



KLUANG RUBBER COMPANY (MALAYA) BERHAD

195901000092 (3441-K)
Incorporated in Malaysia

2020
ANNUAL REPORT

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NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-First (61st) Annual General Meeting of the Company will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform	:	https://web.lumiagm.com/
Day and Date	:	Thursday, 10 December 2020
Time	:	12.00 p.m.
Broadcast Venue	:	DoubleTree by Hilton Johor Bahru, 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor, Malaysia
Mode of Communication	:	1) Typed text in the Meeting Platform 2) Submit questions via https://boardroomlimited.my/ prior to the Meeting

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Directors' and Auditors' Reports thereon. *Please refer to Note 1 of the Explanatory Notes*
- To declare and approve the payment of a Single Tier First and Final Dividend of 1 sen per ordinary share for the financial year ended 30 June 2020. **Ordinary Resolution 1**
- To approve the payment of aggregate Directors' fees and other benefits not exceeding RM500,000 for the financial year ending 30 June 2021, to be paid on quarterly basis in arrears. **Ordinary Resolution 2**
- To re-elect the following Directors who retire by rotation in accordance with the Company's Constitution:
 - Mr Lee Soo Hoon **Ordinary Resolution 3**
 - Mr Tay Beng Chai **Ordinary Resolution 4**
- To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 30 June 2021 and authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

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

- CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE CHAIRMAN** **Ordinary Resolution 6**
"THAT approval be and is hereby given to Mr Lee Soo Hoon who has served as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Chairman of the Company."
- AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 7**
"THAT pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue ordinary shares in the Company at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING (cont'd)

8. PROPOSED RENEWAL OF SHAREHOLDERS MANDATE FOR SHARE BUY-BACK AUTHORITY **Ordinary Resolution 8**

“THAT, subject to the Companies Act 2016, provisions of the Company’s Constitution and the Main Market Listing Requirements of Bursa Securities and any applicable laws, regulations and guidelines issued by other regulatory authorities, and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such number of ordinary shares comprised in the Company’s total number of issued shares through Bursa Securities at any time upon such terms and conditions as the Directors in their absolute discretion deem fit and expedient in the best interest of the Company subject further to the following:

- (i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at the time of purchase(s);
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (whichever applicable) available at the time of purchase(s); and
- (iii) the Directors of the Company are authorised to deal with the purchased shares either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees’ share option scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless an ordinary resolution is passed at that annual general meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company in accordance with the Companies Act 2016, regulations and guidelines.”

NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING (cont'd)

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ENTERED INTO WITH THE NYALAS RUBBER ESTATES LIMITED ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")** **Ordinary Resolution 9**

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 3.2 of the Circular to Shareholders dated 30 October 2020 which are necessary for the Company's day-to-day operations subject further to the following:

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related parties than those generally available to the public, and are not detrimental to the minority shareholders;
- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting of the Company, at which time it will lapse unless by a resolution passed at the Annual General Meeting the mandate is again renewed;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;whichever is the earlier; and
- (iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information: -
 - (a) the type of the Recurrent Transactions entered into; and
 - (b) the names of the related parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Sixty-First (61st) Annual General Meeting, a Single Tier First and Final Dividend of 1 sen per ordinary share in respect of the financial year ended 30 June 2020 will be paid on 8 January 2021 to shareholders whose name appears on the Record of Depositors at the close of business on entitlement date. The entitlement date for the said dividend shall be 23 December 2020.

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

- (a) Shares transferred into the Depositors securities account before 4.30 p.m. on 23 December 2020 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitled basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (SSM PC No.: 202008001023) (MAICSA 7009143)
SANTHI A/P SAMINATHAN (SSM PC No.: 201908002933) (MAICSA 7069709)
Company Secretaries

Johor Bahru
30 October 2020

NOTES :

1. *In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the 61st AGM will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV") which are available on Boardroom Smart Investor Portal at <https://www.boardroomlimited.my>. Please follow the procedures as set out in the Administrative Guide for the 61st AGM in order to register, participate and vote remotely via RPV.*
2. *The Broadcast Venue of the 61st AGM is strictly for the purpose for complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxy(ies)** from the public shall be physically present at the Broadcast Venue.*
3. *A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company is entitled to appoint not more than two (2) proxies to attend, participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, 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. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting must follow the procedures as set out in the Administrative Guide for the 61st AGM to submit request for Remote Participation.*

NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING (cont'd)

7. *The instrument appointing a proxy shall be writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*
8. *The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor; Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com or by sending it through the post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my> not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.*
9. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
10. *Last date and time for lodging the proxy form is **Wednesday, 9 December 2020 at 12:00 p.m.***
11. *In respect of deposited securities, only members whose names appear on the Record of Depositors on **2 December 2020** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf via RPV.*

EXPLANATORY NOTE ON ORDINARY BUSINESS:

1. To receive Audited Financial Statements

The Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolution 2 on Payment of aggregate Directors' fees and other benefits payable

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the directors and other benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payment of Directors' fees and other benefits payable not exceeding RM500,000 for the financial year ending 30 June 2021.

In determining the estimated total amount of Directors' Fees and Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for any increase in number of Board and Committee meetings if required.

3. Ordinary Resolution 3 to 4 on Re-election of Directors, Mr Lee Soo Hoon and Mr Tay Beng Chai

Clause 22.3 of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election.

Pursuant to Clause 22.3, Mr Lee Soo Hoon and Mr Tay Beng Chai are standing for re-election at this AGM.

The profiles of the Directors standing for re-election are provided on pages 49 - 55 of the Board of Directors' Profile in the 2020 Annual Report.

The Nominating Committee ("NC") of the Company has assessed the criteria and contribution of Mr Lee Soo Hoon and Mr Tay Beng Chai and recommended for their re-election. The Board endorsed the NC's recommendation that Mr Lee Soo Hoon and Mr Tay Beng Chai be re-elected as Directors of the Company.

NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING (cont'd)

4. Ordinary Resolution 5 on Re-appointment of Auditors

The Audit Committee and the Board have considered the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and collectively agreed that Ernst & Young PLT has met the relevant prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

EXPLANATORY NOTES ON THE SPECIAL BUSINESS:

5. Ordinary Resolution 6 on the Proposed Continuation Mr Lee Soo Hoon as Independent Non-Executive Chairman

This resolution is subject to the approval of Ordinary Resolution 3 on re-election of Mr Lee Soo Hoon.

The Board is recommending to the shareholders for Mr Lee Soo Hoon who has served as Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years to continue to act as Independent Non-Executive Chairman of the Company.

The Nominating Committee has assessed the independence of Mr Lee Soo Hoon who has served as an Independent Non-Executive Chairman of the Company for a cumulative term of nine (9) years and recommended him to continue to act as Independent Non-Executive Chairman of the Company based on the following justifications: -

- (a) His expertise in finance matters which had significant contribution to the effectiveness of the Board and the Committees and enabled him to participate actively during the Board and Board Committees meetings; and*
- (b) He has exercised his due care during his tenure as an Independent Non-Executive Chairman of the Company and he has carried out his professional duties in the best interest of the Company and the shareholders.*

6. Ordinary Resolution 7 on the Authority to Allot and Issue Shares by Directors pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7, if passed, will empower and give flexibility to the Directors of the Company to issue and allot shares up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares) at the time of such allotment and issuance of ordinary shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new ordinary shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s).

The Company has not issued and allotted any shares during the year under the mandate granted to the Company at the last AGM of the Company held on 28 November 2019 and the mandate will lapse at the conclusion of the AGM of the Company.

7. Ordinary Resolution 8 on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back Authority

The proposed Ordinary Resolution 8 if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued ordinary shares. This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

Please refer to Part A of the Circular to shareholders dated 30 October 2020, which was circulated together with the Annual Report 2020 of the Company for further information.

NOTICE OF THE SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING (cont'd)

8. **Ordinary Resolution 9 on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 9, if passed, will empower the Directors from the date of the Sixty-First (61st) Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 30 October 2020, which is circulated together with this Annual Report.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

- 1. There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election at the 61st Annual General Meeting of the Company as follows: -**

- i. Mr Lee Soo Hoon (Independent Non-Executive Chairman)
- ii. Mr Tay Beng Chai (Independent Non-Executive Director)

The details of the Directors who are standing for re-election are set out in the Profile of Directors in this Annual Report.

Information on securities holdings in the Company and its subsidiaries by the Directors standing for re-election are set out in the Statement of Directors' Interests in the Company and related corporation on page 138.

- 2. GENERAL MANDATE FOR ISSUE OF SECURITIES PURSUANT TO PARAGRAPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

The general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the 60th Annual General Meeting held on 28 November 2019.

The Company did not issue any shares pursuant to the mandate obtained at the 60th Annual General Meeting held on 28 November 2019.

The purpose of this general mandate is for possible fund-raising exercise, including but not limited to further placement of shares for the purpose of funding current and/or future investments projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

CORPORATE INFORMATION

DIRECTORS

LEE SOO HOON

Independent Non-Executive Chairman

LEE CHUNG-SHIH JUSTIN

Executive Deputy Chairman

TAY BENG CHAI

Independent Non-Executive Director

CHEW KHAT KHIAM ALBERT

Independent Non-Executive Director

CHEONG MUN HONG

Executive Director

BALARAMAN A/L ANNAMALY

Executive Director

MUGANA KERISNAN A/L KARPIAH

Alternate Director

SECRETARIES

TAI YIT CHAN

SANTHI A/P SAMINATHAN

AUDIT COMMITTEE MEMBERS

CHEW KHAT KHIAM ALBERT

Chairman

LEE SOO HOON

TAY BENG CHAI

NOMINATING COMMITTEE MEMBERS

CHEW KHAT KHIAM ALBERT

Chairman

LEE SOO HOON

TAY BENG CHAI

REMUNERATION COMMITTEE MEMBERS

TAY BENG CHAI

Chairman

LEE SOO HOON

CHEW KHAT KHIAM ALBERT

CORPORATE INFORMATION (cont'd)

RISK MANAGEMENT COMMITTEE MEMBERS

LEE SOO HOON

Chairman

TAY BENG CHAI

CHEW KHAT KHIAM ALBERT

AUDITORS

ERNST & YOUNG PLT

Chartered Accountants

REGISTERED OFFICE

SUITE 9D, LEVEL 9, MENARA ANSAR,

65 JALAN TRUS,

80000 JOHOR BAHRU, JOHOR

TEL: 607-224 1035 FAX: 607-221 0891

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS SDN BHD (Company No. 378993-D)

11TH FLOOR, MENARA SYMPHONY,

NO. 5, JALAN PROFESSOR KHOO KAY KIM, SEKSYEN 13,

46200 PETALING JAYA,

SELANGOR DARUL EHSAN

TEL: 603-7890 4700 FAX: 603-7890 4670

BANKER

OCBC BANK (MALAYSIA) BERHAD

STOCK EXCHANGE

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“*Bursa Malaysia*”)

WEBSITE

www.kluangrubber.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Group reported total revenue of RM 25.91 million for the financial year ended 30 June 2020. Group revenue was made up of the sale of fresh fruit bunches ("FFB"), dividend income, rental income and interest income. The increase in Group revenue was primarily due to increased contribution from the plantation segment.

With the introduction of border lockdown and movement restrictions, the economy was severely impacted by COVID-19. Since March 2020, Malaysia was impacted by the Movement Control Order and Recovery Movement Control Order. As the palm oil industry is considered as essential services, the Group was able to continue operations. Despite the challenges of COVID-19, in addition to unpredictable weather conditions and labour concerns, the Group remains optimistic on the long-term fundamentals of the oil palm industry.

For the financial year, the Group reported an operating loss of RM 4.14 million. This was primarily attributed towards the newly matured area at Kuala Pergau Estate. As the palms mature, Kuala Pergau Estate is expected to be a key contributor towards the Group's plantation segment.

The Group reported a loss after tax of RM4.35 million. For the year ended 30 June 2020, the net loss attributable to the owners of the parent was RM2.17 million.

The other comprehensive loss for the financial year was RM 70.71 million, which consisted of the fair value loss from investments of RM 86.95 million, share of other comprehensive income of associates of RM 3.47 million and the positive contribution from foreign currency translation of RM 12.77 million. The total comprehensive loss for the year was RM 75.06 million, with a total comprehensive loss of RM 33.06 million attributable to the owners of the parent.

Dividends

The Board is proposing a first and final single tier cash dividend of 1 sen per share for the year ended 30 June 2020. The proposed cash dividend for the financial year ended 30 June 2020 is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank all the directors, the management and staff at all levels for their continuing efforts and contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their continued trust and confidence in us.

On behalf of the Board of Directors

LEE SOO HOON
Chairman

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

Plantation Operations

For the financial year ended 30 June 2020, the Group reported revenue of RM11.72 million from its plantation operations. On a Group basis, the 38% increase in plantation revenue was primarily attributed towards increased production from Sungei Bagan Estate and Kuala Pergau Estate. As the palm oil industry is considered as essential services, the Group was able to continue operations during the COVID-19 period.

As of 30 June 2020, the Group’s consolidated planted area was at 6,502 acres: -

- Kluang Estate: 1,574 acres
- Sungei Bagan Estate & Kuala Pergau Estate: 4,928 acres

This was the first full year of harvesting at Kuala Pergau Estate. Upon prime maturity, Kuala Pergau Estate is expected to be a key contributor towards the Group’s plantation segment.

In 2019, Kluang Estate was awarded the Malaysia Sustainable Palm Oil (“MSPO”) certification. Sungei Bagan Estate and Kuala Pergau Estate were also awarded the MSPO certification.

The following is a review of the estates with the focus on Kluang Estate.



Kluang Estate

Kluang Estate

For the financial year, Kluang Estate reported sales of RM 3.81 million, the decrease was primarily due to lower FFB production. For Kluang Estate, FFB production of 8,310 MT was 12% lower than the previous year’s production of 9,453 MT.

For the financial year, Kluang Estate delivered an FFB yield of 17 MT/ha. Although in line with Malaysian Palm Oil Board’s (“MPOB”) Peninsular Malaysia’s average FFB yield of 17 MT/ha, it was below MPOB’s Johor average FFB yield of 19 MT/ha. In addition to the weather conditions, labour and pest attacks were key factors which resulted in the lower production. Management is actively exploring solutions to mitigate the impact of pest attacks.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (cont’d)

Plantation Operations (cont’d)

Kluang Estate (cont’d)



Kluang Estate

With a total planted area of 1,574 acres, Kluang Estate’s weighted average age was 10 years. Kluang Estate’s planted area age profile as at 30 June 2020 was as follows: -

- Immature (0 - 2): 15%
- Mature – Young (3 - 6): 22%
- Mature – Prime (7 - 19): 51%
- Mature – Tall (≥ 20): 12%

With 73% of Kluang Estate consisting of palms between 3-19 years, we remain optimistic on Kluang Estate’s production capabilities. The Company has in place a framework to assess the replanting requirements based on maturity and yield, and management is satisfied with the current age profile of the plantation.

A detailed breakdown of the Kluang Estate’s planted area is included under “*Planted Area Age Profile*”.

Sungei Bagan Estate and Kuala Pergau Estate

Revenue from plantation operations increased 69% to RM 7.91 million. This was a result of higher FFB production and higher FFB average sales prices. For Sungei Bagan Estate, FFB production of 13,752 MT was 22% higher than the previous year’s production of 11,275 MT. The FFB net average price for the financial year was also higher than the previous year.

For the financial year, Sungei Bagan Estate reported an FFB yield of 15 MT/ha, a marked improvement as compared to the previous year. This was primarily attributed towards the improved labour situation.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (cont’d)

Plantation Operations (cont’d)

Sungei Bagan Estate and Kuala Pergau Estate

As of 30 June 2020, Kuala Pergau Estate's planted area was 2,313 acres. FFB production of 4,214 MT was below estimates, as production only picked up in the second half of the financial year. Upon prime maturity, Kuala Pergau Estate is expected to be a key contributor towards the Group's plantation segment.

Investments

The Group has investments in companies listed on the Singapore Exchange. The Group also has holdings in fixed income investments, investment funds and precious metals.

Financial Position

The Group maintains a healthy financial position with no bank borrowings and sufficient cash and cash equivalents to cover total liabilities. The Group's non-controlling interests stood at RM 473 million, or 43% of the Group's total equity.

With the COVID-19 situation, both the Board and management are committed towards maintaining a strong balance sheet and a healthy cash position to ensure the Company's ability to fund our operations and capital requirements.

The Company is cognizant of the need to achieve a balance between providing reasonable returns to shareholders while conserving funds required for investment opportunities.

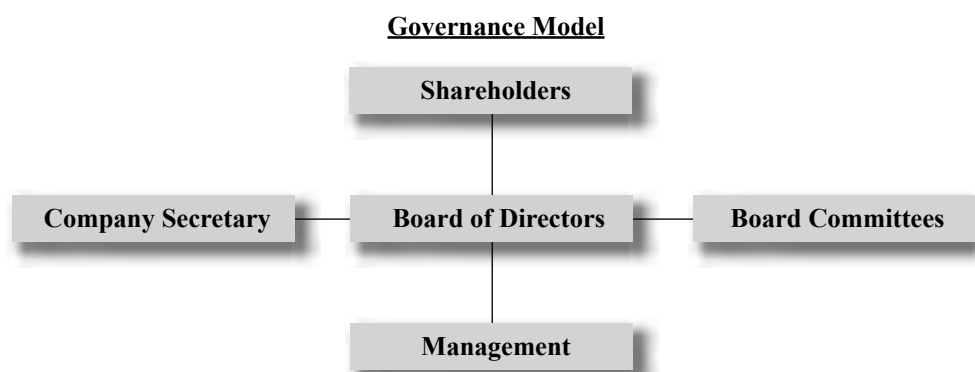
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Kluang Rubber Company (Malaya) Berhad (“the Company”) is fully committed to ensure that good corporate governance practices are adopted throughout the Company and its subsidiaries (“Group”). The Board supports the Principles and Practices of good corporate governance (including the intended outcome) as promulgated by the Malaysian Code of Corporate Governance 2017 (“MCCG”) to direct and manage the business and affairs of the Group towards promoting business and corporate governance with ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

The Board presents this statement to shareholders and investors with an overview of the corporate governance (“CG”) practices of the Company under the leadership of the Board during the financial year ended 30 June 2020. This overview takes guidance from the key CG principles as set out in the MCCG issued by Securities Commission Malaysia in 2017 and is prepared in compliance to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board further acknowledges the importance of achieving best practices in its standard of business performance and corporate accountability and is committed to subscribe to the recommendations of the Code. The CG Report is available on the Company’s website.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS



I. BOARD RESPONSIBILITIES

Principle Responsibilities of the Board

The Board is responsible for setting the strategic direction, establishing goals for the management and continuously improving its performance to protect and enhance shareholders' value. The Board is responsible for the overall standards of conduct, risk management, succession planning, strategic planning, financial matters, corporate governance, sustainability and effective communication with shareholders, investors and the system of internal controls.

The Board plays an active role in developing the Group’s strategy. The Board will then review and deliberate upon both management’s and its own perspectives to deliver the best outcomes. The Board comprises of a mix of directors whose combined skills and knowledge enable the Board to function effectively in discharging its fiduciary and leadership function. The Board understands that in governing, the directors must always act honestly, fairly, diligently and in accordance with the law, in the best interest of the Group.

In discharging the Board’s duties and responsibilities, the Board has delegated certain duties and responsibilities to four (4) Board Committees - Audit Committee, Nominating Committee, Remuneration Committee, and Risk Management Committee, to assist the Board in overseeing the Group’s affairs and in deliberation of issues within their respective functions and terms of reference which outline clearly their objectives, duties and powers. The Terms of Reference of the Board Committees are included in the Board Charter, and is available on the Company’s website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and resolutions or key matters deliberated at each Board Committee meeting through the minutes and reports from the respective Board Committees' Chairman, which are presented to the Board during the Board meeting at the appropriate regular intervals.

The Board has also established clear functions reserved for the Board and those delegated to the management. The respective roles and responsibilities of the Board and management are clearly set out to ensure accountability of both parties.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group during the financial year ended 30 June 2020, the Board apart from fulfilling its statutory responsibilities, collectively: -

- reviewed and decided on management's proposals and monitored the implementation by management;
- promoted good governance culture within the Group which reinforces ethical, prudent and professional;
- reviewed and determined the Company's overall direction, development, control and ensured that the Company's businesses practices are designed to deliver sustainable value to its shareholders and other stakeholders. The Company's economic, environment and social activities are set out in the Sustainability Statement;
- ensured the integrity of the Company's financial and non-financial reporting;
- ensured that the Company has in place procedures to enable effective communication with stakeholders;
- monitored the financial position and evaluated the overall performance of the Company through quarterly reviews;
- supervised and assessed management performance regularly; and
- ensured that a sound and adequate framework of reporting on risk management and internal control and legal compliance are in place;

Aside from the core responsibilities listed above, significant matters required deliberation and approval from the Board are clearly defined by the Board in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meeting.

The Independent Non-Executive Directors play a crucial role in ensuring that the strategies proposed by the management are properly deliberated and reviewed, and to ensure that the interest of shareholders, including minority shareholders are given due consideration in the decision-making process. They are also actively involved in the various Board Committees.

