RIMBUNAN SAWIT BERHAD

[Registration No: 200501014346(691393-U)]
(Incorporated in Malaysia)



ANNUAL REPORT 2019

Contents

VISION & MISSION

VISION

To be progressive plantation and agri-business group.

MISSION

- To enhance stakeholders' values.
- To provide high quality products and services to our customers.
- To provide job opportunities and lifelong learning opportunities at the workplace and local community.

CORPORATE VALUES

QUALITY (both our products and services)

INTEGRITY

TEAMWORK

FAMILY VALUES

RESULT-ORIENTED

LOCATIONS OF OPERATIONS

Southern Region Plantations

Selangau Zone:
1. PJP Pelita Selangau Plantation Sdn. Bhd.
2. Nescaya Palma Sdn. Bhd.
3. Novelpac-Puncakdana Plantation Sdn. Bhd.

Lundu Zone:
4. PJP Pelita Lundu Plantation Sdn. Bhd.
5. PJP Pelita Biawak Plantation Sdn. Bhd.

Norhern Region Plantations

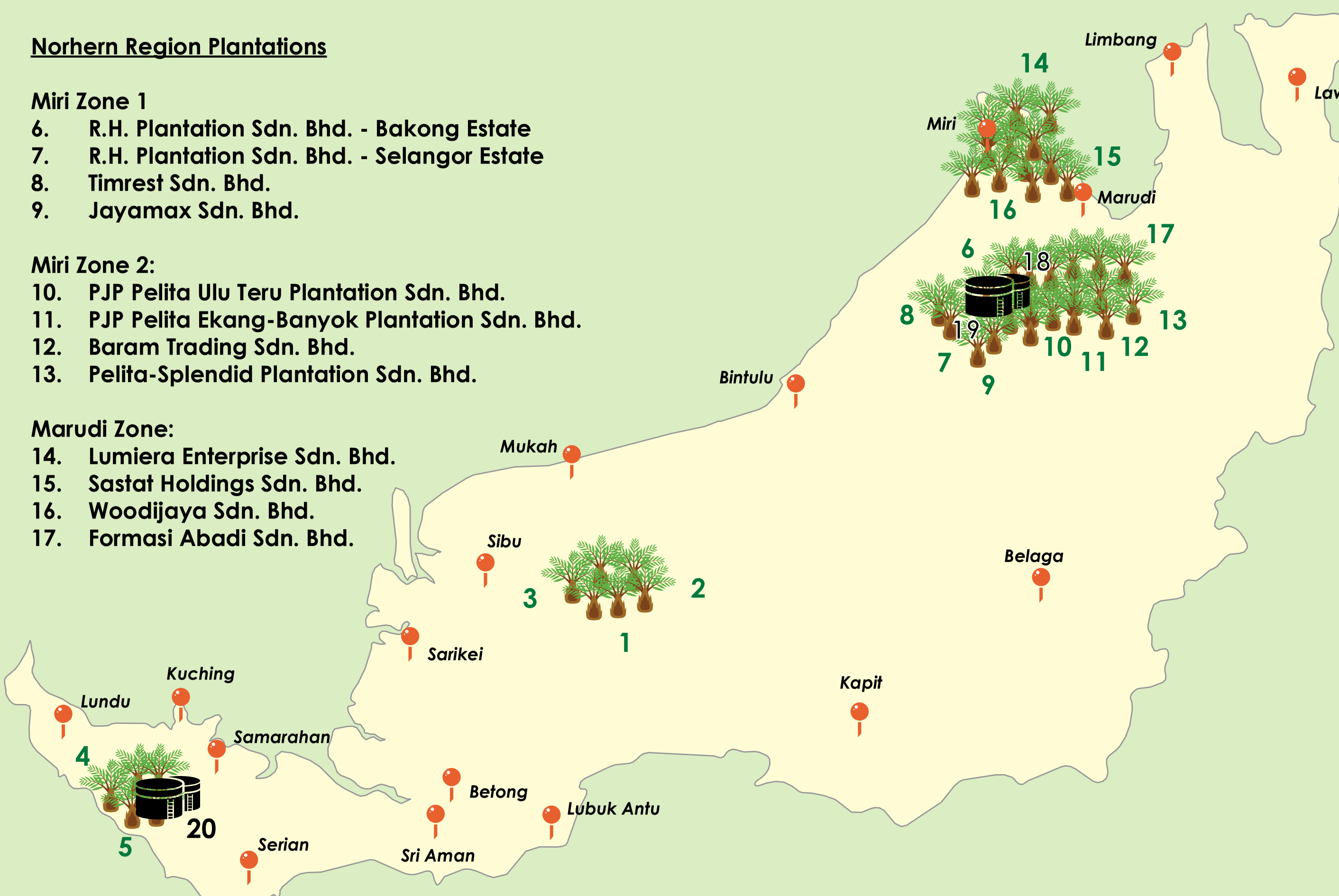
Miri Zone 1
6. R.H. Plantation Sdn. Bhd. - Bakong Estate
7. R.H. Plantation Sdn. Bhd. - Selangor Estate
8. Timrest Sdn. Bhd.
9. Jayamax Sdn. Bhd.

Miri Zone 2:
10. PJP Pelita Ulu Teru Plantation Sdn. Bhd.
11. PJP Pelita Ekang-Banyok Plantation Sdn. Bhd.
12. Baram Trading Sdn. Bhd.
13. Pelita-Splendid Plantation Sdn. Bhd.

Marudi Zone:
14. Lumiera Enterprise Sdn. Bhd.
15. Sastat Holdings Sdn. Bhd.
16. Woodijaya Sdn. Bhd.
17. Formasi Abadi Sdn. Bhd.

Palm Oil Mills

18. R.H. Plantation Sdn. Bhd. (Bakong POM)
19. RSB Palm Oil Mill Sdn. Bhd.
20. RSB Lundu Palm Oil Mill Sdn. Bhd.



CORPORATE STRUCTURE

RIMBUNAN SAWIT BERHAD

PALM OIL SECTOR

PLANTATION

- 100% | Jayamax Plantation Sdn Bhd
- 100% | Nescaya Palma Sdn Bhd
  - 100% | Formasi Abadi Sdn Bhd
- 100% | Novelpac-Puncakdana Plantation Sdn Bhd
- 100% | Timrest Sdn Bhd
- 100% | Woodijaya Sdn Bhd
- 100% | Lumiera Enterprise Sdn Bhd
- 100% | Sastat Holdings Sdn Bhd
- 85% | Baram Trading Sdn Bhd
- 85% | PJP Pelita Biawak Plantation Sdn Bhd
- 70% | Pelita-Splendid Plantation Sdn Bhd
- 60% | PJP Pelita Ekang-Banyok Plantation Sdn Bhd
- 60% | PJP Pelita Lundu Plantation Sdn Bhd
- 60% | PJP Pelita Selangau Plantation Sdn Bhd
- 60% | PJP Pelita Ulu Teru Plantation Sdn Bhd

MILL

- 100% | R. H. Plantation Sdn Bhd
- 100% | RSB Palm Oil Mill Sdn Bhd
- 100% | RSB Lundu Palm Oil Mill Sdn Bhd

OTHERS

- 85% | Burung Tiong Helicopter Sdn Bhd
- 100% | Rajang Agrisupplies Sdn Bhd
- 100% | Rajang Builders Sdn Bhd
- 100% | Rakantama Sdn Bhd
- 100% | Topline Synergy Sdn Bhd
- 100% | Rimbunan Sawit Management Services Sdn Bhd

CORPORATE INFORMATION

BOARD OF DIRECTORS

TIONG CHIONG IE
(Chairman/Non-Independent Non-Executive Director)

TIONG KIONG KING
(Vice Chairman/Executive Director)

TIONG CHIONG ONG
(Executive Director)

BONG WEI LEONG
(Independent Director)

TIONG ING MING
(Independent Director)

COMPANY SECRETARIES

Toh Ka Soon (MAICSA 7031153)

Voon Jan Moi (MAICSA 7021367)

REGISTERED OFFICE

North Wing, Menara Rimbunan Hijau
101, Pusat Suria Permata,
Jalan Upper Lanang
96000 Sibu, Sarawak
Tel: 084-218555
Fax: 084-219555
E-mail: rsb@rsb.com.my
Website: www.rsb.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan
Tel: 03-78904700
Fax: 03-78904670

AUDITORS

Crowe Malaysia PLT (AF: 1018)
Chartered Accountants
1st Floor No.1
Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibu, Sarawak

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia
Securities Berhad
Stock name : RSAWIT
Stock code : 5113

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Ambank (M) Berhad
Bank of China (Malaysia) Berhad
Bank Pertanian Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Rimbunan Sawit Berhad, it is my privilege to put forward to you the Annual Report of our Company and Group for the financial year ended 31 December 2019.

For 2019, the Crude Palm Oil ("CPO") price was range bound between RM1,800 per metric tonne ("mt") and RM2,100/mt before rallied above RM2,800/mt towards year end. Despite the subdued CPO price for the majority of 2019, our Earnings before Interest, Taxation, Depreciation, and Amortisation ("EBITDA") has improved by 85% to RM50.1 million as compared to 2018 of RM27.1 million. Concurrently, our Loss Before Taxation has shrank by 63% to RM68.8 million as compared to 2018 of RM184.1 million, in spite of notching a 16% drop in revenue.

Overview of Business and Operations, Objectives and Strategies

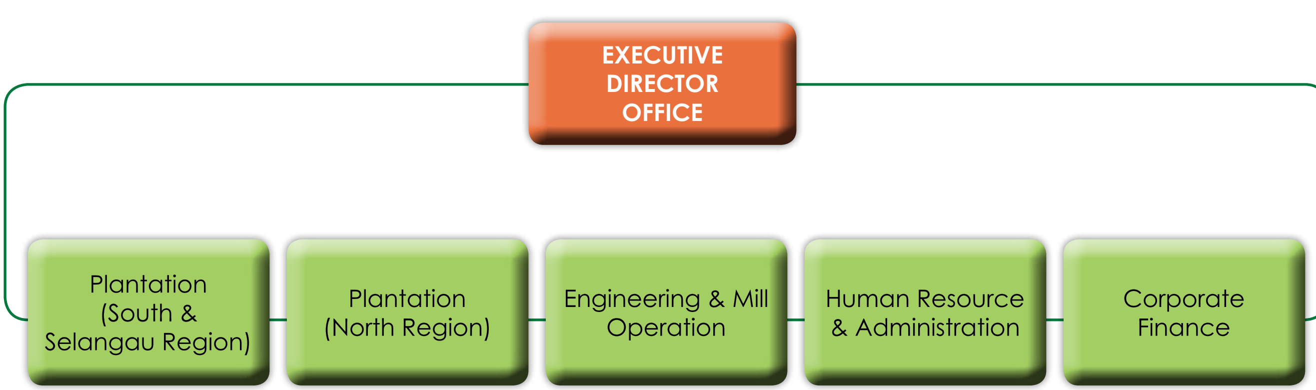
Rimbunan Sawit Berhad was listed on the Main Board of Bursa Malaysia on 28 June 2006 with three main subsidiaries mainly R.H. Plantation Sdn. Bhd. ("RHP"), Timrest Sdn. Bhd., and Rimbunan Sawit Holdings Berhad (which was later renamed to Rimbunan Sawit Management Services Sdn. Bhd.). We started off with a palm oil mill in RHP and a land bank of 13,663 hectares before gradually expanded the planted areas and mill operation via various acquisitions between 2008 and 2012.

We remain as a cultivator of oil palm and operator of palm oil mill producing CPO, Palm Kernel ("PK"), and Fresh Fruit Bunches ("FFB"). As a progressive player in this plantation industry, we are committed to espouse our stakeholders' value as we continue to yield products and services of high quality underpinned by the conducive work environment and continuous engagement with the local community.

Our Corporate and Organisation Structure

Our Corporate Functions at Head Office level remain intact with continuous improvement and streamlining led by Executive Director Office with the unwavering camaraderie and backing of the five core functions mainly Plantation Operation – South & Selangau Region, Plantation Operation – North Region, Engineering and Mill Operation, Human Resource and Administration, and Corporate Finance.

RIMBUNAN SAWIT'S ORGANISATION STRUCTURE



Management Discussion and Analysis (cont'd)

The Progress of the Ongoing Corporate Proposals

For the financial year under review, the Lundu Mill acquisition is still pending for the completion of its land transfer, which is still subject to the subdivision and issuance of the land title, which the Group is expected to complete by end of 2020.

On 22 January 2020, our Group wholly-owned subsidiary, Lumiera Enterprise Sdn. Bhd. (Lumiera) had entered into a Sale and Purchase Agreement with Biogreen Success Sdn. Bhd. to dispose all that parcel of land situated at Along Batang Baram, Baram together with the oil palm plantation, its facilities, infrastructures, improvements, immovable assets but excluding the movable assets thereon for a total cash consideration of Ringgit Malaysia Eighty-Five Million. The disposal is condition upon obtaining Land and Survey Department's consent to transfer the land to Biogreen Success Sdn. Bhd. and charged to its Financier and completion of due diligence review by Biogreen Success Sdn. Bhd

Our Oil Palm Estates

Our portfolio of estates remains at seventeen spanning across Kuching, Sibu, and Miri regions in Sarawak. Our total land bank remains at 77,427 hectares. Our total planted area stood at 48,765 hectares, comprising 63% of our land bank. The planted area by Age Cluster and are reflected in the following tables:

Age Cluster	**2019 (ha)**
Immature (1 - 3 years)	5,341
Young mature (4 - 7 years)	7,315
Prime mature (8 - 19 years)	24,342
Old mature (> 20 years)	11,767
Total planted area	48,765

Planted Ha by Region	**2019 (ha)**
Kuching region	6,926
Sibu region	9,405
Miri region	32,434
Total planted area	48,765

Our Group placed top emphasis on best agricultural practices within its estates. All our estates have obtained the Malaysian Sustainable Palm Oil ("MSPO") certification during the financial year under review.

Our Palm Oil Mills

The Group has three palm oil mills with two of the mills situated in Miri region, namely RHP Mill and RSB Mill, which is under RSB Palm Oil Mill Sdn. Bhd. RSB Mill was constructed in early 2013 and commenced production in the middle of 2017. Subsequently, the Mill began its CPO sales in July 2017.

The remaining mill, Lundu Mill is located in Kuching region. The Mill was previously constructed and managed by RH Lundu Palm Oil Mill Sdn. Bhd. before it was bought over by RSB Lundu Palm Oil Mill Sdn. Bhd. except for the land via the supplemental agreement dated 21 December 2018. Lundu Mill began operation in March 2006.

Management Discussion and Analysis (cont'd)

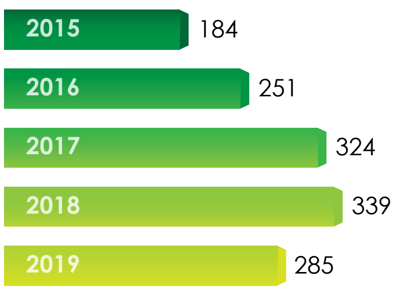
The brief profiles of the three mills are indicated in the following table:

	RHP Mill	RSB Mill	Lundu Mill
Operation & Capacity	• Commenced operation in 1998. • 80 metric ton per hour	• Commenced operation in May 2017. • 60 metric ton per hour	• Commenced operation in March 2006. • 45 metric ton per hour
Certification & Compliance	• Obtain MSPO certification on 18 February 2019. • ISO 9001:2008 standard	• Obtain MSPO certification on 18 February 2019. • Crops' grading in line with MPOB guidelines	• Obtained MSPO certification on 20 June 2018. • Crops' grading in line with MPOB guidelines
Sustainability & Environmental	• Equip with composting plant to recycle mill's waste into plant nutrients for manuring. • Flue filtering system to regulate boiler gas emission.	• Into the 2nd year of operation. Waste management plan in compliance with DOE. • Flue filtering system installation in the pipeline.	• Waste management plan in compliance with DOE. • Flue filtering system to ensure clean air emission.
Performance Metrics - 2019	• FFB Processed: 170,367 MT • CPO Production: 36,096 MT • PK Production: 7,377 MT • OER: 21.19% • KER: 4.33% • CPO Sales: RM73.0 mil • PK Sales: RM8.6 mil	• FFB Processed: 113,786 MT • CPO Production: 24,004 MT • PK Production: 5,501 MT • OER: 21.10% • KER: 4.83% • CPO Sales: RM48.3 mil • PK Sales: RM6.3 mil	• FFB Processed: 253,983 MT • CPO Production: 49,414 MT • PK Production: 10,739 MT • OER: 19.46% • KER: 4.23% • CPO Sales: RM99.7 mil • PK Sales: RM11.8 mil

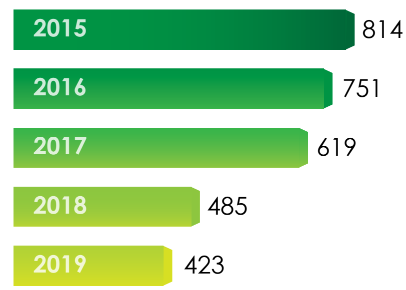
Review of Financial Results

The five-year key financial metrics are shown in the following charts.

