



**BLD PLANTATION BHD.**  
(562199-A)



# 2019 ANNUAL REPORT



# Our Vision

TO BE A SUCCESSFUL,  
INNOVATIVE AND RESPONSIBLE  
CORPORATION, HAVING  
A LEADING ROLE IN THE  
AGRICULTURAL INDUSTRY  
PRODUCING QUALITY PRODUCTS  
AND SERVICES.

# Our Mission

TO SUSTAIN GROWTH THROUGH  
EFFECTIVE SERVICES AND  
PRUDENT COST COMPETITIVE  
APPLICATION OF RESOURCES  
EXCEEDING THE EXPECTATION  
OF OUR CUSTOMERS AND  
SHAREHOLDERS.

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## *MANAGEMENT DISCUSSION AND ANALYSIS*

The Group's vision is to be a successful, innovative and responsible corporation, having a leading role in the agricultural industry producing quality products and services. The Group consistently strives to sustain growth through effective services and prudent cost competitive application of resources exceeding the expectation of our customers and shareholders.

Adopting good agricultural practices and enhancing operational excellence are fundamental strategies of the Group to achieve high profitability and create values for our shareholders and also stakeholders. The Group is constantly mindful of the importance in optimising resources, competencies and skills to accelerate stable growth and gain competitive edge in the global market.

### **FINANCIAL PERFORMANCE**

The Group recorded a revenue and loss before tax of about RM2.18 billion and RM61.8 million respectively for the financial period under review, which was mainly due to lower average selling price of products.

Based on the weighted average number of ordinary shares during the period, the Group recorded net assets per share of RM6.01 per share as compared to RM6.58 (as restated) in 2017 while loss per share of 53.67 sen against earnings per share of 22.13 sen (as restated) in 2017.

### **OPERATION REVIEW**

The Group has total planted area of about 38,800 hectares of which about 70% is in maturity stage. The Group has implemented mechanisation in some of the estates to enhance productivity and efficiency by reducing reliance on labour.

The Group produced about 145,800 metric tonnes of crude palm oil as compared to about 115,500 metric tonnes in 2017. The palm oil mills located at Miri and Sibu both have a processing capacity of 60 metric tonnes of fresh fruit bunch per hour. The two palm oil mills of the Group were operating at their installed capacity during the financial period under review.

The volume of palm oil products sold was about 994,000 metric tonnes as compared to about 760,000 metric tonnes for in 2017, which were mainly for export in the financial period under review.

### **DIVIDEND**

After taking into consideration the operating landscape and challenges encountered by the Group during the year, no dividend was recommended by the Board of Directors in respect of the financial period under review. Nevertheless, the Board will review the Group's financial position in the second half of the year and may consider making recommendation for interim dividend payment.



## **MANAGEMENT DISCUSSION AND ANALYSIS** (CONTD.)

### **INDUSTRY TREND AND DEVELOPMENT**

The Malaysian oil palm industry faced a challenging performance in 2018, as compared to the achievement in 2017. Crude palm oil (CPO) production, exports of palm oil, CPO prices and total palm oil export earnings declined, while that of imports and closing palm oil stocks showed a significant increase.

Oil palm planted area in 2018 reached 5.85 million hectares, an increase of 0.7% as against 5.81 million hectares the previous year. In 2018, CPO production declined by 2.0%, to 19.52 million tonnes as against 19.92 million tonnes recorded in 2017. The decrease was due to lower FFB processed, down by 3.2% arising from lower FFB yield, which decreased by 4.1%.

India maintained its position as the largest Malaysian palm oil export market for the fifth year since 2014, with the intake in 2018 at 2.51 million tonnes or 15.2% of total global palm oil exports. This was followed by the EU at 1.91 million tonnes (11.6%) and China 1.86 million tonnes (11.3%). The higher uptake of palm oil to India, up by 23.9% to 2.51 million tonnes in 2018 from 2.03 million tonnes in 2017 was due to lower imports of soyabean oil, down by 18.1% to 2.87 million tonnes in 2018, coupled with Malaysia's CPO export duty suspension during January-April 2018 and zero percent CPO export duties (September-December 2018), which triggered higher CPO exports to India.

In 2018, the prices of all oil palm products were traded lower. CPO price traded lower by 19.8%, averaging RM550.50/tonne to RM2,232.50/tonne compared to RM2,783.00/tonne in 2017. Total Malaysian exports of oil palm products in 2018 amounted to 24.88 million tonnes, higher by 3.8% from 23.97 million tonnes exported in 2017.

(Source: Malaysian Palm Oil Board's website at <http://www.mpob.gov.my>)

### **CORPORATE SOCIAL RESPONSIBILITY**

The Group is mindful of the importance of contributing to the society in promoting good corporate citizenship in line with our vision. The Group has given donations to charity and the communities over the years. Additionally, the Group offers scholarships to local students as a commitment to support them in pursuing higher education in Malaysia.

### **PROSPECTS**

Heightened uncertainty of the US-China trade deal coincides with structural changes in palm oil demand has hampered the recovery of CPO prices. Unfavourable foreign policies such as import duty hike in India and proposed ban for usage of palm oil based biodiesel by European Union (EU) have dampened the demand of palm oil, resulting in prolonged elevated palm oil stockpiles.

Furthermore, the depressed soybean price has further exacerbated uncertainty in the commodity market due to volatility in commodity prices. Being a close substitute to soybean oil, CPO prices has been pressured to remain low in order to maintain its competitiveness as the prices for the two commodities are highly correlated.

## *MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)*

Implementation of biodiesel mandate by our Malaysian Government is expected to drive the demand of palm oil whilst stabilise the prices in the market. Nonetheless, CPO prices may remain under pressure in view of the subdued export demand that is insufficient to reverse the increase in global palm oil inventory.

The prospect of palm oil industry for 2019 remain uncertain and challenging with the deepened negative sentiments against palm oil that has weighed on CPO prices. The Group is of the view that the market outlook in near term is likely to remain moderate within expectation. Fundamentally, the Group will continue to focus on efficiency enhancement, productivity maximisation along with cost reduction in streamlining its production process. Looking forward, the Group will strive to perform better and stay resilient amid fast evolving business environment that poses progressively greater challenges in the year ahead.

### ACKNOWLEDGEMENT

The Board of Directors records our appreciations to the Management team and each individual at all levels in the Group for their commitment and teamwork. We all look forward to the continued success of the Group.

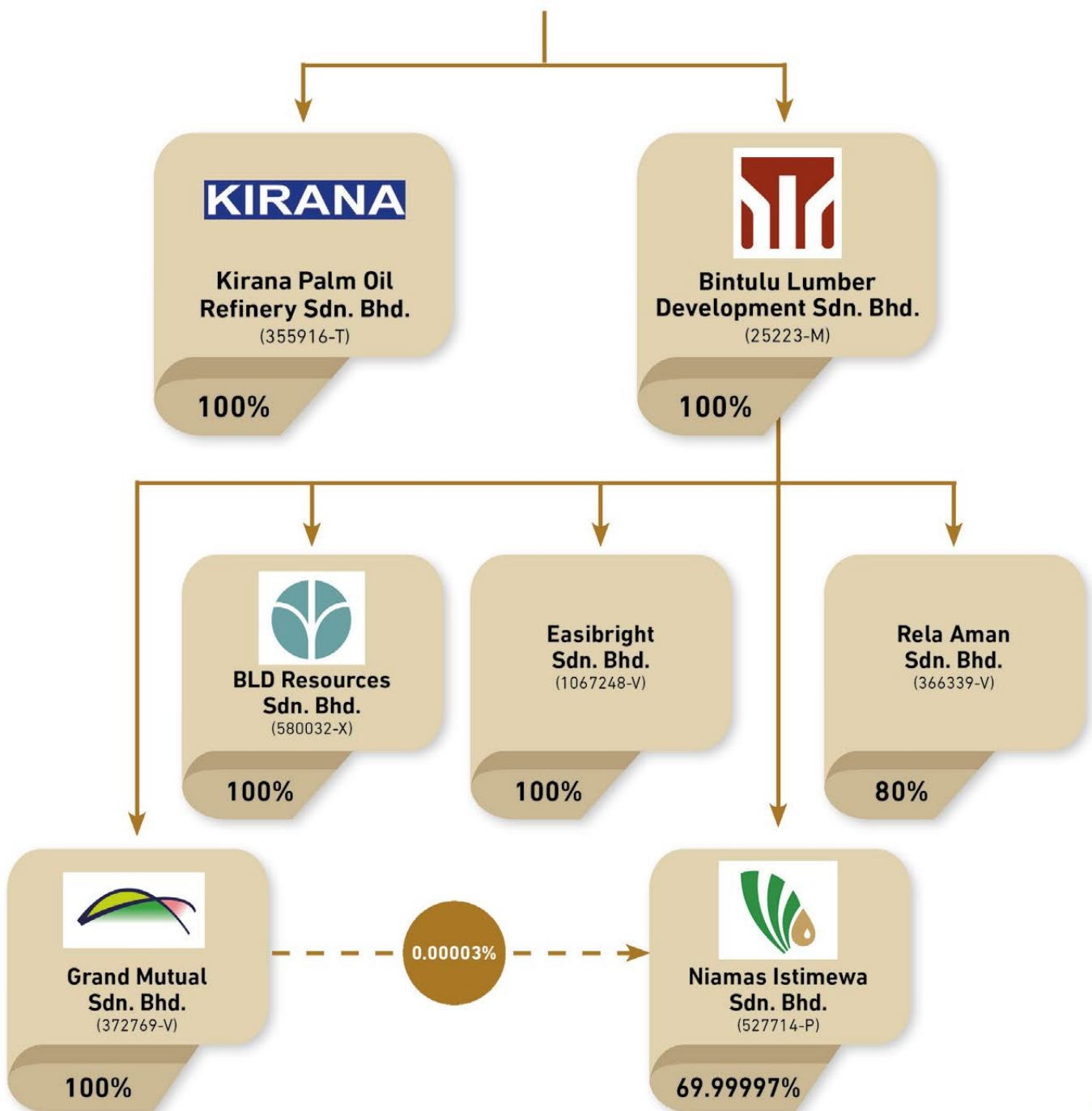
Our heartfelt thanks to all our valued customers, shareholders, business partners, financiers, consultants, government authorities and other stakeholders for their partnership, strong support and continued confidence in the Group.



