable to non-controlling interests	(2,724,698)	(3,248,701)
Dividends paid to non-controlling interests	–	(2,000,000)
Net cash flows (for)/from operating activities	(627,968)	15,694,590
Net cash flows from/(for) investing activities	683,706	(2,575,656)
Net cash flows for financing activities	(55,088)	(13,148,783)

	Selangau	
	2018	**2017**
	RM	**RM**
<u>At 31 December</u>		
Non-current assets	53,483,473	52,936,063
Current assets	364,814	761,005
Non-current liabilities	–	–
Current liabilities	(93,934,776)	(86,730,123)
Net liabilities	(40,086,489)	(33,033,055)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (cont'd):-

	Selangau	
	2018 RM	2017 RM
Financial year ended 31 December		
Revenue	2,395,125	4,910,090
Loss for the financial year	(7,053,434)	(31,258,989)
Total comprehensive income	(7,053,434)	(31,258,989)
Total comprehensive income attributable to non-controlling interests	(2,821,374)	(12,503,596)
Dividends paid to non-controlling interests	–	–
Net cash flows (for)/from operating activities	(1,803,082)	1,100,089
Net cash flows for investing activities	(2,880,292)	(1,385,846)
Net cash flows from financing activities	4,689,433	258,727

	Ulu Teru	
	2018 RM	2017 RM
At 31 December		
Non-current assets	137,281,479	141,193,890
Current assets	3,896,889	3,854,415
Non-current liabilities	(27,820,772)	(38,284,872)
Current liabilities	(125,857,169)	(105,378,075)
Net (liabilities)/assets	(12,499,573)	1,385,358
Financial year ended 31 December		
Revenue	13,138,155	12,366,584
Loss for the financial year	(13,884,931)	(8,714,074)
Total comprehensive income	(13,884,931)	(8,714,074)
Total comprehensive income attributable to non-controlling interests	(5,553,972)	(3,485,630)
Dividends paid to non-controlling interests	–	–
Net cash flows (for)/from operating activities	(653,970)	2,125,954
Net cash flows for investing activities	(3,457,136)	(6,541,553)
Net cash flows from financing activities	4,099,382	4,414,950

7. INVESTMENT IN AN ASSOCIATE

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Unquoted shares, at cost	25,137,296	25,137,296	25,137,296	25,137,296
Share of post-acquisition reserves	(1,622,514)	(1,622,514)	–	–
	23,514,782	23,514,782	25,137,296	25,137,296
Less: Accumulated impairment losses	(19,117,486)	(19,117,486)	(20,740,000)	(20,740,000)
	4,397,296	4,397,296	4,397,296	4,397,296

The details of the associate are as follows:-

Name of Associate	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	Percentage of Issued Share Capital Held by Parent 2017 %	Principal Activities
Lubuk Tiara Sdn. Bhd. #	Malaysia	44	44	Cultivation of oil palm

The associate was audited by other firms of chartered accountants.

The Group recognised its share of results in the associate based on the unaudited financial statements drawn up to 31 December 2015.

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2018 RM	Additions RM	Disposals RM	Write-offs RM	Reclassifi-cations RM	Acquisition of A Subsidiary (Note 32) RM	Depreciation Charge RM	Impairment Losses RM	At 31.12.2018 RM
2018									
Carrying Amount									
Land and buildings	1,921,815	–	–	–	–	–	(174,684)	–	1,747,131
Leasehold land	186,682,850	37,000	–	–	–	14,716,881	(4,650,736)	(42,460,756)	154,325,239
Bearer plants	589,540,774	25,901,101	–	(6,547,859)	–	16,515,145	(32,337,087)	(28,839,568)	564,232,506
Buildings, drainage and roads	290,664,218	19,055,412	–	(4,785)	9,012,226	7,700,453	(23,078,070)	(8,787,224)	294,562,230
Nursery irrigation systems	125,561	–	–	–	107,924	–	(24,392)	–	209,093
Motor vehicles, plant and machinery	87,576,714	22,680,925	(1,587,237)	(596,282)	29,299	643,591	(9,489,069)	–	99,257,941
Equipment and furniture	8,012,472	3,472,747	(1,247,257)	(64,210)	7,484	83,980	(1,930,235)	–	8,334,981
Capital work-in-progress	9,460,176	5,788,183	(8,600)	-	(9,156,933)	1,067,521	–	–	7,150,347
	1,173,984,580	76,935,368	(2,843,094)	(7,213,136)	–	40,727,571	(71,684,273)	(80,087,548)	1,129,819,468

The Group	At 1.1.2017 RM	Additions RM	Disposals RM	Write-offs RM	Reclassifi-cations RM	Depreciation Charge RM	Impairment Losses RM	Classified as Held-for-Sale (Note 18) RM	At 31.12.2017 RM
2017									
Carrying Amount									
Land and buildings	2,116,362	–	–	–	–	(194,547)	–	–	1,921,815
Leasehold land	190,474,490	–	–	–	–	(3,791,640)	–	–	186,682,850
Bearer plants	778,475,649	25,994,184	–	(2,206,066)	2,240	(40,389,658)	(75,378,575)	(96,957,000)	589,540,774
Buildings, drainage and roads	344,975,133	4,396,613	(209,770)	(5)	33,313,792	(28,591,224)	(34,274,684)	(28,945,637)	290,664,218
Nursery irrigation systems	122,451	21,912	–	(4)	–	(18,798)	–	–	125,561
Motor vehicles, plant and machinery	31,450,881	9,923,966	(3,207,035)	(23,620)	55,977,107	(6,544,585)	–	–	87,576,714
Equipment and furniture	8,743,211	1,262,841	(125,390)	(28,835)	389,310	(2,228,665)	–	–	8,012,472
Capital work-in-progress	83,553,714	16,202,073	–	(613,162)	(89,682,449)	–	–	–	9,460,176
	1,439,911,891	57,801,589	(3,542,195)	(2,871,692)	–	(81,759,117)	(109,653,259)	(125,902,637)	1,173,984,580

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
2018				
Land and buildings	3,406,273	(1,659,142)	–	1,747,131
Leasehold land	235,985,804	(39,199,809)	(42,460,759)	154,325,239
Bearer plants	992,769,637	(313,909,375)	(114,627,756)	564,232,506
Buildings, drainage and roads	572,468,258	(232,253,733)	(45,652,295)	294,562,230
Nursery irrigation systems	306,869	(97,776)	–	209,093
Motor vehicles, plant and machinery	190,337,753	(91,079,812)	–	99,257,941
Equipment and furniture	23,592,953	(15,257,972)	–	8,334,981
Capital work-in-progress	7,150,347	–	–	7,150,347
	2,026,017,894	(693,457,619)	(202,740,807)	1,129,819,468
2017				
Land and buildings	3,406,273	(1,484,458)	–	1,921,815
Leasehold land	221,022,512	(34,339,662)	–	186,682,850
Bearer plants	963,377,501	(288,048,539)	(85,788,188)	589,540,774
Buildings, drainage and roads	534,939,251	(207,409,962)	(36,865,071)	290,664,218
Nursery irrigation systems	198,945	(73,384)	–	125,561
Motor vehicles, plant and machinery	170,865,842	(83,289,128)	–	87,576,714
Equipment and furniture	24,992,104	(16,979,632)	–	8,012,472
Capital work-in-progress	9,460,176	–	–	9,460,176
	1,928,262,604	(631,624,765)	(122,653,259)	1,173,984,580

The Company	At 1.1.2018 RM	Additions RM	Disposals RM	Write-offs RM	Depreciation Charge RM	At 31.12.2018 RM
2018						
Carrying Amount						
Buildings	3,284,914	–	–	–	(452,597)	2,832,317
Motor vehicles	289,911	–	–	–	(44,330)	245,581
Equipment and furniture	2,194,834	1,880	(947,755)	(232)	(493,563)	755,164
	5,769,659	1,880	(947,755)	(232)	(990,490)	3,833,062

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2017 RM	Additions RM	Write-offs RM	Depreciation Charge RM	At 31.12.2017 RM
2017					
Carrying Amount					
Buildings	3,737,511	–	–	(452,597)	3,284,914
Motor vehicles	334,242	–	–	(44,331)	289,911
Equipment and furniture	3,081,398	5,000	(1,417)	(890,147)	2,194,834
	7,153,151	5,000	(1,417)	(1,387,075)	5,769,659

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Buildings	4,503,043	(1,670,726)	2,832,317
Motor vehicles	1,010,144	(764,563)	245,581
Equipment and furniture	1,571,904	(816,740)	755,164
	7,085,091	(3,252,029)	3,833,062
2017			
Buildings	4,503,043	(1,218,129)	3,284,914
Motor vehicles	1,010,144	(720,233)	289,911
Equipment and furniture	5,477,593	(3,282,759)	2,194,834
	10,990,780	(5,221,121)	5,769,659

(a) Included in the property, plant and equipment of the Group and of the Company at the end of the reporting period are motor vehicles, plant and machinery with a total carrying amount of RM15,945,310 (2017: RM17,838,334) and RM Nil (2017: RM256,493) respectively, which are acquired under hire purchase terms. These leased assets have been pledged as security for the related finance lease liabilities of the Group and of the Company as disclosed in Note 22 to the financial statements.

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The carrying amount of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 21) is as follows:-

	The Group	
	2018 RM	2017 RM
Leasehold land	112,952,960	144,706,863
Bearer plants	410,968,243	512,243,701
Buildings, drainage and roads	207,943,631	242,356,906
Motor vehicles, plant and machinery	50,641,430	57,406,955
Capital work-in-progress	6,118,428	8,269,848
	788,624,692	964,984,273

(c) The leasehold land of the Group at the end of the reporting period is analysed as follows:-

	The Group	
	2018 RM	2017 RM
Unexpired period of less than 50 years	152,040,548	184,402,115
Unexpired period of more than 50 years	2,284,691	2,280,735
	154,325,239	186,682,850

(d) During the financial year, the Group carried out a review of the recoverable amounts of its plantation assets because certain oil palm plantation had been persistently making losses. Impairment losses of RM80,087,548 (2017: RM109,653,259), representing the write-down of the property, plant and equipment to their recoverable amounts, was recognised in "Administrative and Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 29 to the financial statements. The recoverable amounts of the plantation assets were determined based on the value-in-use approach and the pre-tax discount rate used was 10.0% (2017: 10.0%).