Chairman of the Board

The Independent Non-Executive Chairman - Mr Lee Soo Hoon, is able to provide effective and strategic direction and necessary governance to the Company. The Chairman is responsible for overseeing the proper functioning of the Board with good corporate governance practices and procedures. The Chairman with the assistance of the Company Secretary, schedules Board meetings to ensure that the Board receives accurate, timely and clear information, enabling the Board to perform its duties reasonably. During meetings, the Chairman encourages constructive relations between Board members and ensures that open, healthy and effective debates are held by allowing sufficient time to be given on the deliberation of issues.

The Nominating Committee is satisfied that the Chairman has discharged his duties effectively and continues to play a vital role in leading the Board.

Separation of Chairman and CEO

The roles of the Chairman of the Board and the Executive Deputy Chairman are held by two (2) different persons and each has a clear accepted division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman is primarily responsible for the achievement of the Group's strategic vision and leads the board in its collective oversight of management, while the Executive Deputy Chairman, Executive Directors and management are responsible for the day-to-day management of the operations of the Company and the implementation of the Board's policies and decisions. The Chairman and Executive Directors fully appreciate their respective roles and responsibilities and are supportive of the development of a healthy corporate governance culture.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Company Secretary

The Board is supported by two (2) suitably qualified and competent Company Secretaries. The Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) are qualified Company Secretaries as per Section 235(2) of the Companies Act 2016. They are external Company Secretaries with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.

The Company Secretaries play an important advisory role to the Board, on administrative, regulatory requirements and governance matters. The Company Secretaries are also responsible to ensure that accurate and proper recording of proceedings and resolutions at the Board, Board Committees meetings and general meetings.

The Board has unrestricted access to the advice and services of the Company Secretaries for Board affairs. The Company Secretaries attend all Board and Board Committee Meetings. All proceedings and conclusions from the Board meetings are minuted and signed by the Chairman. The Company's statutory records are maintained accordingly at the Company's registered office.

Access to Information and Advice

The Board will receive the notice of agenda together with the meeting materials (including the minutes of the previous meeting) at least five (5) business days prior to the date of the meeting to ensure that the directors have sufficient time to review and solicit further clarification and/or information, where necessary, so as to enable them to duly discharge their duties and ensure that deliberations at the meeting are constructive and focused.

The Board has unrestricted access to all information and the advice of the Company Secretaries and external auditors whether as the Board, or in their individual capacity, in the furtherance of their duties. Directors may interact directly with, or request further explanation, information or updates on any aspect of the business from management. They may obtain independent professional advice at their discretion to assist them in Board decisions.

Board Charter

The Board is guided by its Board Charter which clearly sets out the roles and responsibilities of the Board and Board Committees in discharging its fiduciary and leadership function, and the processes and procedures for their meetings. The Board Charter sets out the role, functions, composition, operation and processes of the Board as to ensure that the members of the Board practice good corporate governance in their business conducts and dealings in respect of and on behalf of the Company and comply with the various laws and regulations governing them.

The Board Charter acts as a source of reference to provide insights to responsibilities of the Board and senior management. It also serves as a guide to the Board in assessing its own performance and of individual directors.

The Board Charter is reviewed and updated periodically in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter is available on the Company's website.

Code of Conduct and Ethics

The Board is committed in maintaining good corporate integrity and recognises the importance of a Code of Conduct which sets out the principles and standards of business ethics and conduct applicable to all directors and employees of the Company. In line with good corporate governance practices, the Board, management and employees shall act honestly, objectively and diligently while carrying out their duties and they shall not act in a manner which could discredit the Company in any manner. These standards are formalised through the Company's Code of Conduct and Business Ethics.

The Code of Conduct and Business Ethics is reviewed periodically in accordance with the needs of the Company. The Code of Conduct and Business Ethics is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Whistleblowing Policy

The Whistleblowing Policy & Guidelines aims to provide a structured mechanism for its employees, directors and associates (“reporting individual”) to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy & Guidelines is: -

- To encourage active and moral obligation to report wrongdoings
- To use internal disclosure to report wrongdoings
- To protect the whistleblower
- To ensure appropriate and fair disciplinary actions
- To require that an effective whistleblowing guideline be established and maintained

The Whistleblowing Policy & Guidelines is available on the Company’s website.

II. BOARD COMPOSITION

Independent Directors

The Board comprises of six (6) members, of whom three (3) are Independent Non-Executive Directors and three (3) are Executive Directors. There is one (1) Alternate Director. The Board composition complies with the Listing Requirements of Bursa Malaysia that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

Name	Designation
Lee Soo Hoon	Independent Non-Executive Chairman
Tay Beng Chai	Independent Non-Executive Director
Chew Khat Khiam Albert	Independent Non-Executive Director
Lee Chung-Shih Justin	Executive Deputy Chairman
Cheong Mun Hong	Executive Director
Balaraman A/L Annamaly	Executive Director
Mugana Kerisnan A/L Karpiah	Alternate Director

The presence of three (3) Independent Non-Executive Directors, which represent 50% of the Board, facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making. Their presence fulfils a central role in corporate accountability and serves to provide a check and balance on the Board. In the event of any vacancy on the Board, resulting in a non-compliance, the vacancy will be filled within three (3) months. The Nominating Committee shall on annual basis assess the independence of the Independent Directors.

A brief profile of each director is presented on pages 49 to 55.

Tenure of Independent Directors

The Board is aware that the MCGG recommends that the tenure of an Independent Director does not exceed a cumulative period of nine (9) years, and upon completion of the nine (9) years, an Independent Director may serve as a Non-Independent Director.

The MCGG also recommends that if the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders’ approval and if the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders’ approval through a two-tier voting process.

As of the date of this Annual Report, the Independent Non-Executive Chairman, Mr Lee Soo Hoon has exceeded the cumulative term of twelve (12) years. The Nominating Committee carried out an assessment on Mr Lee Soo Hoon and the Nominating Committee is of the view that Mr Lee Soo Hoon continues to be independent as: -

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

- He has met the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgement to the Board;
- He has been with the Company for more than twelve (12) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at Audit Committee, Remuneration Committee, Nominating Committee, Risk Management Committee and Board meetings without compromising his independence and objective judgement;
- He has contributed sufficient time and efforts and attended all Audit Committee, Remuneration Committee, Nominating Committee, Risk Management Committee and Board meetings as well as meetings with the internal auditors and external auditors without the presence of management and Executive Directors for informed and balanced decision making; and
- He has exercised his due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

In this respect, the Board, based on his exemplary leadership and dedication to his responsibilities, recommends that Mr Lee Soo Hoon, continues to serve as an Independent Non-Executive Chairman, subject to the annual shareholders' approval through a two-tier voting process.

The current Independent Directors are strong individuals demonstrating independence. The Board believes that independence is a result of a director's state of mind and integrity and not dependent on the years of service. The experience of the Independent Directors is valuable for continued stability and growth.

The Board believes that it is in the best position to evaluate and determine whether any Independent Director can continue to provide independent and objective judgement during board deliberations and act in the best interests of the Company. The Independent Non-Executive Directors who are also in the Nominating Committee will be excused during discussion of their independent status.

The Nominating Committee will continue, on an annual basis to assess the independence of the Independent Non-Executive Directors.

Appointment of Board and Senior Management

The Nominating Committee is responsible to oversee the selection process and assess the performance of the directors with the objective of securing the best composition to meet the objectives of the Company. The Nominating Committee adopts a non-discriminatory policy towards identifying, assessing and appointing suitably qualified directors to its Board, and will regularly evaluate the composition and performance of the Board to ensure that these objectives are adopted in the process of board recruitment, board performance evaluation and succession planning.

The Board is made up of experienced professionals from varied backgrounds with expertise in areas comprising of business, finance, management, law and the palm oil industry. The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. With their diverse backgrounds and specializations, the directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties as stewards of the Company. The Board recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company views increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skill, experience, age, cultural background and gender. The Board Diversity Policy is available on the Company's website.

Gender Diversity

The Board recognizes the importance of fostering the development of women in decision-making positions in the corporate sector. Whilst the Board has not implemented any definitive policy on the proportion of female directors, suitable female candidates are, and have been considered for Board participation. For the year ended 30 June 2020, there were no female directors on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Identifying Candidates for Appointment of Directors

The Nominating Committee is responsible in identifying candidates to the Board to fill the vacancy arising from resignation, retirement or any other reasons, and if there is a need to appoint additional directors with the required skill or expertise.

In identifying candidates, the Board is not limited to recommendations from existing Board members, management or major shareholders. The Board also considers utilizing independent sources to identify suitably qualified candidates and will conduct Board appointment processes in a manner as recommended by the MCCG.

Once identified, the Nominating Committee is responsible for assessing and making recommendations on new appointments to the Board, ensuring that all candidates are of sufficient calibre. Besides evaluating the candidate's skills and experience, the Nominating Committee considers the following factors: -

- The candidate's understanding of the Group and market;
- The candidate's professional expertise, experience and background; and
- Other factors including requirements for independence and the promotion of diversity of views

For the appointment of new directors, the Nominating Committee will generally identify suitable candidates skilled in core competencies such as accounting, finance, business, management, industry expertise or knowledge. If the Nominating Committee decides that the candidate is suitable, the Nominating Committee will arrange to meet and conduct interviews with the candidate prior to making a recommendation to the Board. These interviews conducted may be official as well as unofficial. Besides reviewing the candidate's curriculum vitae and other biographical information, the assessment process may include, at the Nominating Committee's discretion, conducting legal and other background searches of the candidate.

Upon completion of the assessment and evaluation of the proposed candidate, the Nominating Committee will make its recommendation to the Board for assessment and endorsement. The final decision on any appointment rests with the Board.

In accordance with the Company's Constitution, the newly appointed directors will retire at the subsequent Annual General Meeting ("AGM") and are eligible for re-election by shareholders. The clauses of Constitution also provide that at least one-third (1/3) of the Board including Executive Directors is subject to re-election annually and each director shall stand for re-election at least once every three (3) years.

For the financial year ended 30 June 2020, no new directors were appointed.

Nominating Committee Composition

The Nominating Committee set up by the Board comprises exclusively of three (3) Independent Non-Executive Directors as follows: -

Chairman	: Chew Khat Khiam Albert	Independent Non-Executive Director
Members	: Lee Soo Hoon	Independent Non-Executive Chairman
	Tay Beng Chai	Independent Non-Executive Director

The Chairman of the Nominating Committee is an Independent Non-Executive Director. The Terms of Reference of the Nominating Committee is included in the Board Charter, and is available on the Company's website.

Evaluation of the Board

The Board, through the Nominating Committee, annually reviews its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board. This process is to be carried out by the Nominating Committee annually, for assessing the effectiveness of the Board, Board Committees, and the contribution of each individual member.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The evaluation form shall be distributed to the Board and Board Committees for completion annually. All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.

For financial year ended 30 June 2020, the Nominating Committee reviewed and updated the annual performance evaluation for directors. The overall Board and its Committees' performance and effectiveness was assessed, and the Chairman of the Nominating Committee presented the outcome of the annual performance evaluation for directors during a Board meeting.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual directors, the Nominating Committee considers the balance of skills, experience, expertise, independence and the diversity representation on the Board.

The assessment covered the following areas: -

- Attendance
- Board composition
- Character and attitude
- Competencies and skills
- Effectiveness of board committees
- Participation and contribution

The Nominating Committee is satisfied with the Board's composition, well balanced with the required mix of skills, experience, knowledge and competencies, which is required for an effective Board.

For the financial year, the Nominating Committee: -

- Reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and re-appointment, and are eligible to stand for re-election and re-appointment respectively;
- Reviewed the composition of the Board based on the required mix of skills, experience and other qualities;
- Reviewed the composition of the Board Committees based on their compliances with the provisions of the regulations;
- Assessed the independence of the Independent Non-Executive Directors;
- Reviewed and updated the annual performance evaluation for directors;
- Assessed the overall Board and its Committees' performance and effectiveness; and
- Presented the outcome of the annual performance evaluation for directors during a Board meeting.

The Nominating Committee is satisfied that sufficient time and attention was given by each director to the affairs of the Company.

The Board meets not less than four (4) times a year to review and approve the quarterly results for announcements. Board meetings for the ensuing year are fixed in advance. Notice of meetings and the agenda are given in a timely manner.

All directors attended at least 50% of all Board meetings held in the financial year ended 30 June 2020, complying with the minimum 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements. The quorum of Board meetings was met with attendance of not less than three (3) out of six (6) directors who participated in decision-making at each Board meeting. This is evidenced by the attendance record set out in this annual report.

The Audit Committee shall meet not less than four (4) times a year. The Nominating Committee, the Remuneration Committee and the Risk Management Committee shall meet at least once (1) a year, and when necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Board meetings are a fundamental component of governance processes as they provide the opportunity for directors to: -

- Obtain and exchange information with management;
- Obtain and exchange information with fellow directors; and
- Deliberate and arrive at decisions.

Management and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Board to arrive at an informed decision.

To facilitate planning, an annual meeting calendar is prepared and circulated in advance. This provides directors with scheduled dates for Board meetings and the AGM.

Any director accepting new directorship in other companies will be required to make known to the Board prior to his/her new appointment and give commitment to the Board that his/her time for attending board meetings will not be compromised in any manner.

The directors recognise the importance of continuous development to update themselves and to further enhance their skills, knowledge and better equip themselves to effectively discharge their fiduciary duties. All directors have completed the Mandatory Accreditation Programme as required by Bursa Malaysia's listing requirements

Directors Training

All directors are encouraged to attend external professional programmes which are relevant and useful in contributing towards the effective discharge of their duties as directors. All directors are expected to attend at least one (1) training session a year.

During the financial year ended 30 June 2020, the directors attended the following relevant training programmes: -

Date	Seminar/Workshop	Conducted by	Attended by
15-17 Oct 2019	Oil Palm Best Practice Workshop 2019	Malaysian Oil Scientists' & Technologists' Association	Balaraman A/L Annamaly
19 Oct 2019	Case Study Workshop for Independent Directors	Securities Industry Development Corporation	Tay Beng Chai
21 Feb 2020	Corporate Liability Training – Malaysian Anti-Corruption Commission Amendment Act 2018	Boardroom Corporate Services Sdn Bhd	Lee Soo Hoon, Tay Beng Chai, Chew Khat Khiam Albert, Cheong Mun Hong, & Mugana Kerisnan A/L Karpiah

As part of the Company's COVID-19 Business Continuity Plan which required the separation of personnel, the Deputy Executive Chairman and an Executive Director were excused from attending the directors training held on 21 Feb 2020. The directors received regular briefings from external auditors on updates in financial reporting and new accounting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

III. REMUNERATION

Remuneration Policy

The Company's remuneration policy for directors is tailored to provide a remuneration package needed to recruit, retain and motivate individuals of the necessary calibre and quality needed.

The Board will review for approval, recommendations from the Remuneration Committee on the remuneration packages of Executive Directors, key Senior Management, and fees of Non-Executive Directors for shareholders' approval at the AGM. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies may be taken into consideration.

For Executive Directors, the Remuneration Committee considers corporate and individual performance, as well as performance on a range of other factors including the accomplishment of strategic goals. The Remuneration Committee ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval.

Non-Executive Directors are paid fixed annual director fees as members of the Board and Board Committees. The Remuneration Committee recommends the directors' fees payable to the Board and are deliberated at the Board before being presented at the AGM for shareholders' approval. The amount of remuneration for each Non-Executive Director varies with the level of responsibilities undertaken by the individual.

In addition to fixed annual director fees, all Non-Executive Directors are paid a meeting attendance allowance. In recognition of the additional time and commitment required, the Chairman of the respective Board Committees also receives an annual fixed fee for their chairmanship of the respective Board Committees. Individual directors are not permitted to participate in the discussion and decision of their own remuneration.

Remuneration Committee Composition

The Remuneration Committee set up by the Board comprises exclusively of three (3) Independent Non-Executive Directors as follows: -

Chairman	: Tay Beng Chai	Independent Non-Executive Director
Members	: Lee Soo Hoon	Independent Non-Executive Chairman
	Chew Khat Khiam Albert	Independent Non-Executive Director

The Chairman of the Remuneration Committee is an Independent Non-Executive Director. The Terms of Reference for the Remuneration Committee is included in the Board Charter, and is available on the Company's website.

For the financial year, the Remuneration Committee:

- Reviewed and recommended the remuneration for the members of the Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Directors' Remuneration

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to directors' remuneration are appropriately served by the disclosure made.

The details of remuneration of Directors who served during the financial year ended 30 June 2020 are as follows: -

Directors' Remuneration	Salaries & Other Remuneration (RM '000)	Fees (RM '000)	Other Benefits (RM '000)	Total (RM '000)
Company				
Lee Chung-Shih Justin	420	0	0	420
Balaraman A/L Annamaly	109	0	3	112
Cheong Mun Hong	126	0	11	137
Lee Soo Hoon	0	121	0	121
Tay Beng Chai	0	104	0	104
Chew Khat Khiam Albert	0	116	0	116
Mugana Kerisnan A/L Karpiah	0	0	0	0

Directors' Remuneration	Salaries & Other Remuneration (RM '000)	Fees (RM '000)	Other Benefits (RM '000)	Total (RM '000)
Group				
Lee Chung-Shih Justin	1,140	0	0	1,140
Balaraman A/L Annamaly	329	0	24	353
Cheong Mun Hong	306	0	14	320
Lee Soo Hoon	0	335	0	335
Tay Beng Chai	0	288	0	288
Chew Khat Khiam Albert	0	320	0	320
Mugana Kerisnan A/L Karpiah	184	0	36	220

The remuneration breakdown of individual directors of the Company includes fees, salaries, bonuses and allowances. The fees paid to all directors for the financial year were approved in advance by the shareholders at the AGM held on 28 November 2019.

Details of the directors' remuneration are set out in Note 7 to the financial statements by applicable bands of RM50,000 which complies with the disclosure requirements under the Bursa Malaysia's Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee set up by the Board comprises exclusively of three (3) Independent Non-Executive Directors as follows: -

Chairman	: Chew Khat Khiam Albert	Independent Non-Executive Director
Members	: Lee Soo Hoon	Independent Non-Executive Chairman
	Tay Beng Chai	Independent Non-Executive Director

The Chairman of the Audit Committee is not the Chairman of the Board. The members of the Audit Committee are financially literate with at least one member being a member of the Malaysia Institute of Accountants. The Audit Committee members collectively possess a mix of skills, knowledge and experience to discharge their duties and responsibilities to oversee the financial reporting process, internal controls, risk management and governance effectively and independently.

Under the Audit Committee's Terms of Reference, a former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Terms of Reference for the Audit Committee is included in the Board Charter, and is available on the Company's website.

Compliance with Applicable Financial Reporting Standards

The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting. The Board strives to provide shareholders with a balanced and meaningful evaluation of the Company's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Malaysia.

External Auditors

The Audit Committee maintains a transparent relationship with the external auditors. Under the Audit Committee's Terms of Reference, the Audit Committee is to review the suitability, objectivity and independence of the external auditors annually.

The Board strives to establish a transparent and professional relationship with the external auditors with the assistance of the Audit Committee. Participation of the Executive Directors and/or Senior Management in the Audit Committee meeting is strictly by invitation only, so that the external auditors can highlight any issues or concerns on the Company's operations and management practices.

The Audit Committee obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Upon completion of the assessment and if found suitably by the Audit Committee, the external auditors would then be recommended to the Board for their re-appointment, and thereafter for tabling to the shareholders of the Company for approval at the AGM.

The Terms of Reference for the Audit Committee is included in the Board Charter, and is available on the Company's website.

Trainings

Details of the trainings attended by the Audit Committee members are found under the Directors Training section.

Details of the Audit Committee members' biography are set out under the Profile of Directors section.

Further details of Audit Committee are presented under the Audit Committee Report on pages 45 to 48.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Effective Risk Management and Internal Control Framework

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and the assets of the Company, and for reviewing the adequacy and integrity of the system. However, the Board recognizes this is a concerted and on-going process, whereby such system is designed to manage rather than eliminate the risk of failure. In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Board regards risk management as an integral part of the business operations, and the directors acknowledge their responsibility to maintain a sound system of internal controls. The Board recognises its overall responsibility for continuous review and maintenance of the system of internal controls with the assistance of the Audit Committee together with the internal auditors, and the Risk Management Committee.

The external auditors are appointed by the Board to review the Statement on Risk Management and Internal Control and to report thereon.

The Statement on Risk Management and Internal Control in this Annual Report herein details the state of internal controls within the Company.

Risk Management Committee Composition

The Risk Management Committee set up by the Board comprises exclusively of three (3) Independent Non-Executive Directors as follows: -

Chairman	: Lee Soo Hoon	Independent Non-Executive Chairman
Members	: Chew Khat Khiam Albert	Independent Non-Executive Director
	Tay Beng Chai	Independent Non-Executive Director

The Chairman of the Risk Management Committee is the Independent Non-Executive Chairman. The Terms of Reference for the Risk Management Committee is included in the Board Charter, and is available on the Company's website.

During the financial year, an independent consultant was engaged to assist the Company in an enterprise risk assessment. The independent consultant facilitated the exercise and assisted the Company in the update of our risk register, refined our risk response and strategy, and highlighted any control designs not aligned with generally accepted industry best practices.

For the financial year, the Risk Management Committee:

- Reviewed and updated the risk register
- Refined risk response and strategy

Effective Internal Audit Function

The Board is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm – Ecovis AHL Advisory Sdn Bhd was engaged to handle this function and reports directly to the Audit Committee. The internal auditors provide an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditors' audit plan, nature and scope of the internal audit were approved by the Audit Committee prior to the commencement of their audit based on the Company's requirements.