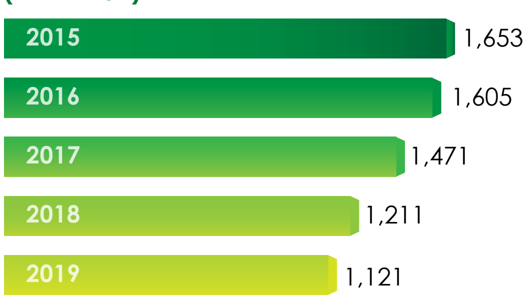
Revenue
(RM'million)



Owners' Equity
(RM'million)



Total Assets
(RM'million)



Our Financial Performance

Our Revenue retracted by 16% to RM284.7 million as compared to 2018 of RM338.7 million underpinned by lower CPO, PK, and FFB selling price and volume. Average selling price for CPO, PK, and FFB dropped by 5%, 31%, and 10% to RM2,016/mt, RM1,128/mt, and RM354/mt respectively. The drop was further compounded by lacklustre production volume across the board by 6% to 9% respectively.

Cost of Sales has also retracted by 19% to RM280.7 million as compared to RM345.3 million in 2018 mainly due to reduction in FFB purchases price by RM46.2 million and slowing down of manuring tasks by RM16.4 million. As a result, the Group notched gross profit of RM4.0 million as compared to 2018's gross loss of RM6.6 million.

Other income reduced by RM3.2 million mainly because 2018 included gain of RM6.2 million arising from the disposal of Simunjan. The administrative and other expenses decreased by RM99.4 million on the back of lower impairment provision for property, plant and equipment ("PPE") as compared to 2018.

The finance costs has reduced by RM1.5 million arising from the settlement of term loans facilities. Overall, The Group recorded lower loss before taxation of RM68.8 million as compared to 2018 of RM184.1 million. Similarly, our loss after taxation was reduced by 58% or RM85.9 million on the back of lower impairment provisions.

Management Discussion and Analysis (cont'd)

Our Financial Position

The Group's non-current assets stood at RM995.4 million, a reduction of RM166.6 million as compared to 2018 mainly due to reclassification of Lumiera's PPE to assets classified as held for sale arising from the impending disposal and yearly PPE's depreciation of RM70.9 million for the Group.

The Group's total borrowings contracted by RM30.6 million to RM506.9 million as compared to 2018 of RM537.6 million mainly due to the repayment of term loan facilities.

Despite further reduction to our total borrowings, the Group's debt to equity ratio has increased to 1.17 times as compared to 1.11 times in 2018 as a result of further reduction to our equity. The following is an overview of our Group's key financial indicators for the past five financial years.

Key Financial Indicators	2019	2018	2017	2016	2015
(RM'thousand)					
Revenue	**284,714**	338,688	324,392	250,573	184,209
EBITDA	**50,138**	27,112	66,373	41,184	29,505
Profit/(Loss) after taxation	**(62,843)**	(148,697)	(157,588)	(75,729)	(67,175)
Equity attributable to owners	**433,717**	485,285	618,817	750,840	814,366
Total assets	**1,120,920**	1,211,366	1,471,022	1,604,676	1,652,814
Borrowings	**506,947**	537,571	584,853	585,205	557,330
Debts to Equity Ratio	**1.17**	1.11	0.92	0.74	0.64
Earnings/(Loss) per share (sen)	**(2.53)**	(6.54)	(6.47)	(3.27)	(2.94)
Net assets per share (RM)	**0.27**	0.31	0.39	0.47	0.51

Review of Operating Activities

The Group's EBITDA for 2019 jumped by 85% or RM23.0 million to RM50.1 million as compared to RM27.1 million in 2018. The jump was mainly due to reduction in purchases price of FFB and significant cut in plantation administrative spending couple with slowing down in manuring activities.

The following table highlights key operating indicators for the past five years.

Key Financial Indicators	2019	2018	2017	2016	2015
(RM'thousand)					
CPO Production Volume (MT)	**109,514**	116,689	67,374	49,105	40,739
PK Production Volume (MT)	**23,616**	25,582	15,470	10,595	9,206
FFB Production Volume (MT)	**315,132**	345,709	357,052	345,180	396,561
OER (%)	**20.35**	20.21	20.14	20.31	20.35
KER (%)	**4.39**	4.43	4.62	4.38	4.60
Mature Area (Ha)	**43,424**	43,424	44,992	43,760	43,072
FFB Yield per Ha (MT/Ha)	**7.26**	7.96	7.94	7.89	9.21
CPO Sales Volume (MT)	**109,611**	118,362	65,814	49,706	39,524
PK Sales Volume (MT)	**23,690**	25,684	14,896	10,502	9,310
FFB Processed (MT)	**538,136**	577,400	334,506	241,782	200,153

Management Discussion and Analysis (cont'd)

Anticipated or Known Risks

The Group placed great importance in reviewing its existing risks. Our risks are categorized into four main categories mainly market risks, operational risks, regulatory risks, and liquidity risks.

Risk Category	Description/ Rationales	Impact	Mitigation Plans
Market	CPO price bas been volatile due to uncertain global demand and unfavorable perception against palm oil.	Reduction in revenue that compress our EBITDA	The Group will work closely with relevant government bodies to promote palm oil.
Operational	Shortage of oil palm harvesters and persistently low FFB yield	Inferior OER and lost of income	The Group has enchanced various programs and incentives to allay manpower shortage.
Regulatory	Changes to policies and regulations that govern labor, environmental, safety and health.	Penalty for non-compliance	All the estates and mills are certified with MSPO.
Liquidity	Debt to Equity ratio exceeded 1 and has been on uptrend for the past 5 years.	Higher funding costs with limited funding alternative.	To expedite cost reduction initiatives and to divest unproductive estates and assets.

Forward-looking Statements

The CPO price is expected to remain subdued underpinned by uncertainty in global demand as the current COVID-19 pandemic has yet to indicate any convincing signs of abating. However, the CPO price is expected to firm up towards the end of 2020 on the back of resumption in business activities across the globe.

Dividend Policy

For the financial year under review, the Group recorded loss after taxation of RM62.8 million. As such, we did not recommend dividend to be paid for the financial year ended 31 December 2019.

Acknowledgements

On behalf of the Board of Directors, I would like to express my sincere gratitude and appreciation to our shareholders, valued customers and suppliers, business partners, bankers, government agencies and all the other stakeholders for their continuous commitments, supports, and confidence on our Group.

Most importantly, we would like to put on record our utmost gratitude and appreciation to all the employees of Rimbunan Sawit Berhad for their efforts and continuous commitment to the Group.

Tiong Chiong Ong
Executive Director

PROFILE OF DIRECTORS

TIONG CHIONG ONG
Aged 61 / 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.

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 50 / 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 72 / Male / Malaysian
Vice Chairman/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 was re-designated as Executive Director on 1 June 2020. He is also the Chairman of Remuneration 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.

Profile Of Directors (cont'd)

BONG WEI LEONG
Aged 52 / 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 24 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 62 / 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 a member of Audit Committee, Nomination Committee and Risk Management 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

   Tiong Kiong King is the uncle of Tiong Chiong Ong. Tiong Kiong King and Tiong Chiong Ong are the uncle 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 2019

Name of Directors	Number of Meetings Attended
Tiong Kiong King	5 out of 5
Tiong Chiong Ong	5 out of 5
Tiong Chiong Ie	3 out of 5
Bong Wei Leong	5 out of 5
Tiong Ing Ming	5 out of 5

KEY SENIOR MANAGEMENT

TIONG CHIONG ONG
Executive Director

The profiles of Tiong Chiong Ong and Tiong Kiong King are listed under Profile of Directors on page 12 and 13 respectively of this annual report.

SUSTAINABILITY STATEMENT

INTRODUCTION

Rimbunan Sawit Berhad Group ("RSB") 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 2019 ("FY2019").

SUSTAINABILITY GOVERNANCE STRUCTURE

The RSB's sustainability governance structured as follow:

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 implementation 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 functions 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 2019, RSB had identified five (5) 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.

	Material Aspect	Sustainability Framework
Key Stakeholders' Concern and Expectations	1. Corporate Governance 2. Membership, Licenses, Certification and Assurance	Business Management
	3. Stakeholders Engagement	Corporate Social Responsibilities Management & Business Management
	4. Agriculture Practices	Environment Management
	5 Workplace Safety and Health 6. Workplace Well-Being	People Management

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 RSB 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 Malaysian Sustainable Palm Oil ("MSPO") certification.

II. MEMBERSHIPS, LICENSES, CERTIFICATION AND ASSURANCE

Malaysian Sustainable Palm Oil ("MSPO") Certification:

RSB emphasizes and reviews its sustainability policy through implementation of MSPO by good governance and compliances as to its 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 groups. 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, Seventeen (17) estates and all the mills of the Group had being certified with MSPO certificate and MSPO SCCS.

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 among others 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 RSB 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 FY2019:

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.

III. KEY STAKEHOLDERS ENGAGEMENT (CONT'D)

Corporate Social Responsibilities ("CSR")

Improving Social Wellbeing of Rural Community

RSB Group continues to prioritize its Corporate Social Responsibility (CSR) on improving the social wellbeing of rural communities near its estates and mills. These include maintenance of kampong roads, providing road access, and giving sponsorships to rural schools, rural government clinics, and events organized by longhouses and kampong.

Employment Opportunities for Local Rural Community

RSB had developed thousands of hectares of Native Customary Rights ("NCR") land and rural land into oil palm estates. These estates provide job opportunities to the local community, with priority to the native landowners who participated in the NCR land joint-ventured oil palm estates.

Blood Donation

RSB employees has been participating in an annual blood donation drive to support Sibu General Hospital to maintain its blood bank.

Blood Donation Drive

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.

PEOPLE MANAGEMENT (CONT'D)

I. WORKPLACE SAFETY AND HEALTH (cont'd)

Occupational Safety and Health ("OSH") (cont'd)

(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.

Our group had managed to maintain zero fatality in all our operations for three straight years during the period of FYE2017, FYE2018 and FYE2019. Zero fatality will always be the all-time main goal for the Group.

There was a slight increase in Lost Time Injury (LTI) reported in FYE2019 i.e. 57.00, compared with 32.00 LTI's in FYE2018. This was mainly due to the increased in efficiency in accident reporting in line with increased transparency. Likewise, Incident Rate had also increased from 8.99 in FYE2018 to 18.82 in FYE2019. In terms of LTIFR, it was recorded at 7.54 in FYE2019 against 3.60 in FYE2018.

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 Rate
2019	3,028	7,557,888	57.00	18.82	7.54	0.00
2018	3,559	8,883,264	32.00	8.99	3.60	0.00

PEOPLE MANAGEMENT (CONT'D)

I. WORKPLACE SAFETY AND HEALTH (cont'd)

Occupational Safety and Health ("OSH") (cont'd)

(d) OSH Performance (cont'd)

ii. *OSH In-house Training FYE2019*
A total of 12 training sessions were conducted at operating units for the whole Group in FYE2019, involving a total of 478 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 Keselamatan Forklift; and
g) Emergency First Aid at Workplace.

iii. *Safety Tool Box Briefing FYE2019*
Our Safety and Health Officers conducted a total of 44 sessions of tool box briefing at the individual oil palm estates and mills at all regions.

Similarly, a total of 722 sessions of tool box briefing were conducted by the estate/mill own staff members to their workers at the various work sites at all regions. The participants who participated in the briefing sessions are mostly mill workers, 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.

All briefings were properly recorded and reported accordingly.

iv. *OSH Internal Audit FYE2019*
Our audit teams from the SHD which were 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.

FYE2019, a total of 18 sessions of OSH internal 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.

PEOPLE MANAGEMENT (CONT'D)

I. WORKPLACE SAFETY AND HEALTH (cont'd)

Occupational Safety and Health ("OSH") (cont'd)

(d) OSH Performance (cont'd)

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 guides for employer/employees 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, etc, once per year to quantify employee exposures to chemicals, to evaluate effectiveness of existing control measures and to recommend for improvement. We had conducted 16 sessions of PCEM exercises at 16 estates in FYE2019.

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.

PEOPLE MANAGEMENT (CONT'D)

I. WORKPLACE SAFETY AND HEALTH (cont'd)

Occupational Safety and Health ("OSH") (cont'd)

(d) OSH Performance (cont'd)

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.

Emergency Respond Plan and Fire-fighting Training at an oil palm estate

Tool-box briefing by safety personnel to spayer team in field

PEOPLE MANAGEMENT (CONT'D)

II. WORKPLACE WELL-BEING

Staff Training and Development

With the implementation of new regulatory compliances, changes and latest developments in the industry, and to improve performance, the company organizes trainings and development programs to upgrade and update the skills and knowledge of its employees.

Staff Training At Oil Palm Estate

Recognizing Diversity

In recognition of ethnic diversity and religion, the company organized festive events such as Chinese New Year, Hari Raya Puasa, and Hari Gawai.

Joint Hari Raya and Gawai Dayak Celebration at Kuching Region

Joint Hari Raya and Gawai Dayak Celebration at Miri Region

Safety and Health

Safety briefings and trainings were conducted continuously for employees to create awareness on safety at work. Safe Operating Procedures are made available and also continuously brief to employees at work sites.

Safety Briefing at Oil Palm Estate

PEOPLE MANAGEMENT (CONT'D)

II. WORKPLACE WELL-BEING (CONT'D)

Welfare

The company organizes sports and games for employees to maintain a healthy lifestyle. Sports and recreational facilities are provided at the estates and mills. Sports competitions are held to foster closer relationship and teamwork.

Badminton Competition

Employees Attended Health Talk by An Orthopedic Surgeon

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 2019. 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

1. 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 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 Executive Director("ED"). The positions of Chairman (i.e. Non-Executive Chairman) and 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.

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

1. Board Responsibilities (Cont'd)

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.

The 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 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

Consequent to the resignation of Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King as Executive Director which took effect from 1 May 2019, the Board currently consist of five (5) members, comprising two (2) Independent Directors, one (1) Non-Independent Non-Executive Directors, and two (2) Executive Director. 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.

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.

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 Director 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.

Corporate Governance Overview Statement (cont'd)

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

II. Board Composition (Cont'd)

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 2019, 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
Best practice in applying Malaysian Private Entities Reporting Standard (MPERS)	2
Implementation of ISOC 1	1
Materiality – Determining materiality in the Audit of Financial Statement	1
The effect of MPERS on audit evidence and consideration	1
Malaysian Anti-Corruption Commission Amendment Act 2018	1
MFRS developments and updates, accounting for Income Tax and MACC (Amendment) Act 2018	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.

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 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 2019, 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.

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

II. Board Composition (Cont'd)

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 2019, 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 ED. In the case of Independent Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Independent Director concerned.