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) The Group's bearer plants comprise oil palm and rubber plantations, and are classified into mature and immature plantations as follows:-

The Group	Mature Oil Palm Plantations RM	Immature Oil Palm Plantations RM	Immature Rubber Plantations RM	Nursery Development RM	Total RM
Cost:-					
At 1.1.2018	810,421,374	139,563,783	9,689,563	3,702,781	963,377,501
Acquisition of a subsidiary	14,633,954	3,213,171	–	–	17,847,125
Additions	143,160	23,289,956	2,070,054	397,931	25,901,101
Write-offs	(13,413,522)	–	–	(942,568)	(14,356,090)
Reclassifications	54,333,998	(53,770,001)	–	(563,997)	–
At 31.12.2018	866,118,964	112,296,909	11,759,617	2,594,147	992,769,637
Accumulated depreciation and impairment losses:-					
At 1.1.2018	373,836,727	–	–	–	373,836,727
Acquisition of a subsidiary	1,331,980	–	–	–	1,331,980
Depreciation for the financial year	32,337,087	–	–	–	32,337,087
Impairment losses for the financial year	28,839,568	–	–	–	28,839,568
Write-offs for the financial year	(7,808,231)	–	–	–	(7,808,231)
At 31.12.2018	428,537,131	–	–	–	428,537,131
Carrying amount:-					
At 31.12.2018	437,581,833	112,296,909	11,759,617	2,594,147	564,232,506

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) The Group's bearer plants comprise oil palm and rubber plantations, and are classified into mature and immature plantations as follows (cont'd):-

The Group	Mature Oil Palm Plantations RM	Immature Oil Palm Plantations RM	Immature Rubber Plantations RM	Nursery Development RM	Total RM
Cost:-					
At 1.1.2017	799,967,495	231,441,901	8,578,380	5,425,729	1,045,413,505
Classified as held for sale	(40,406,971)	(65,419,391)	–	–	(105,826,362)
Additions	675	24,308,846	1,111,183	573,480	25,994,184
Write-offs	–	(507,976)	–	(1,698,090)	(2,206,066)
Reclassifications	50,860,175	(50,259,597)	–	(598,338)	2,240
At 31.12.2017	810,421,374	139,563,783	9,689,563	3,702,781	963,377,501
Accumulated depreciation and impairment losses:-					
At 1.1.2017	266,937,856	–	–	–	266,937,856
Classified as held for sale	(8,869,362)	–	–	–	(8,869,362)
Depreciation for the financial year	40,389,658	–	–	–	40,389,658
Impairment losses for the financial year	75,378,575	–	–	–	75,378,575
At 31.12.2017	373,836,727	–	–	–	373,836,727
Carrying amount:-					
At 31.12.2017	436,584,647	139,563,783	9,689,563	3,702,781	589,540,774

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(f) The following expenses were capitalised to immature plantations:-

	The Group 2018 RM	The Group 2017 RM
Amortisation of intangible assets	–	50,482
Depreciation of property, plant and equipment	3,130,430	4,259,756
Finance costs:-		
- bank overdrafts	109,083	58,882
- hire purchase obligations	61,777	79,603
- revolving credit	895,826	903,364
- term loans	2,852,382	3,825,981
Rental on:-		
- equipment	1,383	10,433
- plant and machinery	278,787	388,033
- wharf	5,408	130
Staff costs:-		
- short-term employee benefits	1,687,954	2,203,957
- defined contribution plan	235,418	304,393

9. BIOLOGICAL ASSETS

	The Group 2018 RM	The Group 2017 RM
At fair value:-		
Non-current		
At 1 January	9,793,704	9,404,732
Additions during the financial year	499,872	529,319
Write-offs during the financial year	–	(140,347)
At 31 December	10,293,576	9,793,704
Current		
At 1 January	3,930,907	5,528,984
Changes in fair value less costs to sell	(1,377,563)	(1,598,077)
At 31 December	2,553,344	3,930,907
Total	12,846,920	13,724,611

The biological assets of the Group comprise gaharu plantations and the unharvested agricultural produce of bearer plants, i.e. fresh fruit bunches ("FFB").

9. BIOLOGICAL ASSETS (CONT'D)

(a) Biological Assets, Non-current - Gaharu Plantations

The management determined that the cost of gaharu plantations is an appropriate estimate of their fair value as little biological transformation has taken place since initial cost incurrence and the impact of the biological transformation on price is not expected to be material due to the lengthy grow-out period.

As at 31 December 2018, the Group has 230.9 (2017: 230.9) hectares of gaharu plantations.

(b) Biological Assets, Current - Agricultural Produce of Bearer Plants (FFBs)

The Group adopted the income approach to measure the fair value of the unharvested FFBs. To arrive at the fair value of the unharvested FFBs, the management considered the oil content of the unripe FFBs and assumed that the net cash flows to be generated from FFBs prior to more than 2 weeks to harvest are negligible. Costs to sell, which include harvesting, transportation cost and windfall profit levy, are deducted from the fair value. The key assumptions used in the determination of the fair value less costs to sell of the unharvested FFBs are as follows:-

(i) estimated volume of unharvested FFBs as of the reporting date, with reference to the actual harvest data subsequent to the reporting date.

(ii) estimated prices of unharvested FFBs based on the market prices of FFBs as of the reporting date, adjusted for the oil content of the unripe FFBs.

(iii) estimated selling costs based on past practices and experience.

The fair value measurement of the Group's unharvested FFBs is categorised within level 3 of the fair value hierarchy.

The directors estimate that a decrease in the price of FFBs and the production volume of FFBs by 10% would result in the carrying amount of biological assets (current) reducing by RM329,000 (2017: RM483,000).

During the financial year, the Group harvested approximately 346,000 (2017: 351,000) tonnes of FFBs from the oil palm plantations.

The carrying amount of biological assets of the Group which are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 21 to the financial statement are RM1,293,322 (2017: RM1,870,811).

9. BIOLOGICAL ASSETS (CONT'D)

(c) The following expenses are included in biological assets:-

	The Group 2018 RM	The Group 2017 RM
Depreciation of property, plant and equipment	77,686	81,668
Finance costs:-		
- bank overdrafts	1,405	–
- hire purchase obligations	1,302	852
- revolving credit	1,965	839
- term loans	674	–
Rental of equipment	9	–
Staff costs:-		
- short-term employee benefits	49,814	25,114
- defined contribution plan	7,607	3,741

10. INTANGIBLE ASSETS

The Group	At 1.1.2018 RM	Additions RM	Disposals RM	Amortisation Charge RM	At 31.12.2018 RM
2018					
Carrying Amount					
Computer software	1,159,006	884,394	(836,393)	(434,944)	772,063

The Group	At 1.1.2017 RM	Additions RM	Disposals RM	Amortisation Charge RM	Classified as Held-for-Sale (Note 18) RM	At 31.12.2017 RM
2017						
Carrying Amount						
Computer software	1,709,246	43,004	(5,145)	(588,099)	–	1,159,006
Commercial rights on LPF	18,264,118	–	–	(358,706)	(17,905,412)	–
	19,973,364	43,004	(5,145)	(946,805)	(17,905,412)	1,159,006

10. INTANGIBLE ASSETS (CONT'D)

The Group	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2018			
Computer software	1,493,055	(720,992)	772,063
2017			
Computer software	3,893,051	(2,734,045)	1,159,006

The Company	At 1.1.2018 RM	Disposals RM	Amortisation Charge RM	At 31.12.2018 RM
2018				
Carrying Amount				
Computer software	1,151,213	(836,393)	(314,820)	–

The Company	At 1.1.2017 RM	Additions RM	Disposals RM	Amortisation Charge RM	At 31.12.2017 RM
2017					
Carrying Amount					
Computer software	1,705,513	34,899	(5,145)	(584,054)	1,151,213

The Company	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2017			
Computer software	3,284,391	(2,133,178)	1,151,213

Included in the amortisation charge of the Group for the financial year is an amount of Nil (2017: RM50,482), which is capitalised under bearer plants.

11. OTHER INVESTMENT

	The Group/The Company 2018 RM	2017 RM
Unquoted shares, at fair value:-		
At 1 January	5,000,000	5,000,000
Changes in fair value	(4,689,749)	–
At 31 December	310,251	5,000,000

(a) The fair value of unquoted shares which are not traded in an active market is determined based on valuation performed by the management at the end of reporting period using the income approach. There was no change to the valuation technique during the financial year.

(b) The fair value of unquoted shares is categorised within level 3 of the fair value hierarchy.

12. GOODWILL

	The Group 2018 RM	2017 RM
Cost:-		
At 1 January	64,759,527	64,759,527
Acquisition of a subsidiary (Note 32)	10,404,261	–
At 31 December	75,163,788	64,759,527
Accumulated impairment losses:-		
At 1 January	26,289,990	4,000,000
Impairment losses for the financial year	32,474,566	22,289,990
At 31 December	58,764,556	26,289,990
	16,399,232	38,469,537

Goodwill acquired through business combination is allocated to the Group's oil palm plantation cash-generating unit.

12. GOODWILL (CONT'D)

The Group assessed the recoverable amount of goodwill allocated and determined that an impairment loss of RM32,474,566 (2017: RM22,289,990) was required. The recoverable amount of the cash-generating unit is determined using the value in use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by the management covering a period of 5 years. Cash flows beyond the 5th year are extrapolated to the remaining life cycles of the plantation estates, which range from 5 to 22 years. The key assumptions used in the determination of the recoverable amount are as follows:-

(i) Discount rate (pre-tax) – an estimate of pre-tax rate that reflects specific risks relating to oil palm plantation, which is 10.00% (2017: 10.00%).

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

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

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

13. AMOUNT OWING BY A SUBSIDIARY

The amount owing represents unsecured advances which are repayable on demand. The amount owing earns interest at rates ranging from 4.30% - 5.30% (2017: 5.30%) per annum. The amount owing is to be settled in cash.

14. DEPOSITS WITH LICENSED BANKS

(a) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates of 3.45% (2017: 3.45%) per annum and 3.25% to 3.47% (2017: 3.25% to 3.45%) per annum respectively. The deposits have maturity periods of 10 (2017: 22) months and 30 (2017: 30) days for the Group and the Company respectively.

(b) Included in the deposits with licensed banks of the Group at the end of the reporting period was an amount of RM102,381 (2017: RM102,381) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

15. INVENTORIES

	The Group	
	2018 RM	**2017 RM**
At cost:-		
Processed inventories	4,781,734	6,196,893
Sundry stores and consumables	8,256,032	12,382,175
	13,037,766	18,579,068
Less: Allowance for stock obsolescence	(271,476)	(292,381)
	12,766,290	18,286,687

16. TRADE RECEIVABLES

	The Group 2018 RM	The Group 2017 RM
Trade receivables:-		
- third parties	5,330,114	12,360,501
- related parties	1,395,205	720,570
	6,725,319	13,081,071

The Group's normal trade credit terms range from 7 to 60 (2017: 7 to 60) days.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Other receivables:-				
- third parties	1,228,455	3,511,696	–	43
- related parties	23,073,932	21,248,883	12,597,547	12,608,817
- goods and services tax recoverable	4,217,357	2,325,784	65,520	45,333
	28,519,744	27,086,363	12,663,067	12,654,193
Less: Allowance for impairment losses	(13,982,837)	(13,826,204)	(12,273,877)	(12,273,877)
	14,536,907	13,260,159	389,190	380,316
Deposits	650,928	36,062,994	310,458	2,010,458
Prepayments	2,384,564	3,403,708	17,999	1,017,140
	17,572,399	52,726,861	717,647	3,407,914
Allowance for impairment losses:-				
At 1 January	13,826,204	13,318,887	12,273,877	12,273,877
Addition during the financial year	1,405,927	631,016	–	–
Reversal during the financial year	(1,249,294)	(123,699)	–	–
At 31 December	13,982,837	13,826,204	12,273,877	12,273,877

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

(b) Included in the deposits of the Group was an amount of Nil (2017: RM33,550,000) for the impending acquisition of a palm oil mill as disclosed in Note 40 to the financial statements.