None of the internal audit members have any family relationship with any director and/or major shareholder of the listed issuer and any conflict of interest with the listed issuer, which could impair their objectivity and independence. Further details can be found under the Statement on Risk Management and Internal Control, and the Audit Committee Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Directors' Responsibility Statement in respect of the Audited Financial Statements

The Companies Act 2016 requires the directors to prepare the financial statements which give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the results of the operations and cash flows for the period then ended. The Board is responsible for taking reasonable steps to ensure the financial statements reflect a true and fair view of the Group and the Company's state of affairs, and of their results and cash flows for the financial year under review.

In preparing the financial statements for the year ended 30 June 2020, the Board adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable which were reasonable and prudent and ensured that applicable accounting standards were followed.

The directors ensured that the Company keeps proper accounting and other records which will disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

Ensure Timely and High Quality Disclosures

The Board recognizes the importance of accurate and timely dissemination of information to shareholders. The Company makes quarterly announcements of the financial results within the time frame prescribed in the Listing Requirements of Bursa Malaysia, accompanied by a balanced and comprehensive assessment of its performance.

The Company's Annual Report, containing the Financial Statements for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures the financial results are released to Bursa Malaysia well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. These quarterly financial results and the annual reports are accessible via Bursa Malaysia and the Company's website. In this regard, the Board is assisted by the Audit Committee.

The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control. The Audit Committee comprises three (3) directors, all of whom are Independent Non-Executive Directors. The term of references and activities of the Audit Committee are detailed in the Audit Committee Report on pages 45 to 48.

The Company maintains a website which provides shareholders and the public in general access to information about the Company which includes, corporate information, financial information, announcements and investor relations.

To address any concern which the shareholder may have, shareholders may contact the Company through electronic mail at enquiry@kluangrubber.com.

Any queries or concern may be conveyed through the Company Secretaries who would then refer the matter to the attention of the Board. Shareholders may also directly approach the Independent Non-Executive Directors on these issues.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II. COMMUNICATION WITH STAKEHOLDERS

Conduct of General Meetings

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting at least twenty-eight (28) days before the date of the AGM. Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunity to seek clarification on any matters pertaining to the Group's affairs and performance as the directors and the representatives of the external auditors are present to answer any questions they may have.

Directors Attendance at General Meetings

At the 60th AGM, directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Group. The 60th AGM included the presentation of the Group's operating and financial performance for the year ended 30 June 2019, the external auditors' unqualified report to the shareholders and a Question & Answer session during which the Chairman invited shareholders to raise questions pertaining to the accounts and other items for adoption at the meeting, before putting a resolution to vote. The directors, management and external auditors were in attendance to respond to shareholders' queries.

Poll Voting

The Board is mindful of the poll voting requirements under Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All resolutions tabled at the AGM will be voted by way of poll. An independent scrutineer is appointed to validate the votes cast at the AGM. The outcome of all resolutions tabled at the AGM shall be announced to Bursa Malaysia on the same day after the meeting.

Leveraging on Technology

The Company's AGMs are held at easily accessible venues and not in remote locations. Shareholders unable to attend, may appoint their proxies to attend and vote on their behalf. In view of the COVID-19 pandemic and the Government of Malaysia's official guidance on social distancing, the 61st AGM will be conducted fully virtual through live streaming and online remote voting.

The Corporate Governance Overview Statement was approved by the Board on 8 October 2020.

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of Recurrent Related Party Transactions ("RRPT")

The details of the shareholders' mandate are reflected in the Circular to Shareholders dated 30 October 2020.

Utilisation of Proceeds

There was no issuance of new shares and rights issue carried out during the financial year ended 30 June 2020.

Share Buy-Back

During the financial year ended 30 June 2020, the Company purchased 208,200 ordinary shares, or 0.33% of its issued ordinary shares from the open market under the Share Buy-Back authority approved by shareholders. The treasury shares held by the Company was 208,200, which represented 0.33% of the issued ordinary shares.

Exercise of Options, Warrants or Convertible Securities

No other options, warrants or convertible securities were exercised during the financial year ended 30 June 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Depository Receipt Programme

There were no Depository Receipt Programmes for the financial year ended 30 June 2020.

Sanctions and/or Penalties

The Company and its subsidiaries' directors and management have not been imposed with any sanctions and/or penalties during the financial year ended 30 June 2020.

Audit and Non-Audit Fees

The amount of audit and non-audit fees for services provided by the external auditors to the Group and Company for the financial year ended 30 June 2020 are as follows:

Audit and Non-Audit Fees	Group (RM)	Company (RM)
Audit Fees	175,000	60,000
Non-Audit Fees	180,483	60,100

Variation in Results

There was no material variance between the results for the financial year ended 30 June 2020 and the unaudited results previously announced by the Company.

Profit Guarantee, Profit Estimate, Forecast or Projection

No Profit Guarantee, Profit Estimate, Forecast or Projection was given by the Company for the financial year ended 30 June 2020.

Material Contracts

None of the directors and major shareholders has any material contract with the Company and/or its subsidiary either still subsisting at the end of the financial year ended 30 June 2020 or entered into since the end of that financial year.

Contract Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries during the financial year ended 30 June 2020.

ATTENDANCE AND ACTIVITIES

Board Meeting

Board meetings are scheduled for every quarter with at least four (4) scheduled meetings annually. Additional meetings to be convened as and when required. For financial year ended 30 June 2020, the Board met a total of five (5) times.

The attendance record of each director since the last financial year is as follows: -

Board Members	Designation	Meetings Attended
Lee Soo Hoon	Chairman	5/5
Lee Chung-Shih Justin	Deputy Chairman	4/5
Tay Beng Chai	Member	5/5
Chew Khat Khiam Albert	Member	5/5
Balaraman A/L Annamaly	Member	3/5
Cheong Mun Hong	Member	5/5

As required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements, all directors have complied with the minimum 50% attendance for the financial year ended 30 June 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Audit Committee Meeting

Audit Committee	Designation	Meetings Attended
Chew Khat Khiam Albert	Chairman	6/6
Lee Soo Hoon	Member	6/6
Tay Beng Chai	Member	6/6

Nominating Committee Meeting

Nominating Committee	Designation	Meetings Attended
Chew Khat Khiam Albert	Chairman	2/2
Lee Soo Hoon	Member	2/2
Tay Beng Chai	Member	2/2

Remuneration Committee Meeting

Remuneration Committee	Designation	Meetings Attended
Tay Beng Chai	Chairman	1/1
Lee Soo Hoon	Member	1/1
Chew Khat Khiam Albert	Member	1/1

Risk Management Committee Meeting

Risk Management Committee	Designation	Meetings Attended
Lee Soo Hoon	Chairman	1/1
Tay Beng Chai	Member	1/1
Chew Khat Khiam Albert	Member	1/1

SUSTAINABILITY STATEMENT

Creating Sustainable Value

Kluang Rubber Company (Malaya) Berhad (“Kluang Rubber”) aspires to create sustainable value through our business activities, for our employees, stakeholders, community and the environment. Kluang Rubber appreciates that sustainability motivates and inspires our employees to positively impact our environment and society. Kluang Rubber is committed to sustainability by integrating it into the way we run our business, with a commitment to enhance shareholder value and at the same time, contribute positively to our employees, stakeholders and the community. We believe that operating in a sustainable manner will bring about positive social, environmental and economic impacts while minimising negative impacts on people and the environment.

Kluang Rubber recognizes its obligations as a responsible corporate citizen and endeavours to incorporate sustainable practices and activities into its corporate culture by focusing on the environment, health and safety and well-being of the community it serves to the best of its efforts. To demonstrate our commitment to sustainability, we fully support the initiatives on sustainable cultivation of oil palm and are 100% committed towards the principles and criteria of the Malaysian Sustainable Palm Oil (“MSPO”) Policy. In 2019, Kluang Estate was awarded the MSPO certification.

Our sustainability reporting is based on Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Sustainability Reporting Guide (Second Edition, updated in 2018) sustainability framework.

Access and Availability

This Sustainability Statement for the financial year ended 30 June 2020, included in our Annual Report, is available on our website.

Sustainability Governance

Kluang Rubber is guided by the Executive Directors who provide overall direction and strategic matters related to sustainability. The Board of Directors with an oversight role of our sustainability practices, is updated and informed on any significant issues and the progress of our sustainability efforts.

For our plantation operations, our estate manager is responsible in spearheading all sustainability initiatives, implementing codes of practice, and embedding the culture and values related to sustainability within the operating units. Sustainability objectives, action plans and tasks are communicated, with risks reported and appropriate actions taken if required, to mitigate or prevent recurrences accordingly.

SUSTAINABILITY STATEMENT (cont'd)

Key Stakeholders

We defined stakeholders “as any individuals, community and entities that may be impacted by Kluang Rubber’s operation”.

The following table describes our stakeholders and our corresponding engagements.

No.	Stakeholders	Description	Engagement
1	Shareholders	Entities and individuals who invest in the Company.	<ul style="list-style-type: none"> • Annual General Meeting • Bursa Malaysia announcements • Media releases • Company website
2	Customers	Palm oil mills.	<ul style="list-style-type: none"> • Meetings • Correspondence
3	Employees	Executives, staff and workers.	<ul style="list-style-type: none"> • Annual review • Performance management • Internal trainings
4	Local Authorities – Municipalities	The setting of communities where we operate.	<ul style="list-style-type: none"> • Meetings • Correspondence
5	Regulators / Government Ministries	Regulators and the Government set the legal framework on our operations.	<ul style="list-style-type: none"> • Meetings • Correspondence
6	Local Community / Industry / Associations	Local community, industry and associations.	<ul style="list-style-type: none"> • Meetings • Correspondence
7	Suppliers	Suppliers of products and services committed to sustainable FFB production.	<ul style="list-style-type: none"> • Meetings • Correspondence

SUSTAINABILITY STATEMENT (cont'd)

Malaysian Sustainable Palm Oil (“MSPO”) Scheme

The MSPO Certification Scheme is a National Palm Oil Certification scheme in Malaysia and is operated by the Malaysia Palm Oil Certification Council (“MPOCC”) as the scheme owner. It is an independent body formed with the following objectives:

- To establish and operate a sustainable palm oil certification scheme
- To engage with non-governmental organisations, institutes of higher learning, trade associations and accreditation and certification bodies
- To establish a mechanism for the certification of entities complying with the requirements of auditable sustainability standards.

MSPO was first implemented in 2015 based on the MSPO Standards which stipulates general principles for the production of sustainable palm oil that covers People (Alleviation of poverty and protect from exploitation), Planet (Protect the environment and reduce negative human impact), and Profit (Ensure continuity of business).

Under MSPO, a total of seven (7) principles cover key issues faced by the palm oil industry such as environment, biodiversity, best practice and social responsibilities:

1. Management commitment and responsibility
2. Transparency
3. Compliance to legal requirements
4. Social responsibility, health, safety and employment conditions
5. Environment, natural resources, biodiversity and ecosystem
6. Best practice
7. Development of new planting

With the establishment of the MSPO Policy, Kluang Estate formalised its commitment towards maintaining and improving the sustainable production of palm oil. In 2019, Kluang Estate was awarded the MSPO certification.

Materiality Assessment and Key Sustainability Matters

The determination of material sustainability matters was from management discussions. This was facilitated by a desktop review on business operation and risk areas. Through our materiality assessment, the identified key sustainability matters are outlined below.

Main topics	Key Sustainability Matters
Economic	<ol style="list-style-type: none"> 1. Profitability 2. Management diversity 3. Anti-bribery and corruption
Environmental	<ol style="list-style-type: none"> 4. Emissions 5. Pollution 6. Waste management 7. Conservation
Social	<ol style="list-style-type: none"> 8. Diversity and equal opportunities 9. Employee well-being 10. Safety and health 11. Community well-being

SUSTAINABILITY STATEMENT (cont'd)

1. Economic

The economic pillar of sustainability focuses on Kluang Rubber's impacts on the economic condition of its stakeholders, and on economic systems at the local and national level. It focuses on the economic value generated and distributed by Kluang Rubber.

Economic Performance

Kluang Rubber believes that our economic performance is dependent on the health of our stakeholders, and we strive to work together with the community to create value. A detailed explanation of our financial performance is provided in the Management Discussion & Analysis and Financial Statements section of this Annual Report.

Proportion of senior management from the local community

For plantation operations, 100% of our senior management is from our local community. At the Company level, expatriates are employed for the primary purpose of knowledge transfer specific to strategic and investment management.

Board Diversity Policy

The purpose of the Board Diversity Policy is to set out the approach to achieve the objective of the Board having the diversity of perspectives, experiences and skills necessary for effective governance. The Company views increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board Diversity Policy is available on the Company's website.

Infrastructure Investment and Services Supported

For plantation operations, services of the local community are engaged.

Proportion of Spending on Local Suppliers

A significant portion of our procurement for plantation operations are from local suppliers.

Anti-Bribery & Anti-Corruption Policy & Guidelines

The main objectives of Kluang Rubber's Anti-Bribery & Anti-Corruption ("ABAC") Policy & Guidelines are: -

- To ensure the policies and guidelines or practices are oriented towards embedding ABAC stance organisation wide, with guidance from Guideline on Adequate Procedures and requirements of Malaysian Anti-Corruption Commission ("MACC") Act 2009, introduced via the MACC (Amendment) Act 2018;
- To ensure adequate and standardised ABAC policies and guidelines are consistently applied; and
- To ensure that business operations are strictly adhering to the ABAC Policy & Guidelines.

Kluang Rubber adopts a zero-tolerance approach towards all forms of bribery and corruption. Kluang Rubber promotes the value of good governance and integrity in carrying out its business activities and is committed to:

- Establish, maintain, and periodically review an ABAC programme which includes clear policies and objectives that adequately address corruption risks;
- Promote the values of integrity and good corporate governance in all business dealings. All employees are expected to comply with all applicable laws and regulations including internal policies pertaining to ABAC;
- Create and maintain a trusted and confidential whistleblowing channel in relation to the reporting of suspected and/or real corruption incidents or inadequacies in the anticorruption compliance programme; Provide adequate training, awareness and communication to ensure employees comprehend the requirements, benefits, and their role and responsibilities for ABAC and corruption risk management; and
- Conduct continual review and improvements on policies and procedures in relation to anti-bribery and anti-corruption.

SUSTAINABILITY STATEMENT (cont'd)

Employees who engage in any corrupt practices shall be subject to disciplinary action and dealt with accordingly. In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Anti-Bribery & Anti-Corruption Policy & Guidelines was established and approved by the Board, effective as at 1 June 2020. The Anti-Bribery & Anti-Corruption Policy & Guidelines is available on the Company’s website.

Whistleblowing Policy & Guidelines

The Whistleblowing Policy & Guidelines aims to provide a structured mechanism for its employees, directors and associates (“reporting individual”) to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy & Guidelines is: -

- To encourage active and moral obligation to report wrongdoings
- To use internal disclosure to report wrongdoings
- To protect the whistleblower
- To ensure appropriate and fair disciplinary actions
- To require that an effective whistleblowing guideline be established and maintained

In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Whistleblowing Policy was revised and approved by the Board, effective as at 1 June 2020. The Whistleblowing Policy & Guidelines is available on the Company’s website.

2. Environmental

Compliance with Environmental Laws and Regulations

From an environmental aspect, the Company is aware and complies with the applicable Malaysian laws and regulation. Under the Environmental Quality Act 1974 (Act 127) Regulation 2005, scheduled waste is orderly classified and stored in designated location, and later disposed by the proper waste collector (registered with Department of Environment). Our waste generally comprised the following: -

- SW 305 – Spent lubricating oil
- SW 306 – Spent hydraulic oil
- SW 408 - Contaminated soil, sand
- SW 409 – Used pesticide containers and used fertiliser bags
- SW 410 – Used cotton rags, papers or filters contaminated with scheduled waste

Under the Pesticides Act 1974 (Act 149), all chemicals and fertilizers are properly labelled, stored and used in the field according to its CHRA recommendation and precautions. Only trained sprayers are allowed to handle and use the chemicals. All necessary safety measures and emergency response plan have been established to tackle potential accidents.

We are aware of the importance of conserving and preserving our natural environment and we embrace good agronomic practices. In plantation management, due care has been taken to safeguard the environment. All chemicals used are allowed by the Government, with the dosage applied within recommendations.

In addition, disposal of chemical containers and cleaning of chemical spraying equipment are done in an environmentally and socially responsible manner. Herbicides are not sprayed within 20 metres on either side of the stream. Precautions have also been taken to avoid dissoluble fertilizers from flowing into the stream. The presence of wildlife (flora and fauna) in the plantation is evidence of good environmental management.

SUSTAINABILITY STATEMENT (cont'd)

Zero Burning Policy

We enforce our zero-burning policy in line with best practices. This includes disposals, felled palms, and during the replanting process. Felled trees and other biodegradable materials are used as a form of organic fertiliser. To maintain soil fertility and mitigate erosion, management encourages the use of cover crops and empty fruit bunch mulching.

Illegal Hunting

Illegal or inappropriate hunting, fishing or collecting activities are strictly forbidden in our plantation. Signboards forbidding illegal hunting and fishing are adequately displayed in the estate premises.

Land Conservation

For our road construction and repairs, replanting, construction of terraces and drains, care was taken to avoid soil erosion in affected areas. Rivers were de-silted to mitigate flooding during the monsoon season. An Environmental Impact Analysis (“EIA”) was conducted to assess the impact of estate operations.

With the establishment of the Environmental Policy, Kluang Estate formalised its commitment towards protecting and conserving the environment.

Full Traceability and Supply Chain

To ensure sustainable production, our customers and their consumers want to be able to trace the origin of raw materials. As such, we have to provide adequate reassurance to our relevant stakeholders that the Fresh Fruit Bunches (“FFB”) sold by Kluang Estate meets these standards.

Through the MSPO certification process, we have established “*Traceability and Supply Chain*” processes. These processes enable consumers to identify the flow of FFB from harvesting to dispatch.

To reinforce its relevance and our commitment towards best practices, these processes will be audited and reviewed regularly. Focusing on traceability also improves our business operations.

Energy Consumption Efficiency

We recognise the use of diesel in our equipment and machinery. We monitor our energy efficiency through our diesel consumption on the basis of litre per metric ton of FFB. Subject to the availability and feasibility of technology, we identify areas for improvement. Whenever possible, we will consider the use of solar energy to increase our renewable energy efforts. To ensure optimal performance, preventive and scheduled maintenance on our equipment and machinery is consistently done.

Good Agronomy Practices

Significant initiatives were undertaken to ensure that our efforts are in line with best practices. Efforts such as controlling planting density, managing diseases and pests, planting method and fertiliser application controls are part of our conservation efforts in sustaining the land for future generations.

Through our EIA, desktop evaluations and field assessments were conducted. In addition to ensuring that high value land and forests areas are identified and protected, our assessment process included a biodiversity assessment and our engagement with local communities. Our policy enables members of the local community to provide feedback on our plantation, and to propose sites for conservation.

We strictly review and track the latest regulation on environment through news releases, subscription for legislation amendments tracked by publications - International Law Book Services and circulars from relevant associations (MPOA, MPOB, and MAPA).

We are happy to report Nil (2019: Nil) fines or penalties from violations on environmental laws and regulation for the financial year ended 30 June 2020.

SUSTAINABILITY STATEMENT (cont'd)

Protecting Biodiversity

Kluang Rubber continues intensifying our conservation activities through the involvement of local communities and other stakeholders. As wildlife from the forest reserves do encroach in our area, we take extra efforts in protecting and enhancing the level of biodiversity in our plantation. To ensure their survivability and protection, our staff are trained to identify wildlife (flora and fauna) within the estate. If assessed as a threat, assistance from the Wildlife Department will be sought. Some of the unique wildlife species encountered in the estate included the Long-tailed Macaque, the White-throated Kingfisher (Pekaka Belukar), the Crested Serpent Eagle (Helang Kuik) and the Reticulated Python (Ular Sawa Batik).

3. Social

We are committed to the principles of Malaysia's local labour regulation and human rights. Kluang Rubber's aim is for employees to work in an environment free of discrimination and harassment, and for our employees and stakeholders to be treated fairly regardless of nationality, gender, age, ethnicity, religion, or family status.

With the establishment of the Good Social Practices Policy, Kluang Estate formalised its commitment towards maintaining a no discrimination practice, and the provision of equal opportunity and treatment to all.

Thriving Employees

Employees are our most important assets and we strive to provide the best working conditions to all employees regardless of their nationality, race, or gender. We encourage diversity and equality at work. These benefits will flow through to society in general, as we believe greater equality promotes social stability and supports further economic development.

At the workplace, we continue to focus on the safety and health of our employees by conducting regular briefings on safety and health. The Employment Act is strictly implemented to ensure that our employees' welfare is well taken care of.

Diversity and Equal Opportunity

Our employee profile by nationality and gender are detailed below.

Malaysians represent 52% of our workforce. Due to the nature of plantation work, male employees make up the bulk of our workforce. Working in plantations requires workers able to withstand the challenging working conditions. The plantation industry is facing a challenging labour environment, and the process of engaging Indonesian workers is getting more challenging.

Participation from the local community is encouraged. We strive to provide a conducive environment for our workers, and where possible, to adopt the use of machinery and equipment.

With the establishment of the Sexual Harassment and Violence Policy, Kluang Estate formalised its commitment towards protecting its employees from all forms of sexual harassment and violence at the workplace.