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 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 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.

Corporate Governance Overview Statement (cont'd)

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

III. Remuneration (Cont'd)

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 2019 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										
Tiong Chiong Ong	-	57,600	150,000	900,000	-	-	7,148	61,543	157,148	1,019,143
Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	-	1,998	80,000	80,000	-	-	-	-	80,000	81,998
Non-Executive Directors										
Tiong Kiong King	75,000	127,683	-	-	-	-	2,000	2,000	77,000	129,683
Tiong Chiong Ie	35,000	63,600					1,200	1,200	36,200	64,800
Bong Wei Leong	45,000	45,000					2,600	2,600	47,600	47,600
Tiong Ing Ming	35,000	36,000					2,600	2,600	37,600	38,600

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

During the financial year ended 31 December 2019, the Audit Committee ("AC") comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Consequence to the re-designation of Mr. Tiong Kiong King as Executive Director on 1 June 2020, The AC consists of two (2) Independent Non-Executive Directors. A new member will be appointed to fill the vacancy in order to comply with the Main market Listing Requirements of Bursa Malaysia Securities Berhad. The AC is chaired by an Independent Non-Executive Director, Mr. Bong Wei Leong. 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.

Corporate Governance Overview Statement
(cont'd)

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

I. Audit Committee (Cont'd)

The external auditors have confirmed and assured in writing of their independence to the AC. The Audit Committee 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 Audit Committee 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 2019 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.

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.

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

II. Risk Management & Internal Control Framework (Cont'd)

The main features of risk management framework are disclosed on pages 37 to 38 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 37 to 39 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 pages 42 to 43 of this annual report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING & MEANINGFUL 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 Annual and Extraordinary 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.

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.

Corporate Governance Overview Statement
(cont'd)

STATEMENT ON NOMINATION COMMITTEE ACTIVITIES

During the financial year ended 31 December 2019, the Nomination Committee has met once and the activities carried out by the Nomination Committee during the financial year ended 31 December 2019 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 Constitution, 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.

This statement is made in accordance with the resolution of the Board of Directors dated 28 May 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirement ("Main LR") of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") of Rimbunan Sawit Berhad ("the Company") is committed to nurture and support a sound risk management framework and internal controls system (the "System") and is pleased to enclosed the Statement of Risk Management and Internal Control 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. 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. The Board also recognized the facts that the internal control systems are the actions taken by the Board and management to manage risk 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 included; maintaining the risk register for the Group; monitoring and reporting of the key risks as identified by the Management and facilitate the quarterly risk review.

Internal Audit Department

Pursuant to Paragraph 15.27 of Main LR of Bursa Malaysia Securities Berhad, 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 organization. This ERM provides structures 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 appetite. Additionally, this framework accords ownership of risk to process owners by engaging every level of the organization 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 register).

Statement On Risk Management And Internal Control (cont'd)

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 risk as a 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 achieving 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 prioritization of the audit universe as determine using a risk-based approach. Priority of audit will be given to those operating units that ranked at high risk. 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 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.

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 systems are as follows:

- The Group has established an organizational 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.
- Annual business plans and budgets of the Group are prepared by business and operating units, reviewed and approved by the Board. The Group senior 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 operational meetings are conducted by management which comprises the "Executive Director" (ED), divisional and department 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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 systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above 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 ED and Corporate's General Manager 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 dated 28 May 2020.

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 during the financial year ended 31 December 2019 comprises the following members:

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

Consequence to the re-designation of Mr. Tiong Kiong King as Executive Director on 1 June 2020, The Committee consists of two (2) Independent Non-Executive Directors. A new member will be appointed to fill the vacancy in order to comply with the Main market Listing Requirements of Bursa Malaysia Securities Berhad.

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 2019. 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	5 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 2019:

Financial Reporting

1. Reviewed with the external auditors their audit for the financial year ended 31 December 2018 ("FY2018") 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;

2. Reviewed and recommended the audited financial statements of the Company and of the Group for FY2018 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 FY2019 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 FY2019 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.

Report Of The Audit Committee (cont'd)

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 2019: (Cont'd)

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.

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 the existing 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; and

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 RSB Group in accordance with the principles of the Internal Audit Charter.

INTERNAL AUDIT FUNCTION (CONT'D)

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 Independent 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.

During the financial year ended 31 December 2019, 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 RSB Group and recommend improvement thereon; and
- Identifying ways and opportunities to improve the effectiveness and efficiency of the operations and processes within the RSB Group.

The total costs incurred for the internal audit functions of the Group for the FY 2019 was RM948,078.38 (FY 2018: RM698,533.78). The additional increase in cost was mainly due to increase the frequency of operational audit visit from twice a year to monthly basis of visiting to the assigned operating units and also has increased number of internal auditors in 2019.

This Report is made in accordance with the resolution of the Board of Directors dated 28 May 2020.

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 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 28 May 2020.

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 2019.

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 after taxation for the financial year	(62,843,358)	(215,192,567)
Attributable to:-		
Owners of the Company	(51,567,681)	(215,192,567)
Non-controlling interests	(11,275,677)	-
	(62,843,358)	(215,192,567)

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. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to going concerns as the directors believe that the debt service obligations of the Group and of the Company for the next financial year could be met out of operating cash flows and the proceeds arising from the impending sale of non-profitable oil palm plantation estates.

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report (cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature, other than that disclosed in Note 18 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 (Resigned on 1.5.2019)
Tiong Chiong Ie
Bong Wei Leong
Tiong Ing Ming

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, as follows:-

Datuk Tiong Thai King
Datuk Stephen Timothy Wan Ulok
George Lentton Anak Indang
Junaidi Bin Reduan
Penghulu Ngau Ajang
Sebastian Ak Baya
Stephen Jussem Dundon
Timothy Tiong Ing Zun
Wan Abu Bakar Bin Wan Hamid (Resigned on 15.2.2020)
Wong Yiing Ngiik
YBhg. Datu Sajeli Bin Kipli (Resigned on 1.1.2020)
Monaliza Binti Zaidel (Resigned on 1.1.2020)
Idris Bin Ibrahim (Appointed on 15.02.2020)

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 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Direct Interests in the Company				
Tiong Chiong Ong	7,033,108	100,000	(500,000)	6,633,108
Tiong Kiong King	17,027,000	-	(17,027,000)	-
Tiong Chiong Ie	1,600,000	-	-	1,600,000
Tiong Ing Ming	200,000	-	-	200,000
Indirect Interests in the Company				
Tiong Chiong Ong *	326,714	-	-	326,714
Tiong Kiong King #	6,218,400	-	(6,218,400)	-
Tiong Chiong Ie ^	3,872,000	-	-	3,872,000

* Deemed interested by virtue of the interest of his spouse and children in the Company.

Deemed interested by virtue of his interest in Biru-Hijau Sdn. Bhd.

^ Deemed interested by virtue of his interest in Priharta Development Sdn. Bhd.

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 35(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 34 to the financial statements.

Directors' Report (cont'd)

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 39 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, 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 directors dated 28 May 2020.

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 58 to 146 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 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 28 May 2020.

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 58 to 146 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 28 May 2020

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 2019 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 58 to 146.

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 2019, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that the Group incurred a net loss of RM62.8 million for the financial year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by RM319.4 million. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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 2020. 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 18 to the financial statements. In addition, management is contemplating the sale of other non-profitable oil palm plantation estates as part of the Group's rationalisation plan, so as to further streamline and better manage its portfolio of oil palm plantations, thereby improving the liquidity position of the Group. The Group is also implementing cost optimisation measures whilst improving efficiencies and productivity of the plantation development and operations.

Despite the loss suffered, the Group recorded a positive net cash flow of RM50.6 million from its operating activities for the financial year ended 31 December 2019, with earnings before interest, tax, depreciation and amortisation ("EBITDA") of RM25.8 million.

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

Material Uncertainty Related to Going Concern (Cont'd)

Management recognises that the COVID-19 outbreak is expected to have a negative impact on the Group's operating performance for the coming reporting period(s); but the outbreak is not expected to have a significant impact on the Group's plan to sell some of its non-profitable oil palm plantation estates, which forms the major source of funds for the financial year ending 31 December 2020.

In view of the above, barring any other unforeseen circumstances, 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.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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 carrying amount of RM12.5 million as at 31 December 2019, which relates to the Group's oil palm plantation cash-generating unit ("CGU"). Following a review of the business and the Group's operating plans, management assessed the carrying amount of the goodwill. An impairment loss of RM3.9 million (2018: RM32.5 million) was recognised for the financial year. 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 RM837.3 million as at 31 December 2019. An impairment allowance totalling RM25.9 million (2018: RM80.1 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 palm yield. This was identified by management as an impairment indicator. Two methods are used by management to determine the recoverable amounts of the plantation assets, i.e. valuation reports and discounted cash flows. We gave audit focus on the impairment of these plantation assets because the estimation of their recoverable amounts involves significant management judgement.	Our procedures included, amongst others:- • for recoverable amounts determined by using professional valuers, assessing the competence, capabilities and objectivity of management's valuation experts; and evaluating the valuation methodologies and the appropriateness of the assumptions used by the valuation experts. • for recoverable amounts determined by using discounted cash flows method, 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 (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)

Fair Values of Biological Assets Refer to Note 9 in the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
As at 31 December 2019, the Group's biological assets carried a fair value in an aggregate of RM14.1 million. The biological assets of the Group comprise fresh fruit bunches ("FFBs") and gaharu trees prior to harvest. Management uses the income approach to estimate the fair values of FFBs and gaharu trees by discounting the net cash flows expected to be generated from the sale of FFBs and gaharu. This approach uses several key assumptions, including assumptions about future prices of FFBs and gaharu, as well as yields of oil palm and gaharu trees. Due to the degree of management judgement involved in estimating the fair values of biological assets, we considered this to be an area of audit focus.	Our procedures included, amongst others:- • evaluating the valuation methodologies and the appropriateness of assumptions used by management. • performing sensitivity analysis 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.

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)

- 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

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
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Ling Hang Ngee
03188/07/2021 J
Chartered Accountant

28 May 2020

Sibu, Sarawak

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	580,409,160	828,909,160
Investment in an associate	7	-	4,397,296	-	4,397,296
Property, plant and equipment	8	971,773,705	1,129,819,468	6,031,447	3,833,062
Biological assets	9	10,452,960	10,293,576	-	-
Intangible assets	10	482,050	772,063	-	-
Other investment	11	17,942	310,251	17,942	310,251
Goodwill	12	12,545,542	16,399,232	-	-
Amount owing by subsidiaries	13	-	-	92,162,798	61,453,544
Deposits with licensed banks	14	120,051	-	-	-
		995,392,250	1,161,991,886	678,621,347	898,903,313
CURRENT ASSETS					
Inventories	15	15,114,478	12,766,290	-	-
Trade receivables	16	8,534,095	6,725,319	-	-
Other receivables, deposits and prepayments	17	10,247,781	17,572,399	4,698,691	717,647
Current tax assets		3,778,223	7,922,902	1,351,159	860,426
Biological assets	9	3,683,441	2,553,344	-	-
Deposits with licensed banks	14	85,070	261,512	85,070	159,131
Cash and bank balances		776,286	1,572,205	41,562	17,232
		42,219,374	49,373,971	6,176,482	1,754,436
Assets classified as held for sale	18	83,308,000	-	-	-
		1,120,919,624	1,211,365,857	684,797,829	900,657,749
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	807,129,190	807,129,190	807,129,190	807,129,190
Reserves	20	(373,412,313)	(321,844,632)	(192,528,933)	22,663,634
Equity attributable to owners of the Company		433,716,877	485,284,558	614,600,257	829,792,824
Non-controlling interests	6	(11,215,083)	60,594	-	-
TOTAL EQUITY		422,501,794	485,345,152	614,600,257	829,792,824

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

Statements Of Financial Position (Cont'd)

As at 31 December 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
NON-CURRENT LIABILITIES					
Borrowings	21	203,971,979	249,728,181	2,755,080	1,467,022
Deferred tax liabilities	23	49,503,856	58,258,289	-	-
		253,475,835	307,986,470	2,755,080	1,467,022
CURRENT LIABILITIES					
Trade payables	24	67,074,440	60,473,048	-	-
Other payables, deposits and accruals	25	71,498,685	60,826,721	5,966,074	4,865,636
Borrowings:-	21				
- bank overdrafts		17,623,684	19,183,047	3,930,925	5,451,937
- other borrowings		285,351,048	268,660,062	57,545,493	59,080,330
Current tax liabilities		3,394,138	8,891,357	-	-
		444,941,995	418,034,235	67,442,492	69,397,903
TOTAL LIABILITIES		698,417,830	726,020,705	70,197,572	70,864,925
TOTAL EQUITY AND LIABILITIES		1,120,919,624	1,211,365,857	684,797,829	900,657,749

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 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	26	284,713,553	338,688,464	40,000,000	50,000,000
COST OF SALES		(280,687,046)	(345,253,378)	-	-
GROSS PROFIT/(LOSS)		4,026,507	(6,564,914)	40,000,000	50,000,000
OTHER INCOME		10,901,547	14,125,035	2,735,578	5,805,831
DISTRIBUTION COSTS		(14,631,178)	(15,702,511)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(51,344,362)	(150,751,449)	(212,588,319)	(40,297,542)
FINANCE COSTS	27	(23,470,300)	(25,011,851)	(4,127,911)	(3,670,906)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	28	5,706,356	(156,633)	(41,700,000)	-
(LOSS)/PROFIT BEFORE TAXATION	29	(68,811,430)	(184,062,323)	(215,680,652)	11,837,383
INCOME TAX EXPENSE	30	5,968,072	35,365,270	488,085	1,407,087
(LOSS)/PROFIT AFTER TAXATION		(62,843,358)	(148,697,053)	(215,192,567)	13,244,470
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		(62,843,358)	(148,697,053)	(215,192,567)	13,244,470
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(51,567,681)	(133,532,291)	(215,192,567)	13,244,470
Non-controlling interests		(11,275,677)	(15,164,762)	-	-
		(62,843,358)	(148,697,053)	(215,192,567)	13,244,470
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(51,567,681)	(133,532,291)	(215,192,567)	13,244,470
Non-controlling interests		(11,275,677)	(15,164,762)	-	-
		(62,843,358)	(148,697,053)	(215,192,567)	13,244,470
LOSS PER SHARE (SEN)	31				
Basic		(2.53)	(6.54)		
Diluted		(2.53)	(6.54)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Group	Share Capital Ordinary Shares RM	Share Capital Preference Shares RM	Merger Reserve RM	Accumulated Losses RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.1.2018	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 owners of the Company:- - issuance of ordinary shares by a subsidiary to non-controlling interests	-	-	-	-	-	210,000	210,000
Balance at 31.12.2018/ 1.1.2019	724,690,725	82,438,465	(53,065,553)	(268,779,079)	485,284,558	60,594	485,345,152
Loss after taxation/ Total comprehensive income for the financial year	-	-	-	(51,567,681)	(51,567,681)	(11,275,677)	(62,843,358)
Balance at 31.12.2019	724,690,725	82,438,465	(53,065,553)	(320,346,760)	433,716,877	(11,215,083)	422,501,794

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

Statements Of Changes In Equity (Cont'd)

For The Financial Year Ended 31 December 2019

The Company	Share Capital Ordinary Shares RM	Preference Shares RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Balance at 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 31.12.2018/1.1.2019	724,690,725	82,438,465	22,663,634	829,792,824
Loss after taxation/Total comprehensive income for the financial year	-	-	(215,192,567)	(215,192,567)
Balance at 31.12.2019	724,690,725	82,438,465	(192,528,933)	614,600,257