18. ASSETS CLASSIFIED AS HELD FOR SALE

In the previous financial year, the management contemplated a plan to sell its license rights in relation to a plantation estate. The Company entered into a conditional agreement with Tiasa Mesra Sdn. Bhd. ("TMSB") to dispose of all the rights, titles and interests in relation to a plantation estate via an absolute agreement, development costs, commercial rights and all the fixtures and fittings relating thereto for a purchase consideration of RM150.0 million to be satisfied in cash. Accordingly, non-current assets relating to the plantation estate was presented as assets classified as held for sale.

As at 31 December 2017, the assets classified as held for sale were stated at their carrying amount which was lower than their fair value less costs to sell.

	The Group 2017 RM
Assets classified as held for sale:-	
Property, plant and equipment (Note 8)	125,902,637
Intangible assets (Note 10)	17,905,412
	143,808,049

The disposal was completed during the financial year as disclosed in Note 40(a)(i) to the financial statements. A gain on disposal of RM6,191,951, being the difference between the net disposal proceeds and the carrying amount, was recognised in "Other Income" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 29 to the financial statements.

19. SHARE CAPITAL

	The Group/The Company			
	2018	**2017**	**2018**	**2017**
	No. of Shares		**RM**	**RM**
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	1,418,487,551	1,418,487,551	724,690,725	709,243,775
Transfer from share premium account	–	–	–	15,446,950
At 31 December	1,418,487,551	1,418,487,551	724,690,725	724,690,725
ICPSs				
At 1 January / 31 December	164,876,929	164,876,929	82,438,465	82,438,465
Total	1,583,364,480	1,583,364,480	807,129,190	807,129,190

19. SHARE CAPITAL (CONT'D)

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company. The ordinary shares and ICPSs have no par value.

(b) The salient features of the ICPSs are as follows:-

(i)	Dividend	The ICPS holders are entitled to any dividend declared or paid ranking pari passu with ordinary shares, payable on the date dividends are paid on the ordinary shares. The ICPS holders shall not be entitled to any other rights, allotments, and/or other distributions that may be declared by the Company.
(ii)	Maturity	The maturity date is the tenth anniversary date of the issue date of the ICPSs. The ICPSs were issued on 1 October 2010.
(iii)	Conversion	The ICPSs shall be converted at the option of the ICPS holders into ordinary shares of the Company at any time up to the maturity date. The ICPSs are not redeemable for cash. All outstanding ICPSs are mandatorily converted into new ordinary shares upon maturity. One ICPS shall be converted into 3.78 new ordinary shares.
(iv)	Ranking	All new ordinary shares issued upon conversion of the ICPSs shall rank pari passu with all existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, the entitlement date of which is prior to the date of allotment of the said new ordinary shares.
(v)	Voting right	The ICPS holders shall have no right to vote at any general meeting of the Company except on resolutions to amend the ICPS holders' rights, to commence dissolution of the Company, or when dividend on the ICPSs is in arrears for more than six months.
(vi)	Further participation	The ICPS holders shall not be entitled to participate in the profit or surplus assets of the Company.

20. RESERVES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Merger reserve	(53,065,553)	(53,065,553)	–	–
(Accumulated losses)/retained profits	(268,779,079)	(135,246,788)	22,663,634	9,419,164
	(321,844,632)	(188,312,341)	22,663,634	9,419,164

The merger reserve arose from the difference between the fair value of the consideration paid for the purchase of subsidiaries under common control and the nominal value of shares of the subsidiaries upon consolidation using merger accounting principles.

21. BORROWINGS

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Long-term borrowings:-				
- hire purchase obligations (Note 22)	2,759,629	5,117,837	–	–
- term loans, secured	245,501,530	288,595,826	–	–
- term loans, unsecured	1,467,022	2,534,187	1,467,022	2,534,187
	249,728,181	296,247,850	1,467,022	2,534,187
Short-term borrowings:-				
- bank overdrafts, secured	9,107,245	11,040,267	–	–
- bank overdrafts, unsecured	10,075,802	2,608,333	5,451,937	1,629,132
- bankers' acceptance, unsecured	22,331,128	21,474,139	–	–
- hire purchase obligations (Note 22)	4,991,010	5,919,451	–	51,494
- revolving credit, secured	106,691,000	86,691,000	–	–
- revolving credit, unsecured	77,000,000	84,000,000	58,000,000	58,000,000
- term loans, secured	53,546,594	72,873,938	–	–
- term loans, unsecured	1,080,330	978,504	1,080,330	978,504
- unsecured loans	3,020,000	3,020,000	–	–
	287,843,109	288,605,632	64,532,267	60,659,130
	537,571,290	584,853,482	65,999,289	63,193,317

The term loans are repayable as follows:-

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Current				
- not later than 1 year	54,626,924	73,852,442	1,080,330	978,504
Non-current				
- later than 1 year and not later than 2 years	59,861,237	50,580,278	1,143,771	1,050,806
- later than 2 years and not later than 5 years	133,739,102	159,184,300	323,251	1,483,381
- later than 5 years	53,368,213	81,365,435	–	–
	246,968,552	291,130,013	1,467,022	2,534,187
	301,595,476	364,982,455	2,547,352	3,512,691

21. BORROWINGS (CONT'D)

The unsecured borrowings of the Group are supported by the corporate guarantee provided by the Company.

The secured borrowings of the Group are supported by:-

(a) fixed charges over certain subsidiaries' landed properties;

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

(c) fixed deposits of a subsidiary;

(d) a corporate guarantee provided by the Company; and

(e) joint and several guarantees provided by certain directors of the Company.

The bank overdrafts of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 7.65% to 8.04% (2017: 7.65% to 7.79%) per annum and 7.35% to 8.10% (2017: 7.35% to 7.85%) per annum respectively.

The bankers' acceptance of the Group at the end of the reporting period bore effective interest at rates ranging from 4.45% to 4.80% (2017: 4.17% to 4.66%) per annum.

The revolving credit of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 4.32% to 5.67% (2017: 4.35% to 5.25%) per annum and 4.79% to 6.72% (2017: 4.79% to 5.00%) per annum respectively.

The term loans of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 4.29% to 5.72% (2017: 4.08% to 5.60%) per annum and 7.35% (2017: 7.15%) per annum respectively.

The unsecured loans are granted by a company in which certain directors of the Company have substantial financial interests. The loans bear interest at rate of 4.15% (2017: 4.75%) per annum and are repayable on demand.

22. HIRE PURCHASE OBLIGATIONS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum hire purchase payments:-				
- not later than 1 year	5,266,601	6,356,386	–	52,160
- later than 1 year and not later than 2 years	2,302,860	4,077,294	–	–
- later than 2 years and not later than 5 years	547,222	1,223,611	–	–
	8,116,683	11,657,291	–	52,160
Less: future finance charges	(366,044)	(620,003)	–	(666)
Present value of hire purchase obligations	7,750,639	11,037,288	–	51,494

22. HIRE PURCHASE OBLIGATIONS (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
- not later than 1 year	4,991,010	5,919,451	–	51,494
Non-current				
- later than 1 year and not later than 2 years	2,221,794	3,953,414	–	–
- later than 2 years and not later than 5 years	537,835	1,164,423	–	–
	2,759,629	5,117,837	–	–
	7,750,639	11,037,288	–	51,494

(a) The hire purchase obligations of the Group and of the Company are secured by the motor vehicles, plant and machinery under hire purchase as disclosed in Note 8(a) to the financial statements.

(b) The hire purchase obligations of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 4.76% to 5.50% (2017: 4.76% to 5.50%) per annum and Nil (2017: 5.40%) per annum respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

23. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 January				
- as previously reported	103,113,018	126,914,642	450,612	719,275
- effects of transition to MFRS framework (Note 41)	–	966,842	–	–
- as restated	103,113,018	127,881,484	450,612	719,275
Acquisition of a subsidiary (Note 32)	3,819,461	–	–	–
Recognised in profit or loss (Note 30)	(48,674,190)	(24,768,466)	(450,612)	(268,663)
At 31 December	58,258,289	103,113,018	–	450,612

23. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax is attributable to the followings:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Property, plant and equipment, and intangible assets	215,142,308	252,794,953	74,480	618,658
Biological assets	522,645	283,305	–	–
Receivables	(13,367)	(13,367)	–	–
Unused tax losses	(59,639,244)	(53,934,744)	–	–
Unabsorbed agriculture capital allowance	(97,754,053)	(96,017,129)	(74,480)	(168,046)
	58,258,289	103,113,018	–	450,612

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deductible temporary differences	4,489,179	1,581,718	–	–
Unused tax losses	16,999,221	7,115,413	–	–
Unabsorbed agriculture/capital allowance	10,125,647	5,776,263	19,749	–
	31,614,047	14,473,394	19,749	–

24. TRADE PAYABLES

	The Group	
	2018 RM	2017 RM
Trade payables:-		
- third parties	37,904,881	53,155,309
- related parties	22,568,167	17,216,806
	60,473,048	70,372,115

The normal trade credit terms granted to the Group range from 15 to 90 (2017: 15 to 90) days.

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables:-				
- third parties	6,402,076	4,352,999	76,012	17,595
- related parties	38,130,391	9,295,952	938,872	1,782,181
- goods and services tax payable	514	415,108	–	–
	44,532,981	14,064,059	1,014,884	1,799,776
Deposits	32,800	45,035,487	–	–
Accruals	16,260,940	16,183,079	3,850,752	3,836,333
	60,826,721	75,282,625	4,865,636	5,636,109

(a) The amount owing to related parties represents unsecured interest-free advances granted to the Group by companies in which certain directors of the Company have controlling interests. The amount is repayable on demand and is to be settled in cash.