Employee Engagement

We recognise the importance of good communication. Critical importance is placed on matters concerning changes in working practices and procedures.

On matters arising at the workplace, consultation involves all employees as far as reasonably practicable. Managers are responsible for ensuring that consultation and communication is a fundamental element. With that said, effective communication is a collective responsibility, with everyone having a responsibility towards achieving effective engagement. The Company has established procedures for employees to engage in this process.

SUSTAINABILITY STATEMENT (cont'd)

Employee Benefits

Kluang Rubber places significant importance in providing our employees and their families in our estates with quality facilities and amenities to live and work comfortably. Over the years, the estate's infrastructure has been upgraded, inclusive of the living quarters for our staff and workers, with all upgrades complying with the relevant regulations. The Company is also sensitive to the needs of employees and provides places of worship and recreational facilities. In September 2019, the Surau was renovated, providing employees with a conducive and comfortable environment to carry out their religious duties.

A Medical Officer visit to the estate is arranged on a monthly basis.

The Company values the importance of education, and encourages continual learning among our employees and their children.

By providing areas for planting, employees are encouraged to maintain a vegetable garden. In addition to promoting a sustainable lifestyle, this also provides an economical and healthy food source for our workers.

Benefits for full-time employees include:

- Child Allowance
- Annual leave & paid holidays as stipulated under the Employment Act
- EPF, SOCSO, EIS
- Accommodation, Water & Electricity Supply
- Retirement gratuity

Employee Training

The Company is committed to ensure its employees continue to develop their competencies and skills. All employees will have access to training and development to enable them to acquire the knowledge, skills and attitudes necessary to develop their needs and potential on the job and contribute towards the Company's future growth.

Employees are provided training on the handling new equipment, and are constantly given guidance on safety and use of safety equipment according to OSH requirements. Personal protective equipment is provided to ensure the safety of our employees. Employees are also briefed on the identification and mitigation of potential operational risks and hazards. Our trainings are focused on practical aspects of the safety and health components. These trainings include:

Emergency response plan

- Fire extinguisher training
- Emergency drills
- First aid training
- Fire extinguisher inspection
- First aid box inspection

Building and structure inspection

- Line site inspection
- Chemical store inspection
- Emergency lightning circuit breaker inspection

Estate training programmes

- Induction for new workers
- Personal protective equipment training
- Spraying pump maintenance training
- Health programme
- Safe operating procedure – provided for various work units

SUSTAINABILITY STATEMENT (cont'd)

With the establishment of the Occupational Safety and Health Policy, Kluang Estate formalised its commitment towards employee health, safety and welfare. We value workplace safety and health, and the safety of our employees are of paramount importance.

Occupational Safety and Health

- OSH management
- OSH committee and meetings
- Emergency response plan & emergency response team
- OSH yearly programme
- Workers training needs analysis
- Monthly sprayer health screening
- Yearly sprayer medical surveillance
- Yearly foreign worker medical check-up (FOMEMA)
- Hazard identification, risk assessment and incident investigation
- HIRARC
- OSH training - provided for various work units

Community Engagement (Community Social Responsibility)

The Company has committed itself towards involvement in the local community. Below are our efforts over the year to support the community.

Hindu Temples' Festival	– During the respective Hindu temple annual festivals (estate personnel in attendance), Kluang Estate contributed water (SAJ supply) for the devotees.
Annual Donation to Temple	– Kluang Estate contributed to temple festivals.
Football Training & Estate Road Use	– Kluang Estate allows members of the community to use the football field for training purpose, and estate road for training (with permission). However, due to COVID-19, there are no ongoing training sessions.
Merdeka Day	– To commemorate Merdeka Day, Kluang Estate prepared goodie bags (cookies, candies, sweets and a Malaysia flag) for all local Malaysian workers.
Annual Dinner	– To appreciate the hard work of all employees, an annual dinner was organised in September 2019. Dinner and games were prepared for the staff and workers.
Estate Welfare	– Daily necessities (rice, cooking oil, milk) were provided for employees during the Movement Control Order period. Face masks are also provided for all employees.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements, which outlines Kluang Rubber Company (Malaya) Berhad's ("Kluang Rubber") key elements of internal control system for the financial year ended 30 June 2020.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and Kluang Rubber's assets, and for reviewing the adequacy and integrity of the system. However, the Board recognizes that this is a concerted and on-going process, whereby such a system is designed to manage rather than eliminate the risk of failure.

In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

Risk Management Framework

The Board regards risk management as an integral part of the business operations. The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of Kluang Rubber's business objectives via its Board, the Audit Committee with the assistance of the outsourced Internal Auditors, and the Risk Management Committee.

In 2018, the Risk Management Committee comprising exclusively of Independent Directors, was established. The Risk Management Committee committed to oversee Kluang Rubber's risk management framework and policies. The Risk Management Committee met once (1) during the financial year ended 30 June 2020.

In 2020, the Board engaged an independent consultant to facilitate an enterprise risk assessment based on ISO31000. The independent consultant assisted in the update of our risk register, the refinement of our risk response and strategy, and also highlighted any control designs which were not aligned with generally accepted industry best practices.

The completed enterprise risk assessment assisted in the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks.

The principal risks and uncertainties were categorised into five (5) categories:

- Strategic risk
- Operational risk
- Financial risk
- Compliance risk
- IT risk

A review on the adequacy and effectiveness of risk management and internal control system is undertaken on a continuous basis. For financial year ended 30 June 2020, the Risk Management Committee reviewed Kluang Rubber's risk management profile and the Board is satisfied that the risk management and internal control system in place is adequate and effective.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Audit

Considering the nature and size of Kluang Rubber's assets and operations, the internal audit function is supported by an independent professional firm, which provides assurance to the Audit Committee on the adequacy and integrity of internal control system in the discharge of the Audit Committee's duties and responsibilities. This external service provider reports directly to the Audit Committee.

The internal audit reviews the internal audit control systems on the basis of a rolling internal audit strategy with an annual internal audit plan presented to the Audit Committee for approval.

A summary of the main activities undertaken by the Internal Auditors during the financial year are as follows:

- Prepared and developed the annual risk based internal audit for the Audit Committee's approval.
- Conducted the internal audit in accordance with the approved internal audit plan, including follow-up of matters from previous internal audits. This internal audit primarily covered plantation operations with particular focus on:
 - Procurement and Payment
 - Check roll procedure
 - Stock and cash count
- Issued internal audit report to the Audit Committee, with copies extended to Management, identifying weaknesses and issues, and also highlighting opportunities for improvement.

In 2020, the Board engaged an independent consultant to facilitate an enterprise risk assessment based on ISO31000. This enterprise risk assessment resulted in the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks.

Internal audit fee for the financial year ended 30 June 2020 was RM31,000 (Company) and RM79,865 (Group).

The Audit Committee with the assistance of the outsourced Internal Auditors annually reviews Kluang Rubber's system of internal controls identified in the scope of its annual internal audit plan. The outsourced Internal Auditors independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews, together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. To the extent practicable, Management will act towards resolving the issues raised by the Internal Auditors.

Anti-Bribery & Anti-Corruption Policy & Guidelines

The main objectives of Kluang Rubber's Anti-Bribery & Anti-Corruption ("ABAC") Policy & Guidelines are:

- To ensure the policies and guidelines or practices are oriented towards embedding ABAC stance organisation wide, with guidance from Guideline on Adequate Procedures and requirements of Malaysian Anti-Corruption Commission ("MACC") Act 2009, introduced via the MACC (Amendment) Act 2018;
- To ensure adequate and standardised ABAC policies and guidelines are consistently applied; and
- To ensure that business operations are strictly adhering to the ABAC Policy & Guidelines.

Kluang Rubber adopts a zero-tolerance approach towards all forms of bribery and corruption.

Kluang Rubber promotes the value of good governance and integrity in carrying out its business activities and is committed to:

- Establish, maintain, and periodically review an ABAC programme which includes clear policies and objectives that adequately address corruption risks;
- Promote the values of integrity and good corporate governance in all business dealings. All employees are expected to comply with all applicable laws and regulations including internal policies pertaining to ABAC;
- Create and maintain a trusted and confidential whistleblowing channel in relation to the reporting of suspected and/or real corruption incidents or inadequacies in the anticorruption compliance programme; Provide adequate training, awareness and communication to ensure employees comprehend the requirements, benefits, and their role and responsibilities for ABAC and corruption risk management; and
- Conduct continual review and improvements on policies and procedures in relation to anti-bribery and anti-corruption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Employees who engage in any corrupt practices shall be subject to disciplinary action and dealt with accordingly.

In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Anti-Bribery & Anti-Corruption Policy & Guidelines was established and approved by the Board, effective as at 1 June 2020.

A copy of the Anti-Bribery & Anti-Corruption Policy & Guidelines is available on the Company’s website.

Whistleblowing Policy & Guidelines

The Whistleblowing Policy & Guidelines aims to provide a structured mechanism for its employees, directors and associates (“reporting individual”) to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy & Guidelines is: -

- To encourage active and moral obligation to report wrongdoings
- To use internal disclosure to report wrongdoings
- To protect the whistleblower
- To ensure appropriate and fair disciplinary actions
- To require that an effective whistleblowing guideline be established and maintained

In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Whistleblowing Policy was revised and approved by the Board, effective as at 1 June 2020.

A copy of the Whistleblowing Policy & Guidelines is available on the Company’s website.

Other Key Elements of Internal Control

Other key elements of Kluang Rubber’s system of internal control are as follows:

- An appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information.
- Responsibilities are clearly defined and delegated to the committees of the Board.
- Key processes are governed by policies and procedures.
- Various support functions comprising administration, corporate affairs, finance, and treasury are centralized to ensure uniform policies and procedures.
- Estimates are prepared for the coming year which are reviewed by the Board.
- Information covering the financial performance against the estimates are provided to the Board quarterly, together with key operational performance indicators.
- Quarterly and annual financial statements are reviewed by the Audit Committee which then recommends to the Board for approval prior to submission to Bursa Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Board's Conclusion

Overall, based on the Board's assessment of risk management and internal control system of Kluang Rubber, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect the achievement of business objectives is in place to provide reasonable assurance. The Board and the Audit Committee have undertaken an assessment of the adequacy and effectiveness of the internal control system. Kluang Rubber will strive to ensure that the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal and external auditors.

The level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the risk management framework and policies, including reviewing business and operational activities to identify areas of significant risk. The Board also looks into the system of internal controls and measures taken to mitigate such risks. In consideration of the Internal Auditors' report, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed.

Taking into consideration the Kluang Rubber's assets and operations, and based on the internal controls established and maintained, work performed by the internal and external auditors, the review of the key risks performed by Management, the Audit Committee, the Risk Management Committee and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that Kluang Rubber's internal controls are adequate as at 30 June 2020.

The Board has received assurance from the Executive Director and the Senior Finance Manager that Kluang Rubber's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the adopted framework.

The Statement on Risk Management and Internal Control was reviewed and approved by the Board.

Review by the External Auditors

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out.

AUDIT COMMITTEE REPORT

Composition and Attendance

Audit Committee	Designation	Meetings Attended
Chew Khat Khiam Albert	Chairman	6/6
Lee Soo Hoon	Member	6/6
Tay Beng Chai	Member	6/6

The Audit Committee comprised solely of Independent Non-Executive Directors. The Chairman of the Audit Committee is not the Chairman of the Board.

The Audit Committee comprises three (3) directors, all of whom are Independent Non-Executive Directors. The Chairman is Mr Chew Khat Khiam Albert, and members are Mr Lee Soo Hoon and Mr Tay Beng Chai.

A meeting may be convened using telephone and/or the contemporaneous linking together by telephone or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are.

Further details are included in the Terms of Reference of the Audit Committee Report in the Board Charter, available on the Company's website. Under the Audit Committee's Terms of Reference, a former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. At present, there are no former key audit partners with a cooling-off period of less than two (2) years present on the Audit Committee.

The Audit Committee held a total of six (6) meetings during the financial year ended 30 June 2020.

The Committee met with external auditors twice (2) during the year without the presence of the Executive Directors.

The Chairman engages on a continuous basis with senior management of the Company on all matters affecting the Company.

The details of training attended by the Audit Committee who are also Board members are found under the Directors Training section.

AUDIT COMMITTEE REPORT (cont'd)

Functions

The functions of the audit committee shall be:

- a) To review the following and report the same to the Board:
 - i. with the external auditors, the audit plan, the scope of work and ascertain that it will meet the needs of the Board, the shareholders and the regulatory authorities;
 - ii. with the external auditors, their evaluation of the quality and effectiveness of the entire accounting system, the adequacy and the integrity of the internal control system and the efficiency of the Group's operations and efforts and processes taken to reduce the Group's operational risks;
 - iii. with the external auditors, their audit report;
 - iv. the assistance given by the Group's officers to the external auditors;
 - v. the suitability, objectivity and independence of the external auditors annually;
 - vi. the adequacy of the scope, function and resources of the internal audit functions and that it has the necessary authority to carry out its work including inter-alia the appointment of the internal auditors;
 - vii. the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action was taken on the recommendations of the internal audit function;
 - viii. the quarterly results and the year-end financial statements, prior to the approval by the Board, focusing particularly on:
 - changes in or the implementation of major accounting policy changes;
 - significant and unusual events;
 - the accuracy and adequacy of the disclosure information essential to a fair and full presentation of the financial affairs of the Group; and
 - compliance with accounting standards and other legal requirements.
 - ix. any related party and inter-company transactions and conflict of interest situation that may arise including any transactions, procedure or course of conduct that raises questions of management integrity;
 - x. the propriety of accounting policies, principles and practices adopted by the management and accepted by the external auditors, where alternatives are also acceptable;
 - xi. any letter of resignation from the external auditors of the Company;
 - xii. whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
 - xiii. any significant audit findings, reservation, difficulties encountered, or material weaknesses reported by the external and internal auditors.
- b) To recommend the nomination of a person or persons as external auditors and internal auditors, and their audit fee;
- c) To promptly report to Bursa Malaysia on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach in the Bursa Malaysia's Listing Requirements;
- d) To submit to the Board on a periodic basis a report on the summary of activities of the Committee in the discharge of its function and duties in respect of each financial quarter and the financial year;
- e) To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities; and
- f) To verify the criteria for allocation of options pursuant to a share scheme for employee.

AUDIT COMMITTEE REPORT (cont'd)

Summary of Activities for the Financial Year

During the financial year ended 30 June 2020, the main activities carried out by the Committee were as follows:

1. Reviewed and discussed the unaudited quarterly financial reports prior to presentation to the Board for approval and subsequent announcements.
2. Reviewed the external auditors' scope of work and their audit plan and discussed results of their examination and recommendations.
3. Reviewed with the external auditors the audited financial statements for the financial year ended 30 June 2020, the results of the audit, audit report and recommendation prior to the approval of the Board and subsequent announcements.
4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the financial statements.
5. Reviewed the internal audit plan and programme for the financial year under review.
6. Reviewed the reports prepared by the outsourced internal auditors on the state of internal controls of the Company.
7. Reviewed the related party transactions and conflict of interest situations that arose for compliance with the Listing Requirements of Bursa Malaysia.
8. Reviewed the extent of compliance with the relevant provisions set out under the MCCG for the purpose of preparing the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control pursuant to the Listing Requirements of Bursa Malaysia.
9. Reviewed the information covering the financial performance against the estimate together with key operational performance indicators on quarterly basis.
10. Reviewed the proposed audit fees for the external auditors.
11. Considered the re-appointment of the external auditors and the outsourced internal auditors.

External Auditors

The Board established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The external auditors and representatives of the management are present to answer questions and provide explanations to the Audit Committee.

The Audit Committee communicated directly and independently with the external auditors quarterly where necessary, and without the presence of the management twice (2) a year.

The Company's independent external auditors, Messrs Ernst & Young PLT, play an essential role by enhancing the reliability of the Company's financial statements and by giving assurance of that reliability to users of the financial statements.

External Auditors Fees	Group (RM)	Company (RM)
Audit Fees	175,000	60,000
Non-Audit Fees	180,483	60,100

AUDIT COMMITTEE REPORT (cont'd)

Based on the above, the Audit Committee was satisfied with both the external auditors' competency and independence to further recommend to the Board the re-appointment for the coming financial year. The role of the Audit Committee in relation to the external auditors is stated in the Audit Committee Report.

This Statement is made in compliance with Paragraphs 15.25 of the Bursa Malaysia Securities Berhad's Listing Requirements and approved by the Board on 8 October 2020.

Internal Audit Function

The Committee is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm – Ecovis AHL Advisory Sdn Bhd was engaged to handle this function and reports directly to the Audit Committee. This independent professional firm provides an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system. The internal auditors' audit plan, nature and scope of the internal audit were approved by the Audit Committee prior to the commencement of their audit based on the Company's requirements aimed at optimising the effectiveness and efficiency of the Company's internal control. The internal auditors' report was received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures.

For the financial year ended 30 June 2020, considering the nature and size of Kluang Rubber Company (Malaya) Berhad's assets and operations, the Audit Committee was of the view that it was adequate to focus the scope of the internal audit towards plantation operations. Items highlighted by the independent professional firm were deliberated and rectified (when feasible) over the financial year.

The scope of the Internal Audit Report 2020 focused on: -

- Procurement and Payment
- Check roll procedure
- Stock and cash count

The Internal Audit Report 2020 was presented to the Audit Committee and actionable steps were taken to ensure that the issues highlighted were addressed to the extent practicable.

In 2020, the Board engaged an independent consultant to facilitate an enterprise risk assessment based on ISO31000. The independent consultant assisted in the update of our risk register, the refinement of our risk response and strategy, and also highlighted any control designs which were not aligned with generally accepted industry best practices.

The completed enterprise risk assessment assisted in the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks.

Internal audit fee for the financial year ended 30 June 2020 was RM31,000 (Company) and RM79,865 (Group).

PROFILE OF DIRECTORS

LEE SOO HOON

Position	Independent Non-Executive Chairman
Gender	Male
Age	78
Nationality	Malaysian
Work Experience/Occupation	a) Partner of Ernst & Young, Singapore (1978 - 1997) b) Independent Director, Singapore Public Companies c) Provides management and financial consultancy services
Qualification/Professional body	a) F.C.A. Institute of Chartered Accountants in England and Wales b) Fellow of Singapore Institute of Chartered Accountants (ISCA) c) Member of Malaysian Institute of Certified Public Accountants d) Member of Malaysian Institute of Accountants e) Member of the Singapore Institute of Directors
Date of Appointment	19 October 2001
Details of any board committee to which Director belongs	a) Member of Audit Committee b) Member of Nominating Committee c) Member of Remuneration Committee d) Chairman of Risk Management Committee
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

LEE CHUNG-SHIH JUSTIN

Position	Executive Deputy Chairman
Gender	Male
Age	58
Nationality	Singaporean
Work Experience/Occupation	a) Executive Director, Malaysia Public Companies b) Executive Director, Public Unlisted Real Estate Investment Company c) Director, Public Unlisted Licenced Trust Company
Qualification/Professional body	B. Sc., International Business
Date of Appointment	19 February 1990
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Direct interest of 39,108 shares and deemed interest of 27,798,890 shares in the Company equivalent to 0.06% and 44.28% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih Colin
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

TAY BENG CHAI

Position	Independent Non-Executive Director
Gender	Male
Age	59
Nationality	Malaysian
Work Experience/Occupation	<ul style="list-style-type: none"> a) In professional legal practice since 1986 b) Managing Partner of Tay & Partners, Malaysia c) Partner of Bird & Bird ATMD LLP d) A lawyer of over 30 years with extensive corporate and commercial experience in Malaysia and Singapore.
Qualification/Professional body	<ul style="list-style-type: none"> a) LL.B (Hons) Second Upper, National University of Singapore in 1985 b) Admitted as an Advocate & Solicitor, High Court of Singapore in 1986 c) Admitted as an Advocate & Solicitor, High Court of Malaya in 1989 d) Fellow of the Singapore Institute of Arbitrators
Date of Appointment	4 December 2014
Details of any board committee to which Director belongs	<ul style="list-style-type: none"> a) Member of Audit Committee b) Member of Nominating Committee c) Chairman of Remuneration Committee d) Member of Risk Management Committee
Directorship in other Bursa listed companies	<ul style="list-style-type: none"> a) Kuchai Development Berhad b) Malaysian Bulk Carriers Berhad c) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

CHEW KHAT KHIAM ALBERT

Position	Independent Non-Executive Director
Gender	Male
Age	63
Nationality	Australian
Work Experience/Occupation	<ul style="list-style-type: none"> a) Group CFO of Sinwa Limited (2010 – 2013) b) Group CFO of Boardroom Limited (2007 – 2010) c) Finance Director of Gennon Group (2001 – 2007) d) Founding Partner of Chew & Chiu Chartered Accountants Sydney (1989-2001) e) Ernst & Young, Singapore & Sydney (1981-1989)
Qualification/Professional body	<ul style="list-style-type: none"> a) Fellow of the Chartered Accountants Australia and New Zealand b) Fellow of the Hong Kong Institute of Certified Public Accountants c) Fellow of the Financial Services Institute of Australasia d) Chartered Accountant of The Singapore Institute of Chartered Accountants e) Member of the Australian Institute of Managers and Leaders f) Member of the Singapore Institute of Directors g) Bachelor of Commerce, University of New South Wales (1980)
Date of Appointment	10 October 2016
Details of any board committee to which Director belongs	<ul style="list-style-type: none"> a) Chairman of Audit Committee b) Chairman of Nominating Committee c) Member of Remuneration Committee d) Member of Risk Management Committee
Directorship in other Bursa listed companies	<ul style="list-style-type: none"> a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

CHEONG MUN HONG

Position	Executive Director
Gender	Male
Age	34
Nationality	Singaporean
Work Experience/Occupation	a) Executive Director, Malaysia Public Companies b) Investment Analyst, Public Unlisted Licensed Trust Company
Qualification/Professional body	a) Bachelor of Engineering (BEng), Nanyang Technological University b) Holder of the right to use the CFA® designation c) Member of the Singapore Institute of Directors
Date of Appointment	1 March 2015
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

BALARAMAN A/L ANNAMALY

Position	Executive Director
Gender	Male
Age	72
Nationality	Malaysian
Work Experience/Occupation	a) Executive Director, Malaysia Public Companies b) Former Consultant – Sg. Sustainable Oil Ghana Ltd., Accra, Ghana, West Africa
Qualification/Professional body	a) Member of Malaysian Institute of Management, Incorporated Society b) Member of Malaysian Palm Oil Association (Johor Branch) c) Committee Member of Malaysian Estate Owners Association
Date of Appointment	28 August 2014
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Direct interest of 1,300 shares equivalent to 0.00%
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

MUGANA KERISNAN A/L KARPIAH

Position	Alternate Director (To Balaraman A/L Annamaly)
Gender	Male
Age	61
Nationality	Malaysian
Work Experience/Occupation	Manager, Sungei Bagan Estate
Qualification/Professional body	a) Chairman of Malaysia Palm Oil Association (Kelantan) b) Deputy Chairman of Incorporated Society of Planters (2015 - 2017) c) Bachelor of Agricultural Science, University Pertanian Malaysia
Date of Appointment	2 May 2019
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 1 October 2020)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activities and other information on the subsidiaries are described in Note 14 to the financial statements.