*CORPORATE INFORMATION*



**BLD Plantation Bhd.**  
(562199-A)



**CORPORATE INFORMATION** (CONTD.)

**BOARD OF DIRECTORS**

**Dato Henry Lau Lee Kong**  
*Executive Chairman*

**Haji Wan Abdillah bin Wan Hamid**  
*Executive Director*

**Datu Haji Sarudu bin Haji Hoklai**  
*Independent Non-Executive Director*  
(Appointed as Director w.e.f. 27 February 2019)

**Datuk Haji Hamden bin Haji Ahmad**  
*Independent Non-Executive Director*

**Robert Lau Hui Yew**  
*Non-Executive Director*

**Chong Chon Chee**  
*Independent Non-Executive Director*  
(Retired as Director w.e.f. 13 February 2019)

**COMPANY SECRETARY**

**Alvin Lau Lee Jen**  
(MIA 13153)

**AUDITORS**

PKF (AF0911) Chartered Accountants

**PRINCIPAL BANKERS**

Affin Bank Berhad  
AmBank (M) Berhad  
Bank of China (Malaysia) Berhad  
Hong Leong Bank Berhad  
Industrial and Commercial  
Bank of China (Malaysia) Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia)  
Berhad

**STOCK EXCHANGE LISTING**

Bursa Malaysia Securities Berhad  
- Main Market

**STOCK CODE**

5069

**STOCK NAME**

BLDPLNT

**REGISTERED OFFICE**

Level 6, Crown Towers  
88, Jalan Pending  
93450 Kuching, Sarawak  
Malaysia

Tel : +6082 – 335 311

Fax : +6082 – 348 311

**SHARE REGISTRAR**

Boardroom Share Registrars Sdn. Bhd.  
(formerly known as Symphony Share  
Registrars Sdn. Bhd.)

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel: +603 – 7841 8000

Fax: +603 – 7841 8008





## DIRECTORS' PROFILE

### **DATO HENRY LAU LEE KONG** Executive Chairman (67, Male, Malaysian)

**Dato Henry Lau Lee Kong** was first appointed to the Board on 2 May 2003 as Executive Director. He assumed the position of Executive Chairman since 15 March 2006.

A graduate with Bachelor of Engineering from the University of Adelaide, Australia, he is also a member of the Association of Professional Engineers, Scientists and Managers Australia.

Dato Henry Lau is primarily responsible for overseeing the overall Management of the Group and the formulation and implementation of the Group's business strategies, policies, directions and development of future expansion plans.

He is an entrepreneur with vast experience in the plantation, timber and property development industries. Currently, he is the Managing Director of KTS Group of Companies apart from sitting on the boards of several other companies. He was conferred the Panglima Setia Bintang Sarawak (PSBS) on 11 September 2004 by Tuan Yang Terutama Yang di-Pertua Negeri Sarawak Tun Datuk Patinggi Abang Haji Muhammad Salahuddin.

He is a major shareholder of BLD Plantation Bhd. ("the Company"). He is the brother to Temenggong Dato Lau Lee Ming and Lau Lee Kiong, both are major shareholders of the Company.

He is the Chairman of the Risk Management Committee and the Remuneration Committee of the Company.

### **HAJI WAN ABDILLAH BIN WAN HAMID** Executive Director (65, Male, Malaysian)

**Haji Wan Abdillah bin Wan Hamid** is an Executive Director of the Company since 2 May 2003. He attended a Diploma in Accountancy at Mara Institute of Technology (UiTM) in Year 1973. He is a member of the Institute of Approved Company Secretaries (IACS).

Prior to joining the Company, he was a Government Officer for about 19 years. He is actively involved in formulating corporate policies and responsible to oversee the daily operations of the Group. He holds directorship in several public limited companies.

He is a major shareholder of the Company. He has no family relationship with any Director of the Company. He is the brother to Haji Wan Mohd. Shebli bin Wan Hamid, a major shareholder of the Company.

He is a member of the Risk Management Committee of the Company.

### **DATU HAJI SARUDU BIN HAJI HOKLAI** Independent Non-Executive Director (64, Male, Malaysian)

**Datu Haji Sarudu bin Haji Hoklai** was appointed as an Independent Non-Executive Director of the Company on 27 February 2019.

He holds a Bachelor of Arts (Hons) in Social Science and Humanities from Universiti Kebangsaan Malaysia and a Corporate Master of Business Administration (CMBA) from the University of Ohio, US.

Datu Haji Sarudu served with the government for about 39 years and held several positions including Private Secretary to the Chief Minister of Sarawak, District Officer of Bintulu, Mukah and Belaga, and Resident of Samarahan and Mukah divisions. Prior to his appointment as the Director of Human Resources Management Unit under the Chief Minister's department, he served as the Permanent Secretary of Ministry of Tourism and Urban Development from 2006 to 2007. In 2009, he was awarded with Darjah Jasa Bakti Sarawak (DJBS) for his exemplary services to the State of Sarawak. Subsequently, he served as the General Manager of Sarawak Timber Industry Development Corporation from January 2010 to April 2018.

He has no family relationship with any Director and major shareholder of the Company.

He is the Chairman of the Audit Committee and Nominating Committee of the Company. He is also a member of the Remuneration Committee of the Company.

*DIRECTORS' PROFILE (CONTD.)*

**DATUK HAJI HAMDEN BIN HAJI AHMAD**  
Independent Non-Executive Director  
(71, Male, Malaysian)

**Datuk Haji Hamden bin Haji Ahmad** was appointed as an Independent Non-Executive Director of the Company on 4 February 2004. He resigned on 3 July 2007 from the Company and was re-appointed as an Independent Non-Executive Director on 3 September 2007. He is a Chartered Accountant by profession and is a member of Malaysian Institute of Accountants (MIA), and a Fellow of the Association of Chartered Certified Accountants (FCCA).

Starting his career with Sarawak Land Development Board as Chief Accountant from Year 1978 to Year 1982, he set up his own accounting firm in Year 1983. Datuk Haji Hamden served as an Assistant Minister in the Sarawak Cabinet from Year 2004 to Year 2009. He was conferred the Panglima Gemilang Bintang Kenyalang (PGBK) on 24 October 2009 by Tuan Yang Terutama Yang Di-Pertua Negeri Sarawak Tun Datuk Patinggi Abang Haji Muhammad Salahuddin.

He has no family relationship with any Director and major shareholder of the Company.

He is a member of the Audit Committee and the Nominating Committee of the Company.

**ROBERT LAU HUI YEW**  
Non-Executive Director  
(54, Male, Malaysian)

**Robert Lau Hui Yew** was appointed as Non-Executive Director of the Company on 9 June 2003.

A lawyer by profession, he is a Barrister-at-Law and holds a Bachelor of Law (LLB) from the University of Hull, United Kingdom.

From Year 1991 to Year 1992, he was an advocate with a local law firm in Sibul. He subsequently became a partner of Messrs Stephen, Robert & Wong Advocates in Year 1993 and is currently holding the position as a senior partner of the firm. Robert Lau is an active social worker. He holds directorship in several public limited companies.

He is a major shareholder of the Company. He has no family relationship with any Director of the Company. He is the son of Lau Swee Nguong @ Lau Sui Guang, a major shareholder of the Company.

He is a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company.

*Note: None of the Directors have any conflict of interest with the Company nor committed any conviction for any offence (other than traffic offence, if any) within the past five (5) years.*



## KEY SENIOR MANAGEMENT'S PROFILE

### **HAJI WAN ABDILLAH BIN WAN HAMID**

*Executive Director  
(65, Male, Malaysian)*

*Please refer to the Directors' Profile.*

### **SENG CHEAK CHAI**

*Financial Controller  
(61, Male, Malaysian)*

**Mr. Seng Cheak Chai** was appointed as the Financial Controller of the Group on 1 July 2004. He is a Chartered Accountant registered with Malaysia Institute of Accountants. He was the accountant of the Group for 12 years before assuming his current position.

### **HENRY DELANG LAWRENCE MELIT**

*General Manager (Field Audit & Projects)  
(56, Male, Malaysian)*

**Mr. Henry Delang** joined the Group on 3 November 2014 as the General Manager (Field Audit & Projects). He has vast experience of over 30 years in the plantation industry. His last posting was as the Regional Manager of a reputable plantation company prior to joining the Group.

*Note: Save as disclosed, none of the above Key Senior Management have any directorship in public companies and listed issuers, any family relationship with any director and/ or major shareholder of the Company, any conflict of interests with the Company nor have been convicted of any offence within the past five (5) years.*

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 17<sup>th</sup> Annual General Meeting of BLD Plantation Bhd. (“BLDP” or “the Company”) will be held at Function Hall, KTS Garden, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Thursday, 29 August 2019 at 11.00 a.m. to transact the following businesses:

### AGENDA

#### Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ fees for the period from 1 January 2019 up to 31 March 2020. **Resolution 1**
3. To approve the payment of Directors’ remuneration and benefits (excluding Directors’ fees) for the period from 1 January 2019 up to 31 March 2020. **Resolution 2**
4. To re-elect the following Directors who retire pursuant to Article 84 of the Company’s Articles of Association:
  - (i) Dato Henry Lau Lee Kong **Resolution 3**
  - (ii) Tuan Haji Wan Abdillah bin Wan Hamid **Resolution 4**
  - (iii) Datuk Haji Hamden bin Haji Ahmad **Resolution 5**
  - (iv) Mr. Robert Lau Hui Yew **Resolution 6**
5. To re-elect the Director, Datu Haji Sarudu bin Haji Hoklai who retire pursuant to Article 91 of the Company’s Articles of Association. **Resolution 7**
6. To re-appoint Messrs. PKF as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 8**

#### Special Business

7. To consider and, if thought fit, pass the following resolution as ordinary resolution:
  - **Continuation in office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance**

“**THAT** subject to passing of Resolution No. 5, approval be and is hereby given to Datuk Haji Hamden bin Haji Ahmad, who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company.” **Resolution 9**

**NOTICE OF ANNUAL GENERAL MEETING** (CONTD.)

8. To consider and, if thought fit, pass the following resolution as ordinary resolution:

• **Authority for Directors to issue shares pursuant to Section 76 of Resolution 10 the Companies Act 2016**

“**THAT** pursuant to Section 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby authorised to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and are also authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.”

9. To consider and, if thought fit, pass the following resolution as ordinary resolution:

• **Proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature (“Shareholder Mandate”)**

“**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries (“BLDP Group”) to obtain Shareholder Mandate and to give effect to the specified recurrent related party transactions of a revenue or trading nature (“RRPTs”) with the specific classes of the related parties as set out in Part A, Section 3(b) (pages 3 to 21) of the Circular to Shareholders dated 29 July 2019 (“Circular”) under the following categories:

- (i) Category A Mandate
- (ii) Category B Mandate
- (iii) Category C Mandate

**Resolution 11**  
**Resolution 12**  
**Resolution 13**

Provided always that the RRPTs are necessary for the BLDP Group’s day-to-day operations and subject further to the following:

- (a) the RRPTs are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and
- (b) disclosure is made in the annual report a breakdown of the aggregate value of the RRPTs conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09 (1) of the Main Market Listing Requirements, and amongst others, based on the following information:



**NOTICE OF ANNUAL GENERAL MEETING** (CONTD.)

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

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

- (a) the conclusion of the next annual general meeting (“AGM”) of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“the Act”) [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate.”