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

	The Group	
	2018 RM	2017 RM
Deposits for:-		
- disposal of an oil palm plantation estate (Note 40(a)(i))	–	15,000,000
- use of land for plantation	–	30,000,000
- others	32,800	35,487
	32,800	45,035,487

26. REVENUE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income	–	–	50,000,000	3,000,000
Chartering income	27,792	101,678	–	–
Contract income	–	14,322,998	–	–
Fresh fruit bunches margin	4,398,387	4,050,000	–	–
Insurance commission	244,729	200,961	–	–
Sale of - crude palm oil	251,908,954	177,081,032	–	–
- fresh fruit bunches	34,307,792	89,328,192	–	–
- palm kernel	42,941,018	34,547,983	–	–
- palm kernel shell	830,282	901,255	–	–
- empty bunch ash	–	31,408	–	–
- empty fruit bunch	–	283	–	–
- sludge oil	807,564	773,592	–	–
- seedlings	–	11,960	–	–
Transportation income	3,221,946	3,040,589	–	–
	338,688,464	324,391,931	50,000,000	3,000,000

27. FINANCE COSTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:-				
- bank overdrafts	1,344,591	790,338	234,859	138,276
- bankers' acceptance	991,420	1,189,997	38,414	–
- hire purchase obligations	516,536	601,367	666	6,130
- revolving credit	9,003,350	6,895,374	3,170,279	1,990,014
- term loans	17,080,368	18,016,229	226,688	288,521
	28,936,265	27,493,305	3,670,906	2,422,941
Less:-				
- amount capitalised under property, plant and equipment (Note 8(f))	(3,919,068)	(4,867,830)	–	–
- amount capitalised under biological assets (Note 9(c))	(5,346)	(1,691)	–	–
	25,011,851	22,623,784	3,670,906	2,422,941

28. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2018 RM	2017 RM
Impairment losses for the financial year	1,405,927	631,016
Reversal of impairment losses for the financial year	(1,249,294)	(123,699)
	156,633	507,317

29. LOSS/PROFIT BEFORE TAXATION

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/profit before taxation is arrived at after charging/(crediting):-				
Allowance for stock obsolescence	20,188	73,251	–	–
Allowance for stock obsolescence no longer required	(41,093)	(14,428)	–	–
Amortisation of intangible assets	434,944	896,323	314,820	584,054
Audit fee:-				
- current financial year	367,700	365,500	65,000	60,000
- (over)/under provision in the previous financial year	(2,050)	12,500	–	5,000
Bad debts written off	87,463	445,211	–	300,046
Biological assets written off	–	140,347	–	–
Changes in fair value of:-				
- biological assets	1,377,563	1,598,077	–	–
- other investment	4,689,749	–	4,689,749	–
Depreciation of property, plant and equipment	68,476,157	77,417,693	990,490	1,387,075
Directors' remuneration (Note 35)	1,764,073	1,831,279	675,400	766,600
Finance costs (Note 27)	25,011,851	22,623,784	3,670,906	2,422,941
(Gain)/loss on disposal of:-				
- assets classified as held for sale	(6,191,951)	–	–	–
- intangible assets	–	(19,655)	–	(19,655)
- investment in a subsidiary	–	(48,141)	–	–
- property, plant and equipment	401,916	(290,241)	(32)	–
Impairment losses on:-				
- goodwill	32,474,566	22,289,990	–	–
- investments in subsidiaries	–	–	29,200,000	24,970,000
- property, plant and equipment	80,087,548	109,653,259	–	–
Interest income	(17,438)	(23,994)	(4,845,314)	(8,721,652)
Management fee	1,618,000	1,620,000	184,800	163,200
Property, plant and equipment written off	7,213,136	2,871,692	232	1,417
Rental income	(382,142)	(283,650)	(652,164)	(652,164)
Rental on:-				
- equipment	415,851	374,861	–	–
- premises	1,849,560	1,832,088	1,014,288	1,014,288

29. LOSS/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Staff costs (including other key management personnel as disclosed in Note 35):-				
- short-term employee benefits	30,742,928	30,300,732	–	–
- defined contribution plan	3,430,946	3,497,354	–	–

30. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax:-				
- current financial year	15,280,218	12,603,965	771,868	1,728,343
- real property gain tax	–	2,671,055	–	–
- (over)/under provision in the previous financial year	(1,971,298)	574,025	(1,728,343)	439,808
	13,308,920	15,849,045	(956,475)	2,168,151
Deferred tax (Note 23):-				
- origination and reversal of temporary differences	(48,171,980)	(24,820,620)	(447,728)	(288,276)
- (over)/under provision in the previous financial year	(502,210)	52,154	(2,884)	19,613
	(48,674,190)	(24,768,466)	(450,612)	(268,663)
	(35,365,270)	(8,919,421)	(1,407,087)	1,899,488

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/profit before taxation	(184,062,323)	(166,507,724)	11,837,383	(21,368,464)
Tax at the statutory tax rate of 24%	(44,174,958)	(39,961,854)	2,840,972	(5,128,431)

30. INCOME TAX EXPENSE (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax effects of:-				
Non-taxable income	(33,575,520)	(553,140)	(11,895,286)	(553,140)
Non-deductible expenses	25,125,523	24,033,692	9,358,705	7,121,638
Control transfers	(43,924)	(61,309)	–	–
Deferred tax assets not recognised during the financial year	17,219,376	4,030,060	19,749	–
Utilisation of deferred tax assets previously not recognised	(78,723)	(26,409)	–	–
Real property gain tax	–	2,671,055	–	–
(Over)/under provision in the previous financial year:-				
- income tax	(1,971,298)	574,025	(1,728,343)	439,808
- deferred tax	(502,210)	52,154	(2,884)	19,613
Others	2,636,464	322,305	–	–
Income tax expense for the financial year	(35,365,270)	(8,919,421)	(1,407,087)	1,899,488

31. LOSS PER SHARE

	The Group	
	2018	2017
Loss attributable to owners of the Company (RM)	(133,532,291)	(132,022,887)
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January	1,418,487,551	1,418,487,551
Effect of conversion of ICPSs	623,234,792	623,234,792
Weighted average number of ordinary shares at 31 December	2,041,722,343	2,041,722,343
Basic loss per share (sen)	(6.54)	(6.47)

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

32. ACQUISITIONS OF SUBSIDIARIES

During the financial year, the Company acquired 100% equity interest in Sastat Holdings Sdn. Bhd.

In the previous financial year, the Company acquired 100% equity interests in RSB Lundu Palm Oil Mill Sdn. Bhd. and Topline Synergy Sdn. Bhd.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group	
	2018 RM	2017 RM
Property, plant and equipment	40,727,571	–
Inventories	173,284	–
Trade receivables	71,617	–
Other receivables, deposits and prepayments	254,227	–
Cash and bank balances	35,012	4
Hire purchase obligations	(129,750)	–
Deferred tax liabilities	(3,819,461)	–
Trade payables	(2,882,801)	–
Other payables and accruals	(27,833,960)	–
Net identified assets acquired	6,595,739	4
Add: Goodwill on acquisition (Note 12)	10,404,261	–
Total purchase consideration, to be settled by cash	17,000,000	4
Less: Cash and bank balances of subsidiaries acquired	(35,012)	(4)
Net cash outflows for the acquisitions of subsidiaries	16,964,988	–

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

	The Group	
	2018 RM	2017 RM
Revenue	129,394	14,322,998
(Loss)/profit after taxation	(18,546,253)	3,346,868

33. DISPOSAL OF A SUBSIDIARY

In the previous financial year, Midas Plantation Sdn. Bhd., a wholly-owned subsidiary of the Group, completed its members' voluntary winding up procedures. As a result, Midas Plantation Sdn. Bhd. ceased to be a subsidiary of the Group.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group 2017 RM
Cash and bank balances	2
Other payables and accruals	(3,100)
Current tax liabilities	(45,041)
Carrying amount of net liabilities disposed of	(48,139)
Add: Gain on disposal of a subsidiary (Note 29)	48,141
Consideration received, satisfied in cash	2
Less: Cash and bank balances of a subsidiary disposed of	(2)
Net cash inflows from the disposal of a subsidiary	–

34. CASH FLOWS INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cost of property, plant and equipment purchased (Note 8)	76,935,368	57,801,589	1,880	5,000
Less:-				
- amount financed through hire purchase (Note (c) below)	(3,019,000)	(7,526,000)	–	–
- finance costs included within property, plant and equipment (Note 27)	(3,919,068)	(4,867,830)	–	–
- non-cash items included within property, plant and equipment (Note 8(f))	(3,130,430)	(4,310,238)	–	–
Cash disbursed for the purchase of property, plant and equipment	66,866,870	41,097,521	1,880	5,000

34. CASH FLOWS INFORMATION (CONT'D)

(b) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	1,572,205	1,132,253	17,232	39,432
Deposits with licensed banks	261,512	256,152	159,131	153,771
Bank overdrafts	(19,183,047)	(13,648,600)	(5,451,937)	(1,629,132)
	(17,349,330)	(12,260,195)	(5,275,574)	(1,435,929)
Less: Deposits pledged with licensed banks (Note 14)	(102,381)	(102,381)	–	–
	(17,451,711)	(12,362,576)	(5,275,574)	(1,435,929)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' acceptance RM	Hire purchase obligations RM	Revolving credit RM	Term loans RM	Total RM
The Group					
Balance at 1.1.2018	21,474,139	11,037,288	170,691,000	364,982,455	568,184,882
<u>Changes in Financing Cash Flows</u>					
Net of drawdown/(repayment) of borrowing principal	856,989	–	13,000,000	–	13,856,989
Drawdown of borrowing principal	–	–	–	18,103,264	18,103,264
Repayment of borrowing principal	–	(6,435,399)	–	(81,490,243)	(87,925,642)
Repayment of borrowing interests	–	(516,536)	–	(17,080,368)	(17,596,904)
	856,989	(6,951,935)	13,000,000	(80,467,347)	(73,562,293)
<u>Non-cash Changes</u>					
Acquisition of a subsidiary (Note 32)	–	129,750	–	–	129,750
New hire purchase (Note (a) above)	–	3,019,000	–	–	3,019,000
Finance charges recognised in profit or loss and capitalised under property, plant and equipment, and biological assets	–	519,536	–	17,080,368	17,596,904
	–	3,665,286	–	17,080,368	20,745,654
Balance at 31.12.2018	22,331,128	7,750,639	183,691,000	301,595,476	515,368,243

34. CASH FLOWS INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Bankers' acceptance RM	Hire purchase obligations RM	Revolving credit RM	Term loans RM	Total RM
The Group					
Balance at 1.1.2017	28,696,572	9,244,512	127,191,000	403,974,732	569,106,816
Changes in Financing Cash Flows					
Net of drawdown/(repayment) of borrowing principal	(7,222,433)	–	43,500,000	–	36,277,567
Drawdown of borrowing principal	–	–	–	10,336,807	10,336,807
Repayment of borrowing principal	–	(5,733,224)	–	(49,329,084)	(55,062,308)
Repayment of borrowing interests	–	(601,367)	–	(18,016,229)	(18,617,596)
	(7,222,433)	(6,334,591)	43,500,000	(57,008,506)	(27,065,530)
Non-cash Changes					
New hire purchase (Note (a) above)	–	7,526,000	–	–	7,526,000
Finance charges recognised in profit or loss and capitalised under property, plant and equipment and biological assets	–	601,367	–	18,016,229	18,617,596
	–	8,127,367	–	18,016,229	26,143,596
Balance at 31.12.2017	21,474,139	11,037,288	170,691,000	364,982,455	568,184,882

	Hire purchase obligations RM	Revolving credit RM	Term loans RM	Total RM
The Company				
Balance at 1.1.2018	51,494	58,000,000	3,512,691	61,564,185
Changes in Financing Cash Flows				
Repayment of borrowing principal	(51,494)	–	(965,339)	(1,016,833)
Repayment of borrowing interests	(666)	–	(226,688)	(227,354)
	(52,160)	–	(1,192,027)	(1,244,187)

34. CASH FLOWS INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Hire purchase obligations RM	Revolving credit RM	Term loans RM	Total RM
The Company				
Non-cash Changes				
Finance charges recognised in profit or loss	666	–	226,688	227,354
Balance at 31.12.2018	–	58,000,000	2,547,352	60,547,352
Balance at 1.1.2017	170,560	31,200,000	4,418,775	35,789,335
Changes in Financing Cash Flows				
Net of drawdown/(repayment) of borrowing principal	–	26,800,000	–	26,800,000
Repayment of borrowing principal	(119,066)	–	(906,084)	(1,025,150)
Repayment of borrowing interests	(6,130)	–	(288,521)	(294,651)
	(125,196)	26,800,000	(1,194,605)	25,480,199
Non-cash Changes				
Finance charges recognised in profit or loss	6,130	–	288,521	294,651
Balance at 31.12.2017	51,494	58,000,000	3,512,691	61,564,185

35. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Directors				
Directors of the Company				
Short-term employee benefits:-				
- fees	513,800	513,050	365,000	365,000
- salaries, bonuses and other benefits	1,047,229	1,114,429	301,400	401,600
	1,561,029	1,627,479	675,400	766,600
Defined contribution plan	58,944	55,200	–	–
	1,619,973	1,682,679	675,400	766,600
Directors of the Subsidiaries				
Short-term employee benefits:-				
- fees	144,100	148,600	–	–
Total directors' remuneration (Note 29)	1,764,073	1,831,279	675,400	766,600
Other Key Management Personnel				
Short-term employee benefits	6,311,648	5,679,656	–	–
Defined contribution plan	705,352	645,189	–	–
Total compensation for other key management personnel	7,017,000	6,324,845	–	–

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM33,650 (2017: RM33,650).