RESULTS

	Group RM	Company RM
Loss net of tax	(4,352,617)	(55,714)
Attributable to:		
Owners of the parent	(2,168,220)	(55,714)
Non-controlling interest	(2,184,397)	-
	<u>(4,352,617)</u>	<u>(55,714)</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 30 June 2019 were as follows:

	Amount RM	Net dividend per share Sen
In respect of the financial year ended 30 June 2019 as reported in the directors' report of that year:		
First and final tax exempt (single-tier) dividend on 63,171,977 ordinary shares, declared on 8 October 2019 and paid on 6 January 2020	631,720	1.00
Special tax exempt (single-tier) dividend on 63,171,977 ordinary shares, declared on 8 October 2019 and paid on 6 January 2020	<u>3,158,599</u>	<u>5.00</u>
	<u>3,790,319</u>	<u>6.00</u>

DIRECTORS' REPORT (cont'd)

DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2020 on 62,963,777 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend	629,638	1.00

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2021.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Lee Soo Hoon**
 Lee Chung-Shih Justin**
 Balaraman A/L Annamaly**
 Mugana Kerisnan A/L Karpiah**
 (alternate to Balaraman A/L Annamaly)
 Tay Beng Chai**
 Cheong Mun Hong**
 Chew Khat Khiam Albert**

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

The name of the corporate director of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) is:

Kirkliston Limited (appointed on 24 September 2020)
 Jackaroo Limited (resigned on 24 September 2020)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

INDEMNIFYING DIRECTORS OR OFFICERS

During the financial year, the directors and officers of Kluang Rubber Company (Malaya) Berhad, are covered under the Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Group subject to the terms of the D&O Insurance policy. The total amount of D&O Insurance effected and premium paid for the directors and officers of the Group were RM10,000,000 and RM25,000 respectively.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

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

	←————Number of ordinary shares————→			
	1 July 2019	Bought	Sold	30 June 2020
The Company				
Lee Chung-Shih Justin				
- Direct interest	39,108	-	-	39,108
- Indirect interest	27,798,890	-	-	27,798,890
 Balaraman A/L Annamaly				
- Direct interest	1,300	-	-	1,300
Subsidiaries				
<u>Sungei Bagan Rubber Company (Malaya) Berhad</u>				
Lee Chung-Shih Justin				
- Direct interest	35,438	-	-	35,438
- Indirect interest	38,949,833	-	-	38,949,833
 Balaraman A/L Annamaly				
- Direct interest	3,322	-	-	3,322
<u>Kuchai Development Berhad</u>				
Lee Chung-Shih Justin				
- Direct interest	237,482	-	-	237,482
- Indirect interest	64,150,641	-	-	64,150,641

Lee Chung-Shih Justin, by virtue of his interest in the Company, is deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) other than as disclosed in the financial statements, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company are as follows:

	Group RM	Company RM
Ernst & Young PLT		
- Statutory audit	175,000	60,000
- Other services	180,483	60,100
	<u> </u>	<u> </u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2020.

Lee Soo Hoon

Lee Chung-Shih Justin

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

We, Lee Soo Hoon and Lee Chung-Shih Justin, being two of the directors of Kluang Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 65 to 133 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 at 30 June 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2020.

Lee Soo Hoon

Lee Chung-Shih Justin

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

I, Corinna Foo Kim Joke, being the officer primarily responsible for the financial management of Kluang Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 65 to 133 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths and Declarations (Cap 211) in Singapore.

Subscribed and solemnly declared by the)
abovenamed, Corinna Foo Kim Joke in)
Singapore on 8 October 2020.)

Corinna Foo Kim Joke

Before me,

Notary No. N2020/0449
Kong Siew Qun
Notary Public
Singapore

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kluang Rubber Company (Malaya) Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 133.

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 30 June 2020, and of their financial performance and their cash flows for the 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below.

These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

1. Valuation of investments measured at fair value (Refer to Notes 2.16, 2.17, and 16 to the financial statements)

As at 30 June 2020, the carrying amount of the Group's investments measured at fair value amounted to approximately RM373,035,000, representing approximately 33% of the Group's total assets. These investments consist of investments in quoted equity instruments, unquoted debt instruments and precious metal which are measured at fair value, with fair value changes recognised in profit or loss or other comprehensive income.

We focused on the valuation of these investments as they represent the most significant element of the total assets in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)

Key audit matters (cont'd)

1. Valuation of investments measured at fair value (cont'd)

(Refer to Notes 2.16, 2.17, and 16 to the financial statements)

Our audit procedures to address this area of focus included amongst others the following procedures:

- i. For investments in quoted equity instruments and precious metal, we corroborated the fair values recorded by management by reference to externally available market data;
- ii. For investments in unquoted debt instruments:
 - We obtained an understanding of the methodology adopted by management in estimating the fair values of these debt instruments and assessed whether such methodology is consistent with those commonly used to value debt instruments; and
 - We evaluated the inputs used in estimating the fair value of these debt instruments by making comparisons against appropriate benchmarks.

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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)

Auditor's 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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Jin Xiang
03348/01/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Dated: 8 October 2020

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	25,910,608	22,612,563	5,517,701	16,294,286
Other income		8,540	6,440	840	840
Changes in inventories		10,096	(8,044)	3,182	(578)
Employee benefits expenses	5	(3,579,418)	(3,447,444)	(1,190,639)	(1,212,507)
Depreciation		(2,602,933)	(1,607,626)	(439,010)	(380,923)
Subcontract labour costs, fertilizer and chemical costs		(11,700,449)	(5,782,320)	(1,679,423)	(1,864,559)
Foreign exchange differences		(5,183,202)	551,800	(24,689)	464,583
Fair value changes on:					
- investment properties	13	(5,433,406)	941,226	-	-
- biological assets	18	130,454	(54,423)	43,241	(70,352)
- investments		5,732,549	(761,412)	-	-
Finance costs	22	(151,228)	-	-	-
Other expenses		(7,277,201)	(7,510,604)	(2,545,917)	(2,492,904)
(Loss)/Profit from operations	6	(4,135,590)	4,940,156	(314,714)	10,737,886
Share of results of associates	15	(2,185,023)	(6,125,742)	-	-
(Loss)/Profit before taxation		(6,320,613)	(1,185,586)	(314,714)	10,737,886
Income tax credit/(expense)	8	1,967,996	(13,532,578)	259,000	(9,234,543)
(Loss)/Profit for the year		(4,352,617)	(14,718,164)	(55,714)	1,503,343
Attributable to:					
Equity holders of the parent		(2,168,220)	(12,302,762)	(55,714)	1,503,343
Non-controlling interest		(2,184,397)	(2,415,402)	-	-
		(4,352,617)	(14,718,164)	(55,714)	1,503,343
Loss per share (sen)					
Basic	9(a)	(3.4)	(19.5)		
Diluted	9(b)	(3.4)	(19.5)		

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss (net of tax):</i>					
Fair value changes on investments		6,518,881	2,760,484	785,442	351,420
Foreign currency translation		12,772,528	18,022,338	-	-
		<u>19,291,409</u>	<u>20,782,822</u>	<u>785,442</u>	<u>351,420</u>
<i>Items that will not be reclassified subsequently to profit or loss (net of tax):</i>					
Fair value changes on investments		(93,470,423)	(44,976,169)	(2,077,042)	(135,140)
Share of associates' reserve		3,470,694	-	-	-
		<u>(89,999,729)</u>	<u>(44,976,169)</u>	<u>(2,077,042)</u>	<u>(135,140)</u>
Total other comprehensive (loss)/income for the year, net of tax		<u>(70,708,320)</u>	<u>(24,193,347)</u>	<u>(1,291,600)</u>	<u>216,280</u>
Total comprehensive (loss)/income for the year		<u>(75,060,937)</u>	<u>(38,911,511)</u>	<u>(1,347,314)</u>	<u>1,719,623</u>
Attributable to:					
Equity holders of the parent		(33,055,271)	(22,547,872)	(1,347,314)	1,719,623
Non-controlling interest		(42,005,666)	(16,363,639)	-	-
		<u>(75,060,937)</u>	<u>(38,911,511)</u>	<u>(1,347,314)</u>	<u>1,719,623</u>

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	10	304,411,993	302,835,877	196,724,113	196,709,557
Right-of-use assets	11	3,066,384	-	-	-
Bearer plants	12	38,531,456	39,009,786	3,984,031	3,606,424
Investment properties	13	61,299,417	66,428,782	-	-
Investment in subsidiaries	14	-	-	35,612,632	35,612,632
Investment in associates	15	98,969,363	96,500,392	-	-
Investments	16	411,504,300	453,410,736	5,679,840	6,971,439
		<u>917,782,913</u>	<u>958,185,573</u>	<u>242,000,616</u>	<u>242,900,052</u>
Current assets					
Inventories	17	29,442	19,346	4,343	1,161
Biological assets	18	360,689	230,235	139,123	95,882
Trade and other receivables	19	2,602,847	1,926,263	264,052	542,517
Tax recoverable		626,149	657,188	546,415	363,375
Prepayments		513,542	834,718	124,314	122,418
Cash and bank balances	20	228,062,868	267,950,904	23,771,919	28,911,306
		<u>232,195,537</u>	<u>271,618,654</u>	<u>24,850,166</u>	<u>30,036,659</u>
Total assets		<u>1,149,978,450</u>	<u>1,229,804,227</u>	<u>266,850,782</u>	<u>272,936,711</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	21	5,161,624	4,873,852	1,161,121	1,184,614
Lease liabilities	22	104,523	-	-	-
Tax payable		189,541	217,128	-	-
		<u>5,455,688</u>	<u>5,090,980</u>	<u>1,161,121</u>	<u>1,184,614</u>
Net current assets		<u>226,739,849</u>	<u>266,527,674</u>	<u>23,689,045</u>	<u>28,852,045</u>
Non-current liabilities					
Other payables	21	798,545	724,681	287,761	263,940
Lease liabilities	22	2,839,130	-	-	-
Retirement benefits	24	85,977	61,529	16,386	4,674
Deferred tax liabilities	23	28,824,000	31,014,000	19,618,000	19,877,000
		<u>32,547,652</u>	<u>31,800,210</u>	<u>19,922,147</u>	<u>20,145,614</u>
Total liabilities		<u>38,003,340</u>	<u>36,891,190</u>	<u>21,083,268</u>	<u>21,330,228</u>

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (cont'd)**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Net assets		<u>1,111,975,110</u>	<u>1,192,913,037</u>	<u>245,767,514</u>	<u>251,606,483</u>
Equity attributable to owners of the parent					
Share capital	25(a)	68,387,724	68,387,724	68,387,724	68,387,724
Reserves	26	375,605,672	406,492,723	139,375,981	140,667,581
Retained earnings	27	195,627,366	201,585,905	38,705,145	42,551,178
Treasury shares	25(b)	(701,336)	-	(701,336)	-
		<u>638,919,426</u>	<u>676,466,352</u>	<u>245,767,514</u>	<u>251,606,483</u>
Non-controlling interests		<u>473,055,684</u>	<u>516,446,685</u>	-	-
		<u>1,111,975,110</u>	<u>1,192,913,037</u>	<u>245,767,514</u>	<u>251,606,483</u>
Total equity and liabilities		<u><u>1,149,978,450</u></u>	<u><u>1,229,804,227</u></u>	<u><u>266,850,782</u></u>	<u><u>272,936,711</u></u>

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

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Group 2020	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	<----- Non-distributable ----->					----- Distributable -----		
				Share capital (Note 25) RM	Share premium RM	Capital reserve (Note 26) RM	Fair value reserve (Note 26) RM	Foreign currency translation reserve (Note 26) RM	Treasury shares (Note 25) RM	Retained earnings (Note 27) RM	Non- controlling interests RM
Balance at 1 July 2019		1,192,913,037	676,466,352	68,387,724	-	198,114,385	146,771,863	61,606,475	-	201,585,905	516,446,685
Loss net of tax		(4,352,617)	(2,168,220)	-	-	-	-	-	-	(2,168,220)	(2,184,397)
Other comprehensive (loss)/income for the year		(70,708,320)	(30,887,051)	-	-	1,506,281	(39,080,002)	6,686,670	-	-	(39,821,269)
Total comprehensive (loss)/income for the year		(75,060,937)	(33,055,271)	-	-	1,506,281	(39,080,002)	6,686,670	-	(2,168,220)	(42,005,666)
Transactions with owners:											
Buy-back of shares	25(b)	(701,336)	(701,336)	-	-	-	-	-	(701,336)	-	-
Dividends to shareholders	28	(3,790,319)	(3,790,319)	-	-	-	-	-	-	(3,790,319)	-
Dividends to non-controlling interests	14(b)	(1,385,335)	-	-	-	-	-	-	-	-	(1,385,335)
Balance at 30 June 2020		1,111,975,110	638,919,426	68,387,724	-	199,620,666	107,691,861	68,293,145	(701,336)	195,627,366	473,055,684

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

Group 2019	Note	Equity, total RM	Equity attributable to owners of the parent, total RM		Share capital (Note 25) RM	Share premium RM	Capital reserve (Note 26) RM	Fair value reserve (Note 26) RM	Foreign currency translation reserve (Note 26) RM	Equity interest in the Company held by subsidiaries RM		Distributable earnings (Note 27) RM		Non- controlling interests RM
			RM	RM						RM	RM	RM	RM	
Balance at 1 July 2018		1,236,417,713	684,975,323	63,171,977	5,215,747	198,114,385	165,367,817	53,255,631	(25,813,125)	225,662,891	551,442,390			
Loss net of tax		(14,718,164)	(12,302,762)	-	-	-	-	-	-	(12,302,762)	(2,415,402)			
Other comprehensive (loss)/income for the year		(24,193,347)	(10,245,110)	-	-	(18,595,954)	8,350,844	-	-	-	(13,948,237)			
Total comprehensive (loss)/income for the year		(38,911,511)	(22,547,872)	-	-	(18,595,954)	8,350,844	-	-	(12,302,762)	(16,363,639)			
Transactions with owners:		-	-	5,215,747	(5,215,747)	-	-	-	-	-	-			
Transition to no-par regime*		-	-	-	-	-	-	-	-	-	-			
Dividend in-specie distributed		625,257	10,381,595	-	-	-	-	-	18,300,442	(7,918,847)	(9,756,338)			
Transfer of reserve upon distribution of dividend in-specie		-	4,241,049	-	-	-	-	-	7,512,683	(3,271,634)	(4,241,049)			
Dividends to shareholders		(583,743)	(583,743)	-	-	-	-	-	-	(583,743)	-			
Dividends to non-controlling interests		(4,634,679)	-	-	-	-	-	-	-	-	(4,634,679)			
Balance at 30 June 2019		1,192,913,037	676,466,352	68,387,724	-	198,114,385	146,771,863	61,606,475	-	201,585,905	516,446,685			

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

Company 2020	Note	Total equity RM	Share capital (Note 25) RM	Share premium RM	Capital reserve (Note 26) RM	Fair value reserve (Note 26) RM	Treasury shares (Note 25) RM	Retained earnings (Note 27) RM	Distributable
Balance at 1 July 2019		251,606,483	68,387,724	-	135,969,305	4,698,276	-	42,551,178	
Loss net of tax		(55,714)	-	-	-	-	-	(55,714)	
Other comprehensive loss for the year		(1,291,600)	-	-	-	(1,291,600)	-	-	
Total comprehensive loss for the year		(1,347,314)	-	-	-	(1,291,600)	-	(55,714)	
Transactions with owners:									
Buy-back of shares	25(b)	(701,336)	-	-	-	-	(701,336)	-	
Dividends	28	(3,790,319)	-	-	-	-	-	(3,790,319)	
Balance at 30 June 2020		245,767,514	68,387,724	-	135,969,305	3,406,676	(701,336)	38,705,145	

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

Company 2019	Note	Total equity RM	Share capital (Note 25) RM	Share premium RM	Capital reserve (Note 26) RM	Fair value reserve (Note 26) RM	Retained earnings (Note 27) RM	Distributable	
								<----- Non-distributable ----->	>
Balance at 1 July 2018		258,460,662	63,171,977	5,215,747	135,969,305	4,481,996	49,621,637		
Profit net of tax		1,503,343	-	-	-	-	1,503,343		
Other comprehensive income for the year		216,280	-	-	-	216,280	-		
Total comprehensive income for the year		1,719,623	-	-	-	216,280	1,503,343		
Transactions with owners:									
Transition to no-par regime*		-	5,215,747	(5,215,747)	-	-	-		
Dividend in-specie distributed	28	(7,942,082)	-	-	-	-	(7,942,082)		
Dividends	28	(631,720)	-	-	-	-	(631,720)		
Balance at 30 June 2019		251,606,483	68,387,724	-	135,969,305	4,698,276	42,551,178		

* The Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. The Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,215,747 for purposes as set out in Section 618(3). On 31 January 2019, the amounts standing to the credit of the share premium account became a part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. There was no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Operating activities				
(Loss)/Profit before taxation	(6,320,613)	(1,185,586)	(314,714)	10,737,886
Adjustments for:				
Depreciation of property, plant and equipment	585,049	459,065	259,513	201,427
Depreciation of bearer plants	1,854,343	1,148,561	179,497	179,496
Depreciation of right of use asset	163,541	-	-	-
Property, plant and equipment written off	-	1,515	-	1,515
Provision for retirement benefits	24,448	14,098	11,712	565
Dividend income	(9,251,033)	(9,474,714)	(1,300,563)	(12,064,735)
Interest income	(3,406,290)	(3,036,950)	(407,134)	(410,224)
Share of loss of associates	2,185,023	6,125,742	-	-
Unrealised foreign exchange loss/(gain)	5,183,447	(567,912)	26,685	(480,049)
Interest expenses	151,228	-	-	-
Fair value changes on:				
- investments	(5,732,549)	761,412	-	-
- biological assets	(130,454)	54,423	(43,241)	70,352
- investment properties	5,433,406	(941,226)	-	-
Operating cash flows before working capital changes	(9,260,454)	(6,641,572)	(1,588,245)	(1,763,767)
Receivables	(668,789)	349,390	265,283	264,674
Prepayments	321,176	(128,798)	(1,896)	(21,795)
Inventories	(10,096)	8,044	(3,182)	578
Payables	358,203	(49,900)	328	(202,505)
Cash flows used in operations	(9,259,960)	(6,462,836)	(1,327,712)	(1,722,815)
Retirement benefits paid	-	(7,997)	-	-
Taxes paid	(519,264)	(681,172)	(183,040)	(363,375)
Taxes refunded	294,513	35,974	-	35,457
Net cash flows used in operating activities	(9,484,711)	(7,116,031)	(1,510,752)	(2,050,733)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Investing activities				
Dividends received	11,165,998	12,109,044	1,300,563	4,114,666
Interest income received	3,608,522	2,784,951	420,315	401,177
Uplift/(Placement) of fixed deposits with maturity exceeding 90 days	13,512,021	12,869,820	(324,867)	(483,104)
Purchase of bonds	(36,665,247)	-	-	-
Purchase of property, plant and equipment	(2,161,259)	(2,397,461)	(274,069)	(262,241)
Addition of bearer plants	(1,376,013)	(5,876,235)	(557,104)	(405,403)
Net cash flows (used in)/generated from investing activities	<u>(11,915,978)</u>	<u>19,490,119</u>	<u>564,838</u>	<u>3,365,095</u>
Financing activities				
Dividends paid to shareholders	(3,790,319)	(583,743)	(3,790,319)	(631,720)
Dividends paid to non-controlling interests	(1,385,335)	(4,634,679)	-	-
Buy-back of shares	(701,336)	-	(701,336)	-
Proceeds from sale of investment	-	625,257	-	7,987
Interest paid	(151,228)	-	-	-
Repayment of lease liabilities	(286,272)	-	-	-
Net cash flows used in financing activities	<u>(6,314,490)</u>	<u>(4,593,165)</u>	<u>(4,491,655)</u>	<u>(623,733)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(27,715,179)</u>	<u>7,780,923</u>	<u>(5,437,569)</u>	<u>690,629</u>
Effects of exchange rate changes	1,339,164	7,616,801	(26,685)	480,048
Cash and cash equivalents at beginning of year	<u>135,923,828</u>	<u>120,526,104</u>	<u>14,927,333</u>	<u>13,756,656</u>
Cash and cash equivalents at end of year (Note 20)	<u><u>109,547,813</u></u>	<u><u>135,923,828</u></u>	<u><u>9,463,079</u></u>	<u><u>14,927,333</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

Kluang Rubber Company (Malaya) Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor. The principal place of business is located at Kluang Estate, Batu 2 Jalan Mengkibol, P.O. Box 64, 86007 Kluang, Johor.