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/profit before taxation	(68,811,430)	(184,062,323)	(215,680,652)	11,837,383
Adjustments for:-				
Allowance for stock obsolescence	3,903	20,188	-	-
Allowance for stock obsolescence no longer required	(14,722)	(41,093)	-	-
Amortisation of intangible assets	290,013	434,944	-	314,820
Bad debts written off	22,072	87,463	-	-
Biological assets written off	219,131	-	-	-
Changes in fair value of:-				
- biological assets	(1,130,097)	1,377,563	-	-
- other investment	292,309	4,689,749	292,309	4,689,749
Depreciation of property, plant and equipment	70,864,787	68,476,157	1,194,362	990,490
Dividend income	-	-	(40,000,000)	(50,000,000)
(Gain)/loss on disposal of:-				
- assets classified as held for sale	-	(6,191,951)	-	-
- investment in an associate	(602,704)	-	(602,704)	-
- property, plant and equipment	(7,360,692)	401,916	3,876	(32)
Impairment losses on:-				
- amount owing by subsidiaries	-	-	46,000,000	-
- goodwill	3,853,690	32,474,566	-	-
- investments in subsidiaries	-	-	210,000,000	29,200,000
- property, plant and equipment	25,885,183	80,087,548	-	-
- receivables	-	1,405,927	-	-
Impairment losses on receivables no longer required	(5,706,356)	(1,249,294)	(4,300,000)	-
Interest expense	23,470,300	25,011,851	4,127,911	3,670,906
Interest income	(46,624)	(17,438)	(1,881,058)	(4,845,314)
Inventories written off	184	-	-	-
Property, plant and equipment written off	366,551	7,213,136	-	232
Operating profit/(loss) before working capital changes	41,595,498	30,118,909	(845,956)	(4,141,766)
(Increase)/decrease in inventories	(2,337,553)	5,714,586	-	-
Decrease in trade and other receivables	11,200,126	41,591,962	318,956	2,690,267
Increase/(decrease) in trade and other payables	17,273,356	(55,071,732)	1,100,438	(770,473)
CASH FROM/(FOR) OPERATIONS/ BALANCE CARRIED FORWARD	67,731,427	22,353,725	573,438	(2,221,972)

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

Statements Of Cash Flows (Cont'd)
For The Financial Year Ended 31 December 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
CASH FROM/(FOR) OPERATIONS/ BALANCE BROUGHT FORWARD		67,731,427	22,353,725	573,438	(2,221,972)
Income tax paid		(7,714,837)	(11,284,582)	(484,560)	(850,872)
Income tax refunded		3,575,936	371,459	481,912	-
Interest paid		(13,034,469)	(11,464,691)	(3,835,273)	(3,443,552)
Interest received		46,624	17,438	1,881,058	4,845,314
NET CASH FROM/(FOR) OPERATING ACTIVITIES		50,604,681	(6,651)	(1,383,425)	(1,671,082)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	32	-	(16,964,988)	-	(17,000,000)
Net of (advance to)/repayment from subsidiaries		-	-	(76,709,254)	43,483,324
Costs incurred on biological assets		(302,862)	(416,840)	-	-
Dividend received		-	-	40,000,000	50,000,000
Increase in pledged deposits with licensed banks		(17,670)	-	-	-
Proceeds from capital reduction of a subsidiary	6	-	-	100,000,000	-
Proceeds from disposal of assets classified as held for sale		-	150,000,000	-	-
Proceeds from disposal of intangible assets		-	836,393	-	836,393
Proceeds from disposal of investment in an associate	7	5,000,000	-	5,000,000	-
Proceeds from disposal of property, plant and equipment		10,248,435	2,441,178	602	947,787
Proceeds from issuance of ordinary shares from non-controlling interests		-	210,000	-	-
Purchase of intangible assets		-	(884,394)	-	-
Purchase of property, plant and equipment	33(a)	(13,403,266)	(66,866,870)	-	(1,880)
Subscription of shares in subsidiaries		-	-	(61,500,000)	(79,190,000)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		1,524,637	68,354,479	6,791,348	(924,376)
BALANCE CARRIED FORWARD		52,129,318	68,347,828	5,407,923	(2,595,458)

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

Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
BALANCE BROUGHT FORWARD		52,129,318	68,347,828	5,407,923	(2,595,458)
CASH FLOWS FOR FINANCING ACTIVITIES					
Drawdown of term loans	33(b)	4,468,953	18,103,264	-	-
Net of drawdown/(repayment) of bankers' acceptance	33(b)	5,841,872	856,989	-	-
Net of drawdown/(repayment) of revolving credit	33(b)	4,500,000	13,000,000	(2,100,000)	-
Net of drawdown/(repayment) of unsecured loans	33(b)	4,200,000	-	-	-
Payment of interests on long-term borrowings	33(b)	(14,522,896)	(17,471,574)	(292,638)	(227,354)
Repayment of hire purchase obligations	33(b)	-	(6,435,399)	-	(51,494)
Repayment of lease liabilities	33(b)	(6,177,126)	-	(504,315)	-
Repayment of term loans	33(b)	(49,750,738)	(81,490,243)	(1,039,689)	(965,339)
NET CASH FOR FINANCING ACTIVITIES		(51,439,935)	(73,436,963)	(3,936,642)	(1,244,187)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		689,383	(5,089,135)	1,471,281	(3,839,645)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(17,451,711)	(12,362,576)	(5,275,574)	(1,435,929)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33(d)	(16,762,328)	(17,451,711)	(3,804,293)	(5,275,574)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 directors dated 28 May 2020.

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

MFRSs and/or IC Interpretations (Including the Consequential Amendments)
MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replace the previous guidance on lease accounting. 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 statements of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities is calculated using the effective interest method. The impacts on the financial statements of the Group upon the initial application of MFRS 16 are disclosed in Note 40 to the financial statements.

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:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

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 RM62.8 million for the financial year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by RM319.4 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 2020. 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 18 to the financial statements. In addition, management is contemplating the sale of other non-profitable oil palm plantation estates as part of the Group's rationalisation plan, so as to further streamline and better manage its portfolio of oil palm plantations, thereby improving the liquidity position of the Group. The Group is also implementing cost optimisation measures whilst improving efficiencies and productivity of the plantation development and operations.

Despite the loss suffered, the Group recorded a positive net cash flow of RM50.6 million from its operating activities for the financial year ended 31 December 2019, with earnings before interest, tax, depreciation and amortisation ("EBITDA") of RM25.8 million.

Management recognises that the COVID-19 outbreak is expected to have a negative impact on the Group's operating performance for the coming reporting period(s); but the outbreak is not expected to have a significant impact on the Group's plan to sell some of its non-profitable oil palm plantation estates, which forms the major source of funds for the financial year ending 31 December 2020.

In view of the above, barring any other unforeseen circumstances, 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 Property, Plant and Equipment, and Right-of-use Assets

The Group determines whether its property, plant and equipment (including rights-of-use assets) are impaired by evaluating the extent to which the recoverable amounts of the assets are less than their carrying amounts. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amounts, such as valuation reports and discounted cash flows. For discounted cash flows, 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 (including rights-of-use assets) as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Fair Value Estimates for Biological Assets

The biological assets of the Group consist of fresh fruit bunches ("FFBs") and gaharu trees prior to harvest. The Group adopts the income approach to estimate the fair value of biological assets. For the income approach, significant judgement is required to estimate the present value of the net cash flows expected to be generated from the sale of agricultural produce. Such estimation involves uncertainties and is affected by assumptions used and judgements made regarding future cash flows and discount rates. The carrying amount of biological assets as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Fair Value Estimates for Unquoted Investments

The Group carries an investment that is not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit. The carrying amount of the unquoted investment as at the reporting date is disclosed in Note 11 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 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.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 15 to the financial statements.

(g) 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 is disclosed in Note 16 to the financial statements.

(h) 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 subsidiaries as at the reporting date are disclosed in Notes 17 and 13 to the financial statements respectively.

(i) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(j) Measurement of Lease Liabilities

The Group measures lease liabilities at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate when the interest rate implicit in the lease cannot be readily determined. An incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, significant judgement is required in the estimation of incremental borrowing rate using observable inputs and making certain adjustments to reflect the term, security, value or economic environment of the respective leases. The carrying amount of lease liabilities (included within borrowings) as at the reporting date is disclosed in Note 21 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) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(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.

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).

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(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.

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

Equity Instruments

All equity investments are subsequently 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts (Cont'd)

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.

5.7 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 investments 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 2015. 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. 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT

(a) Bearer Plants

Bearer plants, included within property, plant and equipment, are defined as living plants that are used in the production or supply of agricultural produce and for which there is only a remote likelihood that the plant will also be sold as agricultural produce. Bearer plants (before maturity), representing nursery development, and immature oil palm and rubber plantations, are measured at cost, which consists of the costs incurred in the preparation of the nursery, purchase of seedlings and maintenance of the plantations. No depreciation is provided for immature bearer plants. Upon maturity, bearer plants are measured at cost less accumulated depreciation and impairment losses, if any. Mature bearer plants are depreciated over the estimated useful lives of the bearer plants of 25 years.

(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	Not applicable (2018: 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Other Property, Plant and Equipment (Cont'd)

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.

5.9 BIOLOGICAL ASSETS

Biological assets comprise produce growing on bearer plants and planted gaharu trees.

Produce growing on bearer plants (i.e. FFBs) is classified as current assets as it is expected to be harvested and sold or used for production on a date not more than 15 days after the reporting date. Planted gaharu trees are classified as non-current assets as they are expected to be harvested and sold or used for production on a date more than 12 months after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising on initial recognition and from changes in the fair value less costs to sell are recognised in profit or loss for the period in which they arise.

5.10 INTANGIBLE ASSETS

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 3 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment property are presented in the statements of financial position within property, plant and equipment, and the associated lease liabilities are presented within borrowings.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment made to the carrying amount of the right-of-use asset or recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

(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 statements 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.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 LEASES (CONT'D)

Accounting Policies Applied Until 31 December 2018 (Cont'd)

(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, and trade receivables, as well as 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 statements 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 IMPAIRMENT (CONT'D)

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

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.

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, and biological assets, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

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

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 CONTINGENT LIABILITIES

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

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

5.20 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 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.

5.22 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.

5.23 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.24 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 the 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.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(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.

5.25 OTHER INCOME

(a) Dividend Income

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

(b) Interest Income

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

(c) Rental Income

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

6. INVESTMENTS IN SUBSIDIARIES

	The Company 2019 RM	2018 RM
Unquoted shares, at cost	844,579,160	883,079,160
Less: Accumulated impairment losses	(264,170,000)	(54,170,000)
	580,409,160	828,909,160

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 2019 %	2018 %	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
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

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Subsidiaries of the Company (Cont'd)				
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	Workshop operation services
Rakantama Sdn. Bhd. #	Malaysia	100	100	Insurance agency services
Rimbunan Sawit Management Services Sdn. Bhd.	Malaysia	100	100	Investment holdingand provision of management services
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	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.

* *The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.*

(a) In the previous 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.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) 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 RM210,000,000 (2018: RM29,200,000), 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.

(c) During the financial year, the Company converted 149,000,000 irredeemable convertible preference shares in Topline Synergy Sdn. Bhd. ("TSSB"), a wholly-owned subsidiary of the Company, into 149,000,000 ordinary shares in TSSB. TSSB then undertook a capital reduction exercise pursuant to Section 117 of the Companies Act 2016 by way of a reduction of its issued and paid-up share capital from RM150,000,000 to RM50,000,000 by cancelling the issued and paid-up share capital of 100,000,000 ordinary shares at RM1 each. The capital repayment of RM100,000,000 to the shareholder was satisfied in cash.

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

	Effective Equity Interest		The Group	
	2019 %	2018 %	2019 RM	2018 RM
PJP Pelita Biawak Plantation Sdn. Bhd. ("Biawak")	15	15	4,784,065	4,894,126
PJP Pelita Ekang-Banyok Plantation Sdn. Bhd. ("Ekang-Banyok")	40	40	(6,411,004)	(4,755,280)
PJP Pelita Lundu Plantation Sdn. Bhd. ("Lundu")	40	40	19,844,554	22,376,888
PJP Pelita Selangau Plantation Sdn. Bhd. ("Selangau")	40	40	(18,540,641)	(16,034,596)
PJP Pelita Ulu Teru Plantation Sdn. Bhd. ("Ulu Teru")	40	40	(9,214,731)	(4,999,829)
Other individually immaterial subsidiaries			(1,677,326)	(1,420,715)
			(11,215,083)	60,594

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) 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	
	2019	**2018**
	RM	**RM**
At 31 December		
Non-current assets	40,586,714	43,269,364
Current assets	3,331,514	2,993,302
Non-current liabilities	(7,983,058)	(8,679,967)
Current liabilities	(4,041,405)	(4,955,195)
Net assets	31,893,765	32,627,504
Financial year ended 31 December		
Revenue	7,455,594	7,310,457
Loss for the financial year	(733,739)	(2,171,403)
Total comprehensive income	(733,739)	(2,171,403)
Total comprehensive income attributable to non-controlling interests	(110,061)	(325,710)
Dividends paid to non-controlling interests	-	-
Net cash flows from operating activities	1,088,712	854,932
Net cash flows for investing activities	(373,331)	(167,861)
Net cash flows for financing activities	(741,431)	(674,306)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) 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):-

	Ekang-Banyok 2019 RM	2018 RM
<u>At 31 December</u>		
Non-current assets	51,073,148	52,337,482
Current assets	1,070,440	1,989,799
Non-current liabilities	(5,413,039)	(12,628,731)
Current liabilities	(62,758,060)	(53,586,751)
Net liabilities	(16,027,511)	(11,888,201)
<u>Financial year ended 31 December</u>		
Revenue	5,209,984	5,546,184
Loss for the financial year	(4,139,310)	(6,657,094)
Total comprehensive income	(4,139,310)	(6,657,094)
Total comprehensive income attributable to non-controlling interests	(1,655,724)	(2,662,837)
Dividends paid to non-controlling interests	-	-
Net cash flows from/(for) operating activities	477,301	(1,115,348)
Net cash flows for investing activities	(478,123)	(2,158,630)
Net cash flows from financing activities	9,706	3,261,856

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) 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	
	2019	**2018**
	RM	**RM**
At 31 December		
Non-current assets	73,364,194	83,866,000
Current assets	4,089,206	2,679,768
Non-current liabilities	(17,266,325)	(19,746,751)
Current liabilities	(10,575,690)	(10,856,796)
Net assets	49,611,385	55,942,221
Financial year ended 31 December		
Revenue	16,818,418	20,019,206
Loss for the financial year	(6,330,836)	(6,811,744)
Total comprehensive income	(6,330,836)	(6,811,744)
Total comprehensive income attributable to non-controlling interests	(2,532,334)	(2,724,698)
Dividends paid to non-controlling interests	-	-
Net cash flows from/(for) operating activities	1,983,296	(3,797,513)
Net cash flows (for)/from investing activities	(117,600)	1,849,532
Net cash flows (for)/from financing activities	(1,880,797)	1,948,631

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) 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 2019 RM	Selangau 2018 RM
At 31 December		
Non-current assets	52,870,793	53,483,473
Current assets	249,371	364,814
Non-current liabilities	-	-
Current liabilities	(99,471,767)	(93,934,776)
Net liabilities	(46,351,603)	(40,086,489)
Financial year ended 31 December		
Revenue	1,233,467	2,395,125
Loss for the financial year	(6,265,114)	(7,053,434)
Total comprehensive income	(6,265,114)	(7,053,434)
Total comprehensive income attributable to non-controlling interests	(2,506,045)	(2,821,374)
Dividends paid to non-controlling interests	-	-
Net cash flows for operating activities	(1,534,544)	(1,803,082)
Net cash flows for investing activities	(2,097,325)	(2,880,292)
Net cash flows from financing activities	3,626,326	4,689,433

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(e) 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):-

	Ulu Teru	
	2019 RM	**2018 RM**
At 31 December		
Non-current assets	132,026,909	137,281,479
Current assets	3,657,955	3,896,889
Non-current liabilities	(11,578,087)	(27,820,772)
Current liabilities	(147,143,605)	(125,857,169)
Net liabilities	(23,036,828)	(12,499,573)
Financial year ended 31 December		
Revenue	11,129,114	13,138,155
Loss for the financial year	(10,537,255)	(13,884,931)
Total comprehensive income	(10,537,255)	(13,884,931)
Total comprehensive income attributable to non-controlling interests	(4,214,902)	(5,553,972)
Dividends paid to non-controlling interests	-	-
Net cash flows from/(for) operating activities	1,252,283	(653,980)
Net cash flows for investing activities	(974,043)	(3,457,136)
Net cash flows (for)/from financing activities	(283,910)	4,099,382

7. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unquoted shares, at cost	-	25,137,296	-	25,137,296
Share of post-acquisition reserves	-	(1,622,514)	-	-
	-	23,514,782	-	25,137,296
Less: Accumulated impairment losses	-	(19,117,486)	-	(20,740,000)
	-	4,397,296	-	4,397,296

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity by Interest		Principal Activities
		2019 %	2018 %	
Lubuk Tiara Sdn Bhd#	Malaysia	-	44	Cultivation of oil palm

\# *The associate was audited by other firms of chartered accountants.*

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

(b) During the financial year, the Company disposed of 3,520,000 ordinary shares, representing 44% of the issued and paid-up share capital in the associate, to Lembaga Amanah Kebajikan Masjid Negeri Sarawak for a total cash consideration of RM5,000,000. A gain on disposal of RM602,704 was recognised in "Other Income" line item of the statement of profit or loss and other comprehensive income of the Group and of the Company.