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

(i) Transactions between the Company and its subsidiaries:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Expenditure incurred:-				
- management fee	–	–	184,800	163,200
- recharge expense – general	–	–	–	1,200
Income earned:-				
- dividend income	–	–	50,000,000	3,000,000
- interest income	–	–	4,839,886	8,702,672
- recharge income – general	–	–	343,553	30,784
- rental income	–	–	652,164	652,164
- sale of property, plant and equipment	–	–	1,785,962	–

(ii) Transactions between the Group and companies in which the directors and their close family members have substantial financial interests:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Expenditure incurred:-				
- computer and software maintenance	–	–	1,800	–
- consultancy fee	261,727	242,688	–	–
- contract charges	7,183,952	1,969,213	–	–
- event package fee	12,715	–	–	–

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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

(ii) Transactions between the Group and companies in which the directors and their close family members have substantial financial interests (cont'd):-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Expenditure incurred (cont'd):-				
- food, beverages and sundry goods	–	49,257	–	–
- interest paid	138,883	143,450	–	–
- management fee	1,618,000	1,620,000	–	–
- miscellaneous goods and services	25,009	14,655	5,461	6,000
- purchase of diesel, petrol, oil and lubricant	3,725,511	226,092	–	–
- purchase of fertilisers and chemicals	1,445,197	1,282,958	–	–
- purchase of fresh fruit bunches	11,873,976	4,808,780	–	–
- purchase of property, plant and equipment	310,482	341,835	–	–
- purchase of sundry stores, tools and consumables	5,352,055	6,161,868	–	–
- rental paid	1,856,467	1,882,638	1,014,288	1,014,288
- recharge expense:-				
- general	73,275	11,162	–	–
- labour service fee	1,155	–	–	–
- store items	79,037	26,017	–	–
- repairs and maintenance	360,440	656,041	14	10,852
- secretarial services	5,100	3,750	–	–
- store issues expense	–	9,374	–	–
- transportation and accommodation charges	182,110	493,574	–	37,733
- water and electricity charges	126,001	122,538	51,537	53,550

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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

(ii) Transactions between the Group and companies in which the directors and their close family members have substantial financial interests (cont'd):-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income earned:-				
- chartering income	15,125	48,345	–	–
- contract income	–	12,009,135	–	–
- fresh fruit bunches margin income	4,398,387	4,050,000	–	–
- fresh fruit bunches transport subsidy	–	84,633	–	–
- food, beverages and sundry goods	–	1,593	–	–
- handling fee received	1,079,019	223,120	–	–
- legal and professional fee	150	–	–	–
- recharge income:-				
- general	90,021	184,186	40	32
- labour service fee	3,082	–	–	–
- store items	343,457	167,201	–	–
- rental received	60,772	189,800	–	–
- sale of crude palm oil	35,908,018	19,227,238	–	–
- sale of diesel	689,310	201,014	–	–
- sale of empty bunch ash	–	31,408	–	–
- sale of fresh fruit bunches	28,006,006	81,732,670	–	–
- sale of intangible assets	–	24,800	–	24,800
- sale of property, plant equipment	182,945	1,098,511	–	–
- sale of seedlings	36,614	145,220	–	–
- spare parts, tools and consumables	693	–	–	–
- transportation income	26,426	30,859	–	–
- water and electricity	16,669	22,064	–	–

37. OPERATING SEGMENTS

(a) Business Segment and Geographical Information

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

(b) Major Customers

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

	Revenue	
	2018	**2017**
	RM	**RM**
Customer #1	109,133,668	92,614,417
Customer #2	62,146,442	51,295,260
Customer #3	47,340,189	51,280,525
Customer #4	36,707,829	49,910,202
Customer #5	26,153,356	43,863,219

38. CAPITAL COMMITMENTS

	The Group	
	2018	**2017**
	RM	**RM**
Property, plant and equipment	3,344,023	4,638,225

39. FINANCIAL INSTRUMENTS

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

39.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any significant transactions or balances denominated in foreign currencies and hence, its exposure to foreign currency risk is fairly minimal.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 21 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects on Profit after Taxation				
Increase of 50 basis points	- 1,191,000	- 1,155,000	- 30,000	- 20,000
Decrease of 50 basis points	+ 1,191,000	+ 1,155,000	+30,000	+20,000
Effects on Equity				
Increase of 50 basis points	- 1,191,000	- 1,155,000	- 30,000	- 20,000
Decrease of 50 basis points	+ 1,191,000	+ 1,155,000	+30,000	+20,000

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

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

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and corporate guarantees given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's concentration of credit risk in respect of trade receivables exists due to the Group's limited number of customers. Based on the Group's historical collection of these receivables, management believes that they are fully recoverable.

(ii) Exposure to credit risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the "Maturity Analysis" of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair values on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 150 days, as credit impaired.

The expected loss rates are based on the historical credit losses experienced, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2018			
Current (not past due)	6,725,319	–	6,725,319
2017			
Current (not past due)	13,081,071	–	13,081,071

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for all non-trade receivables. The Group assumes that there is a significant increase in credit risk for any receivables with significant balances outstanding for more than 90 days. The Group considers a non-trade receivable to be credit impaired when a debtor is unlikely to repay its debts in full or the debtor is having financial difficulty.

The Group determines the probability of default for non-trade receivables using internal and external information available.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for other receivables (excluding prepayments) are summarised below:-

The Group	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
2018				
Low credit risk	650,928	–	–	650,928
Significant increase in credit risk	11,704,840	–	(1,708,960)	9,995,880
Credit impaired	12,597,547	–	(12,273,877)	323,670
	24,953,315	–	(13,982,837)	10,970,478
2017				
Low credit risk	36,062,994	–	–	36,062,994
Significant increase in credit risk	12,151,719	–	(1,552,327)	10,599,392
Credit impaired	12,608,860	–	(12,273,877)	334,983
	60,823,573	–	(13,826,204)	46,997,369
The Company				
2018				
Low credit risk	310,458	–	–	310,458
Credit impaired	12,597,547	–	(12,273,877)	323,670
	12,908,005	–	(12,273,877)	634,128
2017				
Low credit risk	2,010,458	–	–	2,010,458
Credit impaired	12,608,860	–	(12,273,877)	334,983
	14,619,318	–	(12,273,877)	2,345,441

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Deposits with Licensed Banks, and Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The identified impairment loss is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM	More Than 5 Years RM
2018							
Trade and other payables		121,299,255	121,299,255	121,299,255	–	–	–
Borrowings:-							
- bank overdrafts	7.86	19,183,047	19,183,047	19,183,047	–	–	–
- bankers' acceptance	4.48	22,331,128	22,331,128	22,331,128	–	–	–
- hire purchase obligations	5.42	7,750,639	8,116,683	5,266,601	2,302,860	547,222	–
- revolving credit	4.88	183,691,000	183,691,000	183,691,000	–	–	–
- term loans	4.94	301,595,476	352,024,000	69,963,000	72,328,000	152,548,000	58,185,000
- unsecured loans	4.15	3,020,000	3,145,000	3,145,000	–	–	–
		658,870,545	710,790,113	424,879,031	74,630,860	153,095,222	58,185,000
2017							
Trade and other payables	–	145,239,632	145,239,632	145,239,632	–	–	–
Borrowings:-							
- bank overdrafts	7.68	13,648,600	13,648,600	13,648,600	–	–	–
- bankers' acceptance	4.44	21,474,139	21,474,139	21,474,139	–	–	–
- hire purchase obligations	5.41	11,037,288	11,657,291	6,356,386	4,077,294	1,223,611	–
- revolving credit	4.86	170,691,000	170,691,000	170,691,000	–	–	–
- term loans	5.03	364,982,455	433,942,000	92,523,000	76,700,000	175,382,000	89,076,000
- unsecured loans	4.75	3,020,000	3,163,000	3,163,000	–	–	–
		730,093,114	799,815,662	453,095,757	80,777,294	176,605,611	89,076,000

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 – 2 Years RM	Within 2 – 5 Years RM
2018						
Trade and other payables	–	4,865,636	4,865,636	4,865,636	–	–
Borrowings:-						
- bank overdrafts	7.87	5,451,937	5,451,937	5,451,937	–	–
- revolving credit	5.00	58,000,000	58,000,000	58,000,000	–	–
- term loans	7.35	2,547,352	2,795,000	1,198,000	1,198,000	399,000
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries		*	468,431,982	468,431,982	–	–
		70,864,925	539,544,555	537,947,555	1,198,000	399,000
2017						
Trade and other payables	–	5,636,109	5,636,109	5,636,109	–	–
Borrowings:-						
- bank overdrafts	7.24	1,629,132	1,629,132	1,629,132	–	–
- hire purchase obligations	5.40	51,494	52,160	52,160	–	–
- revolving credit	4.86	58,000,000	58,000,000	58,000,000	–	–
- term loans	7.15	3,512,691	3,974,000	1,198,000	1,198,000	1,578,000
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	–	*	499,641,233	499,641,233	–	–
		68,829,426	568,932,634	566,156,634	1,198,000	1,578,000

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

39.2 CAPITAL RISK MANAGEMENT

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

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

	The Group	
	2018 RM	2017 RM
Borrowings (Note 21):-		
- bank overdrafts	19,183,047	13,648,600
- other borrowings	518,388,243	571,204,882
	537,571,290	584,853,482
Less: Deposits with licensed banks (Note 14)	(261,512)	(256,152)
Less: Cash and bank balances	(1,572,205)	(1,132,253)
Net debts	535,737,573	583,465,077
Total equity	485,345,152	633,832,205
Debt-to-equity ratio	1.10	0.92

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Financial Assets				
Designated at Fair Value Through Profit or Loss				
Unquoted investments	310,251	5,000,000	310,251	5,000,000
Amortised Cost				
Trade receivables	6,725,319	13,081,071	–	–
Other receivables and deposits	10,970,478	46,997,369	634,128	2,345,441
Amount owing by a subsidiary	–	–	61,453,544	104,936,868
Deposits with licensed banks	261,512	256,152	159,131	153,771
Cash and bank balances	1,572,205	1,132,253	17,232	39,432
	19,529,514	61,466,845	62,264,035	107,475,512
Financial Liabilities				
Amortised Cost				
Trade payables	60,473,048	70,372,115	–	–
Other payables, deposits and accruals	60,826,207	74,867,517	4,865,636	5,636,109
Borrowings:-				
- bank overdrafts	19,183,047	13,648,600	5,451,937	1,629,132
- other borrowings	518,388,243	571,204,882	60,547,352	61,564,185
	658,870,545	730,093,114	70,864,925	68,829,426

39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
Financial Assets				
Fair Value Through Profit or Loss				
Net losses recognised in profit or loss	4,689,749	–	4,689,749	–
Amortised Cost				
Net losses recognised in profit or loss	156,633	507,317	–	–

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION

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

The Group's investment in unquoted shares with carrying amount of RM310,251 (2017: RM5,000,000) is carried at fair value within level 3 of the fair value hierarchy.