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activities and other information on the subsidiaries are described in Note 14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical basis, except for investment properties and investments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes of accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2019, the Group and the Company adopted the following Standards, Amendments, Annual Improvements and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2019.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The adoption of the above Standards, Amendments, Annual Improvements and IC Interpretations did not have any significant impact on the financial statements other than as follows:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group and the Company is the lessor.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes of accounting policies (cont'd)

MFRS 16 Leases (cont'd)

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 July 2019. In accordance with the transition requirements under Appendix C, paragraph 7 (c) of this Standard, comparatives are not restated.

The following table presents the impact to the statement of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 July 2019:

Group	Note	As at 1 July 2019 RM	Effects of adopting MFRS 16 RM	As at 1 July 2019 (Adjusted) RM
Statement of financial position				
Non-current asset				
Right-of-use assets	(a)	-	3,229,925	3,229,925
Current liabilities				
Lease liabilities		-	286,272	286,272
Non-current liabilities				
Lease liabilities		-	2,943,653	2,943,653
Total lease liabilities	(b)	-	3,229,925	3,229,925

The Group has a lease contract for rental of land. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy for leases prior to 1 July 2019 is set out in Note 2.22.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy for leases beginning 1 July 2019 is set out in Note 2.22. The standard provides specific transition requirements and practical expedients which have been applied by the Group.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes of accounting policies (cont'd)

MFRS 16 Leases (cont'd)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 July 2019:

- (a) The Group's right-of-use assets represents rental of land, which were recognised as at 1 July 2019. Subsequent to initial recognition, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.
- (b) The lease liabilities arising from the rental of land are recognised and discounted using the Group's average incremental borrowing rate of 4.9% at initial recognition at 1 July 2019. Subsequent to initial recognition, the Group measures the lease liabilities by reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications using the Group's incremental borrowing rate at that time.
- (c) There is no impact to the Group's retained earnings as at 1 July 2019.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	Group RM
Operating lease commitments as at 30 June 2019	4,937,500
Weighted average incremental borrowing rate as at 1 July 2019	4.90%
Discounted operating lease commitments as at 1 July 2019, representing lease liabilities recognised as at 1 July 2019	3,229,925

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

The Standards, Amendments and Annual Improvements that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, Amendments, and Annual Improvements if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108: Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018–2020"	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors are of opinion that the Standards, Amendments and Annual Improvements above would not have any material impact on the financial statements in the year of initial adoption.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation (cont'd)

- (ii) potential voting rights held by the Company, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Foreign currencies (cont'd)

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is stated at deemed cost less impairment losses. The deemed cost was based on a valuation as at 30 June 2015 as permitted under the optional exemptions of MFRS 1.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10%
Plant and machinery	10%
Furniture and fittings	10%
Motor vehicles and tractors	33.3%
Computers	50%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Property, plant and equipment and depreciation (cont'd)

Capital in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events of changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss, and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2.8 Bearer plants

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants are initially recorded at cost. Subsequent to recognition, the bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of bearer plants include total cost incurred from land clearing to the point of maturity. Bearer plants have an average life cycle of 26 years and are considered mature when the plants attain 4 years old. Depreciation of mature bearer plants are computed on a straight-line basis over the remaining useful life of 22 years. The immature bearer plants are not depreciated as these assets are not yet available for use.

2.9 Biological assets

Agricultural produce growing on bearer plants are measured at fair value less costs to sell. Fair value is determined based on the estimated future cash flows expected to be generated from the agricultural produce growing on bearer plants. The expected future cash flows are estimated using projected quantity and the estimated market price of the agricultural produce growing on bearer plants.

The changes in the fair value less costs to sell of agricultural produce growing on bearer plants are recognised in profit or loss.

2.10 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Investment properties (cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.13 Associates

An associate is defined as a company, not being a subsidiary or an interest in a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Details of the associates are as disclosed in Note 15.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Associates (cont'd)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non- controlling interests in the subsidiaries of the associate.

The financial statements of associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.14 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non- current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Current versus non-current classification (cont'd)

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.15 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Fair value measurement (cont'd)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in Note 31.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost mainly comprise their trade and other receivables balances, cash and bank balances and investment in bonds.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category comprises the Group's investment in debt instruments.

Dividends and interests are recognised as revenue in the statements of comprehensive income when the right of payment has been established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group and the Company may elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as revenue in the statements of comprehensive income when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably their quoted equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group and the Company apply low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the other receivables are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 6 months past due.

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

(c) Offsetting of financial instruments

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

2.17 Investment in precious metal - gold bullion

Investment in precious metal - gold bullion is initially measured at cost. After initial recognition, gold bullion are measured at fair value. Any gains or losses from changes in fair value of the gold bullion are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the investment in precious metal is derecognised.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, 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. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of deposits with maturity exceeding 90 days.

2.19 Inventories

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

- Spare parts, fertilizers and chemicals: purchase costs on a first-in first-out basis.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back.

2.22 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Leases (cont'd)

(a) Group as a lessee (cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land	5%
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Recognition and measurement in financial year ended 30 June 2020

The Group has recognised and measured its leases in accordance with MFRS 16 Lease effective from 1 July 2019. The financial impact to the Group's financial statements on initial adoption of this Standard is disclosed in Note 2.2.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Leases (cont'd)

(a) Group as a lessee (cont'd)

Recognition and measurement in financial year ended 30 June 2019

Other than those assets previously classified as finance leases, all of the Group's leases are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Revenue recognition

(a) Revenue from contracts with customers

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

- (i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Revenue recognition (cont'd)

(a) Revenue from contracts with customers (cont'd)

Sales of goods

The Group and the Company contract with their customers for sales of fresh oil palm fruit bunches. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon the transfer of significant risks and rewards of ownership of the goods to the customer. Payment is generally due up to 30 days from transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Revenue from other sources

(i) Interest income

Interest is recognised on a time proportion basis that reflect the effective yield on the assets.

(ii) Dividend income

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

(iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

2.24 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes 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.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses, liabilities and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(d) Sales and services tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Consolidation of Sungei Bagan Rubber Company Malaya (Berhad) ("Sungei Bagan") and Kuchai Development Berhad ("Kuchai")

The directors consider that the Group has control of Sungei Bagan and Kuchai, which are public limited liability companies listed on the Main Market of Bursa Malaysia Securities Berhad, even though it has less than 50% of each of the two companies' voting rights. The Group is the major shareholder of Sungei Bagan and Kuchai with a 43.40% and 45.25% equity interest respectively as at 30 June 2020 (2019: 43.40% and 45.25%). The second largest shareholder holds 5% and 9% of the equity interest respectively. All other shareholders individually own less than 3% of the equity shares of Sungei Bagan and Kuchai. Historically, other than the second largest shareholder, less than 20 shareholders attended the Annual General Meetings held in the past 3 years.

On this basis, the directors consider that the shareholders who are likely to attend the shareholders' meeting are unlikely to out vote the Company in any shareholders' meetings and therefore the Group has control over Sungei Bagan and Kuchai.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions 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 are discussed below:

(a) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist, using the comparison method, to assess fair value of the investment properties as at 30 June 2020. The key assumptions and the unobservable inputs which are used to determine the fair value of the investment properties are disclosed in Note 31 (b).

(b) Valuation of investment in debt instruments

The Group measures its investment in debt instruments at fair value through profit or loss.

The management used the net asset value of the investment entity to determine fair value. The assets of the entity mainly consist of quoted shares for which fair values are determined based on publicly available market data.

4. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Type of revenue				
Revenue from contracts with customers:				
- Sales of fresh oil palm fruit bunches	11,718,987	8,489,351	3,810,004	3,819,327
Revenue from other sources:				
Dividend income				
- Quoted shares in Malaysia	-	-	1,158,522	11,843,468
- Quoted shares outside Malaysia	9,251,033	9,474,714	142,041	221,267
	9,251,033	9,474,714	1,300,563	12,064,735
Rental income	1,534,298	1,611,548	-	-
Interest income	3,406,290	3,036,950	407,134	410,224
	14,191,621	14,123,212	1,707,697	12,474,959
Total revenue	25,910,608	22,612,563	5,517,701	16,294,286

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

5. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages and salaries	3,052,495	2,926,035	1,049,678	1,037,290
Contributions to defined contribution plan	172,300	161,639	52,610	49,942
Social security contributions	19,070	17,208	7,529	5,096
Retirement benefits (Note 24)	24,448	14,098	11,712	565
Other benefits	311,105	328,464	69,110	119,614
	<u>3,579,418</u>	<u>3,447,444</u>	<u>1,190,639</u>	<u>1,212,507</u>

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM2,032,752 (2019: RM1,807,631) and RM669,292 (2019: RM664,124) respectively as further disclosed in Note 7.

6. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations is stated after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory audit	161,500	176,500	55,500	65,500
- of subsidiaries, borne by the Company	13,500	13,500	4,500	4,500
- other services	180,483	109,029	60,100	47,650
Depreciation				
- property, plant and equipment (Note 10)	585,049	459,065	259,513	201,427
- right-of-use assets (Note 11)	163,541	-	-	-
- bearer plants (Note 12)	1,854,343	1,148,561	179,497	179,496
Property, plant and equipment written off	-	1,515	-	1,515
Fees of subsidiaries' directors	9,070	8,910	-	-
Foreign exchange (gain)/loss				
- realised	(245)	16,112	(1,996)	15,466
- unrealised	5,183,447	(567,912)	26,685	(480,049)
Interest on lease liabilities (Note 22)	151,228	-	-	-
Direct operating expenses from investment properties	262,190	269,090	-	-
	<u>262,190</u>	<u>269,090</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

7. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company				
Executive:				
- Salaries and allowances	2,032,752	1,807,631	669,292	664,124
Non-executive:				
- Fees	943,080	871,860	340,620	314,760
Total	<u>2,975,832</u>	<u>2,679,491</u>	<u>1,009,912</u>	<u>978,884</u>

The number of directors of the Company whose total remuneration during the year fell within the following bands are as analysed below:

	Number of directors	
	2020	2019
Executive directors		
Below RM50,001	1	1
RM100,001 to RM150,000	2	2
RM400,001 to RM450,000	1	1
Non-Executive directors		
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	3	2

8. INCOME TAX EXPENSE

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 30 June 2020 and 2019 are:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current income tax:				
- Malaysian income tax	6,081	9,068	-	-
- Foreign income tax	264,044	234,089	-	-
	<u>270,125</u>	<u>243,157</u>	<u>-</u>	<u>-</u>
Overprovision in respect of prior years:				
- Malaysian income tax	-	(6,800)	-	(6,457)
- Foreign income tax	(48,121)	(138,779)	-	-
	<u>(48,121)</u>	<u>(145,579)</u>	<u>-</u>	<u>(6,457)</u>
Deferred tax (Note 23):				
Origination and reversal of temporary differences	(2,165,000)	(1,592,971)	(212,000)	(463,000)
Changes in Malaysian Real Property Gains Tax ("RPGT") rate	-	14,999,000	-	9,704,000
(Over)/under provision in prior year	(25,000)	28,971	(47,000)	-
	<u>(2,190,000)</u>	<u>13,435,000</u>	<u>(259,000)</u>	<u>9,241,000</u>
Total income tax (credit)/expense recognised in profit or loss	<u>(1,967,996)</u>	<u>13,532,578</u>	<u>(259,000)</u>	<u>9,234,543</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

8. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax (credit)/expense and accounting (loss)/profit:

The reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 June 2020 and 2019 is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before taxation	(6,320,613)	(1,185,586)	(314,714)	10,737,886
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(1,516,947)	(284,541)	(75,531)	2,577,093
Effects of income not subject to tax	(3,828,499)	(3,377,349)	(325,412)	(3,196,479)
Effects of expenses not deductible for tax purposes	2,723,642	858,695	188,943	156,386
Effects of share of results of associates	524,406	1,470,178	-	-
Different tax rate in foreign countries	202,523	(16,797)	-	-
Effect of change in RPGT rate	-	14,999,000	-	9,704,000
Overprovision of income tax in prior years	(48,121)	(145,579)	-	(6,457)
(Over)/under provision of deferred tax in prior years	(25,000)	28,971	(47,000)	-
Tax (credit)/expense for the year	<u>(1,967,996)</u>	<u>13,532,578</u>	<u>(259,000)</u>	<u>9,234,543</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the parent for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Loss attributable to owners of parent for the year (RM)	(2,168,220)	(12,302,762)
Number of ordinary shares (unit)	63,102,577	63,171,977
Basic loss per share (sen)	<u>(3.4)</u>	<u>(19.5)</u>

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares outstanding as at 30 June 2020 and 30 June 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Cost					
At 1 July 2018	297,929,619	3,526,295	1,256,464	1,414,477	304,126,855
Additions	31,430	1,627,383	489,093	249,555	2,397,461
Written off	-	-	(22,685)	(22,160)	(44,845)
Exchange difference	-	-	-	946	946
At 30 June 2019 and 1 July 2019	297,961,049	5,153,678	1,722,872	1,642,818	306,480,417
Additions	-	1,784,422	144,200	232,637	2,161,259
Exchange difference	-	-	-	105	105
At 30 June 2020	297,961,049	6,938,100	1,867,072	1,875,560	308,641,781
Accumulated depreciation					
At 1 July 2018	-	1,473,220	523,571	1,231,294	3,228,085
Charge for the year (Note 6)	-	178,046	165,504	115,515	459,065
Written off	-	-	(22,679)	(20,651)	(43,330)
Exchange difference	-	-	-	720	720
At 30 June 2019 and 1 July 2019	-	1,651,266	666,396	1,326,878	3,644,540
Charge for the year (Note 6)	-	228,385	166,853	189,811	585,049
Exchange difference	-	-	-	199	199
At 30 June 2020	-	1,879,651	833,249	1,516,888	4,229,788
Net carrying amount					
At 30 June 2019	297,961,049	3,502,412	1,056,476	315,940	302,835,877
At 30 June 2020	297,961,049	5,058,449	1,033,823	358,672	304,411,993

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Buildings RM	Plant and machinery RM	*Other assets RM	Total RM
Cost					
At 1 July 2018	195,796,023	1,439,119	514,629	945,357	198,695,128
Additions	31,430	177,295	14,487	39,029	262,241
Written off	-	-	(22,685)	(22,160)	(44,845)
At 30 June 2019 and 1 July 2019	195,827,453	1,616,414	506,431	962,226	198,912,524
Additions	-	85,000	-	189,069	274,069
At 30 June 2020	195,827,453	1,701,414	506,431	1,151,295	199,186,593
Accumulated depreciation					
At 1 July 2018	-	884,339	349,394	811,137	2,044,870
Charge for the year (Note 6)	-	101,743	45,140	54,544	201,427
Written off	-	-	(22,679)	(20,651)	(43,330)
At 30 June 2019 and 1 July 2019	-	986,082	371,855	845,030	2,202,967
Charge for the year (Note 6)	-	110,243	34,469	114,801	259,513
At 30 June 2020	-	1,096,325	406,324	959,831	2,462,480
Net carrying amount					
At 30 June 2019	195,827,453	630,332	134,576	117,196	196,709,557
At 30 June 2020	195,827,453	605,089	100,107	191,464	196,724,113

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

Included in property, plant and equipment of the Group and of the Company are the cost of the following fully depreciated assets which are still in use:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Buildings	1,084,126	1,084,127	598,986	598,986
Plant and machinery	176,139	174,539	161,739	161,739
Other assets	1,254,105	1,058,104	823,288	708,287
	<u>2,514,370</u>	<u>2,316,770</u>	<u>1,584,013</u>	<u>1,469,012</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

11. RIGHT-OF-USE ASSETS

The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease has a lease term of 19.75 years.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group RM
As at 1 July 2019	-
Effect of adoption of MFRS 16 Leases (Note 2.2)	3,229,925
As at 1 July 2019 (Adjusted)	3,229,925
Depreciation for the year (Note 6)	(163,541)
As at 30 June 2020	3,066,384

The details of lease liabilities in respect of right-of-use assets are disclosed in Note 22.

12. BEARER PLANTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At cost				
At beginning of year	41,909,654	36,033,419	4,696,761	4,291,358
Additions	1,376,013	5,876,235	557,104	405,403
At end of year	<u>43,285,667</u>	<u>41,909,654</u>	<u>5,253,865</u>	<u>4,696,761</u>
Accumulated depreciation				
At beginning of year	2,899,868	1,751,307	1,090,337	910,841
Charge for the year (Note 6)	1,854,343	1,148,561	179,497	179,496
At end of year	<u>4,754,211</u>	<u>2,899,868</u>	<u>1,269,834</u>	<u>1,090,337</u>
Net carrying amount	<u>38,531,456</u>	<u>39,009,786</u>	<u>3,984,031</u>	<u>3,606,424</u>

Included in the bearer plants are immature bearer plants of the Group and of the Company with a carrying amount of RM2,490,168 (2019: RM16,641,333) and RM1,304,948 (2019: RM747,844) respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

13. INVESTMENT PROPERTIES

	2020	Group
	RM	2019
		RM
At beginning of year	66,428,782	65,009,836
Fair value (loss)/gain	(5,433,406)	941,226
Exchange differences	304,041	477,720
	<u>61,299,417</u>	<u>66,428,782</u>

Investment properties are stated at fair value, which has been determined based on valuations conducted by accredited independent valuers using the comparison method. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

Details of significant unobservable valuation inputs for using the comparison method of valuation are disclosed in Note 31(b). Significant increases/(decreases) in estimated price per square feet in isolation would result in significantly higher/(lower) fair value of investment property.