8. PROPERTY, PLANT AND EQUIPMENT

The Group	<-------- At 1.1.2019 -------- > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Additions (Note 33(a)) RM	Disposals RM	Write-offs RM	Reclassifi-cations RM	Depreciation Charge RM	Impairment Losses RM	Classified as Held-for-Sale (Note 18) RM	At 31.12.2019 RM
2019											
Carrying Amount											
Owned assets											
Land and buildings	1,747,131	-	1,747,131	-	(1,562,230)	(175,037)	-	(9,864)	-	-	-
Leasehold land	154,325,239	(154,325,239)	-	-	-	-	-	-	-	-	-
Bearer plants	564,232,506	-	564,232,506	16,688,131	(394,490)	(119,231)	17,771	(33,522,088)	(8,259,412)	(50,817,880)	487,825,307
Buildings, drainage and roads	294,562,230	-	294,562,230	376,071	(17,147)	(2)	7,574,992	(22,803,363)	-	(26,658,560)	253,034,221
Nursery irrigation systems	209,093	-	209,093	-	-	-	-	(30,687)	-	-	178,406
Motor vehicles, plant and machinery	99,257,941	(16,719,893)	82,538,048	1,222,495	(677,269)	(24,050)	1,241,479	(8,739,824)	-	-	75,560,879
Equipment and furniture	8,334,981	-	8,334,981	482,417	(17,749)	(16,404)	171,957	(1,829,862)	-	-	7,125,340
Capital work-in-progress	7,150,347	-	7,150,347	1,832,694	-	-	(5,986,683)	-	(262,278)	-	2,734,080
	1,129,819,468	(171,045,132)	958,774,336	20,601,808	(2,668,885)	(334,724)	3,019,516	(66,935,688)	(8,521,690)	(77,476,440)	826,458,233
Right-of-use assets											
Leasehold land	-	154,325,239	154,325,239	23,275	-	-	(3,017,931)	(3,674,746)	(17,363,493)	(5,831,560)	124,460,784
Buildings	-	7,602,931	7,602,931	170,592	-	-	-	(1,310,185)	-	-	6,463,338
Motor vehicles, plant and machinery	-	16,719,893	16,719,893	87,000	(218,858)	(31,827)	-	(2,164,858)	-	-	14,391,350
	-	178,648,063	178,648,063	280,867	(218,858)	(31,827)	(3,017,931)	(7,149,789)	(17,363,493)	(5,831,560)	145,315,472
	1,129,819,468	7,602,931	1,137,422,399	20,882,675	(2,887,743)	(366,551)	1,585	(74,085,477)	(25,885,183)	(83,308,000)	971,773,705

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

The Group	At 1.1.2018 RM	Additions (Note 33(a)) RM	Disposals RM	Write-offs RM	Reclassifi-cations RM	Acquisition of a Subsidiary (Note 32) RM	Depreciation Charges 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

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

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
2019				
Owned assets				
Bearer plants	952,097,143	(341,384,668)	(122,887,168)	487,825,307
Buildings, drainage and roads	547,712,648	(249,026,132)	(45,652,295)	253,034,221
Nursery irrigation systems	306,870	(128,464)	-	178,406
Motor vehicles, plant and machinery	160,594,777	(85,033,898)	-	75,560,879
Equipment and furniture	23,943,993	(16,818,653)	-	7,125,340
Capital work-in-progress	2,996,358	-	(262,278)	2,734,080
	1,687,651,789	(692,391,815)	(168,801,741)	826,458,233
Right-of-use assets				
Leasehold land	224,925,082	(40,640,049)	(59,824,249)	124,460,784
Buildings	7,773,523	(1,310,185)	-	6,463,338
Motor vehicles, plant and machinery	20,978,220	(6,586,870)	-	14,391,350
	253,676,825	(48,537,104)	(59,824,249)	145,315,472
	1,941,328,614	(740,928,919)	(228,625,990)	971,773,705
2018				
Land and buildings	3,406,273	(1,659,142)	-	1,747,131
Leasehold land	235,985,804	(39,199,809)	(42,460,756)	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	306,870	(97,777)	-	209,093
Motor vehicles, plant and machinery	190,337,753	(91,079,812)	-	99,257,941
Equipment and furniture	23,592,952	(15,257,971)	-	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

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

The Company	< -------- At 1.1.2019 -------- > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Disposals RM	Depreciation Charge RM	At 31.12.2019 RM
2019						
Carrying Amount						
Owned assets						
Buildings	2,832,317	-	2,832,317	-	(452,597)	2,379,720
Motor vehicles	245,581	-	245,581	(179)	(44,288)	201,114
Equipment and furniture	755,164	-	755,164	(4,299)	(131,273)	619,592
	3,833,062	-	3,833,062	(4,478)	(628,158)	3,200,426
Right-of-use assets						
Buildings	-	3,397,225	3,397,225	-	(566,204)	2,831,021
	3,833,062	3,397,225	7,230,287	(4,478)	(1,194,362)	6,031,447

The Company	At 1.1.2018 RM	Additions (Note 33(a)) 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 Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Owned assets			
Buildings	4,503,043	(2,123,323)	2,379,720
Motor vehicles	1,009,344	(808,230)	201,114
Equipment and furniture	1,549,721	(930,129)	619,592
	7,062,108	(3,861,682)	3,200,426
Right-of-use assets			
Buildings	3,397,225	(566,204)	2,831,021
	10,459,333	(4,427,886)	6,031,447
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

(a) In the previous financial year, included in the property, plant and equipment of the Group were motor vehicles, plant and machinery with a total carrying amount of RM16,719,893, which were acquired under hire purchase terms. These leased assets were pledged as security for the hire purchase obligations of the Group as disclosed in Note 22 to the financial statements.

(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 2019 RM	The Group 2018 RM
Leasehold land	78,400,733	107,226,673
Bearer plants	244,774,458	305,400,447
Buildings, drainage and roads	95,950,101	153,966,911
Motor vehicles, plant and machinery	59,410,973	66,508,558
Equipment and furniture	1,726,952	1,915,932
Capital work-in-progress	1,249,363	3,462,979
	481,512,580	638,481,500

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

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

	The Group 2019 RM	The Group 2018 RM
Unexpired period of less than 50 years	118,162,123	147,932,403
Unexpired period of more than 50 years	6,298,661	6,392,836
	124,460,784	154,325,239

(d) During the financial year, the Group carried out a review of the recoverable amounts of its plantation assets because certain oil palm plantations had been persistently making losses. Impairment losses of RM25,885,183 (2018: RM80,087,548), representing the write-down of the property, plant and equipment to their recoverable amounts, were 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 mainly determined based on the value-in-use approach and the pre-tax discount rate used was 10.5% (2018: 10.0%).

(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 Plantation RM	Immature Oil Palm Plantation RM	Immature Rubber Plantation RM	Nursery Development RM	Total RM
Cost:-					
At 1.1.2019	866,118,964	112,296,909	11,759,617	2,594,147	992,769,637
Addition during the financial year	-	14,160,444	1,499,563	1,028,124	16,688,131
Disposal during the financial year	-	-	-	(394,490)	(394,490)
Write-off during the financial year	-	-	-	(119,231)	(119,231)
Reclassification	10,724,736	(10,663,955)	-	(43,010)	17,771
Classified as held for sale	(43,985,488)	(12,879,187)	-	-	(56,864,675)
At 31.12.2019	832,858,212	102,914,211	13,259,180	3,065,540	952,097,143
Accumulated depreciation and impairment losses:-					
At 1.1.2019	428,537,131	-	-	-	428,537,131
Depreciation for the financial year	33,522,088	-	-	-	33,522,088
Impairment loss for the financial year	4,776,943	1,621,646	-	1,860,823	8,259,412
Classified as held for sale	(6,046,795)	-	-	-	(6,046,795)
At 31.12.2019	460,789,367	1,621,646	-	1,860,823	464,271,836
Carrying amount:-					
At 31.12.2019	372,068,845	101,292,565	13,259,180	1,204,717	487,825,307

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 Plantation RM	Immature Oil Palm Plantation RM	Immature Rubber Plantation RM	Nursery Development RM	Total RM
At 1.1.2018	810,421,374	139,563,783	9,689,563	3,702,781	963,377,501
Addition during the financial year	143,160	23,289,956	2,070,054	397,931	25,901,101
Write-off during the financial year	(13,413,522)	-	-	(942,568)	(14,356,090)
Reclassification	54,333,998	(53,770,001)	-	(563,997)	-
Acquisition of a subsidiary	14,633,954	3,213,171	-	-	17,847,125
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
Depreciation for the financial year	32,337,087	-	-	-	32,337,087
Impairment loss for the financial year	28,839,568	-	-	-	28,839,568
Write-off for the financial year	(7,808,231)	-	-	-	(7,808,231)
Acquisition of a subsidiary	1,331,980	-	-	-	1,331,980
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)

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

	The Group	
	2019 **RM**	**2018** **RM**
Depreciation of property, plant and equipment	3,149,769	3,130,430
Finance costs:-		
- bank overdrafts	174,811	109,083
- hire purchase obligations	-	61,777
- lease liabilities	45,028	-
- revolving credit	1,011,862	895,826
- term loans	2,849,047	2,852,382
Lease expenses:-		
- leases of low-value assets	3,310	-
- short-term leases	186,038	-
Rental on:-		
- equipment	-	1,383
- plant and machinery	-	278,787
- wharf	-	5,408
Staff costs:-		
- short-term benefits	2,002,848	1,687,954
- defined contribution plans	265,177	235,418

(g) Leases – the Group as a lessee

The Group leases leasehold land, buildings, motor vehicles, and plant and machinery, and other equipment for its operational purposes:-

(i) Leasehold land

The Group has made upfront payment to secure the right-of-use of leasehold land for lease periods ranging from 10 to 87 years. Certain pieces of leasehold land are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in (b) above. There is no option to purchase the leasehold land at the expiry of the respective lease periods.

(ii) Buildings

The Group has leased buildings which are used as offices and wharfs that run between 1 to 5 years, with an option to renew the leases upon the expiry of the respective lease terms. The Group is restricted from assigning and subleasing the leased assets without the written consent of the lessor and the leased assets may not be used as security for borrowing purposes. The extension option is negotiated by management to provide flexibility in managing the portfolio of assets and to align with the Group's business needs.

(iii) Motor vehicles, and plant and machinery

Motor vehicles, and plant and machinery have been leased under hire purchase arrangements. The leases are secured by the leased assets with lease terms ranging from 3 to 5 years; and bear effective interest at rates ranging from 4.77% to 5.51%. The Group has an option to purchase the assets at the expiry of the respective lease periods at an insignificant amount.

(iv) Other equipment

The Group has also leased IT equipment and industrial gas cylinders. The Group determines these assets are of low value when they are new, regardless of the age of the assets being leased. The Group has elected not to recognise right-of-use assets and lease liabilities for these assets.

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

(h) Leases – the Group as an intermediate lessor

he Group has subleased an office building to related parties for monthly lease payments for periods ranging from 1 to 5 years, and the subsequent renewals are to be re-negotiated on a contract-by-contract basis. The sublease periods do not form major part of the remaining lease terms under the head lease and accordingly, the subleases are classified as operating leases.

The Group does not require a financial guarantee. Instead, the Group requires 2 months of advanced payments from the lessees. The leases do not include residual value guarantee and variable lease payments.

The lease income recognised during the financial year by the Group and by the Company were RM12,800 and RM116,657 respectively.

9. BIOLOGICAL ASSETS

	The Group	
	2019	**2018**
	RM	**RM**
Non-current		
At 1 January	10,293,576	9,793,704
Addition during the financial year	380,100	499,872
Write-off during the financial year	(219,131)	-
Reclassification	(1,585)	-
At 31 December	10,452,960	10,293,576
Current		
At 1 January	2,553,344	3,930,907
Changes in fair value less costs to sell	1,130,097	(1,377,563)
At 31 December	3,683,441	2,553,344
Total	14,136,401	12,846,920

The biological assets of the Group comprise trees prior to harvest (i.e. gaharu plantation) and unharvested agricultural produce of bearer plants (i.e. FFBs).

9. BIOLOGICAL ASSETS (CONT'D)

(a) Biological Assets, Non-current – Trees Prior to Harvest (i.e. Gaharu Plantation)

The Group adopted the income approach to measure the fair value of unharvested gaharu trees. To arrive at the fair value of unharvested gaharu trees, management considered the net cash flows to be incurred and generated from the maintenance of gaharu trees and the sale of gaharu. Costs to sell, which include harvesting and transportation costs, are deducted from the fair value. The key assumptions used in the determination of the fair value less costs to sell of the unharvested gaharu trees are as follows:-

(i) number of gaharu trees planted as of the reporting date, adjusted for mortality rates.

(ii) grow-out periods of gaharu trees planted and yields at harvest.

(iii) estimated prices of unharvested gaharu trees based on the market prices of gaharu as of the reporting date, adjusted for harvesting and transportation costs.

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

The directors estimate that a decrease in the market price of gaharu by 10% would result in the carrying amount of biological assets (non-current) reducing by RM3,200,000.

As at 31 December 2019, the Group has 230.9 (2018: 230.9) hectares of gaharu plantation.

(b) Biological Assets, Current – Agricultural Produce of Bearer Plants (i.e. 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, 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 by 10% would result in the carrying amount of biological assets (current) reducing by RM356,000 (2018: RM239,000).

During the financial year, the Group harvested approximately 315,000 (2018: 346,000) tonnes of FFBs from the oil palm plantation.

(c) 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 statements is RM1,204,981 (2018:RM1,149,766).