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

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**RM**	**RM**
2018					
<u>Financial Liabilities</u>					
Hire purchase obligations	–	7,749,000	–	7,749,000	7,750,639
2017					
<u>Financial Liabilities</u>					
Hire purchase obligations	–	10,093,000	–	10,093,000	11,037,288
2017					
<u>Financial Liabilities</u>					
Hire purchase obligations	–	51,000	–	51,000	51,494

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

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

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

	The Group		The Company	
	2018 %	2017 %	2018 %	2017 %
Hire purchase obligations	5.40 – 5.44	5.40 – 5.58	5.40	5.40

(b) The fair values of the term loans that carry floating interest rates approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

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

(a) On 22 February 2017,

(i) the Company entered into a conditional agreement with Tiasa Mesra Sdn. Bhd. ("TMSB") to dispose of all the rights, titles and interests in relation to an oil palm plantation estate via an absolute assignment, development costs, commercial rights and all the fixtures and fittings relating thereto ("Proposed Disposal") for a sale consideration of RM150.0 million to be satisfied in cash.

The Proposed Disposal is conditional upon the fulfillment of the followings:-

- The Company obtaining the approval of the Director of Forests and/or the Minister for the absolute assignment of the rights to and in favour of TMSB and to the form and content of the assignment.

  The Director of Forests had, *via* a letter dated 6 July 2018, accepted and approved the form and content of the assignment for the transfer of the rights, pursuant to the approval of the Minister on the application for absolute assignment of the rights to TMSB.

- The Company settling all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights.

  The Company had, via its letter dated 26 July 2018, confirmed that it had settled all its existing liabilities owing to trade payables for the development of the oil palm plantation under the rights.

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

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(a) On 22 February 2017 (cont'd)

The Company had, on 12 July 2018, received the redemption statement *cum* letter of undertaking from its financier addressed to the financier of TMSB on the redemption sum payable to settle the credit facilities granted by it *inter alia*, for the development of the oil palm plantation under the rights.

With the fulfilment of the above conditions, the Proposed Disposal was completed on 25 October 2018, with the balance sum paid on 25 October 2018.

(ii) RSB Lundu Palm Oil Mill Sdn. Bhd. ("RSBLPOM"), a subsidiary of the Company, entered into a conditional sale and purchase agreement with R H Lundu Palm Oil Mill Sdn. Bhd. ("RHLPOM") to acquire a parcel of land together with a palm oil mill (including workers' quarters) erected thereon and plant and machinery used for the operation of the mill for a purchase consideration of RM33.7 million to be satisfied in cash.

On 21 December 2018, RSBLPOM entered into a supplementary agreement with RHLPOM to amend and vary certain terms of the agreement as follows:-

- Land acquisition of RM2.5 million

  Both parties agreed to defer the completion of the subdivision of the land culminating in the issuance of title with a lease term of at least 60 years; and the consent in writing of the Directors and the Superintendent of the Land and Survey for the transfer of land to and in favour of RSBLPOM. These conditions are to be fulfilled by RHLPOM within 18 months.

- Oil mill acquisition, including workers' quarters, and plant and machinery of RM31.2 million

  With the deferment above, conditions precedent with respect to the oil mill acquisition became unconditional on 21 December 2018, and the acquisition was completed on the same date, with the balance sum paid on 20 February 2019.

Pending the fulfilment of the conditions with respect to land acquisition above, RSBLPOM is permitted to enter upon, occupy and use the land with no restrictions or payment for its mill operations.

(iii) the Company entered into a conditional share sale agreement with Pertumbuhan Abadi Asia Sdn. Bhd., Teck Sing Lik Enterprise Sdn. Bhd. and Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King to acquire 10,000 ordinary shares of RM1 each in Sastat Holdings Sdn. Bhd. ("SHSB") for a purchase consideration of RM17.0 million to be satisfied in cash. This represents 100% of the total issued and paid-up share capital of SHSB and upon completion of the acquisition, SHSB shall become a 100%-owned subsidiary of the Company.

The acquisition was completed on 27 November 2018 upon the full settlement of the balance of the purchase consideration.

(b) On December 2018, R.H. Plantation Sdn. Bhd. ("RHPSB"), a subsidiary of the Company, entered into three sale and purchase agreements with Golden Star Ace Sdn. Bhd. ("GSASB") to sell three parcels of land together with a unit each of 4-storey commercial shophouse erected thereon and the fixtures and fittings relating thereto for a consideration of RM4.3 million.

41. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 3.1 to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs. The accounting policies in Note 5 to the financial statements have been applied to all financial information covered under this set of financial statements.

The transition to MFRS framework does not have any financial impact to the separate financial statements of the Company.

In preparing the opening MFRS consolidated statement of financial position at 1 January 2017 (date of transition), the Group adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

RECONCILIATION OF FINANCIAL POSITION

The Group	Note	31.12.2017 FRSs RM	31.12.2017 Transition Effects RM	31.12.2017 MFRSs RM	1.1.2017 FRSs RM	1.1.2017 Transition Effects RM	1.1.2017 MFRSs RM
Consolidated Statement of Financial Position (Extracted):-							
Property, plant and equipment	(a)	584,443,806	589,540,774	1,173,984,580	661,056,637	778,855,254	1,439,911,891
Biological assets, non-current	(a)	595,407,682	(585,613,978)	9,793,704	782,469,895	(773,065,163)	9,404,732
Inventories	(a)	22,213,483	(3,926,796)	18,286,687	21,338,079	(5,790,091)	15,547,988
Biological assets, current	(b)	–	3,930,907	3,930,907	–	5,528,984	5,528,984
Other receivables, deposits and prepayments	(c)	54,223,493	(1,496,632)	52,726,861	17,433,162	(989,315)	16,443,847
Reserves	(b), (c)	189,625,390	(1,313,049)	188,312,341	43,981,613	(3,139,109)	40,842,504
Non-controlling interests	(b)	(14,577,667)	(437,689)	(15,015,356)	(42,147,054)	(433,718)	(42,580,772)
Deferred tax liabilities	(b)	(102,429,481)	(683,537)	(103,113,018)	(126,914,642)	(966,842)	(127,881,484)

41. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	< ---------------- 31.12.2017 ---------------- > FRSs RM	Transition Effects RM	MFRSs RM
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extracted):-				
Administrative and other expenses	(b)	(157,114,588)	(1,598,077)	(158,712,665)
Net impairment losses on financial assets	(c)	–	(507,317)	(507,317)
Income tax expense	(b)	8,636,116	283,305	8,919,421

RECONCILIATION OF CASH FLOWS

There are no material differences between the consolidated statement of cash flows presented under FRSs and MFRSs.

NOTES TO RECONCILIATION

(a) Property, Plant and Equipment – Bearer Plants

The amendments to MFRS 116 and MFRS 141 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with MFRS 116 instead of MFRS 141. However, the produce growing on bearer plants continues to be accounted for in accordance with MFRS 141. A bearer plant is a living plant that is used in the production and supply of agricultural produce, is expected to bear produce for more than one period, and has remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The oil palm and rubber plantations meet the definition of bearer plants.

Under FRSs, the Group classified oil palm and rubber plantations as biological assets and measured them at cost less accumulated amortisation and impairment losses, if any; nursery development expenditure was classified as inventories and stated at cost (net of impairment allowance). Upon transition to MFRSs, the Group adopted MFRS 116 and accounted for oil palm and rubber plantations, and nursery development expenditure as bearer plants at cost less accumulated depreciation and impairment losses, if any; and classified them within property, plant and equipment.

The financial impacts arising from the change are summarised as follows:-

(i) an increase in property, plant and equipment at 1 January 2017 and 31 December 2017 of RM778,855,254 and RM589,540,774 respectively;

(ii) a decrease in biological assets (non-current) at 1 January 2017 and 31 December 2017 of RM773,065,163 and RM585,613,978 respectively; and

(iii) a decrease in inventories at 1 January 2017 and 31 December 2017 of RM5,790,091 and RM3,926,796 respectively.

41. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

NOTES TO RECONCILIATION (CONT'D)

(b) Biological Assets

MFRS 141 sets out the accounting for agricultural activity – the transformation of biological assets, other than bearer plants, into agricultural produce (harvested product of an entity's biological assets). Biological assets are to be measured at fair value less costs to sell.

Under FRSs, gaharu plantations were measured at cost less accumulated impairment losses, if any; and classified as biological assets. Agricultural produce growing on oil palm plantations, i.e. FFBs, was not recognised separately. Upon transition to MFRSs, gaharu plantations and agricultural produce are stated at fair value less costs to sell, with the changes in fair value less costs to sell recognised in profit or loss in the period in which they arise.

The financial impacts arising from the change are summarised as follows:-

(i) an increase in biological assets (current) at 1 January 2017 and 31 December 2017 of RM5,528,984 and RM3,930,907 respectively;

(ii) an increase in deferred tax liabilities at 1 January 2017 and 31 December 2017 of RM966,842 and RM683,537 respectively;

(iii) the resulting adjustments on items (i) and (ii) above were made against reserves at 1 January 2017 and 31 December 2017;

(iv) an increase in administrative and other expenses of RM1,598,077 for the financial year ended 31 December 2017; and

(v) a decrease in income tax expense of RM283,305 for the financial year ended 31 December 2017.

(c) Classification and Measurement of Financial Assets and Financial Liabilities

Under FRSs, financial assets and financial liabilities were accounted for under FRS 139 *Financial Instrument: Recognition and Measurement*. Upon transition to MFRSs, the Group adopted MFRS 9 *Financial Instruments*, requiring the Group to review the classification and measurement of its financial instruments at the date of transition. The new accounting policy on financial instruments has been applied retrospectively of which the changes are summarised below:-

- The Group reclassified its investment in unquoted shares which was measured at cost in prior periods as financial assets measured at fair value through profit or loss.
- The Group changed its impairment loss methodology from the "incurred loss" approach to the "expected credit loss" approach upon the adoption of MFRS 9. Under this new approach, the Group accounted for the expected credit losses of its financial assets measured at amortised cost to reflect their changes in credit risk since initial recognition. As permitted by MFRS 9, the Group used a simplified approach to measure the loss allowance of its trade receivables.
- In addition, the Group presented its net impairment losses on financial assets as a separate line item on the consolidated statement of profit or loss and other comprehensive income pursuant to the new requirement of MFRS 101 *Presentation of Financial Statements*.

41. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

NOTES TO RECONCILIATION (CONT'D)

(c) Classification and Measurement of Financial Assets and Financial Liabilities (Cont'd)

The financial impacts arising from the adoption of MFRS 9 are as follows:-

(i) A decrease in other receivables, deposits and prepayments at 1 January 2017 and 31 December 2017 of RM989,315 and RM1,496,632 respectively;

(ii) the resulting adjustment on item (i) above was made against reserves at 1 January 2017 and 31 December 2017; and

(iii) A reclassification of RM507,317 from administrative and other expenses to net impairment losses on financial assets for the financial year ended 31 December 2017.

ADDITIONAL COMPLIANCE INFORMATION

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

1. UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

The proposed disposal of all rights, title and interests of the Licence Rights in relation to the Simunjan Estate via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto, for a cash consideration of RM150.0 million to Tiasa Mesra Sdn Bhd was completed on 25 October 2018. The status of the utilisation of the proceeds as at 31 December 2018 is as set out below:

	Description of use of proceeds	Proposed Utilisation (RM'mil)	Actual Utilisation (RM'mil)	Redeploy (RM'mil)	Balance Unutilised (RM'mil)	Intended timeframe for utilisation from completion date
1	Finance the Proposed Lundu Acquisition (land, quarters, oil mill and plantation assets)	33.7	(28.8)	–	4.9	Within 20 months
2	Finance the Proposed Sastat Holdings Sdn Bhd Acquisition	17.0	(17.0)	–	–	–
3	Repayment of Simunjan Credit Facilities	58.0	(58.0)	–	–	
4	Repayment of Advance	23.0	–	–	23.0	Within 13 months
5	Defray estimated expenses relating to the Proposals	13.0	(10.0)	(3.0)	–	–
6	Working capital of our Group	5.3	(8.3)	3.0	–	–
	Total	**150.0**	**(122.1)**	**–**	**27.9**	

2. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year.

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

A breakdown of the aggregate value of the RRPT conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1)(a) of the Listing Requirements, are set out below:

Name of Related Party(ies)	Type of RRPT	Relationship with RSB Group	Actual Value as at 31 December 2018 (RM)
Borneo Edible Oils Sdn Bhd	Sales of Crude Palm Oil & Handling Fee Income	Note (A)	36,707,829
R H Selangau Palm Oil Mill Sdn Bhd	Sales of Fresh Fruit Bunches	Note (B)	25,659,272
Tiong Toh Siong & Sons Sdn Bhd	Purchased of Diesel	Note (C)	5,957,783
Palmlyn Sdn Bhd	FFB Margin Fee	Note (D)	4,398,387
Rona Hijau Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (E)	4,657,112
Pelita Melor Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (F)	4,068,900
Rimbunan Hijau General Trading Sdn Bhd	Purchase of Spare Parts and POL	Note (G)	3,261,953
R H Lundu Palm Oil Mill Sdn Bhd	Sales of Fresh Fruit Bunches	Note (B)	1,852,598
Helitech Aviation Services Sdn Bhd	Management Fee Paid	Note (H)	1,600,000
Mighty Roar Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (I)	801,905
Caiyuan Corporation Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (J)	267,151
Borneo Affluence Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (I)	226,971
Serin Plantation Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (K)	210,666
Wealth Ezy Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (I)	182,204
Masian Jaya Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (I)	181,131
Seamless Bounty Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (L)	28,668

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") (CONT'D)

Notes:

(A) Connected with Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King ("Tan Sri Tiong"), Tiong Toh Siong Holdings Sdn. Bhd. ("TTSH"), Teck Sing Lik Enterprise Sdn. Bhd. ("TSL"), Tiong Toh Siong Enterprises Sdn. Bhd. ("TTSE"), Rimbunan Hijau Southeast Asia Sdn. Bhd. ("RHSA"), Pertumbuhan Abadi Asia Sdn. Bhd. ("PAA"), Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong.

(B) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong.

(C) Connected with Tan Sri Tiong, TSL, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong.

(D) Connected with Tan Sri Tiong, TTSH, TSL, TTSE, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ong and Dato' Tiong Ing.

(E) Connected with Tiong Chiong Ong and Timothy Tiong Ing Zun.

(F) Connected with Tan Sri Tiong, TTSH, TSL, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong.

(G) Connected with Tan Sri Tiong, TTSH, RHSA, PAA, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong.

(H) Connected with Dato' Mohamad Arif Stephen bin Abdullah.

(I) Connected with Tan Sri Tiong, PAA, and Tiong Chiong Ong.

(J) Connected with Tan Sri Tiong, TSL, TTSE, Datuk Tiong Thai King, Tiong Kiong King, Tiong Chiong Ie and Tiong Chiong Ong.

(K) Connected with Tan Sri Tiong and Tiong Chiong Ong.

(L) Connected with PAA and Tiong Chiong Ong.

LIST OF PROPERTIES OWNED BY THE GROUP

Location	Tenure	Year Lease Expiring	Approximate Area (Hectares)	Desciption / Existing use	Year of Acquisition	Net Carrying Amount* (RM'000)
NCR Land Located Ulu Teru Land, Miri Division, Sarawak^	JVA Commecing on 2003	–	7,900.00 Ha	Oil Palm Estate	–	106,323
Lot 11, Buloh Land District Lot 12, Buloh Land District	Provisional Leasehold	2059 2060	4,625.00 Ha	Oil Palm Estate	1999 2000	100,453
Lot 2, Block 11, Teraja Land District	Provisional Leasehold	2061	4,698.20 Ha	Oil Palm Estate	2001	76,914
Lot 56, Sawai Land District	Provisional Leasehold	2054	4,857.00 Ha	Oil Palm Estate	1994	57,782
Lot 13, Buloh Land District	Provisional Leasehold	2060	4,100.00 Ha	Oil Palm Estate	2000	53,254
Lot 1, Block 7,Sawai Land District Lot 64, Sawai Land District Lot 93, Sawai Land District	Leasehold Provisional Leasehold Provisional Leasehold	2058 2087 2059	7,490.80 Ha	Oil Palm Estate	1998 1988 1999	51,220
Lot 4 & 6 , Block 9, Dulit Land District, Miri Division, Sarawak	Provisional Leasehold	2059	4,959.80 Ha	Oil Palm Estate	1999	46,889
Lot 197, Teraja Land District & Lot 1200. Puyut Land District	Provisional Leasehold	2067	5,000.00 Ha	Oil Palm Estate	2007	44,640
NCR Land Located Long Ekang and Long Banyok, Miri Division@	JVA Commecing on 2005	–	3,367.00 Ha	Oil Palm Estate	–	41,729
NCR Land at Selangau, Mukah, Sibu Division^	JVA Commecing on 2001	–	5,000.00 Ha	Oil Palm Estate	–	38,363

* Net Book Value include Land, Bearer Plants, and Infrastructure.
^ The Lease Term for JVA land is 60 years subject to finalisation of respective land title.
@ The Lease Term for JVA is subject to finalisation of land title.

\# **Disclaimer** : Net Carrying Amount is as per individual management account

ANALYSIS OF SHAREHOLDINGS
AS AT 01 APRIL 2019

SHARE CAPITAL

Issued share capital convertible	:	RM807,129,190 divided into 1,418,487,551 ordinary shares and 164,876,929 irredeemable preference shares ("ICPS")
Class of shares	:	(1) Ordinary shares (2) Irredeemable convertible preference shares
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF ORDINARY SHARES

No. of Holders	Holding	Total Holdings	%
119	Less than 100 shares	3,893	0.00*
354	100 to 1,000 shares	267,816	0.02
4,447	1,001 to 10,000 shares	27,467,036	1.93
3,803	10,001 to 100,000 shares	131,158,988	9.25
640	100,001 - less than 5% of issued shares	658,783,346	46.44
5	5% and above of issued shares	600,806,472	42.36
9,368		1,418,487,551	100.00

Note:

* *less than 0.01%*

DISTRIBUTION SCHEDULE OF ICPS

No. of Holders	Holdings	Total Holdings	%
0	Less than 100 shares	0	0.00
0	100 to 1,000 shares	0	0.00
0	1,001 to 10,000 shares	0	0.00
0	10,001 to 100,000 shares	0	0.00
2	100,001 - less than 5% of issued shares	3,612,720	40.00
3	5% and above of issued shares	161,264,209	60.00
5		164,876,929	100.00

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders' interests in ordinary shares in the Company as per the Register of Substantial Shareholders as at 01 April 2019 are as follows:

Name		No. of shares held (Direct)	%	No. of shares held (Indirect)	%
1.	Tiong Toh Siong Holdings Sdn Bhd	257,601,519	18.16	198,482,375[a]	13.99
2.	Rimbunan Hijau Southeast Asia Sdn Bhd	100,584,800	7.09	–	–
3.	Pertumbuhan Abadi Asia Sdn Bhd	114,187,400	6.15	119,271,200[b]	8.41
4.	Teck Sing Lik Enterprise Sdn Bhd	95,279,347	6.72	10,402,400[c]	0.73
5.	Tiong Toh Siong Enterprises Sdn Bhd	10,402,400	0.73	113,086,638[d]	7.97
6.	State Financial Secretary	76,034,272	5.36	–	–
7.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	2,400,000	0.17	804,726,079[e]	56.73
8.	Multi Greenview Sdn Bhd	140,000,000	9.87	–	–
9.	Jaya Tiasa Holdings Berhad	–	–	140,000,000[f]	9.87

Notes: -

a *Deemed interested by virtue of its interest in Pemandangan Jauh Plantation Sdn Bhd, Ladang Hijau (Sarawak) Sdn Bhd, Multi Greenview Sdn Bhd and Subur Tiasa Holdings Berhad pursuant to Section 8 of the Companies Act.*

b *Deemed interested by virtue of its interest in Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd and Kendaie Oil Palm Plantation Sdn Bhd pursuant to Section 8 of the Companies Act.*

c *Deemed interested by virtue of its interests Tiong Toh Siong Enterprises Sdn Bhd pursuant to Section 8 of the Companies Act.*

d *Deemed interested by virtue of his interests in Rimbunan Hijau Southeast Asia Sdn Bhd, Kendaie Oil Palm Plantation Sdn Bhd and Rejang Height Sdn Bhd pursuant to Section 8 of the Companies Act.*

e *Deemed interested by virtue of his interest in Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Kendaie Oil Palm Plantation Sdn Bhd, Pemandangan Jauh Plantation Sdn Bhd, Ladang Hijau (Sarawak) Sdn Bhd, Rejang Height Sdn Bhd, Multi Greenview Sdn Bhd and Subur Tiasa Holdings Berhad pursuant to Section 8 of the Companies Act.*

f *Deemed interested by virtue of its interest in Multi Greenview Sdn Bhd pursuant to Section 8 of the Companies Act.*

DIRECTORS' INTERESTS

The Directors' interests in ordinary shares in the Company as per the Register of Directors' Shareholdings as at 01 April 2019 are as follows:

Name		No. of shares held (Direct)	%	No. of shares held (Indirect)	%
1.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	2,400,000	0.17	820,722,279[a]	57.86
2.	Tiong Kiong King	11,011,500	0.78	6,218,400[b]	0.44
3.	Tiong Chiong Ong	7,033,108	0.50	326,714[c]	0.02
4.	Tiong Chiong Ie	1,600,000	0.11	3,872,000[d]	0.27
5.	Bong Wei Leong	–	–	–	–
6.	Tiong Ing Ming	200,000	0.01	–	–