14. INVESTMENT IN SUBSIDIARIES

	2020	Company
	RM	2019
		RM
Quoted shares, at cost	8,828,627	8,828,627
Unquoted shares, at cost	26,784,005	26,784,005
	<u>35,612,632</u>	<u>35,612,632</u>
Fair value of quoted shares	<u>118,487,132</u>	<u>146,215,799</u>

a) Composition of the Group

Details of the subsidiaries are as follows:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2020	2019
<i>Held by the Company:</i>				
Sungei Bagan Rubber Company (Malaya) Berhad	Malaysia	Plantation owner and long term portfolio investor	43.40	43.40
Kuchai Development Berhad	Malaysia	Investment holding	45.25	45.25
Devon Worldwide Limited	British Virgin Islands	Investment holding	100	100

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

14. INVESTMENT IN SUBSIDIARIES (cont'd)

a) Composition of the Group (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2020	2019
<i>Held through Sungei Bagan Rubber Company (Malaya) Berhad:</i>				
Lanstar Assets Limited	British Virgin Islands	Investment holding	43.40	43.40
Springvale International Limited	British Virgin Islands	Investment holding	43.40	43.40

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:

Names of the subsidiaries	Proportion of ownership interest held by NCI	
	2020	2019
Sungei Bagan Rubber Company (Malaya) Berhad	56.60%	56.60%
Kuchai Development Berhad	54.75%	54.75%

All subsidiaries are audited by Ernst & Young PLT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

14. INVESTMENT IN SUBSIDIARIES (cont'd)

b) Summarised financial information about subsidiaries with material NCI

Summarised financial information of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial position

	Sungei Bagan RM	Kuchai RM	Total RM
At 30 June 2020			
Non-current assets	452,969,989	258,217,317	711,187,306
Current assets	126,550,247	59,782,277	186,332,524
Total assets	579,520,236	317,999,594	897,519,830
Current liabilities	3,135,475	1,139,306	4,274,781
Non-current liabilities	12,166,505	459,000	12,625,505
Total liabilities	15,301,980	1,598,306	16,900,286
Equity	564,218,256	316,401,288	880,619,544
Equity attributable to NCI	319,347,533	173,229,705	492,577,238
Elimination adjustments	1,373,623	-	1,373,623
Other adjustments	(11,546,036)	(9,349,141)	(20,895,177)
Adjusted NCI	309,175,120	163,880,564	473,055,684
At 30 June 2019			
Non-current assets	468,016,296	297,468,962	765,485,258
Current assets	143,773,290	69,858,098	213,631,388
Total assets	611,789,586	367,327,060	979,116,646
Current liabilities	2,751,789	1,142,696	3,894,485
Non-current liabilities	11,184,596	470,000	11,654,596
Total liabilities	13,936,385	1,612,696	15,549,081
Equity	597,853,201	365,714,364	963,567,565
Equity attributable to NCI	338,384,912	200,228,614	538,613,526
Elimination adjustments	(1,271,664)	-	(1,271,664)
Other adjustments	(11,546,036)	(9,349,141)	(20,895,177)
Adjusted NCI	325,567,212	190,879,473	516,446,685

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

14. INVESTMENT IN SUBSIDIARIES (cont'd)

b) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statements of comprehensive income

	Sungei Bagan RM	Kuchai RM	Total RM
Year ended 30 June 2020			
Revenue	14,086,067	7,573,707	21,659,774
(Loss)/Profit for the year attributable to:			
- equity holders of the parent	(3,820,068)	2,358,953	(1,461,115)
- non-controlling interest	(4,991,561)	2,807,164	(2,184,397)
	<u>(8,811,629)</u>	<u>5,166,117</u>	<u>(3,645,512)</u>
Other comprehensive loss attributable to:			
- equity holders of the parent	(8,321,815)	(23,941,914)	(32,263,729)
- non-controlling interest	(10,852,875)	(28,968,394)	(39,821,269)
	<u>(19,174,690)</u>	<u>(52,910,308)</u>	<u>(72,084,998)</u>
Total comprehensive loss attributable to:			
- equity holders of the parent	(12,141,883)	(21,582,961)	(33,724,844)
- non-controlling interest	(15,844,436)	(26,161,230)	(42,005,666)
	<u>(27,986,319)</u>	<u>(47,744,191)</u>	<u>(75,730,510)</u>
Dividends paid to NCI	<u>547,656</u>	<u>837,679</u>	<u>1,385,335</u>
Year ended 30 June 2019			
Revenue	12,241,519	11,923,466	24,164,985
(Loss)/Profit for the year attributable to:			
- equity holders of the parent	(5,018,459)	3,839,527	(1,178,932)
- non-controlling interest	(6,686,445)	4,271,043	(2,415,402)
	<u>(11,704,904)</u>	<u>8,110,570</u>	<u>(3,594,334)</u>
Other comprehensive loss attributable to:			
- equity holders of the parent	(2,492,327)	(8,841,624)	(11,333,951)
- non-controlling interest	(3,250,362)	(10,697,875)	(13,948,237)
	<u>(5,742,689)</u>	<u>(19,539,499)</u>	<u>(25,282,188)</u>
Total comprehensive loss attributable to:			
- equity holders of the parent	(7,510,786)	(5,002,097)	(12,512,883)
- non-controlling interest	(9,936,807)	(6,426,832)	(16,363,639)
	<u>(17,447,593)</u>	<u>(11,428,929)</u>	<u>(28,876,522)</u>
Dividends paid to NCI	<u>7,850,263</u>	<u>6,540,754</u>	<u>14,391,017</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

14. INVESTMENT IN SUBSIDIARIES (cont'd)

b) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised cash flow information

	Sungei Bagan RM	Kuchai RM	Total RM
Year ended 30 June 2020			
Operating	(5,448,064)	(1,168,193)	(6,616,257)
Investing	3,406,582	(8,106,992)	(4,700,410)
Financing	(1,326,653)	(1,732,463)	(3,059,116)
Net changes in cash and cash equivalents	<u>(3,368,135)</u>	<u>(11,007,648)</u>	<u>(14,375,783)</u>
Year ended 30 June 2019			
Operating	(3,925,620)	(1,052,843)	(4,978,463)
Investing	(895,763)	22,320,882	21,425,119
Financing	(3,979,959)	(6,187,368)	(10,167,327)
Net changes in cash and cash equivalents	<u>(8,801,342)</u>	<u>15,080,671</u>	<u>6,279,329</u>

15. INVESTMENT IN ASSOCIATES

	Group	
	2020 RM	2019 RM
Outside Malaysia:		
Unquoted shares, at cost	83,167,143	83,167,143
Share of post-acquisition reserves and other adjustments	15,802,220	13,333,249
	<u>98,969,363</u>	<u>96,500,392</u>

Name of associates	Country of incorporation	Principal activities	Proportion (%) of ownership interest*	
			2020	2019
<i>Held through subsidiaries:</i>				
Kuala Pergau Rubber Plantations PLC ("KP")	England	Plantation owner	25.00	25.00
Balland Properties Limited ("Balland")	Ireland	Investment holding	49.00	49.00
Raffles - Asia Investment Company ("RAIC")	Mauritius	Invest in a portfolio of securities	43.32	43.36

* equals to the proportion of voting rights held.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

15. INVESTMENT IN ASSOCIATES (cont'd)

Summarised financial information of the associates is set out below:

(i) Summarised statements of financial position

As at 30 June 2020	KP RM	Balland RM	RAIC RM	Total RM
Current assets	742,282	215,448	211,265,445	212,223,175
Non-current assets	16,285,000	12,317,099	-	28,602,099
Current liabilities	(563,694)	(3,215,865)	(937,433)	(4,716,992)
Non-current liabilities	(1,842,530)	(745,242)	-	(2,587,772)
Equity	<u>14,621,058</u>	<u>8,571,440</u>	<u>210,328,012</u>	<u>233,520,510</u>
Proportion of Group's ownership	25.00%	49.00%	43.32%	
Carrying amount of investment	<u>3,655,265</u>	<u>4,200,006</u>	<u>91,114,092</u>	<u>98,969,363</u>
As at 30 June 2019				
Current assets	662,582	266,316	213,350,701	214,279,599
Non-current assets	859,697	12,253,166	-	13,112,863
Current liabilities	(568,652)	(3,137,981)	(828,949)	(4,535,582)
Non-current liabilities	(300,000)	(835,472)	-	(1,135,472)
Equity	<u>653,627</u>	<u>8,546,029</u>	<u>212,521,752</u>	<u>221,721,408</u>
Proportion of Group's ownership	25.00%	49.00%	43.36%	
Carrying amount of investment	<u>163,407</u>	<u>4,187,554</u>	<u>92,149,431</u>	<u>96,500,392</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

15. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income

For the year ended 30 June 2020	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	-	2,787,444	2,787,444
Other income	250,000	93,612	-	343,612
Other expenses	(84,970)	-	-	(84,970)
Other operating expenses	(10,370)	(445,838)	(7,793,696)	(8,249,904)
Income tax expense	(70,000)	-	(227,113)	(297,113)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year	<u>84,660</u>	<u>(352,226)</u>	<u>(5,233,365)</u>	<u>(5,500,931)</u>
Proportion of Group's ownership	25.00%	49.00%	43.32%	
Group's share of total comprehensive income/(loss) for the year	21,165	(172,591)	(2,267,094)	(2,418,520)
Change in proportion of Group's ownership	-	-	(1,710)	(1,710)
Adjustment to conform with the accounting policies of the Group	-	235,207	-	235,207
Net Group's share of total comprehensive income/(loss) for the year	<u>21,165</u>	<u>62,616</u>	<u>(2,268,804)</u>	<u>(2,185,023)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

15. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

For the year ended 30 June 2019	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	-	4,675,649	4,675,649
Other income	250,000	-	-	250,000
Other expenses	(77,417)	(26,607)	-	(104,024)
Other operating expenses	(11,922)	(608,584)	(18,052,373)	(18,672,879)
Income tax expense	(63,106)	-	(286,734)	(349,840)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year	97,555	(635,191)	(13,663,458)	(14,201,094)
	<hr/>	<hr/>	<hr/>	<hr/>
Proportion of Group's ownership	25.00%	49.00%	43.36%	
Group's share of total comprehensive income/(loss) for the year	24,389	(311,244)	(5,924,475)	(6,211,330)
Change in proportion of Group's ownership	-	-	(5,484)	(5,484)
Adjustment to conform with the accounting policies of the Group	-	91,072	-	91,072
	<hr/>	<hr/>	<hr/>	<hr/>
Net Group's share of total comprehensive income/(loss) for the year	24,389	(220,172)	(5,929,959)	(6,125,742)
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

16. INVESTMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at amortised cost:				
Debt instruments-				
Bonds outside Malaysia	36,469,424	-	-	-
Financial assets at fair value through other comprehensive income:				
Quoted equity instruments-				
Shares outside Malaysia	295,756,783	388,373,631	2,271,547	4,348,589
Financial assets at fair value through profit or loss:				
Debt instruments-				
Redeemable preference shares outside Malaysia	10,268,001	8,257,060	-	-
Other debt instruments outside Malaysia	38,545,070	33,337,645	-	-
	48,813,071	41,594,705	-	-
Investment at fair value through other comprehensive income:				
Investment in precious metal - gold bullion	30,465,022	23,442,400	3,408,293	2,622,850
Total investments	411,504,300	453,410,736	5,679,840	6,971,439

17. INVENTORIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
A cost:				
Spare parts, fertilizers and chemicals	29,442	19,346	4,343	1,161

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

18. BIOLOGICAL ASSETS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At fair value:				
At beginning of year	230,235	284,658	95,882	166,234
Changes in fair value	130,454	(54,423)	43,241	(70,352)
At end of year	<u>360,689</u>	<u>230,235</u>	<u>139,123</u>	<u>95,882</u>

The biological assets of the Group and Company comprise fresh fruit bunches ("FFB") prior to harvest. Fair value is determined based on the estimated future cash flows expected to be generated from the sale of FFB, which takes into consideration the market price of FFB, adjusted for estimated oil content of the unharvested FFB, less harvesting costs, transportation fees and other costs to sell.

The Group and Company have assumed that net cash flows to be generated from unripe FFB beyond 14 days from harvest are negligible. The other key assumptions used to determine the fair value are as follows:

	Group		Company	
	2020	2019	2020	2019
FFB expected to be harvested (MT)	1,126	839	345	318
Average FFB selling price (RM/MT)	<u>475</u>	<u>373</u>	<u>472</u>	<u>375</u>

The fair value measurement of the Group's and the Company's biological assets are categorised within Level 3 of the fair value hierarchy. A reasonable change in the key assumptions would not result in any material impact to the financial statements.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables - third parties	<u>825,578</u>	<u>250,749</u>	<u>130,906</u>	<u>85,111</u>
Other receivables				
Deposits	529,946	532,679	19,298	19,298
Sundry receivables	1,247,323	1,142,835	113,848	128,326
Due from subsidiaries	-	-	-	309,782
	<u>1,777,269</u>	<u>1,675,514</u>	<u>133,146</u>	<u>457,406</u>
Total trade and other receivables	2,602,847	1,926,263	264,052	542,517
Add: Cash and bank balances (Note 20)	<u>228,062,868</u>	<u>267,950,904</u>	<u>23,771,919</u>	<u>28,911,306</u>
Total financial assets at amortised cost	<u>230,665,715</u>	<u>269,877,167</u>	<u>24,035,971</u>	<u>29,453,823</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

19. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2019: 15 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are neither past due nor impaired

None of the Group's and Company's trade and other receivables are past due or impaired.

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

None of these balances have been renegotiated during the financial year.

(b) Due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

20. CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash on hand and at banks				
- in Malaysia	9,083,477	15,798,072	3,143,073	5,676,280
- outside Malaysia	97,779,440	114,098,861	5,056,846	4,610,374
Short-term deposits with licensed banks				
- in Malaysia	11,433,601	14,504,827	9,315,240	12,443,913
- outside Malaysia	109,766,350	123,549,144	6,256,760	6,180,739
Cash and bank balances	<u>228,062,868</u>	<u>267,950,904</u>	<u>23,771,919</u>	<u>28,911,306</u>

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	228,062,868	267,950,904	23,771,919	28,911,306
Less: Short-term deposits with maturities exceeding 90 days	<u>(118,515,055)</u>	<u>(132,027,076)</u>	<u>(14,308,840)</u>	<u>(13,983,973)</u>
Cash and cash equivalents	<u>109,547,813</u>	<u>135,923,828</u>	<u>9,463,079</u>	<u>14,927,333</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

20. CASH AND BANK BALANCES (cont'd)

The weighted average interest rates of deposits at the reporting date were as follows:

	Interest rate (% per annum)			
	Group		Company	
	2020	2019	2020	2019
In Malaysia	1.60 - 3.00	2.65 - 3.25	2.43	2.99
Outside Malaysia	0.90 - 1.33	0.75 - 1.52	0.90	0.82

The average remaining maturity days of deposits at the reporting date were as follows:

	Maturity (days)			
	Group		Company	
	2020	2019	2020	2019
In Malaysia	7 - 198	7 - 147	198	147
Outside Malaysia	3 - 11	3 - 4	11	4

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Trade payables	1,833,967	1,451,992	91,762	100,504
Other payables:				
Accruals	1,889,140	1,560,531	688,582	529,097
Sundry payables	749,758	777,658	86,384	90,583
Due to a director's related company	688,759	1,083,671	294,393	464,430
	<u>3,327,657</u>	<u>3,421,860</u>	<u>1,069,359</u>	<u>1,084,110</u>
	<u>5,161,624</u>	<u>4,873,852</u>	<u>1,161,121</u>	<u>1,184,614</u>
Non-current				
Provision for ex-gratia	798,545	724,681	287,761	263,940
Total trade and other payables	5,960,169	5,598,533	1,448,882	1,448,554
Less: Provision	(798,545)	(724,681)	(287,761)	(263,940)
Add: Lease liabilities (Note 22)	2,943,653	-	-	-
Total financial liabilities at amortised cost	<u>8,105,277</u>	<u>4,873,852</u>	<u>1,161,121</u>	<u>1,184,614</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

21. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 90 days (2019: 30 days to 90 days).

Included in trade payables of the Group and the Company are amounts of Nil (2019: RM35,763) and Nil (2019: RM10,613) respectively, due to Kluang Estate (1977) Sdn. Bhd., a company in which a director namely, Lee Chung-Shih Justin has interest. These amounts are unsecured, interest free and are repayable on demand.

(b) Amounts due to director's related companies

These amounts represent non-trade amounts due to companies in which a director, Lee Chung- Shih Justin has interest. They are unsecured, interest free and are repayable on demand.

	Group		Company	
	2020	2019	2020	2019
The Nyalas Rubber Estate Limited	688,757	1,083,671	294,393	464,430

(c) Sundry payables

Sundry payables are normally settled on an average term of three months (2019: three months)

(d) Provision for ex-gratia

These are payable upon retirement of eligible employees.

22. LEASE LIABILITIES

The Group has entered into non-cancellable operating lease agreements for the use of land, which is recognised as right-of-use assets as disclosed in Note 11.

	2020	Group	2019
	RM		RM
Current			
Lease liabilities (Note 30 (a))	104,523		-
Non-current			
Lease liabilities (Note 30 (a))	2,839,130		-
Total lease liabilities (Note 21)	<u>2,943,653</u>		<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

22. LEASE LIABILITIES (cont'd)

The remaining maturities of the lease liabilities are as follows:

	2020	Group	2019
	RM		RM
Within one year	104,523		-
More than 1 year and less than 2 years	109,761		-
More than 2 years and less than 5 years	363,405		-
More than 5 years	2,365,964		-
	2,943,653		-
	2,943,653		-

At the reporting date, the interest rate of the lease liabilities was 4.9% (2019: Not applicable).

The movement of lease liabilities during the financial year is as follows:

	2020	Group	2019
	RM		RM
At 1 July	-		-
Effect of adoption of MFRS 16 Leases (Note 2.2)	3,229,925		-
Interest charged on lease liabilities (Note 6)	151,228		-
Payments of:			
- Principal	(286,272)		-
- Interest	(151,228)		-
	2,943,653		-
	2,943,653		-

23. DEFERRED TAX LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At beginning of year	(31,014,000)	(17,579,000)	(19,877,000)	(10,636,000)
Recognised in profit or loss (Note 8)	2,190,000	(13,435,000)	259,000	(9,241,000)
	(28,824,000)	(31,014,000)	(19,618,000)	(19,877,000)
	(28,824,000)	(31,014,000)	(19,618,000)	(19,877,000)
Analysed as follows:				
Deferred tax assets	11,161,000	8,870,000	841,000	481,000
Deferred tax liabilities	(39,985,000)	(39,884,000)	(20,459,000)	(20,358,000)
	(28,824,000)	(31,014,000)	(19,618,000)	(19,877,000)
	(28,824,000)	(31,014,000)	(19,618,000)	(19,877,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

23. DEFERRED TAX LIABILITIES (cont'd)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Provisions RM	Unabsorbed capital allowances RM	Unabsorbed business losses RM	Total RM
At 1 July 2018	231,000	4,643,000	1,162,000	6,036,000
Recognised in profit or loss	21,000	1,635,000	1,178,000	2,834,000
At 30 June 2019/1 July 2019	252,000	6,278,000	2,340,000	8,870,000
Recognised in profit or loss	35,000	(946,000)	3,202,000	2,291,000
At 30 June 2020	287,000	5,332,000	5,542,000	11,161,000

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Bearer plants RM	Freehold estate land RM	Total RM
At 1 July 2018	(840,000)	(8,011,000)	(14,764,000)	(23,615,000)
Recognised in profit or loss	(350,000)	(920,000)	(14,999,000)	(16,269,000)
At 30 June 2019/1 July 2019	(1,190,000)	(8,931,000)	(29,763,000)	(39,884,000)
Recognised in profit or loss	204,000	(316,000)	11,000	(101,000)
At 30 June 2020	(986,000)	(9,247,000)	(29,752,000)	(39,985,000)

Deferred tax assets of the Company

	Provisions RM	Unabsorbed capital allowances RM	Unabsorbed business losses RM	Total RM
At 1 July 2018	50,000	-	-	50,000
Recognised in profit or loss	44,000	48,000	339,000	431,000
At 30 June 2019/1 July 2019	94,000	48,000	339,000	481,000
Recognised in profit or loss	6,000	66,000	288,000	360,000
At 30 June 2020	100,000	114,000	627,000	841,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

23. DEFERRED TAX LIABILITIES (cont'd)

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Bearer plants RM	Freehold estate land RM	Total RM
At 1 July 2018	(170,000)	(812,000)	(9,704,000)	(10,686,000)
Recognised in profit or loss	86,000	(54,000)	(9,704,000)	(9,672,000)
At 30 June 2019/1 July 2019	(84,000)	(866,000)	(19,408,000)	(20,358,000)
Recognised in profit or loss	(11,000)	(90,000)	-	(101,000)
At 30 June 2020	<u>(95,000)</u>	<u>(956,000)</u>	<u>(19,408,000)</u>	<u>(20,459,000)</u>

24. RETIREMENT BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of year	61,529	55,428	4,674	4,109
Charged to profit or loss (Note 5)	24,448	14,098	11,712	565
Retirement benefits paid	-	(7,997)	-	-
At end of year	<u>85,977</u>	<u>61,529</u>	<u>16,386</u>	<u>4,674</u>

25. SHARE CAPITAL

(a) Share capital

	Number of ordinary shares		Amount	
	2020	2019	2020 RM	2019 RM
Group and Company				
Issued and fully paid	<u>63,171,977</u>	<u>63,171,977</u>	<u>68,387,724</u>	<u>68,387,724</u>

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

At the Annual General Meeting of the Company held on 28 November 2019, the shareholders of the Company approved the renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

25. SHARE CAPITAL (cont'd)

(b) Treasury shares (cont'd)

During the financial year, the Company purchased a total of 208,200 ordinary shares of its issued share capital from the open market. The total consideration paid for the purchase, including transaction costs, was RM701,336 (2019: NIL) and was financed by internally generated funds. The purchased shares are held as treasury shares in accordance with the provisions of Section 127(4) of the Companies Act 2016. There is no cancellation, resale or reissuance of treasury shares during the financial year. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

Movements in the treasury shares are as follows:

	Number of shares	Amount RM	Average cost per share RM
At 1 July 2019	-	-	-
Shares purchased during the financial year	208,200	701,336	3.3686
At 30 June 2020	208,200	701,336	3.3686

26. RESERVES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Capital reserve	(a)	199,620,666	198,114,385	135,969,305	135,969,305
Fair value reserve	(b)	107,691,861	146,771,863	3,406,676	4,698,276
Foreign currency translation reserve	(c)	68,293,145	61,606,475	-	-
		<u>375,605,672</u>	<u>406,492,723</u>	<u>139,375,981</u>	<u>140,667,581</u>

The components and movements of reserves are disclosed in the statements of changes in equity.

- (a) Capital reserve was created for the purpose of future acquisition of property and investment. It consists of the gain from the disposal of properties and long term investments. It also includes the difference between deemed cost (based on a valuation as at 30 June 2015) and historical cost of the freehold land which arose from the adoption of deemed cost exemption under MFRS 1.
- (b) Fair value reserve represents net gains or losses from the fair value adjustments of investments measured at fair value through other comprehensive income.
- (c) The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of entities whose functional currencies are different from that of the Group's presentation currency.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

27. RETAINED EARNINGS

The entire retained earnings of the Company as at 30 June 2020 and 30 June 2019 may be distributed as dividends under the single tier system.

28. DIVIDENDS

	Amount		Net dividends per share	
	2020	2019	2020	2019
	RM	RM	Sen	Sen
Dividend in specie*				
Tax exempt (single-tier), on 63,171,977 ordinary shares, declared on 4 January 2019, paid on 21 February 2019	-	7,942,082	-	13.00
First and final				
Tax exempt single-tier, on 63,171,977 ordinary shares, declared on 16 October 2018, paid on 7 January 2019	-	631,720	-	1.00
Tax exempt single-tier, on 63,171,977 ordinary shares, declared on 8 October 2019, paid on 6 January 2020	631,720	-	1.00	-
Special				
Tax exempt single-tier, on 63,171,977 ordinary shares, declared on 8 October 2019, paid on 6 January 2020	3,158,599	-	5.00	-
Total cash dividends	3,790,319	631,720	6.00	1.00
Total dividend	3,790,319	8,573,802	6.00	14.00

* Represents 2,068,368 ordinary shares in Kluang Rubber Company (Malaya) Berhad with a fair value of RM7,942,082 on 21 February 2019.