9. BIOLOGICAL ASSETS (CONT'D)

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

	The Group 2019 RM	2018 RM
Depreciation of property, plant and equipment	70,921	77,686
Finance costs:-		
- bank overdrafts	2,249	1,405
- hire purchase obligations	-	1,302
- lease liabilities	992	-
- revolving credit	3,076	1,965
- term loans	-	674
Lease expenses:-		
- leases of low-value assets	31	-
Rental of equipment	-	9
Staff costs:-		
- short-term benefits	64,628	49,814
- defined contribution plans	9,099	7,607

10. INTANGIBLE ASSETS

The Group	**At 1.1.2019 RM**	**Amortisation Charge RM**	**At 31.12.2019 RM**
2019			
Carrying Amount			
Computer software	772,063	(290,013)	482,050

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

10. INTANGIBLE ASSETS (CONT'D)

The Group	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2019			
Computer software	1,493,055	(1,011,005)	482,050
2018			
Computer software	1,493,055	(720,992)	772,063

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

11. OTHER INVESTMENT

	The Group/The Company 2019 RM	2018 RM
Unquoted shares, at fair value:-		
At 1 January	310,251	5,000,000
Changes in fair value	(292,309)	(4,689,749)
At 31 December	17,942	310,251

(a) The fair value of unquoted shares which are not traded in an active market is determined based on valuation performed by 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	
	2019	2018
	RM	RM
Cost:-		
At 1 January	75,163,788	64,759,527
Acquisition of a subsidiary (Note 32)	-	10,404,261
At 31 December	75,163,788	75,163,788
Accumulated impairment losses:-		
At 1 January	58,764,556	26,289,990
Impairment loss for the financial year	3,853,690	32,474,566
At 31 December	62,618,246	58,764,556
Carrying amount:-		
At 31 December	12,545,542	16,399,232

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

(b) The Group assessed the recoverable amount of goodwill allocated and determined that an impairment loss of RM3,853,690 (2018: RM32,474,566) 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 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 10.5% (2018: 10.0%).

   (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.

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

13. AMOUNT OWING BY SUBSIDIARIES

	The Company 2019 RM	The Company 2018 RM
Non-trade balances	138,162,798	61,453,544
Less: Allowance for impairment losses	(46,000,000)	-
	92,162,798	61,453,544
Allowance for impairment losses:-		
At 1 January	-	-
Addition during the financial year	46,000,000	-
At 31 December	46,000,000	-

The amount owing represents unsecured advances which are repayable on demand. The amount owing earns interest at rates ranging from 3.48% to 4.30% (2018: 4.30% to 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 at rate of 3.35% (2018: 3.45%) per annum and 3.35% to 3.40% (2018: 3.25% to 3.45%) per annum respectively. The deposits have maturity periods of 58 (2018: 10) months and 180 (2018: 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 is an amount of RM120,051 (2018: RM102,381) which is 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 Company 2019 RM	The Company 2018 RM
At cost:-		
Processed inventories	7,266,812	4,781,734
Sundry stores and consumables	8,108,630	8,256,032
	15,375,442	13,037,766
Less: Allowance for stock obsolescence	(260,964)	(271,476)
	15,114,478	12,766,290

16. TRADE RECEIVABLES

	The Group	
	2019	2018
	RM	RM
Trade receivables:-		
- third parties	5,938,537	5,330,114
- related parties	2,595,558	1,395,205
	8,534,095	6,725,319

The Group's normal trade credit terms range from 7 to 60 (2018: 7 to 60) days.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other receivables:-				
- third parties	1,268,884	1,228,455	-	-
- related parties	6,454,106	23,073,932	4,874,226	12,597,547
- goods and services tax recoverable	368,771	4,217,357	-	65,520
	8,091,761	28,519,744	4,874,226	12,663,067
Less: Allowance for impairment losses	(802,604)	(13,982,837)	(500,000)	(12,273,877)
	7,289,157	14,536,907	4,374,226	389,190
Deposits	634,023	650,928	310,458	310,458
Prepayments	2,324,601	2,384,564	14,007	17,999
	10,247,781	17,572,399	4,698,691	717,647
Allowance for impairment losses:-				
At 1 January	13,982,837	13,826,204	12,273,877	12,273,877
Addition during the financial year	-	1,405,927	-	-
Reversal during the financial year	(5,706,356)	(1,249,294)	(4,300,000)	-
Write-off during the financial year	(7,473,877)	-	(7,473,877)	-
At 31 December	802,604	13,982,837	500,000	12,273,877

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

18. ASSETS CLASSIFIED AS HELD FOR SALE

During financial year, management contemplated a plan to sell a plantation estate in Lumiera Enterprise Sdn. Bhd. ("LMSB"), a wholly-owned subsidiary of the Company. Subsequently on 22 January 2020, LMSB entered into a sale and purchase agreement with Biogreen Success Sdn. Bhd. to dispose of a parcel of land together with the oil palm plantation, its facilities, infrastructures, improvements and immovable assets thereon for a sale consideration of RM85.0 million, to be satisfied in cash. Accordingly, non-current assets related to the plantation estate was presented as assets classified as held for sale; and an impairment loss of RM25,885,183 was recognised for the financial year on recognition as assets classified as held for sale.

As at 31 December 2019, the assets classified as held for sale were stated at their fair value less costs to sell, which was the same as their carrying amount, as follows:-

	The Group 2019 RM
Assets classified as held for sale:-	
Property, plant and equipment (Note 8)	83,308,000

The assets classified held for sale are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

19. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	No. of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares	1,418,487,551	1,418,487,551	724,690,725	724,690,725
ICPSs	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

(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.

19. SHARE CAPITAL (CONT'D)

(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	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Merger reserve	(53,065,553)	(53,065,553)	-	-
(Accumulated losses)/retained profits	(320,346,760)	(268,779,079)	(192,528,933)	22,663,634
	(373,412,313)	(321,844,632)	(192,528,933)	22,663,634

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		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Long-term borrowings:-				
- hire purchase obligations (Note 22)	-	2,759,629	-	-
- lease liabilities	5,971,133	-	2,365,322	-
- term loans, secured	197,611,088	245,501,530	-	-
- term loans, unsecured	389,758	1,467,022	389,758	1,467,022
	203,971,979	249,728,181	2,755,080	1,467,022
Short-term borrowings:-				
- bank overdrafts, secured	10,082,542	9,107,245	-	-
- bank overdrafts, unsecured	7,541,142	10,075,802	3,930,925	5,451,937
- bankers' acceptance, unsecured	28,173,000	22,331,128	-	-
- hire purchase obligations (Note 22)	-	4,991,010	-	-
- lease liabilities	3,454,203	-	527,588	-
- revolving credit, secured	113,291,000	106,691,000	-	-
- revolving credit, unsecured	74,900,000	77,000,000	55,900,000	58,000,000
- term loans, secured	57,194,940	53,546,594	-	-
- term loans, unsecured	1,117,905	1,080,330	1,117,905	1,080,330
- unsecured loans	7,220,000	3,020,000	-	-
	302,974,732	287,843,109	61,476,418	64,532,267
Total borrowings	506,946,711	537,571,290	64,231,498	65,999,289

The term loans are repayable as follows:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
<u>Current</u>				
- not later than 1 year	58,312,845	54,626,924	1,117,905	1,080,330
Non-current				
- later than 1 year and not later than 2 years	49,584,850	59,861,237	389,758	1,143,771
- later than 2 years and not later than 5 years	103,327,739	133,739,102	-	323,251
- later than 5 years	45,088,257	53,368,213	-	-
	198,000,846	246,968,552	389,758	1,467,022
	256,313,691	301,595,476	1,507,663	2,547,352

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 7.22% to 8.04% (2018: 7.65% to 8.04%) per annum and 6.41% to 8.59% (2018: 7.35% to 8.10%) per annum respectively.

The bankers' acceptance of the Group at the end of the reporting period bore effective interest at rates ranging from 4.05% to 4.83% (2018: 4.45% to 4.80%) 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 4.12% to 6.73% (2018: 4.32% to 5.67%) per annum and 4.74% to 6.73% (2018: 4.79% to 6.72%) 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 4.34% to 8.70% (2018: 4.29% to 5.72%) per annum and 7.20% to 7.45% (2018: 7.35%) per annum respectively.

The unsecured loans are granted by companies in which certain directors of the Company have substantial financial interests. The loans bore interest at rates ranging from 4.00% to 4.15% (2018: 4.15%) per annum and are repayable on demand.

22. HIRE PURCHASE OBLIGATIONS

	The Group 2018 RM
Minimum hire purchase payments:-	
- not later than 1 year	5,266,601
- later than 1 year and not later than 2 years	2,302,860
- later than 2 years and not later than 5 years	547,222
	8,116,683
Less: future finance charges	(366,044)
Present value of hire purchase obligations	7,750,639
Current	
- not later than 1 year	4,991,010
Non-current	
- later than 1 year and not later than 2 years	2,221,794
- later than 2 years and not later than 5 years	537,835
	2,759,629
	7,750,639

(a) The hire purchase obligations have been represented as "lease liabilities" as shown in Note 21 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the previous financial year, the hire purchase obligations of the Group were secured by the motor vehicles, and plant and machinery under hire purchase as disclosed in Note 8(a) to the financial statements.

(c) In the previous financial year, the hire purchase obligations of the Group bore effective interest at rates ranging from 4.76% to 5.50% per annum. The interest rates were fixed at the inception of the hire purchase arrangements.

23. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	58,258,289	103,113,018	-	450,612
Acquisition of a subsidiary (Note 32)	-	3,819,461	-	-
Recognised in profit or loss (Note 30)	(8,754,433)	(48,674,190)	-	(450,612)
At 31 December	49,503,856	58,258,289	-	-

The deferred tax is attributable to the followings:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Property, plant and equipment, and intangible assets	210,335,597	215,142,308	70,588	74,480
Biological assets	872,606	522,645	-	-
Receivables	(13,367)	(13,367)	-	-
Unused tax losses	(59,906,453)	(59,639,244)	-	-
Unabsorbed agriculture/capital allowance	(101,784,527)	(97,754,053)	(70,588)	(74,480)
	49,503,856	58,258,289	-	-

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Deductible temporary differences	123,032	706,092	-	-
Unused tax losses	44,777,191	38,960,904	-	-
Unabsorbed agriculture/capital allowance	12,535,931	9,811,064	28,454	19,749
	57,436,154	49,478,060	28,454	19,749

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while unabsorbed agriculture/capital allowance is allowed to be carried forward indefinitely.

24. TRADE PAYABLES

	The Group	
	2019 RM	2018 RM
Trade payables:-		
- third parties	41,578,841	37,904,881
- related parties	25,495,599	22,568,167
	67,074,440	60,473,048

The normal trade credit terms granted to the Group range from 15 to 90 (2018: 15 to 90) days. Late interest is charged at interest rate ranging from 4.95% to 18% (2018: Nil) per annum on the overdue balance.

25. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables:-				
- third parties	6,634,579	6,402,076	152,559	76,012
- related parties	46,222,756	38,130,391	1,641,084	938,872
- goods and services tax payable	-	514	-	-
	52,857,335	44,532,981	1,793,643	1,014,884
Deposits	43,129	32,800	-	-
Accruals	18,598,221	16,260,940	4,172,431	3,850,752
	71,498,685	60,826,721	5,966,074	4,865,636

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.

26. REVENUE

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Dividend income	-	-	40,000,000	50,000,000
Chartering income	-	27,792	-	-
Fresh fruit bunches margin	-	4,398,387	-	-
Insurance commission	130,747	244,729	-	-
Sale of - crude palm oil	221,030,454	251,908,954	-	-
- fresh fruit bunches	32,843,937	34,307,792	-	-
- palm kernel	26,711,098	42,941,018	-	-
- palm kernel shell	1,502,498	830,282	-	-
- sludge oil	79,387	807,564	-	-
Transportation income	2,312,232	3,221,946	-	-
Workshop service income	103,200	-	-	-
	284,713,553	338,688,464	40,000,000	50,000,000

27. FINANCE COSTS

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Interest expense on:-				
- bank overdrafts	1,385,909	1,344,591	285,396	234,859
- bankers' acceptance	1,302,225	991,420	-	38,414
- hire purchase obligations	-	516,536	-	666
- lease liabilities	620,300	-	140,762	-
- revolving credit	9,862,824	9,003,350	3,234,918	3,170,279
- term loans	13,902,596	16,955,038	151,876	226,688
- unsecured loans	195,752	125,330	-	-
- others	287,759	-	314,959	-
	27,557,365	28,936,265	4,127,911	3,670,906
Less:-				
- amount capitalised under (Note 8(f))	(4,080,748)	(3,919,068)	-	-
- amount capitalised under biological assets (Note 9(d))	(6,317)	(5,346)	-	-
	23,470,300	25,011,851	4,127,911	3,670,906

28. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment losses:-				
- amount owing by subsidiaries (Note13)	-	-	46,000,000	-
- other receivables (Note 17)	-	1,405,927	-	-
Reversal of impairment losses:-				
- other receivables (Note 17)	(5,706,356)	(1,249,294)	(4,300,000)	-
	(5,706,356)	156,633	41,700,000	-

29. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/profit before taxation is arrived at after charging/(crediting):-				
Allowance for stock obsolescence	3,903	20,188	-	-
Allowance for stock obsolescence no longer required	(14,722)	(41,093)	-	-
Amortisation of intangible assets	290,013	434,944	-	314,820
Audit fee:-				
- current financial year	371,000	367,700	65,000	65,000
- over provision in the previous financial year	(16,050)	(2,050)	(3,000)	-
Bad debts written off	22,072	87,463	-	-
Biological assets written off	219,131	-	-	-
Changes in fair value of:-				
- biological assets	(1,130,097)	1,377,563	-	-
- other investment	292,309	4,689,749	292,309	4,689,749
Depreciation of property, plant and equipment	70,864,787	68,476,157	1,194,362	990,490
Directors' remuneration (Note 34)	1,593,474	1,761,823	525,548	675,400
Finance costs (Note 27)	23,470,300	25,011,851	4,127,911	3,670,906
(Gain)/loss on disposal of:-				
- assets classified as held for sale	-	(6,191,951)	-	-
- investment in an associate	(602,704)	-	(602,704)	-
- property, plant and equipment	(7,360,692)	401,916	3,876	(32)

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/profit before taxation is arrived at after charging/(crediting) (cont'd):-				
Impairment losses on:-				
- goodwill	3,853,690	32,474,566	-	-
- investments in subsidiaries	-	-	210,000,000	29,200,000
- property, plant and equipment	25,885,183	80,087,548	-	-
Interest income	(46,624)	(17,438)	(1,881,058)	(4,845,314)
Inventories written off	184	-	-	-
Lease expenses:-				
- leases of low-value assets	22,159	-	-	-
- short-term leases	377,713	-	-	-
Lease income:-				
- sublease of right-of-use assets	(12,800)	-	(116,657)	-
- others	(94,830)	-	(134,400)	-
Management fee	518,000	1,618,000	72,000	184,800
Property, plant and equipment written off	366,551	7,213,136	-	232
Rental income	-	(382,142)	-	(652,164)
Rental on:-				
- equipment	-	415,851	-	-
- premises	-	1,849,560	-	1,014,288
Staff costs (including other key management personnel as disclosed in Note 34):-				
- short-term benefits	28,590,757	30,748,928	-	-
- defined contribution plans	3,149,129	3,430,946	-	-

30. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:-				
- current financial year	8,992,331	15,280,218	25,295	771,868
- real property gain tax	29,390	-	-	-
- over provision in the previous financial year	(6,235,360)	(1,971,298)	(513,380)	(1,728,343)
	2,786,361	13,308,920	(488,085)	(956,475)
Deferred tax (Note 23):-				
- origination and reversal of temporary differences	(8,655,302)	(48,171,980)	-	(447,728)
- over provision in the previous financial year	(99,131)	(502,210)	-	(2,884)
	(8,754,433)	(48,674,190)	-	(450,612)
	(5,968,072)	(35,365,270)	(488,085)	(1,407,087)

30. INCOME TAX EXPENSE (CONT'D)

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	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/profit before taxation	(68,811,430)	(184,062,323)	(215,680,652)	11,837,383
Tax at the statutory tax rate of 24%	(16,514,743)	(44,174,958)	(51,763,356)	2,840,972
Tax effects of:-				
Non-taxable income	(12,116,840)	(33,575,520)	(10,544,627)	(11,895,286)
Non-deductible expenses	19,547,126	25,125,523	62,326,705	9,358,705
Control transfers	(43,035)	(43,924)	-	-
Deferred tax assets not recognised during the financial year	9,472,266	17,219,376	8,705	19,749
Utilisation of deferred tax assets previously not recognised	(1,514,172)	(78,723)	-	-
Real property gain tax	29,390	-	-	-
Over provision in the previous financial year:-				
- income tax	(6,235,360)	(1,971,298)	(513,380)	(1,728,343)
- deferred tax	(99,131)	(502,210)	-	(2,884)
Others	1,506,427	2,636,464	(2,132)	-
Income tax expense for the financial year	(5,968,072)	(35,365,270)	(488,085)	(1,407,087)