10. To consider and, if thought fit, pass the following resolution as special resolution:

• **Proposed adoption of new Constitution of the Company**

**Resolution 14**

“**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company, and in place thereof, the proposed new Constitution as set out in Part B of the Circular to Shareholders dated 29 July 2019 be and is hereby adopted as the new Constitution of the Company.

**AND THAT** the Directors of the Company be and is hereby authorised to assent to any modification, variation, and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

11. To transact any other business which due notice have been given in accordance with the Companies Act 2016 and the Company’s Articles of Association.

**BY ORDER OF THE BOARD OF DIRECTORS**

Alvin Lau Lee Jen (MIA 13153)  
Company Secretary  
Kuching, Sarawak  
29 July 2019



## **NOTICE OF ANNUAL GENERAL MEETING** (CONTD.)

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### **Notes:**

1. A proxy may but need not be a member of the Company.
2. The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. A member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of 100 shares. Where the member appoints more than one (1) proxy to attend, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.
5. To be valid, the Form of Proxy duly completed must be deposited at the registered office of the Company at Level 6, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. A depositor whose name appears in the Record of Depositors as at 22 August 2019 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

### **Explanatory Notes:**

1. Proposed Resolution No. 9

The Nominating Committee and the Board of Directors have assessed the independence of Datuk Haji Hamden bin Haji Ahmad who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, and recommend him to continue to act as an Independent Non-Executive Director of the Company based on the justifications and recommendation as set out on page 17 of the Annual Report 2019.

2. Proposed Resolution No. 10

The Board continues to consider strategic opportunities to broaden the earnings potential of the Company and this may involve equity deals which may require the Company to issue new shares.

**NOTICE OF ANNUAL GENERAL MEETING** (CONTD.)

The Proposed Resolution No.10, if passed, will provide flexibility to the Directors to undertake any possible fund raising activities, including but not limited to further placing of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by issuance of shares at any time up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

This is the renewal of the mandate obtained at the last annual general meeting held on 30 May 2018 ("AGM 2018"). The Company did not utilise the mandate that was approved at the AGM 2018.

3. Proposed Resolution No. 11, 12 and 13

The Proposed Resolution No. 11, 12 and 13, if passed, will authorise the Company and each of its subsidiaries to enter RRPTs with the mandated related parties as identified in Part A, Section 3(b) (pages 3 to 21) of the Circular to Shareholders dated 29 July 2019 ("Circular"), which are necessary for the BLDP Group's day-to-day operations, provided that such RRPTs are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPTs occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the BLDP Group or adversely affecting the business opportunities available to the BLDP Group.

4. Proposed Resolution No. 14

The proposed Special Resolution under Resolution No. 14, if passed, will bring the Company's Constitution in line with the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The proposed new Constitution is set out in Part B of the Circular to Shareholders dated 29 July 2019 (accompanying the Company's Annual Report for the financial period ended 31 March 2019).

The shareholders' approval is being sought under Special Resolution for the Company to adopt the new Constitution as per Part B (Appendix A) on the proposed new Constitution and shall take effect once the proposed Resolution No. 14 has been passed by a majority of not less than seventy-five percent (75%) of such members who are entitled to vote and do vote in person or by proxy at this annual general meeting.



## *CORPORATE GOVERNANCE OVERVIEW STATEMENT*

The Corporate Governance Overview Statement serves to provide a summary of the Group's corporate governance practices with reference to the three (3) Principles as outlined in the Malaysian Code on Corporate Governance ("the Code" or "MCCG"). The Board ensures that good corporate governance is observed, aligning with its ultimate objective of long-term value creation for its stakeholders. The Board would put forth its best effort in ensuring adoption of the said principles and corporate governance practices are implemented in substance to achieve the intended outcome and building strong corporate governance culture within the Group in accordance with the Guidance of MCCG.

### **A. Board Leadership and Effectiveness**

#### **Board Responsibilities**

The Board has a sound framework in place which clearly defines functions reserved for the Board and those delegated to the Management. The Board reviews and approves management's proposal on strategic plan developments. The management is responsible to govern the day-to-day activities of the Group and reports to the Board in a timely manner.

The function of the Board is to exercise oversight of the management as well as to review, adopt and monitor the overall strategic plans of the Group, while protecting the interests of the Group and creating values for its stakeholders.

The Board has delegated specific responsibilities to the following Board Committees:

- 1) Audit Committee
- 2) Nominating Committee
- 3) Remuneration Committee

The Board Charter and terms of reference of the Board Committees are made available on the Group's corporate website, [www.bldpb.com.my](http://www.bldpb.com.my).

The Directors demonstrated strong commitment with allocation of sufficient time and reasonable effort in performing their duties effectively. During the financial period under review, the Board held nine (9) meetings and the attendance of each Director is as follows:-

<b>Directors</b>	<b>No. of Meetings Attended</b>
Dato Henry Lau Lee Kong	9
Haji Wan Abdillah bin Wan Hamid	9
Datuk Haji Hamden bin Haji Ahmad	9
Robert Lau Hui Yew	9
Datu Haji Sarudu bin Haji Hoklai <sup>(1)</sup>	N/A
Chong Chon Chee <sup>(2)</sup>	7

**Notes:**

- (1) Appointed as Director w.e.f. 27 February 2019
- (2) Retired as Independent Non-Executive Director w.e.f 13 February 2019

**CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)**

The Nominating Committee was formed on 10 May 2013 and currently comprises the following members:-

Name	Position	Directorship
Datu Haji Sarudu bin Haji Hoklai <sup>(1)</sup>	Chairman	Independent Non-Executive Director
Chong Chon Chee <sup>(2)</sup>		Independent Non-Executive Director
Datuk Haji Hamden bin Haji Ahmad	Member	Independent Non-Executive Director
Robert Lau Hui Yew	Member	Non-Executive Director

The assessment undertaken by the Nominating Committee before making recommendations to the Board is based on general consensus of the committee members upon considering various criteria having regard to the required mix of skills, knowledge, expertise, experience, professionalism, integrity and other qualities including core competencies expected from the Directors.

The Board emphasises that the suitability of board candidates is dependent on each individual's competency and such other criteria used for assessment of individual board candidate, irrespective of gender.

#### **Summary of Activities of the Nominating Committee**

During the financial period under review, the Nominating Committee carried out the following activities:-

- (a) performed assessment of directors, upon the directors' re-admission to the Board and review the individual director's time commitment and ability to fulfil their responsibilities;
- (b) reviewed the required mix of skills, knowledge, expertise, experience, professionalism, integrity and other qualities including core competencies which Non-Executive Directors should bring to the Board; and
- (c) assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director, including Independent Non-Executive Directors.

#### **Board Composition**

The Board is structured by a well-balanced composition made up from a total of five (5) Directors: two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The profiles of the respective Directors are presented on pages 7 to 8 of this Annual Report.

The Directors of the Company are persons of high calibre and professionals in their own right with diverse backgrounds, skills, expertise and experience in various fields such as law, public service, accounting and financial as well as those with long extensive experience in the industry which the Company is involved in which enable them to bring insightful depth, maturity and diversity to the leadership and management of the business.

#### **Notes:**

- (1) Appointed as member of Nominating Committee w.e.f. 27 February 2019
- (2) Retired as Independent Non-Executive Director w.e.f. 13 February 2019





## *CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)*

The Board strongly believes that continuous training is important to aid in the discharge of their fiduciary duties. As such, the Directors are encouraged to attend training programmes and seminars to broaden their perspectives and to keep them abreast with regulatory and corporate governance developments. For the financial period under review, all the Directors have, collectively or individually, attended the following training programmes / conferences / workshops:-

- Corporate Governance Guide 3<sup>rd</sup> Edition: Moving from “Aspiration to Actualisation”
- IACS Seminar 2018: New Expectation For A Company Secretary & Practices Under The Companies Act 2016
- Audit Committee Conference 2018 – Internal Auditing in the Age of Disruption
- Company Act 2016 – Dealing With Common Issues
- Introduction to Malaysian Business Reporting System (MBRS)
- Common Offences Under the Companies Act 2016

In ensuring a balanced board composition, the Board has undertaken annual assessment on the Board’s effectiveness by reviewing the performance of individual Directors taking into account the commitment in performing their duties. The Nominating Committee reviewed the diversity of the Board to ensure it can provide desired mix of skills, knowledge, expertise, experience, professionalism, integrity and other qualities including core competencies expected from the Directors.

The Board reviews and assesses the independence of the Board periodically. The Board recommends the retention of Datuk Haji Hamden bin Haji Ahmad as Independent Non-Executive Director which is to be tabled for shareholders’ approval at the forthcoming Annual General Meeting. Notwithstanding the long tenure in office, the Board assures that the Independent Director has exercised independence and objective judgement in decision making, as such his independence is not impaired in any way.

Pursuant to Practice 4.2 of the MCCG, the Board has noted the following considerations during the review and assessment of his independence:-

- Datuk Haji Hamden bin Haji Ahmad fulfils the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements;
- During his tenure of office, Datuk Haji Hamden bin Haji Ahmad has not developed, established or maintained any significant relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group other than the normal engagements and interactions in his professional capacity;
- During his tenure in office, Datuk Haji Hamden bin Haji Ahmad has not engaged in any transactions with nor provided any goods and services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of the Practice Note 13 of the Main Market Listing Requirements;
- During his tenure in office as Independent Non-Executive Director of the Company, Datuk Haji Hamden bin Haji Ahmad receives only Director’s remuneration paid within the industry norm and the acceptable market rates.

In view of the above, the Board strongly recommends the retention of the Independent Director to continue in office which is to be tabled as an Ordinary Resolution for shareholders’ approval at the Annual General Meeting.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)

**Remuneration**

The Remuneration Committee was established on 11 December 2003 and currently comprises the following members:-

Name	Position	Directorship
Dato Henry Lau Lee Kong	Chairman	Executive Chairman
Datu Haji Sarudu bin Haji Hoklai <sup>(1)</sup> Chong Chon Chee <sup>(2)</sup>	Member	Independent Non-Executive Director
Robert Lau Hui Yew	Member	Non-Executive Director

The duties of the Remuneration Committee are as follows:-

- (a) To review and recommend to the Board the remuneration of the Executive and Non-Executive Directors;
- (b) To assist the Board in ensuring that the remuneration of the Board reflects the Board's responsibilities, expertise and complexity of the Company's activities.

The Board as a whole determines the remuneration of all the Directors, and each Director concerned abstains from the Board's decisions in respect of his own remuneration. The Directors' fees are to be approved by shareholders at Annual General Meeting based on the Board's recommendations.