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2020 on 62,963,777 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend	629,638	1.00

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
With companies, in which a director, Lee Chung-Shih Justin, has an interest:				
Rental income from Ice Cold Beer Pte. Ltd.	869,612	943,114	-	-
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd.	-	213,628	-	88,439
Rental expense payable to Kluang Estates (1977) Sdn. Bhd.	150,000	-	50,000	-
Administration and support services payable to The Nyalas Rubber Estates Limited	1,770,767	2,133,571	758,900	914,395
Administration and support services payable to Estate & Trust Agencies (1927) Limited	454,427	589,452	142,582	179,595
Land lease rental payable to Kuala Pergau Rubber Plantations Plc	250,000	250,000	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

30. COMMITMENTS

(a) Lease commitments in respect of right-of-use assets

The Group has entered into lease arrangements for the use of land. The Group has recognised the right-of-use assets (Note 11) with related lease liabilities (Note 22).

Future minimum lease payments of right-of-use assets together with the present value of the net minimum lease payments are as follows:

	2020 RM	Group	2019 RM
Minimum lease payments:			
Not later than 1 year	250,000		-
Later than 1 year and not later than 2 years	250,000		-
Later than 2 year but not later than 5 years	750,000		-
Later than 5 years	3,250,000		-
	<hr/>		<hr/>
Total minimum lease payments	4,500,000		-
Less: Amounts representing finance charges	(1,556,347)		-
	<hr/>		<hr/>
Present value of minimum lease payments	2,943,653		-
	<hr/> <hr/>		<hr/> <hr/>
Present value of payments:			
Not later than 1 year	104,523		-
Later than 1 year and not later than 2 years	109,761		-
Later than 2 year and not later than 5 years	363,405		-
Later than 5 years	2,365,964		-
	<hr/>		<hr/>
Present value of minimum lease payments	2,943,653		-
Less: Amount due within 12 months (Note 22)	(104,523)		-
	<hr/>		<hr/>
Amount due after 12 months (Note 22)	2,839,130		-
	<hr/> <hr/>		<hr/> <hr/>

(b) Operating lease commitment - as lessor

The Group has entered into a non-cancellable operating lease agreement on its investment property. The lease has a remaining non-cancellable lease term of 4 to 30 months. The lease includes a clause to enable upward revision of the rental charges on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under the non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	2020 RM	Group	2019 RM
Not later than 1 year	1,178,880		1,132,764
Later than 1 year and not later than 5 years	1,438,992		109,286
	<hr/>		<hr/>
	2,617,872		1,242,050
	<hr/> <hr/>		<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

30. COMMITMENTS (cont'd)

(c) Operating lease commitment - as lessee

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follow:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than 1 year	180,000	250,000	60,000	-
Later than 1 year and not later than 5 years	-	1,000,000	-	-
Later than 5 years	-	3,687,500	-	-
	<u>180,000</u>	<u>4,937,500</u>	<u>60,000</u>	<u>-</u>

The Group and the Company have entered into non-cancellable operating leases contracted for lease of properties which are not accounted for in accordance with MFRS 16 as they are short-term leases with lease terms that end within 12 months of the date of initial application.

31. FAIR VALUE MEASUREMENT

(a) Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

Group	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
At 30 June 2020				
Assets measured at fair value				
Quoted equity instruments	295,756,783	-	-	295,756,783
Unquoted debt instruments	-	48,813,071	-	48,813,071
Investment in precious metal				
- gold bullion	30,465,022	-	-	30,465,022
Investment properties	-	-	61,299,417	61,299,417
Biological assets	-	-	360,689	360,689
	<u>326,221,805</u>	<u>48,813,071</u>	<u>61,660,106</u>	<u>436,694,982</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

31. FAIR VALUE MEASUREMENT (cont'd)

(a) Fair value measurement hierarchy (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets: (cont'd)

Group	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
At 30 June 2019				
Assets measured at fair value				
Quoted equity instruments	388,373,631	-	-	388,373,631
Unquoted debt instruments	-	41,594,705	-	41,594,705
Investment in precious metal				
- gold bullion	23,442,400	-	-	23,442,400
Investment properties	-	-	66,428,782	66,428,782
Biological assets	-	-	230,235	230,235
	<u>411,816,031</u>	<u>41,594,705</u>	<u>66,659,017</u>	<u>520,069,753</u>
Company				
At 30 June 2020				
Assets measured at fair value				
Quoted equity instruments	2,271,547	-	-	2,271,547
Investment in precious metal				
- gold bullion	3,408,293	-	-	3,408,293
Biological assets	-	-	139,123	139,123
	<u>5,679,840</u>	<u>-</u>	<u>139,123</u>	<u>5,818,963</u>
At 30 June 2019				
Assets measured at fair value				
Quoted equity instruments	4,348,589	-	-	4,348,589
Investment in precious metal				
- gold bullion	2,622,850	-	-	2,622,850
Biological assets	-	-	95,882	95,882
	<u>6,971,439</u>	<u>-</u>	<u>95,882</u>	<u>7,067,321</u>

During the financial year ended 30 June 2020 and 30 June 2019, there were no transfers between the various levels of the fair value measurement hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

31. FAIR VALUE MEASUREMENT (cont'd)

(b) Level 3 fair value measurement

(i) Information about significant unobservable inputs used in Level 3 fair value measurements:

Description	Fair value RM	Valuation techniques	Unobservable inputs	Range (adjusted RM/psf)
As at 30 June 2020				
Investment properties				
- Residential	32,372,413	Comparable approach	Yield adjustments based on assumptions*	8,474 to 10,757 9,078 to 9,302 12.99 to 16.00
- Commercial	24,552,003			
Freehold land - agricultural	<u>4,375,001</u>			
Total investment properties	<u><u>61,299,417</u></u>			
As at 30 June 2019				
Investment properties				
- Residential	36,577,378	Comparable approach	Yield adjustments based on assumptions*	7,232 to 12,278 9,046 to 9,269 12.99 to 16.00
- Commercial	25,381,403			
Freehold land - agricultural	<u>4,470,001</u>			
Total investment properties	<u><u>66,428,782</u></u>			

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Information about significant observable inputs used in fair value measurements of biological assets are disclosed in Note 18.

(ii) Valuation policies and procedures

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value on a linear basis.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and MFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

31. FAIR VALUE MEASUREMENT (cont'd)

(b) Level 3 fair value measurement (cont'd)

(ii) Valuation policies and procedures (cont'd)

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Investment in bonds	16
Trade and other receivables	19
Cash and bank balances	20
Trade and other payables	21
Lease liabilities	22

The carrying amounts of the current portions of financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short-term maturity of the financial instruments.

(d) Determination of fair values

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Precious metal

Fair value of precious metal is determined by reference to its average bid spot price at the reporting date.

Unquoted debt instruments

The debt instruments have been valued using the net assets value attributable to each share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

At the reporting date, approximately Nil (2019: 57%) of the Company's trade and other receivables were due from its subsidiary, Devon Worldwide Limited.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through diverse sources of committed and uncommitted credit facilities from various banks.

In the management of liquidity risk, the Group and the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

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

Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Financial liabilities				
2020				
Trade and other payables	5,161,624	798,545	-	5,960,169
Lease liabilities	250,000	1,000,000	3,250,000	4,500,000
Total undiscounted financial liabilities	5,411,624	1,798,545	3,250,000	10,460,169
2019				
Trade and other payables	4,873,852	724,681	-	5,598,533
Total undiscounted financial liabilities	4,873,852	724,681	-	5,598,533
Company				
2020				
Trade and other payables	1,161,121	287,761	-	1,448,882
Total undiscounted financial liabilities	1,161,121	287,761	-	1,448,882
2019				
Trade and other payables	1,184,614	263,940	-	1,448,554
Total undiscounted financial liabilities	1,184,614	263,940	-	1,448,554

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from its investments and short term deposits with licensed banks that are denominated in a currency other than the respective functional currencies of Group's entities, primarily in Ringgit Malaysia ("RM"), United States Dollar ("USD") and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly RM, SGD and British Pound ("£").

The Group also holds cash and cash equivalents denominated in foreign currencies. At the reporting date, such foreign currency balances amounted to RM207,545,790 (2019: RM242,232,597) respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the SGD, £ and USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2020	2019
		RM	RM
		Increase/(decrease) in profit before tax	
SGD/RM	- Strengthened 5%	1,141,000	1,353,000
	- Weakened 5%	(1,141,000)	(1,353,000)
SGD/USD	- Strengthened 5%	6,773,000	6,696,000
	- Weakened 5%	(6,773,000)	(6,696,000)
£/USD	- Strengthened 5%	1,654,000	1,888,000
	- Weakened 5%	(1,654,000)	(1,888,000)
RM/SGD	- Strengthened 5%	101,000	113,000
	- Weakened 5%	(101,000)	(113,000)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments and investments will fluctuate because of changes in market price (other than interest or exchange rate).

The Group and the Company are exposed to market price risk arising from its investments in quoted equity instruments quoted on SGX-ST in Singapore and gold bullion in Australia.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Market price risk (cont'd)

Sensitivity analysis for market price risk

At the reporting date, if the STI in Singapore and the precious metal price in Australia were to fluctuate by 5% respectively with all other variables held constant, the effects on other comprehensive income for the Group and the Company would have been as follows:

	Increase/(decrease) in profit or loss			
	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Quoted shares in Singapore				
- increased by 5%	14,788,000	19,419,000	114,000	217,000
- decreased by 5%	(14,788,000)	(19,419,000)	(114,000)	(217,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Precious metal				
- increased by 5%	1,523,000	1,172,000	170,000	131,000
- decreased by 5%	(1,523,000)	(1,172,000)	(170,000)	(131,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

33. CAPITAL MANAGEMENT

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

The Group regards total equity as its capital. Gearing ratios are not presented as the Group does not have bank borrowings and its cash balances exceed its total financial liabilities.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

34. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group is organised into business units based on their sources of income, and has two reportable operating segments as follows:

- (i) Plantation - cultivation of oil palm
- (ii) Investments - long term portfolio investment in securities, deposits with banks and investment properties

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

	Plantation		Investments		Consolidated	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Revenue						
External	11,718,987	8,489,351	14,191,621	14,123,212	25,910,608	22,612,563
Result						
Segment results	(3,681,180)	(1,246,352)	11,236,750	15,066,117	7,555,570	13,819,765
Foreign exchange (loss)/gain	(1,541)	(24,171)	(5,181,661)	575,971	(5,183,202)	551,800
Unallocated corporate expenses					(6,507,958)	(9,431,409)
(Loss)/Profits from operations					(4,135,590)	4,940,156
Share of results of associates	-	-	(2,185,023)	(6,125,742)	(2,185,023)	(6,125,742)
Income tax credit/(expense)					1,967,996	(13,532,578)
Loss net of tax					(4,352,617)	(14,718,164)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

34. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Plantation		Investments		Consolidated	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Assets						
Segment assets	373,044,928	376,404,843	677,317,749	756,234,351	1,050,362,677	1,132,639,194
Investments in associates	-	-	98,969,363	96,500,392	98,969,363	96,500,392
Unallocated assets					646,410	664,641
Consolidated total assets					<u>1,149,978,450</u>	<u>1,229,804,227</u>
Liabilities						
Segment liabilities	33,113,775	32,142,079	990,341	998,614	34,104,116	33,140,693
Unallocated liabilities					3,899,224	3,750,497
					<u>38,003,340</u>	<u>36,891,190</u>
Other information						
Depreciation	585,049	459,065	-	-	585,049	459,065
Fair value loss/(gain) on investment properties	-	-	5,433,406	(941,226)	5,433,406	(941,226)
Property, plant and equipment written off	-	1,515	-	-	-	1,515
Unrealised foreign exchange loss/(gain)	26,685	(480,049)	5,156,762	(87,863)	5,183,447	(567,912)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)**

34. SEGMENT INFORMATION (cont'd)

(b) Geographical segments

The Group's plantation activity is mainly in Malaysia whilst the investment activities are in six geographical areas of the world.

	Total revenue		Segment assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	12,229,445	9,033,729	395,892,725	402,676,413
Singapore	13,017,380	12,910,400	527,823,859	626,933,585
Hong Kong	-	-	601,496	758,156
United Kingdom	663,783	668,434	40,962,153	42,229,892
Mauritius	-	-	99,469,345	85,002,331
Cayman Islands	-	-	46,683,802	38,866,207
Australia	-	-	38,545,070	33,337,643
	<u>25,910,608</u>	<u>22,612,563</u>	<u>1,149,978,450</u>	<u>1,229,804,227</u>

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 8 October 2020.

THREE YEARS COMPARATIVE FIGURES

Year ended 30 June	2018	2019	2020
FFB Production - Kluang Estate (MT)	11,431	9,453	8,310
Mature Acre - Kluang Estate (Hectare)	569	527	475
Immature Acre - Kluang Estate (Hectare)	68	110	162
FFB Yield (MT/Hectare) - Kluang Estate (MT/Hectare)	20	17	17

STATEMENT OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 1 OCTOBER 2020

Total number of issued shares	:	62,782,677 (excluding treasury shares of 389,300)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	4,190

DISTRIBUTION OF SHAREHOLDINGS

Range of Shares	No. of shareholders	No. of Shares	Percentage (%)
Less than 100	1,575	65,180	0.10
100 to 1,000	1,316	420,250	0.67
1,001 to 10,000	969	2,959,497	4.71
10,001 to 100,000	282	8,518,121	13.57
100,001 to less than 5% of issued shares	46	15,768,614	25.12
5% and above of issued shares	2	35,051,015	55.83
Total	4,190	62,782,677	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name of shareholders	Number of shares	Percentage %
1.	THE NYALAS RUBBER ESTATES LIMITED	27,596,561	43.96
2.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	7,454,454	11.87
3.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,465,294	3.93
4.	KEY DEVELOPMENT SDN BERHAD	1,792,395	2.85
5.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LID (A/C CLIENTS)	1,067,063	1.70
6.	AFFIN HWANG NOMINEES (ASING) SDN BHD LIM & TAN SECURITIES PTE LTD FOR CHONG YONG WAH	801,202	1.28
7.	KEY DEVELOPMENT SDN BERHAD	693,324	1.10
8.	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR LEE THOR SENG	535,785	0.85
9.	YEOW TENG TAK	529,687	0.84
10.	CHONG YEAN FONG	498,439	0.79

STATEMENT OF SHAREHOLDINGS (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

No.	Name of shareholders	Number of shares	Percentage %
11.	WONG PENG YAN BENJAMIN @ PENG YAN WONG	469,048	0.75
12.	YEOW WEE HONG	449,928	0.72
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	417,716	0.67
14.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO MENG HAI	300,579	0.48
15.	CHAN KIM SENDIRIAN BERHAD	288,542	0.46
16.	LOH KAH WAI	268,488	0.43
17.	GAN TONG HONG	250,103	0.40
18.	PM NOMINEES (TEMPATAN) SDN BHD MALPAC MANAGEMENT SDN BHD FOR OH KIM HOE	245,655	0.39
19.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KAH WAI	209,458	0.33
20.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR-CREDIT SUISSE (SG-BR-TST-ASING)	209,375	0.33
21.	PUI CHENG WUI	207,500	0.33
22.	BEH HAN KIM	205,473	0.33
23.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	202,641	0.32
24.	YEO KHEE HUAT	194,796	0.31
25.	CHIN KHEE KONG & SONS SENDIRIAN BERHAD	191,737	0.31
26.	YEO POH NOI CAROLINE	186,099	0.30
27.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR KHOO HYE TIN	184,032	0.29
28.	LOH KAH WAI	182,054	0.29
29.	PANG BOON SENG	176,794	0.28
30.	LAI PHIN KHONG	167,495	0.27

LIST OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	Interest in Shares		
		%	Indirect	%
The Nyalas Rubber Estates Limited	27,596,561	43.96	202,329 ^(a)	0.32
Lee Thor Seng	535,785	0.85	27,798,890 ^(b)	44.28
Lee Chung-Shih Justin	39,108	0.06	27,798,890 ^(b)	44.28
Lee Yung-Shih Colin	35,187	0.06	27,798,890 ^(b)	44.28

Notes:

^(a) Deemed interested by virtue of its substantial interest in Estate & Trust Agencies (1927) Limited.

^(b) Deemed interested by virtue of their substantial interest in The Nyalas Rubber Estates Limited and Estate & Trust Agencies (1927) Limited.

DIRECTORS' INTEREST IN SHARES

No. Name of Directors	Direct	Interest in Shares		
		%	Indirect	%
1. Lee Chung-Shih Justin	39,108	0.06	27,798,890 ^(a)	44.28
2. Lee Soo Hoon	-	-	-	-
3. Tay Beng Chai	-	-	-	-
4. Chew Khat Khiam Albert	-	-	-	-
5. Cheong Mun Hong	-	-	-	-
6. Balaraman A/L Annamaly	1,300	0.00	-	-
7. Mugana Kerisnan A/L Karpiah	-	-	-	-

Note:

^(a) Deemed interested by virtue of his substantial interest in The Nyalas Rubber Estates Limited and Estate & Trust Agencies (1927) Limited.

LIST OF PROPERTIES

The details of landed properties owned by the Company as at 30 June 2020 are as follows:

Location	Description	Tenure	Land Area	Term	Net Carrying Amount/ Fair Value (RM)	Acquisition(A)/ Revaluation(R) Date
Lot 838, 1219 and 2723 District of Kluang, Johor	Oil palm	Freehold	1, 597 acres	-	195,827,453	1 January 2015 (R)

PLANTED AREA AGE PROFILE

The Age Profile of the Company's Planted Area as at 30 June 2020 are as follows:

Kluang Estate Year Planted	Age	Acre	%
1996	24	181	12%
2004	16	108	7%
2005	15	83	5%
2007	13	126	8%
2009	11	143	9%
2010	10	116	7%
2011	9	71	5%
2013	7	160	10%
2014	6	186	12%
2017	3	168	11%
2019	1	103	7%
2020	0	129	8%
TOTAL	10	1,574	100%

Note: Total Age is the Weighted Average Age

PROXY FORM

No. of Shares Held	
CDS Account No.	

I/We.....(Name of shareholder as per NRIC in capital letters)
 NRIC No./ID No./Company No.....(new).....(old)
 of.....
(full address) being a member/members of **KLUANG RUBBER COMPANY (MALAYA) BERHAD** (“the Company”), hereby appoint.....
 (name of proxy as per NRIC in capital letters) NRIC No.....(new).....(old),
 Email address:

.....or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my our behalf at the Sixty-First Annual General Meeting (“61st AGM”) of the Company, to be conducted fully virtual at the Broadcast Venue at DoubleTree by Hilton Johor Bahru, 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor, Malaysia on Thursday, 10 December 2020 at 12:00 p.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
	ORDINARY BUSINESS		
Ordinary Resolution 1	To declare and approve the payment of Single Tier First and Final Dividend of 1 sen per ordinary share in respect of the financial year ended 30 June 2020		
Ordinary Resolution 2	To approve the payment of aggregate Directors’ fees and other benefits not exceeding of RM500,000 for the financial year ending 30 June 2021 to be paid on quarterly basis in arrears		
Ordinary Resolution 3	To re-elect Mr Lee Soo Hoon as Director		
Ordinary Resolution 4	To re-elect Mr Tay Beng Chai as Director		
Ordinary Resolution 5	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
Ordinary Resolution 6	Continuing in Office as Independent Non-Executive Chairman, Mr Lee Soo Hoon		
Ordinary Resolution 7	Proposed Authority to Allot and Issue Shares by Directors pursuant to Sections 75 & 76 of the Companies Act 2016		
Ordinary Resolution 8	Proposed Renewal of Shareholders’ Mandate for Share Buy-Back Authority		
Ordinary Resolution 9	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading in Nature Entered with The Nyalas Rubber Estates Limited		

(Please indicate with an “X” in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

.....
 Signature of Shareholder/Common Seal

Dated this.....day of..... 2020.

NOTES:

- In view of the Covid-19 pandemic and Government of Malaysia’s official guidance on social distancing, the 61st AGM will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities (“RPV”) which are available on Boardroom Smart Investor Portal at <https://www.boardroomlimited.my>. Please follow the procedures as set out in the Administrative Guide for the 61st AGM in order to register, participate and vote remotely via RPV.
- The Broadcast Venue of the 61st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxy(ies)** from the public shall be physically present at the Broadcast Venue.
- A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company is entitled to appoint not more than two (2) proxies to attend, participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting must follow the procedures as set out in the Administrative Guide for the 61st AGM to request for Remote Participation.
- The instrument appointing a proxy shall be writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com or by sending it through the post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my> not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
- Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- Last date and time for lodging the Proxy Form is **Wednesday, 9 December 2020 at 12:00 p.m.**
- In respect of deposited securities, only members whose names appear on the Record of Depositors on **2 December 2020** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf via RPV.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 30 October 2020.

Fold this flap for sealing

Then fold here

**Affix
Stamp
Here**

The Share Registrar
KLUANG RUBBER COMPANY (MALAYA) BERHAD 195901000092 (3441-K)
c/o BOARDROOM SHARE REGISTRARS SDN. BHD. (378993-D)
11th Floor, Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

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