31. LOSS PER SHARE

	The Group	
	2019 RM	2018 RM
Loss attributable to owners of the Company (RM)	(51,567,681)	(133,532,291)
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)	(2.53)	(6.54)

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. ACQUISITION OF A SUBSIDIARY

In the previous financial year, the Company acquired 100% equity interest in Sastat Holdings 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
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
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
Add: Goodwill on acquisition (Note 12)	10,404,261
Total purchase consideration, to be settled by cash	17,000,000
Less: Cash and bank balances of the subsidiary acquired	(35,012)
Net cash outflows for the acquisition of the subsidiary	16,964,988

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

	The Group 2018 RM
Revenue	129,394
Loss after taxation	(18,546,253)

33. CASH FLOWS INFORMATION

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of property, plant and equipment purchased (Note 8)	20,882,675	76,935,368	-	1,880
Less:-				
- amount financed through hire purchase (Note (b) below)	-	(3,019,000)	-	-
- non-cash additions to right-of-use assets (Note (b) below)	(248,892)	-	-	-
- finance costs included within property, plant and equipment (Note 27)	(4,080,748)	(3,919,068)	-	-
- non-cash items included within property, plant and equipment (Note 8(f))	(3,149,769)	(3,130,430)	-	-
Cash disbursed for the purchase of, property plant and equipment	13,403,266	66,866,870	-	1,880

33. CASH FLOWS INFORMATION (CONT'D)

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

	Bankers' acceptance RM	Hire purchase obligations RM	Lease liabilities RM	Revolving credit RM	Term loans RM	Unsecured loans RM	Total RM
The Group							
Balance at 1.1.2019, as previously reported	22,331,128	7,750,639	-	183,691,000	301,595,476	3,020,000	518,388,243
Effects on adoption of MFRS 16	-	(7,750,639)	15,353,570	-	-	-	7,602,931
Balance at 1.1.2019, as restated	22,331,128	-	15,353,570	183,691,000	301,595,476	3,020,000	525,991,174
Changes in Financing Cash Flows							
Net of drawdown/ (repayment) of borrowing principal	5,841,872	-	-	4,500,000	-	4,200,000	14,541,872
Drawdown of borrowing principal	-	-	-	-	4,468,953	-	4,468,953
Repayment of borrowing principal	-	-	(6,177,126)	-	(49,750,738)	-	(55,927,864)
Repayment of borrowing interests	-	-	(620,300)	-	(13,902,596)	-	(14,522,896)
	5,841,872	-	(6,797,426)	4,500,000	(59,184,381)	4,200,000	(51,439,935)
Balance carried forward	28,173,000	-	8,556,144	188,191,000	242,411,095	7,220,000	474,551,239
Non-cash Changes							
Acquisition of new leases (Note (a) above)	-	-	248,892	-	-	-	248,892
Finance charges recognised in profit or loss and capitalised under property, plant and equipment, and biological assets	-	-	620,300	-	13,902,596	-	14,522,896
	-	-	869,192	-	13,902,596	-	14,771,788
Balance at 31.12.2019	28,173,000	-	9,425,336	188,191,000	256,313,691	7,220,000	489,323,027

33. CASH FLOWS INFORMATION (CONT'D)

(b) 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	Unsecured loans RM	Total RM
The Group						
Balance at 1.1.2018	21,474,139	11,037,288	170,691,000	364,982,455	3,020,000	571,204,882
Changes in Financing Cash Flows						
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)
Non-cash Changes						
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	-	516,536	-	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	3,020,000	518,388,243

33. CASH FLOWS INFORMATION (CONT'D)

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

	Lease Liabilities RM	Revolving credit RM	Term loans RM	Total RM
The Company				
Balance at 1.1.2019, as previously reported	-	58,000,000	2,547,352	60,547,352
Effects on adoption of MFRS 16	3,397,225	-	-	3,397,225
Balance at 1.1.2019, as restated	3,397,225	58,000,000	2,547,352	63,944,577
Changes in Financing Cash Flows				
Net of drawdown/(repayment) of borrowing principal	-	(2,100,000)	-	(2,100,000)
Repayment of borrowing principal	(504,315)	-	(1,039,689)	(1,544,004)
Repayment of borrowing interests	(140,762)	-	(151,876)	(292,638)
	(645,077)	(2,100,000)	(1,191,565)	(3,936,642)
Non-cash Changes				
Finance charges recognised in profit or loss	140,762	-	151,876	292,638
Balance at 31.12.2019	2,892,910	55,900,000	1,507,663	60,300,573

	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)
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

33. CASH FLOWS INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	776,286	1,572,205	41,562	17,232
Deposits with licensed banks	205,121	261,512	85,070	159,131
Bank overdrafts	(17,623,684)	(19,183,047)	(3,930,925)	(5,451,937)
	(16,642,277)	(17,349,330)	(3,804,293)	(5,275,574)
Deposits pledged with a licensed bank (Note 14)	(120,051)	(102,381)	-	-
	(16,762,328)	(17,451,711)	(3,804,293)	(5,275,574)

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

	The Group	The Company
	2019	2019
	RM	RM
Interest paid on lease liabiliies	620,300	140,762
Payment of lease liabilities	6,177,126	504,315
Payment of leases of low-value assets	25,500	-
Payment of short-term leases	563,751	-
	7,386,677	645,077

34. 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.

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(a) Directors				
Directors of the Company				
Short-term benefits:-				
- fees	451,881	513,050	310,000	365,000
- salaries, bonus and other benefits	959,993	1,041,229	209,548	310,400
	1,411,874	1,554,279	519,548	675,400
Defined contribution plans	36,000	58,944	6,000	-
	1,447,874	1,613,223	525,548	675,400
Directors of the Subsidiaries				
Short-term benefits:-				
- fees	145,600	148,600	-	-
Total directors' remuneration (Note 29)	1,593,474	1,761,823	525,548	675,400
(b) Other Key Management Personnel				
Short-term benefits	4,337,260	6,311,648	-	-
Defined contribution plans	497,391	705,352	-	-
Total compensation for other key management personnel	4,834,651	7,017,000	-	-

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM23,950 (2018: RM33,650).

35. 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**	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Expenditure incurred:-				
- interest paid	-	-	314,959	-
- management fee	-	-	72,000	184,800
Income earned:-				
- dividend income	-	-	40,000,000	50,000,000
- interest income	-	-	1,853,670	4,839,886
- recharge income - general	-	-	-	343,553
- rental income	-	-	116,657	652,164
- sale of property, plant and equipment	-	-	602	1,785,962

35. 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:-

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Expenditure incurred:-				
- computer and software maintenance	-	-	-	1,800
- consultancy fee	26,583	261,727	-	-
- contract charges	1,040,891	7,183,952	-	-
- event package fee	12,637	12,715	-	-
- fertiliser testing charges	66,876	-	-	-
- insurance paid	1,017	-	-	-
- interest paid	195,752	125,330	-	-
- management fee	500,000	1,600,000	-	-
- miscellaneous goods and services	17,450	25,009	-	5,461
- purchase of diesel, petrol, oil and lubricant	677,207	3,725,511	-	-
- purchase of fertilisers and chemicals	225,760	1,445,197	-	-
- purchase of fresh fruit bunches	7,942,176	11,873,976	-	-
- purchase of property, plant and equipment	468,726	310,482	-	-
- purchase of sundry stores, tools and consumables	2,317,982	5,352,055	-	-
- recharge expense:-				
- general	-	73,275	-	-
- labour service fee	-	1,155	-	-
- store items	17,692	79,037	-	-
- rental paid	1,477,177	1,856,467	645,077	1,014,288
- repairs and maintenance	1,124,534	360,440	-	14
- secretarial services	-	5,100	-	-
- transportation and accommodation charges	15,913	182,110	-	-
- water and electricity charges	100,377	126,001	-	51,537

35. 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Income earned:-				
- chartering income	-	15,125	-	-
- fresh fruit bunches margin income	-	4,398,387	-	-
- handling fee received	780,060	1,079,019	-	-
- legal and professional fee	-	150	-	-
- miscellaneous goods and services	6,300	-	-	-
- recharge income:-				
- general	4,500	90,021	-	40
- labour service fee	-	3,082	-	-
- store items	98,163	343,457	-	-
- rental received	13,100	60,772	-	-
- repairs and maintenance	11,236	-	-	-
- sale of crude palm oil	57,316,658	35,908,018	-	-
- sale of diesel	645,448	689,310	-	-
- sale of fresh fruit bunches	26,450,141	28,006,006	-	-
- sale of property, plant and equipment	4,405,167	182,945	-	-
- sale of seedlings	-	36,614	-	-
- spare parts, tools and consumables	632	693	-	-
- transportation income	560,286	26,426	-	-
- water and electricity	20,860	16,669	-	-

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

36. 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	
	2019 RM	2018 RM
Customer #1	76,714,972	109,133,668
Customer #2	58,635,180	62,146,442
Customer #3	44,926,793	47,340,189
Customer #4	-	36,707,829

37. CAPITAL COMMITMENTS

	The Group	
	2019 RM	2018 RM
Property, plant and equipment	3,249,760	3,344,023

38. 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.

38.1 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.

(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 fixed rate borrowings 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	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Effects on Profit after Taxation				
Increase of 50 basis points	- 862,000	- 1,032,000	- 21,000	- 30,000
Decrease of 50 basis points	+ 862,000	+ 1,032,000	+ 21,000	+ 30,000
Effects on Equity				
Increase of 50 basis points	- 862,000	- 1,032,000	- 21,000	- 30,000
Decrease of 50 basis points	+ 862,000	+ 1,032,000	+ 21,000	+ 30,000

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

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

(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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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 measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

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

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 150 days as credit impaired and assesses for their risk of loss individually.

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:-

The Group	**Gross Amount RM**	**Lifetime Loss Allowance RM**	**Carrying Amount RM**
2019			
Current (not past due)	8,534,095	-	8,534,095
2018			
Current (not past due)	6,725,319	-	6,725,319

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables (Including Related Parties)

The Group applies the 3-stage general approach to measure expected credit losses for all non-trade receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 90 days past due in making a contractual payment.

The Group considers a receivable as credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

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
2019				
Low credit risk	634,023	-	-	634,023
Significant increase in credit risk	2,848,764	-	(302,604)	2,546,160
Credit impaired	4,874,226	-	(500,000)	4,374,226
	8,357,013	-	(802,604)	7,554,409
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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Other Receivables (Including Related Parties) (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 (cont'd):-

The Company	Gross Amount RM	12-month Loss Allowance RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019				
Low credit risk	310,458	-	-	310,458
Credit impaired	4,874,226	-	(500,000)	4,374,226
	5,184,684	-	(500,000)	4,684,684
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

The movements in the loss allowances are disclosed in Note 17 to the financial statements.

Deposits with Licensed Banks, and Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measure 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 as 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.

An impairment loss of RM46,000,000 (2018: Nil) was recognised in respect of an amount owing by a subsidiary of which the Company determined it to be credit impaired. The movement in the loss allowance is disclosed in Note 13 to the financial statements.

Financial Guarantee Contracts

All 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.

(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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Over 1 – 2 Years RM	2 – 5 Years RM	5 Years RM
2019							
Trade and other payables	-	138,573,125	138,573,125	138,573,125	-	-	-
Borrowings:-							
- bank overdrafts	7.72	17,623,684	17,623,684	17,623,684	-	-	-
- bankers' acceptance	4.39	28,173,000	28,173,000	28,173,000	-	-	-
- lease liabilities	4.98	9,425,336	10,847,744	3,820,927	2,068,170	4,857,847	100,800
- revolving credit	4.93	188,191,000	188,191,000	188,191,000	-	-	-
- term loans	5.23	256,313,691	295,977,000	67,922,000	59,214,000	110,228,000	58,613,000
- unsecured loans	4.06	7,220,000	7,513,000	7,513,000	-	-	-
		645,519,836	686,898,553	451,816,736	61,282,170	115,085,847	58,713,800
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	353,024,000	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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 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	1 – 2 Years RM	2 – 5 Years RM
2019						
Trade and other payables	-	5,966,074	5,966,074	5,966,074	-	-
Borrowings:-						
- bank overdrafts	7.68	3,930,925	3,930,925	3,930,925	-	-
- lease liabilities	4.52	2,892,910	3,225,000	645,000	645,000	1,935,000
- revolving credit	5.08	55,900,000	55,900,000	55,900,000	-	-
- term loans	7.35	1,507,663	1,586,000	1,190,000	396,000	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	*	428,962,787	428,962,787	-	-
		70,197,572	499,570,786	496,594,786	1,041,000	1,935,000
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

* 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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.2 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	
	2019	**2018**
	RM	**RM**
Borrowings (Note 21):-		
- bank overdrafts	17,623,684	19,183,047
- other borrowings	489,323,027	518,388,243
	506,946,711	537,571,290
Less: Deposits with licensed banks (Note 14)	(205,121)	(261,512)
Less: Cash and bank balances	(776,286)	(1,572,205)
Net debts	505,965,304	535,737,573
Total equity	422,501,794	485,345,152
Debt-to-equity ratio	1.20	1.10

The debt-to-equity ratio was increased from 1.10 to 1.12 following the adoption of MFRS 16 due to the recognition of lease liabilities on 1 January 2019 while the comparative information was not restated.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
Designated at Fair Value through profit or loss				
Unquoted investments	17,942	310,251	17,942	310,251
Amortised Cost				
Trade receivables	8,534,095	6,725,319	-	-
Other receivables and deposits	7,554,409	10,970,478	4,684,684	634,128
Amount owing by subsidiaries	-	-	92,162,798	61,453,544
Deposits with licensed banks	205,121	261,512	85,070	159,131
Cash and bank balances	776,286	1,572,205	41,562	17,232
	17,069,911	19,529,514	96,974,114	62,264,035
Financial Liabilities				
Amortised Cost				
Trade payables	67,074,440	60,473,048	-	-
Other payables, deposits and accruals	71,498,685	60,826,207	5,966,074	4,865,636
Borrowings:-				
- bank overdrafts	17,623,684	19,183,047	3,930,925	5,451,937
- other borrowings	489,323,027	518,388,243	60,300,573	60,547,352
	645,519,836	658,870,545	70,197,572	70,864,925

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
Fair Value Through Profit or Loss				
Net losses recognised in profit or loss	292,309	4,689,749	292,309	4,689,749
Amortised Cost				
Net gains/(losses) recognised in profit or loss	5,752,980	(139,195)	(39,818,942)	4,845,314
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(23,470,300)	(25,011,851)	(4,127,911)	(3,670,906)

38.5 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 RM17,942 (2018: RM310,251) 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				
The Group	Level 1 RM	Level 2 RM	Level 3 RM	Fair Value RM	Total Carrying Amount RM
2018					
Financial Liabilities					
Hire purchase obligations	-	7,749,000	-	7,749,000	7,750,639

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION (CONT'D)

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

(a) The fair values of hire purchase obligations were 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 were as follows:-

	The Group 2018 %
Hire purchase obligations	5.40 – 5.44

(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.

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

(a) On 30 August 2019, the Company entered into a share sale agreement with Lembaga Amanah Kebajikan Masjid Negeri Sarawak ("LAKMNS") to dispose of 3,520,000 ordinary shares, representing 44% of the issued and paid-up share capital in Lubuk Tiara Sdn. Bhd. ("LTSB"), an associate of the Company, for a sale consideration of RM5,000,000 to be satisfied in cash.

The disposal is conditional upon the fulfilment of the followings:-

(i) The execution of a deed of settlement involving LTSB, and the Company and its subsidiaries for the settlement of outstanding debts owing by LTSB at an amount of RM4.8 million, to be satisfied over a period of six (6) years, with the first instalment to be paid a year after the completion of the share sale agreement.