Well-structured directors' remuneration package that links clearly to strategic objectives of the Group can contribute to long-term growth of the business. Remuneration decisions are made through a transparent and independent process that aims to attract and retain the right talent in the Board and senior management. Stakeholders are able to make assessment on their remuneration, which is commensurate with individual performance and responsibilities in addition to appropriately reflecting the Company's strategies and performance.

**Notes:**

- (1) Appointed as Member of Remuneration Committee w.e.f. 27 February 2019
- (2) Retired as Independent Non-Executive Director w.e.f. 13 February 2019

**CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)**

The remuneration of Directors for the financial period ended 31 March 2019 are as follows :-

Group/ Company

Remuneration Range	Number of directors
Below RM50,000	10
RM50,001 to RM100,000	3
RM250,001 to RM300,000	1
RM350,001 to RM400,000	1
RM400,001 to RM450,000	2
RM600,001 to RM650,000	1
Total	18

The remuneration of the top five (5) senior management for the financial period ended 31 March 2019 are as follows :-

Group/ Company

Remuneration Range	Number of persons
RM300,001 to RM350,000	1
RM350,001 to RM400,000	1
RM400,001 to RM450,000	2
RM600,001 to RM650,000	1
Total	5

**B. Effective Audit and Risk Management****Audit Committee**

The Chairman of Audit Committee is an Independent Director whose roles and duties are distinct from the Board Chairman. The Audit Committee is responsible in overseeing internal audit function, integrity in reporting and regulatory compliance. The members of Audit Committee are financially literate and equipped with appropriate level of knowledge, skills and experience in related fields. The Audit Committee provides reasonable assurance and accountability to the Board and shareholders by ensuring the financial information is accurate and reliable.

Further information on the Audit Committee is available in the Audit Committee Report as set out on pages 21 to 25 of this Annual Report.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTD.)****Risk Management and Internal Control Framework**

Effective risk oversight and management of risk is fundamental to effective corporate governance. It is the responsibility of the Board in ensuring the Group's risk management and internal control systems are operating effectively. The Board has periodic discussions on identifying, assessing, monitoring and mitigating risks which can impact management's processes and functions. The Board recognises the importance of aligning risks with strategic objectives of the business as sound internal control function helps counter threats and takes advantage of the opportunities to create values. Informed decisions are made based on an acceptable risk level in the implementation of necessary controls to integrate effective governance structures and processes across all operations.

To further strengthen the effectiveness of governance, risk management and internal control framework, the Audit Committee places strong emphasis in ensuring that the personnel responsible for internal audit have the necessary competency, experience and resources with sufficient authority to discharge their functions effectively. The internal audit function reports directly to the Audit Committee, hence the Audit Committee is expected to provide reasonable assurance on the objectivity and independence of internal auditors when performing their duties.

The Statement on Risk Management and Internal Control providing the overview of the internal audit function within the Group is set out on pages 26 to 27 of this Annual Report.

**C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders****Communication with Stakeholders**

Effective, transparent and regular engagement with stakeholders is essential in balancing between meeting stakeholders' expectations and pursuing of Group's strategic objectives given the increased scrutiny of stakeholders regarding governance. Information which is made available to stakeholders in a timely manner can foster greater transparency, integrity and accountability in promoting proper governance.

The Board promotes effective communication and proactive engagements with its stakeholders through timely release of the Company's annual report, quarterly financial results, corporate proposals and other required announcements. Announcements made through Bursa LINK are available at the Company's website at [www.blpdb.com.my](http://www.blpdb.com.my) and Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**Conduct of General Meetings**

Notice to shareholders is served at least 28 days prior to the general meetings. This allows shareholders to have sufficient time to make informed decisions in exercising their voting rights. Shareholders are encouraged to participate and raise relevant questions on the agenda of the general meetings. All directors shall be present at the general meetings and take the opportunity to engage with shareholders by providing meaningful response to questions addressed by the shareholders.

Further information on the Group's corporate governance and how the Group implements the practices pursuant to the MCCG is available in the Corporate Governance Report which is published on the Group's corporate website, [www.blpdb.com.my](http://www.blpdb.com.my).



## AUDIT COMMITTEE REPORT

The Audit Committee was constituted on 13 June 2003 and currently comprises the following members :-

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
Datu Haji Sarudu bin Haji Hoklai <sup>(1)</sup> Chong Chon Chee <sup>(2)</sup>	Chairman	Independent Non-Executive Director
Datuk Haji Hamden bin Haji Ahmad*	Member	Independent Non-Executive Director
Robert Lau Hui Yew	Member	Non-Executive Director

\* Datuk Haji Hamden bin Haji Ahmad is a member of the Malaysian Institute of Accountants.

### ATTENDANCE OF MEETING

For the financial period under review, eight (8) meetings were held and the attendance of each member is as follows :-

<b>Directors</b>	<b>No. of Meetings Attended</b>
Datu Haji Sarudu bin Haji Hoklai <sup>(1)</sup>	N/A
Datuk Haji Hamden bin Haji Ahmad	8
Robert Lau Hui Yew	8
Chong Chon Chee <sup>(2)</sup>	6

### TERMS OF REFERENCE

#### 1. Objective

The Audit Committee ("Committee") will give assurance to the Company's shareholders that compliance with specified financial standards and disclosure policies developed and administered by Bursa Malaysia Securities Berhad ("Bursa Securities") are being adhered to. In addition, the Committee will assure that certain standard of corporate responsibility, integrity, and accountability to the Company's shareholders are being inculcated in the duties and responsibilities of the Board of Directors of the Company.

#### 2. Composition

2.1 The Committee shall be appointed by the Board of Directors ("Board") from amongst its members and shall consist of not less than three (3) members, all of whom must be non-executive directors, with a majority of them being independent directors.

#### Notes:

- (1) Appointed as Chairman of Audit Committee w.e.f. 22 May 2019
- (2) Retired as Independent Non-Executive Director w.e.f 13 February 2019



## *AUDIT COMMITTEE REPORT (CONTD.)*

2.2 At least one (1) member of the Committee :-

- (i) must be a member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and :
  - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

2.3 No alternate director shall be appointed as a member of the Committee.

2.4 The Chairman of the Committee shall be an independent director elected by the members of the Committee.

2.5 The Board, shall within three (3) months of vacancy in the Committee resulting in reduction of the number of members to below three (3), appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

### **3. Meetings**

3.1 The Committee shall meet as and when need arises provided that it shall meet at least four (4) times a year.

3.2 The Chairman of the Committee shall also convene a meeting of the Committee if requested to do so by any members of the Committee, the Management, the person(s) carrying out the internal audit function or activity or external auditors to consider any matter within the scope and duties of the Committee.

3.3 A quorum shall be two (2) members and a majority of members present must be independent directors.

3.4 Other Directors and employees attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

3.5 The Committee shall meet with the external auditors, the person(s) carrying out the internal audit function or activity or both, without the presence of other Directors and employees of the Company, whenever deemed necessary.

3.6 The Company Secretary shall be the secretary of the Committee.

3.7 Minutes of each meeting shall be kept and distributed to each member of the Committee.



## **AUDIT COMMITTEE REPORT** (CONTD.)

### **4. Authority**

The Committee is authorised by the Board and at the cost of the Company to :-

- (a) investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) obtain independent professional or other advice, and to secure the attendance of external advisers with relevant experience and expertise; if deemed necessary;
- (f) convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

### **5. Functions and Duties**

The functions and duties of the Committee shall be as follows and the same are to be reported to the Board :-

- (a) To review with the external auditors the audit plan, the audit report, major findings and management's response thereof;
- (b) To review with the person(s) carrying out the internal audit function or activity, the audit plan, the audit report, major findings and management's response thereof;
- (c) To review the assistance given by the Group's employees to the external auditors and person(s) carrying out the internal audit function or activity;
- (d) To review the effectiveness of internal control systems;
- (e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
- (f) To evaluate the performance of the external auditors and person(s) carrying out the internal audit function or activity;
- (g) To recommend the appointment/re-appointment, resignation and dismissal of the external auditors and person(s) carrying out the internal audit function or activity;
- (h) To review the quarterly and annual financial statements of the Company and the Group for recommendation to the Board for approval, focusing particularly on :-

## *AUDIT COMMITTEE REPORT (CONTD.)*

- (i) changes in or implementation of major accounting policies changes
  - (ii) significant and unusual events
  - (iii) compliance with accounting standards and other legal requirements
  - (iv) the going concern assumption
- 
- (i) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (j) To review the Statement on Risk Management and Internal Control prior to approval by the Board;
  - (k) To consider other topics as defined by the Board.

### **6. Reporting**

- 6.1 The Committee shall report to the Board from time to time its recommendations for consideration and implementation by the Board, and the actual decision shall be the responsibility of the Board thereafter.
- 6.2 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

### **7. Review of the Committee**

The term of office and performance of the Committee and each of its members shall be reviewed by the Nominating Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### **SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE**

During the financial period under review, the Audit Committee carried out the following activities :-

- (a) reviewed the audited financial statements prior to submission to the Board for approval.
- (b) reviewed the quarterly unaudited financial results before recommending the same for approval by the Board.
- (c) reviewed the audit plans, audit report, major findings and management's response thereof.
- (d) independent meeting with the person(s) carrying out the internal audit function or activity and external auditors without the presence of other Directors and employees except the Company Secretary.
- (e) evaluated the effectiveness of the external auditors and recommend to the Board on their appointment and remuneration.



## **AUDIT COMMITTEE REPORT** (CONTD.)

- (f) reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work.
- (g) reviewed the related party transactions entered into by the Company and its subsidiaries.
- (h) reviewed the effectiveness of internal control systems.
- (i) reviewed the assistance given by the Group's employees to the person(s) carrying out the internal audit function or activity and external auditors.
- (j) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for annual report disclosure prior to approval by the Board.
- (k) familiarisation tour by the committee members to the estates and palm oil mills of the Group.

### **INTERNAL AUDIT FUNCTION**

During the financial period under review, the Group's internal audit function was undertaken by an external party, the in-house internal audit unit and risk management unit. The audit function covered risk based audits and reviews. The cost incurred for the internal audit function of the Group in respect of the financial period ended 31 March 2019 was about RM580,852.

### **SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION**

During the financial period under review, the internal audit activities covered the following areas :-

- (a) Develop a risk based internal audit plan.
- (b) Evaluate the adequacy and effectiveness of the internal control systems for the high and moderate risk areas associated with the major processes.
- (c) Identify areas for improvement in process efficiency and to recommend measures for improvement thereon.
- (d) Evaluate the status of implementation of the agreed action plans for previously highlighted audit findings associated with the major processes.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### BOARD RESPONSIBILITY

The Board acknowledges effective governance, risk management and internal control processes form the principal foundation for the success and sustainability of a company. The Board is responsible for the Group's system of risk management and internal controls which includes the establishment of an appropriate control environment and review of its adequacy and effectiveness.