DIRECTORS' INTERESTS (CONT'D)

Notes: -

a. *Deemed interested by virtue of his interests in Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Kendaie Oil Palm Plantation Sdn Bhd, Ladang Hijau (Sarawak) Sdn Bhd, Rejang Height Sdn Bhd, Multi Greenview Sdn Bhd, Subur Tiasa Holdings Berhad and Pemandangan Jauh Plantation Sdn Bhd pursuant to Section 8 of the Companies Act, and the interests of his spouse and children in the Company.*
b. *Deemed interested by virtue of his interest in Biru-Hijau Enterprise Sdn Bhd pursuant to Section 8 of the Companies Act.*
c. *Deemed interested by virtue of the interest of his spouse and children in the Company.*
d. *Deemed interested by virtue of his interest in Priharta Development Sdn Bhd pursuant to Section 8 of the Companies Act.*

The Directors' interests in Irredeemable Convertible Preference Shares in the Company as per the Register of Directors' Shareholdings as at 01 April 2019 are as follows:

Name	No. of shares held (Direct)	%	No. of shares held (Indirect)	%
1. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	–	–	164,876,929*	8.86

* *Deemed interested by virtue of his interests in Pemandangan Jauh Plantation Sdn Bhd, Tiong Toh Siong Holdings Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd, Ladang Hijau Sdn Bhd and Rejang Height Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

By virtue of his interests in the Company, Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King is also deemed to have interests in shares in the related corporations of the Company to the extent the Company has an interest, pursuant to Section 8 of the Companies Act, 2016.

The other Directors have no interests in shares of the related corporations of the Company.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

	Name	No. of Ordinary Shares	%
1	Malaysia Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiong Toh Siong Holdings Sdn Bhd (88-00016-000)	170,000,000	11.98
2	Multi Greenview Sdn Bhd	140,000,000	9.87
3	Pertumbuhan Abadi Asia Sdn Bhd	114,187,400	8.05
4	Rimbunan Hijau Southeast Asia Sdn Bhd	100,584,800	7.09
5	State Financial Secretary Sarawak	76,034,272	5.36
6	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Teck Sing Lik Enterprise Sdn Bhd (OCESB)	63,500,000	4.48
7	Pertumbuhan Abadi Enterprise Sdn Bhd	58,240,600	4.11
8	Subur Tiasa Holdings Berhad	50,209,000	3.54

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

Name		No. of Ordinary Shares	%
9	RHB Capital Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad pledged securities account for Tiong Toh Siong Holdings Sdn Bhd	44,200,000	3.12
10	Tiong Toh Siong Holdings Sdn Bhd	43,401,519	3.06
11	Teck Sing Lik Enterprise Sdn Bhd	31,779,347	2.24
12	Nustinas Sdn Bhd	23,652,100	1.67
13	Asanas Sdn Bhd	20,000,000	1.41
14	Makmur Tiasa Sdn Bhd	17,654,400	1.24
15	Rimbunan Hijau (Sarawak) Sdn Bhd	15,686,400	1.11
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiong Kiong King	11,011,500	0.78
17	Tiong Toh Siong Enterprises Sdn Bhd	10,402,400	0.73
18	Rejang Height Sdn Bhd	9,501,838	0.67
19	TC Blessed Holdings Sdn Bhd	7,214,400	0.51
20	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	6,810,000	0.48
21	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Biru-Hijau Enterprise Sdn Bhd	6,218,400	0.44
22	Ladang Hijau (Sarawak) Sdn Bhd	5,557,919	0.39
23	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tiong Chiong Ong (MQ0517)	5,000,000	0.35
24	Maybank Nominees (Tempatan) Sdn Bhd Pledges securities account for Ong Yoong Nyock	4,261,700	0.30
25	Priharta Development Sdn Bhd	3,872,000	0.27
26	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Oh Kim Sun	3,730,000	0.26
27	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	3,652,200	0.26
28	Seah Tin Kim	3,470,900	0.24
29	Wong Kew Ming	3,015,600	0.21
30	Kendaie Oil Palm Plantation Sdn Bhd	3,000,000	0.21

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Rimbunan Sawit Berhad ("RSB" or "the Company") will be held at Level 2, North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak on Wednesday, 29 May 2019 at 12:00 noon to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. ***Refer to Note 1***

2. To approve the payment of Directors' fees for the financial year ended 31 December 2018. ***Resolution 1***

3. To approve the payment of Directors' remuneration (excluding Directors' fees) up to RM350,000 from 30 May 2019 until the conclusion of next Annual General Meeting ("AGM") of the Company. ***Resolution 2***

4. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association and being eligible, offer themselves for re-election:

   i. Mr. Bong Wei Leong ***Resolution 3***
   ii. Mr. Tiong Chiong Ie ***Resolution 4***

5. To re-appoint Messrs. Crowe Malaysia PLT as auditors until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***Resolution 5***

AS SPECIAL BUSINESS

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

   Continuation in office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 **Resolution 6**

   "THAT approval be and is hereby given to Mr. Tiong Ing Ming who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company."

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

   Continuation in office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 **Resolution 7**

   "THAT subject to the passing of Ordinary Resolution No. 3, approval be and is hereby given to Mr. Bong Wei Leong who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company."

AS SPECIAL BUSINESS (CONT'D)

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

Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate") ***Resolution 8***

"THAT approval be and is hereby given to the Company and its subsidiaries ("RSB Group") to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of RSB Group as outlined in point 3(b) of the Circular to Shareholders dated 30 April 2019 ("Circular"), with the specific related parties mentioned therein subject further to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and

(b) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based

on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

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

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("CA 2016") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016]; or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate."

AS SPECIAL BUSINESS (CONT'D)

9. To consider and, if thought fit, pass the following special resolution:

Proposed Adoption of the New Constitution of the Company ***Resolution 9***

"THAT the existing Memorandum and Article of Association of the Company be and are hereby deleted in its entirety and that in place thereof, the proposed new constitution of the Company as set out in Part B of the Circular to Shareholders dated 30 April 2019 be and is hereby adopted as the new constitution of the Company with immediate effect;

AND THAT the Directors of the Company be and are hereby authorized to assent to any conditions, modifications and/or amendment as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be consider necessary to give full effect of the foregoing."

10. To transact any other business of which, due notice shall have been given in accordance with the CA 2016 and the Company's Articles of Association.

By Order of the Board of Directors
Toh Ka Soon (MAICSA 7031153)
Voon Jan Moi (MAICSA 7021367)
Joint Company Secretaries

Dated: 30 April 2019
Sibu, Sarawak

Notes :

1. This agenda item is meant for discussion only and hence it is not put forward for voting.
2. A proxy may but need not be a member of the Company.
3. A member of the company entitled to attend and vote at the AGM shall be entitled to appoint more than one (1) proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. To be valid, the form of proxy, duly completed must be deposited at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initiated.
7. A depositor whose name appears in the Record of Depositors as at 22 May 2019 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

Explanatory Note on Special Business:

1. **Ordinary resolutions in relation to continuation in office as Independent Non-Executive Directors pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance (proposed resolutions nos. 6 and 7)**

   The Nomination Committee and the Board of Directors have assessed the independence of Mr. Tiong Ing Ming and Mr. Bong Wei Leong who have served as Independent Non-Executive Directors of the Company for a consecutive term of more than nine (9) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

   (a) They fulfilled the criteria as Independent Director as stipulated in the Listing Requirements and therefore are able to offer impartial judgement and advice to the Board;
   (b) They remain independent and vocal, actively participated in deliberations and exercised independent judgement at Board and Board Committee meetings without compromising operational consideration. Hence, provide a check and balance to operational management; and
   (c) They continue to exercise independent and objective judgement in carrying out their duties as Independent Directors and they provide guidance, unbiased and independent views to many aspects of the Company and the Group's strategy so as to safeguard the interests of minority shareholders. Their long tenure as Independent Directors have no conflict of interest or undue influence from management and interested parties.

2. **Ordinary resolution on Shareholder Mandate for recurrent related party transactions**

   Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

   The proposed resolution No. 8, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in point 3(b) of the Circular, which are necessary for day-to-day operations of the RSB Group, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

   By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the RSB Group or adversely affecting the business opportunities available to the RSB Group.

   Please refer to Part A of the Circular for further information.

3. **Special resolution in relation to the proposed adoption of the New Constitution of the Company**

   The proposed Resolution 9, if passed, will align the Constitution with the Companies Act, 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Securities and the prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

   Please refer to Part B of the Circular for further information.

Rimbunan Sawit

RIMBUNAN SAWIT BERHAD

(Company No: 691393-U)
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares held by Proxy 1	
Number of shares held by Proxy 2	

*I/We____

(*NRIC/Company No. ______________________________) of ____

____ (full address) being a *member/members

of **Rimbunan Sawit Berhad** hereby appoint____

(NRIC No. _________________________) of____

(full address) or failing *him/her, ____ (NRIC No.______________________)

of____ (full address)

or Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting of the Company to be held on Wednesday, 29 May 2019 at 12.00 noon and, at any adjournment thereof for/against the resolution(s) to be proposed thereat.

	Resolutions	For	Against
1.	To approve the payment of directors' fees for the financial year ended 31 December 2018.		
2.	To approve the payment of Directors' remuneration (excluding Directors' fees).		
3.	To re-elect Bang Wei Leong as director.		
4.	To re-elect Tiong Chiong Ie as director.		
5.	To re-appoint Messrs. Crowe Malaysia PLT as auditors for the ensuing year.		
6.	To retain Mr. Tiong Ing Ming as an Independent Non-Executive Director.		
7.	To retain Mr. Bong Wei Leong as an Independent Non-Executive Director.		
8.	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature.		
9.	To approve the proposed adoption of New Constitution of the Company		

[Please indicate with a (X) in the space above how you wish your vote to be cast. If no specific direction as to voting is indicated, the proxy will vote or abstain as he/she thinks fit.]

* Strike out whichever is not desired.

Dated this __________ day of __________________ 2019

____
Signature / common seal of shareholder(s)

Notes:

1. A proxy may but need not be a member of the Company.
2. A member of the company entitled to attend and vote at the AGM shall be entitled to appoint more than one (1) proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy,
3. To be valid, the form of proxy, duly completed must be deposited at the registered office of the Company at North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. If the appointor is a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initiated.
6. A depositor whose name appears in the Record of Depositors as at 22 May 2019 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

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Affix
Stamp

The Company Secretary
Rimbunan Sawit Berhad (691393-U)

North Wing, Menara Rimbunan Hijau,
101, Pusat Suria Permata,
Jalan Upper Lanang,
96000 Sibu, Sarawak.

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RIMBUNAN SAWIT BERHAD (691393-U)

North Wing, Menara Rimbunan Hijau101,
Pusat Suria Permata, Jalan Upper Lanang,
96000 Sibu, Sarawak

Telephone No: 084 - 218 555
Fax No: 084 - 219 555
Email: rsb@rsb.com.my
Website: www.rsb.com.my