The deed of settlement was executed on 30 August 2019.

(ii) The execution of a deed of settlement involving LTSB, and R.H. Mortgage & Loan Sdn. Bhd. and its related parties for the settlement of outstanding debts owing by LTSB at an amount of RM35.2 million, to be satisfied over a period of six (6) years, with the first instalment to be paid a year after the completion of the share sale agreement.

The deed of settlement was executed on 30 August 2019.

With the execution of the above deeds of settlement, the share disposal was completed on 24 December 2019.

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

(b) On 22 January 2020, Lumiera Enterprise Sdn. Bhd. ("LESB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Biogreen Success Sdn. Bhd. ("BSSB") to dispose of a parcel of land together with the oil palm plantation, its facilities, infrastructures, improvements and immovable assets thereon (collectively known as the "Plantation Estate") for a sale consideration of RM85.0 million to be satisfied in cash.

The disposal is conditional upon the fulfilment of the followings:-

(i) LESB and BSSB obtaining the consent from the Director of Lands and Surveys of Sarawak for the transfer of land.

(ii) BSSB obtaining the consent from the director and/or Superintendent of Land and Survey, Miri Division, to charge the land to BSSB's financier.

On 31 March 2020, LESB entered into a supplementary agreement with BSSB to amend and vary certain terms of the sale and purchase agreement as follows:-

(i) The purchase consideration of RM85.0 million to be paid in the following manner:-

- RM8.5 million upon signing of the supplementary agreement, in addition to RM8.5 million which had been paid in January 2020 when the sale and purchase agreement was signed;
- RM8.5 million upon taking possession by BSSB of the Plantation Estate; and
- the remaining balance upon fulfilment of the conditions precedent outlined above.

(ii) Upon taking possession of the Plantation Estate, BSSB shall manage the said estate in the normal and ordinary course of plantation operation or business; and harvest fresh fruit bunches for sale, with the profits derived therefrom to be retained by BSSB.

(c) The impact of the COVID-19 outbreak on public life and the industry in Malaysia and the broader region has significantly disrupted the Group's business activities. While this is expected to have a negative impact on the Group's performance for the coming reporting period(s), the Group is unable to quantify the magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable.

40. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 Leases and IC Interpretation 4 Determining Whether an Arrangement Contains a Lease. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

40. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate at that date, i.e. 4.98%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of right-of-use assets at the date of initial application;
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease; and
- Adjusted the right-of-use assets for impairment losses by the amount of provision for onerous contract under MFRS 137 prior to the application of MFRS 16 as at 1 January 2019 (i.e. there were no onerous contracts at the date of initial application).

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and the lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

The following table explains the difference between the operating lease commitments determined under MFRS 117 and the lease liabilities recognised at 1 January 2019:-

	The Group RM	The Company RM
Operating lease commitments as at 31 December 2018 as disclosed in the previous financial year	-	-
Discounted using the incremental borrowing rate as at 1 January 2019	-	-
Add: Finance lease liabilities as at 31 December 2018	7,750,639	-
Add: Lease liabilities recognised upon initial application of lease definition under MFRS 16	7,602,931	3,397,225
Lease liabilities recognised as at 1 January 2019	15,353,570	3,397,225

40. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(b) Lessor Accounting

Under MFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under MFRS 117). There were no significant financial impacts to the Group's financial statements upon the transition to MFRS 16 at the date of initial application.

(c) Financial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 January 2019 are summarised below:-

	< ------------	1 January 2019	------------ >
The Group	**As Previously Reported RM**	**MFRS 16 Adjustments RM**	**As Restated RM**
Consolidated Statement of Financial Position			
Property, plant and equipment (Note 8)	1,129,819,468	7,602,931	1,137,422,399
Borrowings (Note 21):-			
- other borrowings			
- non-current liabilities	249,728,181	6,442,078	256,170,259
- current liabilities	268,660,062	1,160,853	269,820,915

	< ------------	1 January 2019	------------ >
The Company	**As Previously Reported RM**	**MFRS 16 Adjustments RM**	**As Restated RM**
Statement of Financial Position			
Property, plant and equipment (Note 8)	3,833,062	3,397,225	7,230,287
Borrowings (Note 21):-			
- other borrowings			
- non-current liabilities	1,467,022	2,892,910	4,359,932
- current liabilities	59,080,330	504,315	59,584,645

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 2019 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	(31.45)	-	2.25	*Within 22 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 24 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**	**(124.75)**	**-**	**25.25**	

** Incorporating extension of time*

Additional Compliance Information
(cont'd)

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 2019 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 2019(RM)
Borneo Edible Oils Sdn Bhd	Sales of Crude Palm Oil & Handling Fee Income	Note (A)	58,635,181
R H Selangau Palm Oil Mill Sdn Bhd	Sales of Fresh Fruit Bunches	Note (B)	26,450,141
Tiong Toh Siong & Sons Sdn Bhd	Purchased of Diesel	Note (C)	845,460
Rona Hijau Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (D)	2,216,542
Pelita Melor Sdn Bhd	Purchase of Fresh Fruit Bunches	Note (E)	3,850,859
Rimbunan Hijau General Trading Sdn Bhd	Purchase of Spare Parts and POL	Note (F)	2,121,889

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 Tiong Chiong Ong and Timothy Tiong Ing Zun.

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

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

LIST OF PROPERTIES OWNED BY THE GROUP

Location	Tenure	Year Lease Expiring	Approximate Area (Hectares)	Description/ Existing use	Year of Acquisition	Net Carrying Amount* (RM'000)
NCR Land Located Miri Ulu Teru Land, Division, Sarawak^	JVA Commecing on 2003	-	7,900.00 Ha	Oil Palm Estate	-	104,666
Lot 11, Buloh Land District Lot 12, Buloh Land District	Provisional Leasehold	2059 2060	4,625.00 Ha	Oil Palm Estate	1999 2000	9 6,748
Lot 2, Block 11, Teraja Land District	Provisional Leasehold	2061	4,698.20 Ha	Oil Palm Estate	2001	7 6,677
Lot 56, Sawai Land District	Provisional Leasehold	2054	4,857.00 Ha	Oil Palm Estate	1994	5 6,150
Lot 13, Buloh Land District	Provisional Leasehold	2060	4,100.00 Ha	Oil Palm Estate	2000	5 0,392
Lot 1 Blk 7, Sawai Land District	Leasehold	2058			1998	
Lot 64, Sawai Land District	Provisional Leasehold	2087	7,490.80 Ha	Oil Palm Estate	1988	4 8,162
Lot 93 Sawai Land District	Provisional Leasehold	2059			1999	
Lot 4 & 6 , Block 9, Dulit Land District, Miri Division, Sarawak	Provisional Leasehold	2059	4,959.80 Ha	Oil Palm Estate	1999	4 4,041
Lot 197, Teraja Land District & Lot 1200. Puyut Land District	Provisional Leasehold	2067	5,000.00 Ha	Oil Palm Estate	2007	4 3,218
NCR Land at Selangau, Mukah, Sibu Division^	JVA Commecing on 2001	-	5,000.00 Ha	Oil Palm Estate	-	4 3,174
NCR Land Located Long Ekang and Long Banyok, Miri Division@	JVA Commecing on 2005	-	3,367.00 Ha	Oil Palm Estate	-	4 1,495

* 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 5 JUNE 2020

Share Capital

Issued share capital	: RM807,129,190 divided into 1,418,487,551 ordinary shares and 164,876,929 irredeemable convertible 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	Holdings	Total Holdings	%
127	Less than 100 shares	4,090	0.00*
992	100 to 1,000 shares	634,153	0.04
6,604	1,001 to 10,000 shares	41,213,202	2.91
5,527	10,001 to 100,000 shares	187,530,762	13.22
720	100,001 - less than 5% of issued shares	493,019,525	34.76
6	5% and above of issued shares	696,085,819	49.07
13,976		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 5 June 2020 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	148,327,075[a]	10.46
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	54,354,500[c]	3.83
5.	Tiong Toh Siong Enterprises Sdn Bhd	10,402,400	0.73	197,038,738[d]	13.89
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	798,522,879[e]	56.30
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 and Kinta Hijau 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, Kinta Hijau 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, Kinta Hijau 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 Mul*ti Greenview Sdn Bhd. pursuant to Section 8 of the Companies Act.

Analysis of Shareholdings (Cont'd)

As at 5 June 2020

Directors' Interests

The Directors' interests in ordinary shares in the Company as per the Register of Directors' Shareholdings as at 5 June 2020 are as follows:

	Name	No. of shares held (Direct)	%	No. of shares held (Indirect)	%
1.	Tiong Kiong King	-	-	50,000[(a)]	0.00#
2.	Tiong Chiong Ong	6,583,108	0.46	326,714[(b)]	0.02
3.	Tiong Chiong Ie	1,600,000	0.11	3,872,000[(c)]	0.27
4.	Bong Wei Leong	-	-	-	-
5.	Tiong Ing Ming	200,000	0.01	-	-

** *less than 0.01%*

a. *Deemed interested by virtue of the interest of his children in the Company.*
b. *Deemed interested by virtue of the interest of his spouse and children in the Company.*
c. *Deemed interested by virtue of his interest in Priharta Development Sdn Bhd pursuant to Section 8 of the Companies Act.*

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	Teck Sing Lik Enterprise Sdn Bhd	95,279,347	6.72
6	State Financial Secretary Sarawak	76,034,272	5.36
7	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad pledged securities account for Tiong Toh Siong Holdings Sdn Bhd	70,700,000	4.98
8	Pertumbuhan Abadi Enterprise Sdn Bhd	58,240,600	4.11
9	Kinta Hijau Sdn Bhd	43,952,100	3.10
10	Tiong Toh Siong Holdings Sdn Bhd	16,901,519	1.19
11	Rimbunan Hijau (Sarawak) Sdn Bhd	15,686,400	1.11
12	Makmur Tiasa Sdn Bhd	10,654,400	0.75
13	Tiong Toh Siong Enterprises Sdn Bhd	10,402,400	0.73
14	Rejang Height Sdn Bhd	9,501,838	0.67
15	TC Blessed Holdings Sdn Bhd	7,214,400	0.51
16	Ladang Hijau (Sarawak) Sdn Bhd	5,557,919	0.39

Thirty Largest Securities Account Holders

Name		No. of Ordinary Shares	%
17	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiong Chiong Ong (MQ0517)	4,700,000	0.33
18	Chong Tong Siew	3,878,000	0.27
19	Priharta Development Sdn Bhd	3,872,000	0.27
20	Wong Kew Ming	3,015,600	0.21
21	Kendaie Oil Palm Plantation Sdn Bhd	3,000,000	0.21
22	Low Yau Khee	3,000,000	0.21
23	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Gooi Seong Gum (10-00040-000)	3,000,000	0.21
24	Yayasan Sarawak	3,000,000	0.21
25	Pemandangan Jauh Plantation Sdn Bhd	2,715,456	0.19
26	Wong Chan Hwa	2,700,000	0.19
27	Diong Hiew King @ Tiong Hiew King	2,400,000	0.17
28	Ngu Yii Chuo	2,400,000	0.17
29	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Yap Kau Tee(E-KPG) (10-00040-000)	2,340,600	0.17
30	Kek Pong Kuan	2,156,000	0.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 15th 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, Malaysia on Thursday, 30 July 2020 at 11.30 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2019 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 2019. **Resolution 1**

3. To approve the payment of Directors' remuneration (excluding Directors' fees) up to RM350,000 for the period from 30 July 2020 until the conclusion of next Annual General Meeting of the Company. **Resolution 2**

4. To re-elect the following Directors who retire pursuant to Article 123 of the Company's Constitution and being eligible, offer themselves for re-election:

   i) Mr. Tiong Chiong Ong **Resolution 3**
   ii) Mr. Tiong Ing Ming **Resolution 4**

5. To re-appoint Messrs. Crowe Malaysia PLT as auditors until the conclusion of the next annual general meeting 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 subject to the passing of Ordinary Resolution No. 4, 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 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 June 2020 ("Circular"), with the specific related parties mentioned therein subject further to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and

(b) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

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

(a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(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 transact any other business of which, due notice shall have been given in accordance with the CA 2016 and the Company's Constitution.

By Order of the Board of Directors
Toh Ka Soon (MAICSA 7031153)
SSM Practicing Certificate No.: 201908004032
Voon Jan Moi (MAICSA 7021367)
SSM Practicing Certificate No.: 202008001906
Joint Company Secretaries

Dated: 30 June 2020

Sibu, Sarawak

Notes :

1. This agenda item is meant for discussion only and hence it is not put forward for voting.
2. A proxy or attorney or a duly authorised representative may, but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy;
3. A Member of the Company who is entitled to attend and vote at the 15th annual general meeting ("AGM") may appoint not more than two (2) proxies to attend and vote instead of the Member at the AGM;
4. Where a Member of the Company is an authorised nominee as defined in the Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds;
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 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;
6. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies;
7. A proxy appointed to attend and vote at the AGM shall have the same rights as the Member to speak at the AGM;
8. 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, Malaysia not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof;
9. 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 initialed; and
10. A depositor whose name appears in the Record of Depositors as at 22 July 2020 shall be regarded as a Member of the Company entitled to attend the AGM or appoint a proxy to attend, speak and vote on his behalf.

Explanatory Note on Special Businesses:

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 Directors 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 the Circular for further information.

Notice Of Annual General Meeting (cont'd)

COVID-19 Outbreak Measure Notes

The health and safety of all members attending the AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the AGM:

a) Members and proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and the government at the time deciding on whether or not to attend the AGM.
b) Members are strongly encouraged to appoint the Chairman of the AGM as their proxies to attend and vote at the AGM on their behalf by submitting the Form of Proxy with predetermined voting instruction.
c) Members who are not feeling well or have been placed on quarantine orders or stay-at-home notices, are advised to refrain from attending the AGM in person.
d) Members who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the AGM in person.
e) In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the AGM in person.
f) Members and proxies must sanitise their hands and wear a face mask throughout the conduct of the AGM.
g) Members or proxies must observe/maintain social distancing throughout the conduct of the AGM.

Rimbunan Sawit

RIMBUNAN SAWIT BERHAD
[Registration No: 200501014346(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 15th Annual General Meeting of the Company to be held on Thursday, 30 July 2020 at 11.30 a.m. 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 2019.		
2.	To approve the payment of Directors' remuneration (excluding Directors' fees).		
3.	To re-elect Tiong Chiong Ong as director.		
4.	To re-elect Tiong Ing Ming 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.		

[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 _________________ 2020

____
Signature / common seal of shareholder(s)

Notes:

1. A proxy or attorney or a duly authorised representative may, but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy;
2. A Member of the Company who is entitled to attend and vote at the 15th annual general meeting ("AGM") may appoint not more than two (2) proxies to attend and vote instead of the Member at the AGM;
3. Where a Member of the Company is an authorised nominee as defined in the Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds;
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 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds;
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies;
6. A proxy appointed to attend and vote at the AGM shall have the same rights as the Member to speak at the AGM;
7. 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, Malaysia not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof;
8. 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 initialed; and
9. A depositor whose name appears in the Record of Depositors as at 22 July 2020 shall be regarded as a Member of the Company entitled to attend the AGM or appoint a proxy to attend, speak and vote on his behalf.

Please fold here

Affix
Stamp

The Company Secretary
Rimbunan Sawit Berhad [Registration No: 200501014346(691393-U)]

North Wing, Menara Rimbunan Hijau,
101, Pusat Suria Permata,
Jalan Upper Lanang,
96000 Sibu, Sarawak.

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RIMBUNAN SAWIT BERHAD
[Registration No: 200501014346(691393-U)]
(Incorporated in Malaysia)

North Wing, Menara Rimbunan Hijau 101, Pusat Suria Permata,
Jalan Upper Lanang, 96000 Sibu, Sarawak.

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