The system of risk management and internal control of the Group is designed and structured through a combination of preventive, detective and corrective measures which provide reasonable assurance but not absolute against material misstatements or loss.

### ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Risk Management Committee comprising representatives from the Board and the Management was established to assist the Board in overseeing the principal areas of risk of the Group.

The Board has carried out an ongoing process of identifying, evaluating and monitoring the significant risks faced by the Group in its achievement of objectives and strategies.

The principal risks are identified as follows:

#### Financial Risks

The Group is exposed to various financial risks, namely interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group has its financial management objectives and policies in place to monitor and manage these financial risks as set out in Note 23 to the Financial Statements on pages 130 to 133.

#### Operational Risks

Owing to the labour intensive nature of the plantation industry, labour shortage remains as one of the major challenges faced by the agriculture sector. To reduce over-dependence on foreign workers, the Group has implemented mechanization as an alternative in improving efficiency and productivity whilst maintaining cost of production. In addition, the Group has been introducing schemes to encourage new employees to join the workforce and retain skilled workers in long term.

Adverse weather conditions will affect the crop production of the Group and may cause disruption to its plantation operations. As an effort to mitigate such risk, the Group ensures good water management systems are in place and good agriculture practices are implemented in order to enhance production yields.

#### Commodity Price Risks

Fluctuation in commodity prices that is associated with changes in world demand and supply for edible oils has a substantial impact on the Group's profitability. The Group keeps itself abreast with the latest developments in the palm oil industry and the changes in political, economic and regulatory conditions. The Group has taken measures to minimise the risk arising from the price volatility of palm oil products particularly the prices of fresh fruit bunches (FFB), Crude Palm Oil (CPO) and Palm Kernel (PK) through regular monitoring of the edible oils market.



## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTD.)**

### Compliance Risks

The Group ensures compliance of MSPO standards, labour law and other applicable regulations in meeting requirements and expectations of our stakeholders. With the constant rising of industry standards, the Group focuses on integration of the sustainability practices in its business strategy to support stable growth and development of the Group.

### Sustainability Risks

Sustainability has become an integral aspect of the operations in oil palm plantation, palm oil mills and refinery. The Group has a sustainability governance structure in place, which the Sustainability Management Committee's function is to oversee the Group's sustainability commitments in managing its social, environmental and economic risks. The Group's sustainability efforts are highlighted in the Sustainability Statement on pages 28 to 40.

## **INTERNAL AUDIT FUNCTION**

During the financial period under review, the Group's internal audit function was undertaken by the in-house internal audit unit, risk management unit and an external party. The audit function covered risk based audit and reviews.

## **OTHER KEY ELEMENTS OF INTERNAL CONTROL**

The other key elements of the Group's system of internal controls include:-

- An organisational structure that clearly defines lines of accountability and reporting.
- Regular visits by the Executive Directors to the Group's estates, palm oil mills, refinery and kernel crushing plants to monitor the state of affairs. During the visits, managers of the respective operations report on the progress and performance.
- Budgeting process involves the preparation of budgets by the Group's business units which are then submitted for review and approval by the Board. The actual performance is regularly compared and assessed against the approved budgets and any material variances are investigated.
- Reporting mechanism whereby Executive Directors receive monthly performance and plantation statistics.
- Structured process to which the Board applies in dealing with material internal control aspects of any significant problems disclosed in the annual report and financial statements.
- Clearly documented internal policies and procedures set out in a series of manuals have been implemented. These manuals are regularly reviewed and upgraded from time to time.

Based on the review undertaken on the adequacy and effectiveness of the risk management and internal control of the Group for the financial period under review, the Board is of the view that the existing risk management and internal control system in place is adequate and effective in achieving the Group's business objectives.

The Board will continuously review the adequacy and integrity of the Group's system of internal controls from time to time. The Board has received assurance from the Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 11 July 2019.



## SUSTAINABILITY STATEMENT

### INTRODUCTION

BLD Plantation Bhd. Group of Companies (“BLDP”) is committed to ensure that its palm oil is produced in a sustainable manner and BLDP recognizes the significance in addressing sustainability matters.

BLDP is constantly mindful of the impacts of its operations to the economy, environment and society. In meeting its obligations as a responsible corporate citizen, BLDP has incorporated sustainability practices and activities that align with its business strategy.

BLDP takes strong interest in balancing sustainability and profitability by creating value while serving public interests without exploiting the environment.

### SCOPE

The scope of this Sustainability Statement (“the Statement”) covers the environmental, social and economic performance across BLDP’s oil palm estates, palm oil mills, refinery and kernel crushing plant operations. This Statement is focusing on the activities and issues that are material to BLDP’s operations for the period ended 31 March 2019.

#### SUSTAINABILITY HIGHLIGHT FOR PERIOD ENDED 31.3.2019

100% Palm Oil Mills with MSPO Certified

0% Fatalities

100% Compliance with Applicable Laws and Regulations

Setting Up of Women Welfare Committee

### SUSTAINABILITY GOVERNANCE MANAGEMENT STRUCTURE



The roles of each team in the Sustainability Governance Structure are as follows:

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Approves and monitors overall strategies, direction of BLDP and agenda for implementation towards sustainability.</li> <li>Assesses the sustainability performance of BLDP’s operations.</li> </ul>
<b>Group Sustainability Management Committee (“GSMC”)</b>	<ul style="list-style-type: none"> <li>Evaluates overall sustainability risks and opportunities, and develops the sustainability strategies with agenda for implementation and submits to the Board for approval.</li> <li>Monitors sustainability implementation to ensure compliance from all departments at operational level.</li> <li>Resolves critical or major sustainability issues that may impact BLDP.</li> <li>Periodically reviews the progress of sustainability implementation and reports to the Board.</li> <li>Reports to the Board of any unresolved critical sustainability issues.</li> </ul>



**SUSTAINABILITY STATEMENT** (CONTD.)

<p><b>Plantation Division Sustainability Committee</b></p>	<ul style="list-style-type: none"> <li>• Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in all plantations.</li> <li>• Ensuring resources and procedures are in place to achieve its sustainability commitments and targets.</li> <li>• Continuously improves the management system to meet Malaysian Sustainable Palm Oil Standard (“MSPO”).</li> <li>• Periodically reports to GSMC on the progress of sustainability implementation in plantation.</li> <li>• Reports to GSMC of any critical or major sustainability issues in plantation.</li> </ul>
<p><b>Processing Division Sustainability Committee</b></p>	<ul style="list-style-type: none"> <li>• Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in mills, refinery and kernel crushing plant.</li> <li>• Ensuring resources and procedures are in place to achieve its sustainability commitments and targets.</li> <li>• Continuously improves the management system to meet MSPO.</li> <li>• Periodically reports to GSMC on the progress of sustainability implementation in mills, refinery and kernel crushing plant.</li> <li>• Reports to GSMC of any critical or major sustainability issues in mills, refinery and kernel crushing plant.</li> </ul>

**TARGETS AND ACHIEVEMENT FOR PERIOD ENDED 31 MARCH 2019**

Target	Status	Material Sustainability Matters
No Child Labour	Achieved	Human and Workers Right
No Forced Labour	Achieved	Human and Workers Right
No Work-Related Fatalities	Achieved	Safety and Health
Auxiliary Polices for security of own operations and nearby communities	Achieved	Social and Workers Welfare
Kirana Palm Oil Refinery & kernel crushing plant - ISO 9001	Achieved	Certification
Kirana Palm Oil Refinery & kernel crushing plant - ISO 14001	Achieved	Certification
Kirana Palm Oil Refinery & kernel crushing plant - ISO 22000	Achieved	Certification
Kirana Palm Oil Refinery & kernel crushing plant - GMP+B2	Achieved	Certification
Kirana Palm Oil Refinery & kernel crushing plant - GMP for Food	Achieved	Certification
Kirana Palm Oil Refinery & kernel crushing plant - HACCP	Achieved	Certification

**SUSTAINABILITY STATEMENT** (CONTD.)

Target	Status	Material Sustainability Matters
Kirana Palm Oil Refinery & kernel crushing plant - HALAL	Achieved	Certification
Kirana Palm Oil Refinery & kernel crushing plant - Kosher	Achieved	Certification
BLD Igan Palm Oil Mill - MSPO Part 4	Achieved	Certification
BLD Sawai Palm Oil Mill - MSPO Part 4	Achieved	Certification
BLD Sawai Estates - MSPO Part 3	Achieved	Certification
BLD Lambir Estates - MSPO Part 3	Achieved	Certification
Niamas Estates - MSPO Part 3	Achieved	Certification
Grand Mutual Sawai Estates – MSPO Part 3	Achieved	Certification

**TARGETS FOR THE PERIOD ENDED 31 MARCH 2020**

Target	Material Sustainability Matters
BLD Kabang Estates - MSPO Part 3	Certification
Grand Mutual Lassa Estates - MSPO Part 3	Certification
Kirana Palm Oil Refinery & kernel crushing plant - MSPO SCCS	Certification
BLD Igan Palm Oil Mill – MSPO SCCS	Certification
BLD Sawai Palm Oil Mill – MSPO SCCS	Certification
Conduct HCV Assessment for Oil Palm Field on Peat	Environmental & Biodiversity Protection

**Stakeholders Engagement**

BLDP adopts a transparent approach in the engagement with relevant stakeholders. The GSMC with the support from the Board, takes the responsibilities to assess and identify the sustainability matters by prioritizing them according to the impact and importance not only to our businesses but also to our key stakeholders. The GSMC undertakes review on materiality assessment, monitors sustainability performance and discloses material sustainability matters in order to ensure proper sustainability management is in place.

The key stakeholder groups of BLDP include shareholders, customers, employees, local communities, government authorities, suppliers and contractors, and non-governmental organizations (NGOs). BLDP continues to monitor stakeholders' concerns, engages with the stakeholders to address material matters when necessary.



**SUSTAINABILITY STATEMENT** (CONTD.)

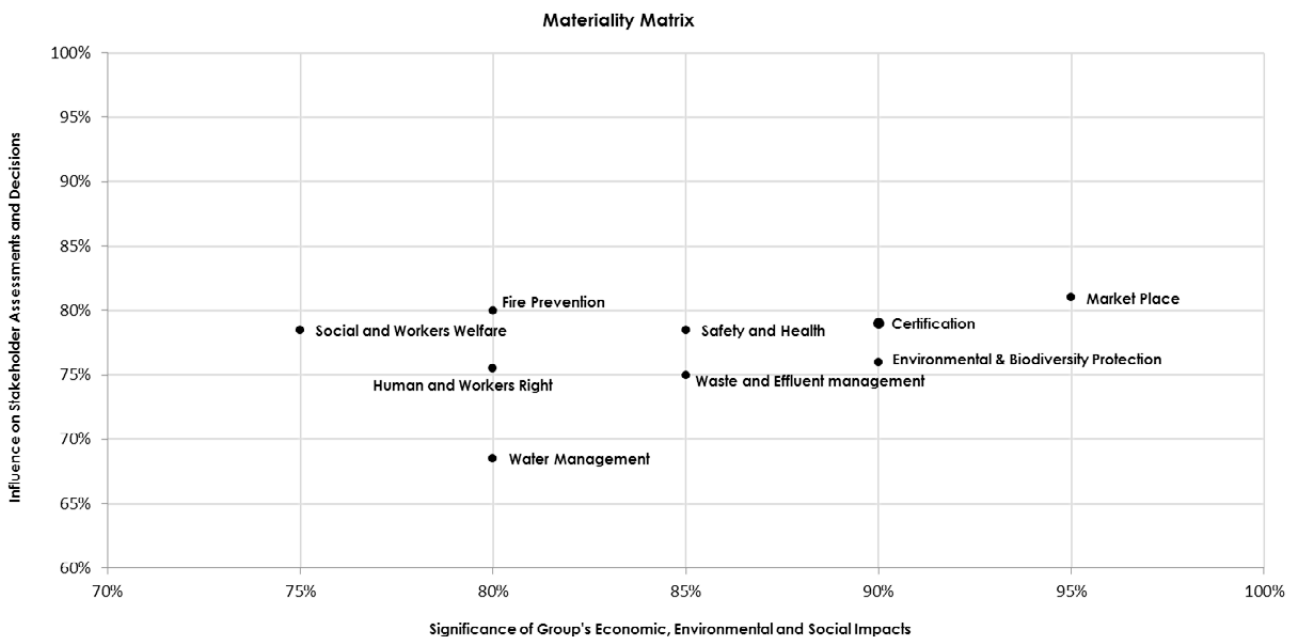
Stakeholders Group	Engagement Approach	Frequency	Issue	Material Sustainability Matter
<b>Shareholders</b>	Annual General Meetings	Annually	<ul style="list-style-type: none"> <li>• Company performance and development</li> <li>• Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Market Place</li> </ul>
	Annual Reports	Annually		
	Circulars	Annually		
	Company Website	As necessary		
<b>Customers</b>	Site visits	As necessary	<ul style="list-style-type: none"> <li>• Product quality, pricing and delivery</li> <li>• Sustainability related matters</li> </ul>	<ul style="list-style-type: none"> <li>• Market Place</li> <li>• Certification</li> <li>• Safety and Health</li> <li>• Environmental and Biodiversity Protection</li> </ul>
	Customer Surveys & Feedbacks	As necessary		
	Electronic Communication	As necessary		
	Meetings	As necessary		
<b>Employees</b>	Stakeholders Meetings	Annually	<ul style="list-style-type: none"> <li>• Employees welfare</li> <li>• Employees' safety and health</li> <li>• Employees' working conditions and harassment</li> </ul>	<ul style="list-style-type: none"> <li>• Human and Workers Right</li> <li>• Safety and Health</li> <li>• Certification</li> </ul>
	Safety and Health Committee Meetings	Quarterly		
	Women Welfare Committee Meetings	Quarterly/ Annually		
	Memos/Notices	As necessary		
	Briefings	As necessary		
<b>Communities</b>	Stakeholders Meetings	Annually	<ul style="list-style-type: none"> <li>• Communities development</li> <li>• Job opportunities</li> <li>• Awareness on safety and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Certification</li> <li>• Social and Workers Welfare</li> <li>• Safety and Health</li> </ul>
	Community Engagement	As necessary		
	Notices	As necessary		
	Briefings/ Trainings	As necessary		
<b>Government Authorities</b>	Site visits / Onsite inspections	Periodically	<ul style="list-style-type: none"> <li>• Compliance to the legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and Health</li> <li>• Environmental and Biodiversity Protection</li> <li>• Certification</li> </ul>
	Stakeholders Meetings	Annually		
	Dialogue sessions	As necessary		
	Electronic Communication	As necessary		

**SUSTAINABILITY STATEMENT** (CONTD.)

Stakeholders Group	Engagement Approach	Frequency	Issue	Material Sustainability Matter
<b>Suppliers &amp; Contractors</b>	Stakeholders Meetings	Annually	<ul style="list-style-type: none"> <li>• Products quality, pricing and delivery</li> <li>• Sustainability related matters</li> <li>• Compliance to the legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Market Place</li> <li>• Certification</li> <li>• Safety and Health</li> <li>• Environmental and Biodiversity Protection</li> </ul>
	Site visits	As necessary		
	Meetings/ Dialogues	As necessary		
	Trainings/ Briefings	As necessary		
	Electronic Communication	As necessary		
<b>NGOs</b>	Engagement Meetings	As necessary	<ul style="list-style-type: none"> <li>• Sustainability related matters</li> </ul>	<ul style="list-style-type: none"> <li>• Safety and Health</li> <li>• Human and Workers Right</li> <li>• Environmental and Biodiversity Protection</li> <li>• Certification</li> </ul>
	Electronic Communication	As necessary		
	Company Website	As necessary		

**MATERIALITY MATRIX**

There are nine (9) key sustainability matters which have been assessed and identified as of being of high concern to stakeholders and of high significance for BLDP for the period ended 31 March 2019 after taking into consideration the significant environmental, economic and social aspects, impacts, risks and opportunities which are vital to the success and continued growth of BLDP, and the views and responses from our stakeholders during the stakeholders' engagement activities. The Materiality Matrix is shown as below:







**SUSTAINABILITY STATEMENT** (CONTD.)

Summary of Materiality Matter linked to United Nation Sustainable Development Goals:

	Material Sustainability Matters	Link to UN SDG
<b>Economic</b>	1. Market Place 2. Certification	
<b>Environment</b>	3. Environmental & Biodiversity Protection 4. Waste and Effluent Management 5. Water Management	
<b>Social</b>	6. Safety and Health 7. Fire Prevention 8. Human and Workers Right 9. Social and Workers Welfare	



All palm oil mills of BLDP were MSPO certified in Year 2018



Stakeholder Meeting held at Mill



Presentation of Printer to Rh Changgai Ak Dali



**SUSTAINABILITY STATEMENT** (CONTD.)



HACCP In-house Training conducted by External Trainer



MSPO Lead Auditor Course attended by staff



Firefighting Training provided by BOMBA Bintulu



First Aid, CPR + AED Training



Fire Drill Training



Oil Palm Plantation Field Training



Family Day in Year 2018



Sport Day



Staff Gathering Dinner



Group Photo of BLDP Auxiliary Polices



## *SUSTAINABILITY STATEMENT (CONTD.)*

### **Market Place**

BLDP brings direct and indirect economic impacts to the regional economic growth and development. In our procurement practices, BLDP engages in local sourcing for quality products and services to support our local suppliers. Long-term business relationship with our suppliers has been established over the years, hence minimizes the potential risk of supply chain disruption caused by shortage of supply. In Processing Division, the BLDP mills that are strategically located in the vicinity of many surrounding estates, accepts consistent Oil Palm Fresh Fruit Bunches (FFB) supply not only from our own estates but also from nearby estates and smallholders. Owing to the strategic location of the mills, suppliers of FFB from the nearby estates and smallholders could save up on transportation costs and ensures best quality of FFB in freshness when delivered to the mills.

BLDP has engaged in the Native Customary Rights (NCR) Land Development Scheme that was initiated by the State Government of Sarawak in 1997. The joint venture has provided BLDP to allocate its financial resources and technological expertise to develop idle and under-utilized NCR land for commercial oil palm plantation. This has successfully created job opportunities to the indigenous community and their standards of living have been improved in tandem with the development of infrastructure facilities and amenities in the rural areas.

### **Certification**

#### **\* Sustainability Certification**

BLDP has aimed to obtain Malaysian Sustainability Palm Oil (“MSPO”) certifications for all the palm oil mills and oil palm estates before December 2019. In addition, all palm oil mills and refinery shall continue to be certified for MSPO Supply Chain Certification Standard (“SCCS”) by December 2019.

#### **\* Food Safety, Feed Safety, Environmental and Quality Management System Certification**

The refinery and kernel crushing plant of BLDP have been certified under GMP+B2 Feed Safety Assurance System for the production of Palm Kernel Expeller by SGS Certification Sdn. Bhd. since Year 2009. Since Year 2011, the refinery and kernel crushing plant have also been certified by Intertek Certification Sdn. Bhd. for ISO9001:2015 (Quality Management System), ISO14001:2015 (Environmental Management System), ISO2200:2005 (Food Safety Management System), MS1514:2009 (Good Manufacturing Practice for Food), MS1480:2007 (Food Safety according to HACCP System), HALAL and KOSHER Certification.

#### **\* Trainings**

BLDP places strong emphasis on staff development through proper trainings to enhance their knowledge and skill to enable them to perform their assigned task more effectively and efficiently. These trainings include Occupational Safety and Health, Best Agriculture & Management Practices, Standard Operating Procedures, Environment, Emergency Evacuation Procedures and others.



## *SUSTAINABILITY STATEMENT (CONTD.)*

Various in-house trainings that focus on specialized field are conducted to better meet the training requirements of the staffs. In identifying skill gaps and developing job competencies, staffs are given the opportunities to attend relevant training programs, seminars or conferences to equip themselves with necessary skills, expertise and knowledge.

A few groups of staffs have attended MSPO Lead Auditor Courses and MSPO SCCS Auditor Course organized by the Certification Bodies. These staffs are currently assisting in the MSPO certification process for our oil palm estates, palm oil mills, refinery and kernel crushing plant.

### **Environmental & Biodiversity Protection**

BLDP is committed to comply with all applicable environmental laws and regulations. Natural Resources and Environment Board conducted several site inspections to our estates. The Department of Environment conducted several site visits to our palm oil mills, refinery and kernel crushing plant and sample collections of industrial effluent to determine the quality of our mills' final discharge falls under the approved or compliance with the requirements. All relevant reports have shown compliance with the applicable environmental requirements.

BLDP acknowledges the importance of protecting natural environment to ensure sustainability. BLDP strives for implementation of zero open burning in all our estates, mills, refinery and kernel crushing plant to minimise and reduce greenhouse gas ("GHG") emission especially carbon dioxide. Continuous monitoring of GHG emission throughout operation is required to ensure it is well controlled. BLDP is also guided by the National Forest Enactment 1986 and the Wildlife Conservation Enactment 1997 as well as other relevant regulations protecting the biodiversity of wildlife sanctuaries within our plantations. BLDP has conducted several biodiversity assessments to assess Rare, Threatened or Endangered biodiversity and Ecosystem for our palm estates according to the International Union on Conservation of Nature and Natural Resources (IUCN) Red List, Appendix 1 of Convention on International Trade in Endangered Species (CITES) and protection status assessed according to Wildlife Protection Ordinance 1998 (WLPO).

BLDP is committed to promote the conservation and development of biodiversity by prohibiting all illegal activities such as hunting, poaching, encroachment, and burning. Auxiliary Polices and estate teams' patrolling have been done periodically to discourage hunters or encroachers. Regular biodiversity monitoring of habitat and RTE Ecosystems at unplanted areas to provide feedback and information for improving management decision to ensure long term conservation of flora and fauna in the plantation and its surrounding.

### **Waste and Effluent Management**

BLDP is initiated to apply the best management practices in the handling of wastes at our sites by minimizing waste generation and proper segregation, storage, transport and disposal of scheduled waste and domestic waste in adherence to standards set by the Department of Environment ("DOE") and local municipal councils. All scheduled wastes are handled in accordance with the Environmental Quality (Scheduled Wastes) Regulation 2005 requirements. Assigned competent person for all operation sites will periodically submit reports through DOE online reporting system (Electronic Scheduled Waste Information System).



## **SUSTAINABILITY STATEMENT** (CONTD.)

Palm Oil Mill Effluent (POME) is properly treated and monitored by assigned competent person to ensure full compliance with the Environmental Quality (Industrial Effluent) Regulations 2009 requirements. DOE will come for regular site inspection and collect effluent sample at final discharge point for analysis. To date, BLDP managed to achieve 100% compliance with the above regulation.

### **Water Management**

Water management centered on the optimization on water usage and reduction on water wastage.

BLDP recognizes that maintaining good water quality is vital for safeguarding the health of our employees as well as of the local communities. Measures taken included setting up of water treatment plant to process and supply clean water safe for human consumption. Collection of water sample is carried out at least once a year for testing of water quality to ensure that it is safe for drinking and other daily usage.

Water management also plays an important role on the responsible peat soil management and also to mitigate the effect of drought and flooding to a certain extent. Measures taken included proper maintenance of riparian zone along waterways where spraying and manuring activities are strictly prohibited.

Proper water management is essential to prevent irreversible peat drying by ensuring sufficient soil moisture. BLDP has taken measure to keep or restore water level as close to the natural references condition as possible by installation of weir at appropriate locations as well as to carry out drainage and other activities only to the extent required and avoid unnecessary deterioration in the quality and quantity of ground and surface water. Measures taken for monitoring of water table are as follow:

- Installation of water level gauge beside the weir in the drains and daily changes in the water level are monitored.
- Piezometers are installed for monitoring the groundwater table.
- Subsidence poles are installed for monitoring peat subsidence.

### **Human and Workers Right**

BLDP is committed to ensure the dignity and rights of our workers are respected in line with legal regulations and the United Nations' guiding principles on human rights.

Our commitments are as follow:

- Provide equal opportunities in employment and no discrimination to employees regardless of race, gender and religion.
- Providing, for all employees, a safe environment free from discrimination and violence on any ground, and from harassment at work including sexual harassment.
- Ensuring employees are paid based on legal requirement on minimum wage.
- Prohibiting child labour and forced labour within our organization.
- To resolve all complaints and grievances of employees through a standard procedure.
- The passports of workers are made available at any time.
- Practicing Human Resource Management Best Practices by continuing to attract, motivate and retain talented employees at all levels by providing training, job security and opportunities to grow within the organization.

*SUSTAINABILITY STATEMENT (CONTD.)***Social and Workers Welfare**

BLDP constantly strives to improve the health and well-being of our employees by creating a conducive working environment for all our employees. In addition, BLDP also provides quarters, playgrounds, recreational and medical facilities for our staffs. BLDP emphasizes on establishing a corporate culture that encourage work-life balance of our employees, showing appreciation to staff and valuing their supports. We encourage all employees to participate in teambuilding activities, having the chances to engage with others through the recreational activities such as Family Day, Sport Carnival and Staff Gathering Dinner.

**\* Young People Development Programme (“YPDP”)**

In Year 2012, BLDP launched the YPDP for Plantation Management, as an initiative to help post-secondary school students who passed in their SPM or STPM by providing them the opportunity in paving a better career path in Plantation Management at young age. The main objective of the YPDP is to recruit SPM and STPM school leavers as management trainees in BLDP. There are 6 batches with a total number of 88 applicants who have undergone the YPDP, of which 66 (75%) of them have been successfully recruited as BLDP staff. There are two (2) schemes introduced under the YPDP:

**Scheme 1**

New recruits under YPDP are required to attend 3 – 6 months pre-training program in Kuching. Pre-training program will cover English Proficiency and application of Microsoft Office. As practical working experience is essential, the part-time industrial trainings will be provided to expose them to actual working environment. During the training period, accommodation and monthly allowance will be provided. Upon completion of the Pre-training program, those with SPM qualification will be awarded full scholarship to study Foundation in Arts in Executive College for duration of one (1) year whereas for those with STPM qualification will be offered full-time employment as management trainee in oil palm plantation. However, BLDP also provides full scholarship for them to continue their pursuit for diploma and degree course in Plantation Management on part time basis.

**Scheme 2**

This scheme comprises two (2) stages. In the first stage, the student will work as daily paid industrial trainees in the oil palm plantation immediately after their SPM, STPM or UEC examination for a period of 3 – 6 months to gain some work experience whereby they are required to complete two short training courses. In stage 2, after the industrial training period which will end at the time of release of the official examination results, the trainee will be offered the opportunity to work with BLDP. While they are employed full time, BLDP also provides full scholarship for them to pursue part-time distance study in Diploma or Degree courses.

**\* Talent Development Programme**

BLDP also recognises the value of human capital and has been initiating support for training and talent development programmes. BLDP provides sponsorship to encourage employees to undertake academic courses in order to enhance their skills and knowledge, hence achieve better performance at work. In Year 2018, there are staffs graduated with Executive Bachelors in Plantation Management or Executive Bachelors in Business Management from Vinayaka Mission University College with part time study under full scholarship. Currently, another batch of staffs are studying part-time for Diploma in Business Administration with Lincoln University College under full scholarship.



## *SUSTAINABILITY STATEMENT (CONTD.)*

### \* **Donation to Local Communities, Education Sectors and Government Bodies**

As a socially responsible company, BLDP makes regular charity and donation to local communities, schools, foundations, associations and government bodies.

### \* **Establishment of Auxiliary Police Unit**

On 25 May 2015, BLDP was awarded with the approval certificate by the Crime Prevention and Community Security Department to set up Auxiliary Police unit. Currently, a total of 74 Auxiliary Police ("AP") had been recruited and completed their basic Police training at Pusat Latihan Polis. They were assigned to designated estates, mills, refinery and kernel crushing plant in Miri, Sibu and Bintulu regions. The function of AP is to safeguard BLDP's properties as well as to protect the safety of local communities. Our AP performs static guard duty at check points and conducts daily security patrol at the premises, quarters, estates, mills, refinery and kernel crushing plant and vicinity to ensure a safe and secure environment.

### \* **Grievances Procedure**

BLDP has implemented a transparent Complaint and Grievances Procedure in all operation areas. Trained and designated staffs are assigned to handle any complaints or grievances received in accordance with the procedure. Briefings are conducted to all staffs and stakeholders during stakeholder meetings or one to one briefings.

## **Occupational Safety and Health**

BLDP is committed in providing a safe and healthy working environment for all the employees through the following approaches:

### \* **Safety and Health Policy**

Safety and Health Policy as a written commitment from Top Management is aimed to safeguard the Safety and Health of all employees at work.

### \* **Chemical Health Risks Assessment ("CHRA")**

Competent Assessor registered with Department of Occupational Safety and Health ("DOSH") is appointed to carry out CHRA for all our operation units including estates, palm oil mills, refinery and kernel crushing plant to identify health risks arising from the use of hazardous chemical at work place and recommend control measures to mitigate the severity of the effects of hazardous chemical used.

Based on CHRA recommendation, competent Hygiene Technician 1 registered with DOSH are appointed to conduct Employee Personal Exposure Monitoring for staff handling hazardous chemical to monitor their degree of exposure once a year. The said staff will be required to go for medical surveillance once a year to ensure their good health and wellbeing in maintaining a safe workplace.

CHRA will be conducted once every 5 years by competent assessor in accordance with Occupational Safety and Health Act (Use and Standard of Exposure Chemical Hazardous to Health Regulation 2000).



**SUSTAINABILITY STATEMENT** (CONTD.)**\* Hazards Identification Risks Assessment and Risks Control (“HIRARC”)**

HIRARC has been conducted on all operation units including estates, mills, refinery and kernel crushing plant to identify all hazards related to work activities. Risk assessments shall be conducted to prioritize the risks and control measures to be implemented to mitigate the risks. HIRARC shall be reviewed whenever there are any changes in process, work activities, new equipment, findings from any incident or near miss accident and finding from workplace inspection reported by the safety committee member.

**\* Noise Exposure Monitoring**

According to Factory and Machinery (Noise Exposure) Regulations 1989, BLDP has appointed Noise Competent Person registered with DOSH to conduct Area Noise Mapping and Employee Noise Exposure Monitoring to ascertain whether any employee is exposed to noise level above Permissible Exposure Limit of 90dB(A) at mills, refinery and kernel crushing plant. Hearing protection devices (HPD) shall be provided by company and training conducted to staff to ensure proper usage of HPD and care of the HPD.

Noise mapping and noise exposure monitoring have been conducted at all mills, refinery and kernel crushing plant. Staff working in high noise area has been sent for audiometric testing program by registered Occupational Health Doctor on an annual basis. Briefing on the results of the audiometric test and also the provisions of the regulations and effects of noise on hearing has been conducted to relevant staffs.

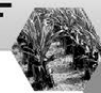
**\* Safety Training**

Safety awareness training conducted by site safety personnel is compulsory for new employee before they start their work in all operation sites. Emergency Response Team members are trained in BOMBA Bintulu to enhance their skill in firefighting and emergency evacuation procedure. External Safety Competency trainings attended by the employees are Basic Occupational First Aid, CPR + AED Training and Competent Forklift Driver Training with certificates issued by qualified trainers.

**Fire Prevention****\* Emergency Response and Preparedness**

Emergency Response Team (“ERT”) has been set up in all estates, mills, refinery and kernel crushing plant. Selected ERT members from mills, refinery and kernel crushing plant has undergone three (3) days full firefighting and rescue training by BOMBA Bintulu to equip themselves with knowledge and skills in firefighting and rescue to enable them to conduct internal firefighting training to other member of the ERT.

Regular trainings conducted for all ERT members and Fire Drill conducted at all operation units once a year to test the readiness of the firefighting system. All firefighting equipment will be checked monthly to ensure all equipment is in good working condition. It includes the installation of “Sistem Pengawasan Kebakaran Automatik (SPKA)” in factories which connects directly to the fireplace associated with the switching bypassing the switchboard required by BOMBA which ensure that this automatic fire alarm monitoring systems are conducted in an organized fire surveillance station to meet the established standards in developed countries.



## ADDITIONAL COMPLIANCE INFORMATION

The additional information as set out below is disclosed in compliance with the Main Market Listing Requirements for the financial period ended 31 March 2019:-

- 1. Utilisation of Proceeds**  
There were no proceeds raised from corporate proposal during the financial period.
- 2. Audit and Non-audit fee**  
The amount of audit and non-audit fees paid to the Company's external auditors and a firm or corporation affiliated thereto during the financial period are as follows:

	<b>Company RM</b>	<b>Group RM</b>
Audit Fees	87,000	240,000
Non-Audit Fees	10,000	10,000

- 3. Recurrent Related Party Transactions of Revenue Nature**  
The recurrent related party transactions conducted pursuant to the shareholder mandate during the financial period are disclosed on pages 121 to 122 of this Annual Report.
- 4. Material Contracts**  
There was no material contract entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interests during the financial period.
- 5. Revaluation Policy**  
There was no revaluation policy on landed properties adopted during the financial period.
- 6. Employee Share Scheme**  
The Company did not offer and/or adopt any Employee Share Scheme during the financial period.

## *STATEMENT ON DIRECTORS' RESPONSIBILITY*

### **IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS**

The Directors are required by the Companies Act 2016 to ensure that the financial statements are prepared to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial period, and of their results and cash flows for the financial period.

In preparing the financial statements, the Directors have :

- (a) applied appropriate accounting policies on a consistent basis;
- (b) made judgements and estimates that are reasonable and prudent; and
- (c) prepared the financial statements on a going concern basis.

The Directors have a general responsibility for ensuring the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements are drawn up in accordance with the provisions of the Companies Act 2016, applicable Financial Reporting Standards in Malaysia and other regulatory provisions.

The Directors are also responsible for taking steps that are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of Directors dated 11 July 2019.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the period ended 31 March 2019.

### Principal activities

The Company is principally engaged in investment holding, provision of management and security services.

The principal activities of the subsidiaries are as set out in Note 20 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial period.

### Change of financial year end

The Company changed its financial year end from 31 December to 31 March. Accordingly, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the current financial period are drawn up for the period from 1 January 2018 to 31 March 2019 for a period of fifteen (15) months.

### Results

	<b>Group RM</b>	<b>Company RM</b>
(Loss)/Profit for the financial period	<u>(50,673,931)</u>	<u>3,431,298</u>
<b>Attributable to:</b>		
Owners of the parent	(50,184,981)	3,431,298
Non-controlling interests	<u>(488,950)</u>	<u>-</u>
	<u>(50,673,931)</u>	<u>3,431,298</u>

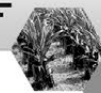
### Reserves and provisions

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

### Dividends

On 3 April 2018, the Company declared a final single-tier dividend of 3 sen per share amounting to RM2,805,000 in respect of the financial year ended 31 December 2017 and paid on 20 July 2018.

The Directors do not recommend any final dividends to be paid in respect of the current financial period.



## *DIRECTORS' REPORT* (CONTD.)

### **Directors**

The Directors in office during the financial period and during the period from the end of the financial period to the date of the report are:

Dato Henry Lau Lee Kong	
Tuan Haji Wan Abdillah Bin Wan Hamid	
Robert Lau Hui Yew	
Datuk Haji Hamden Bin Haji Ahmad	
Datu Haji Sarudu Bin Haji Hoklai	- Appointed on 27 February 2019
Chong Chon Chee	- Resigned on 13 February 2019

### **Directors' interest in shares**

The shareholdings in the Company and related corporations of those who were Directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, are as follows:

	Balance as at 1.1.2018	Number of Shares		Balance as at 31.3.2019
		Bought	Sold	
<b>In the Company</b>				
<b>Direct Interest:</b>				
Tuan Haji Wan Abdillah Bin Wan Hamid	104,821	-	-	104,821
Robert Lau Hui Yew	100,000	-	-	100,000
Chong Chon Chee	40,000	-	-	40,000
<b>Indirect Interest:</b>				
Dato Henry Lau Lee Kong	37,279,576	-	-	37,279,576
Tuan Haji Wan Abdillah Bin Wan Hamid	16,398,807	-	-	16,398,807
Robert Lau Hui Yew	34,108,634	-	-	34,108,634

By virtue of their interests in the shares of the Company and Section 59 of the Companies Act 2016, Dato Henry Lau Lee Kong, Tuan Haji Wan Abdillah Bin Wan Hamid, Chong Chon Chee and Robert Lau Hui Yew are also deemed interested in the shares of the subsidiaries of the Company to the extent that Company has an interest.

The other Directors in office at the end of the financial period did not have any interest in shares in the Company or its related corporations during the financial period.



### **Directors' benefits**

Since the end of the previous financial year, no Director of the Group and of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salaries of full time employees of the Group and of the Company as disclosed in Note 4 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 21 to the financial statements.

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

### **Directors' remuneration**

The Group and the Company Directors' remuneration and fee are amounting to RM980,138 and RM419,707 respectively as disclosed in Note 4 to the financial statements.

### **Indemnity and insurance for Director, officer or auditor**

The Company has paid a premium of RM15,010 for Directors and Officers Liability insurance up to a limit of RM10 million for the period from 1 July 2018 to 1 July 2019 for all the Directors.

Except for the above, there was no indemnity given to or insurance effected for any Director, officer or auditor of the Company.

### **Issue of shares and debentures**

There were no changes in the share capital of the Company during the financial period.

There were no debentures issued during the financial period.

### **Options granted over unissued shares**

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

**DIRECTORS' REPORT** (CONTD.)**Other statutory information**

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

- (i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that no known bad debts and that provision need not be made for doubtful debts; and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts; or
- (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial period.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial period from 1 January 2018 to 31 March 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial period and the date of this report.

**Auditors**

The auditors, Messrs PKF, have indicated their willingness to continue in office.

The auditors' remuneration of the Group and of the Company amounted to RM250,000 and RM97,000 respectively for the financial period from 1 January 2018 to 31 March 2019.

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

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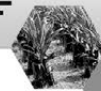
DATO HENRY LAU LEE KONG

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TUAN HAJI WAN ABDILLAH BIN WAN HAMID

Kuching

23 July 2019



## **STATEMENT BY DIRECTORS**

*PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016 IN MALAYSIA*

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

In the opinion of the Directors, the accompanying financial statements as set out on pages 13 to 107 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 Company as at 31 March 2019 and of its financial performance and its cash flows for the financial period from 1 January 2018 to 31 March 2019.

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

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DATO HENRY LAU LEE KONG

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TUAN HAJI WAN ABDILLAH BIN WAN  
HAMID

Kuching

23 July 2019

## **STATUTORY DECLARATION**

*PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016 IN MALAYSIA*

I, TUAN HAJI WAN ABDILLAH BIN WAN HAMID, being the Director primarily responsible for the financial management of BLD PLANTATION BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 13 to 107 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 Statutory Declarations Act 1960 in Malaysia.

Subscribed and solemnly declared by the )  
above-named at Kuching in the State of )  
Sarawak on 23 July 2019. )

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TUAN HAJI WAN ABDILLAH BIN WAN  
HAMID

Before me,

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**PHANG DAH NAN**

Commissioner For Oaths  
No. 55, 1st Floor,  
Jalan Chan Bee Kiew  
Off Jalan Padungan,  
93100 Kuching, Sarawak.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF BLD PLANTATION BHD.  
(Co. No. 562199-A)  
(Incorporated in Malaysia)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of BLD PLANTATION BHD., which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 January 2018 to 31 March 2019, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the financial period from 1 January 2018 to 31 March 2019 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 are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**1. Impairment on bearer plants**

The carrying amounts of the Group's bearer plant are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

During the financial year, the gross profit margin of the Group has decreased due to decreased in selling price from its oil palm plantation; hence leading to an indication of impairment on the carrying amounts of their bearer plants. The carrying amounts of the aforementioned assets as at 31 March 2019 amounted to RM342,465,806. The Directors have carried out an impairment assessment by cash flows projections to assess the value-in-use of the bearer plants.



**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF BLD PLANTATION BHD. (Incorporated in Malaysia)

(Co. No. 562199-A)

(Incorporated in Malaysia) (CONTD.)

(continued)

**Key Audit Matters (continued)****1. Impairment on bearer plants (continued)**

We focused on this area as a key audit matter due to the degree of the management's judgement involved and assumptions of future events that are inherently uncertain.

Our audit procedures performed includes the following:

- (a) made enquiries with the appropriate personnel to evaluate the basis of the cash flow projections;
- (b) evaluated the appropriateness of the methodology used in estimating value-in-use as part of our procedures;
- (c) critically challenged the key estimates and assumptions used including performed sensitivity analysis around the key drivers of the cash flow projections in particular, the revenue and cost estimation, checked the reliability of the management past forecast and also verified the discount rate used against independent sources;
- (d) evaluated the disclosures made in the notes to the financial statements, including the judgements and the uncertainties; and
- (e) discussed the issues relating to the impairment assessment with the Directors.

**2. Fair value of biological assets**

As stated in Note 2(k) to the financial statements, biological assets of the Group comprised produce growing on bearer plants which are measured at fair value less costs to sell. The fair value less costs to sell of the biological assets as at 31 March 2019 amounted to RM9,517,941. The fair value of the biological is determined by management using expected net cash flows with the following inputs:

- estimated selling price less costs to sell;
- estimated extraction rate of crude palm oil;
- estimated recovery rate of palm kernel; and
- expected quantity of underripe fresh fruit bunch on bearer plants

We focused on this area as a key audit matter due to the degree of the management's judgement involved and assumptions of future events that are inherently uncertain.

Our audit procedures performed includes the following:

- (a) made enquiries with the appropriate personnel to evaluate the basis of yield rate;
- (b) Evaluate the qualification of management's expert;
- (c) Review the reasonableness of yield rate determined;
- (d) Recompute the fair value of biological assets; and
- (e) Verify expected output with subsequent extractions supporting documents.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF BLD PLANTATION BHD. (Incorporated in Malaysia)  
(Co. No. 562199-A)  
(Incorporated in Malaysia) (CONTD.)

(continued)

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors are responsible for the other information. The other information comprises the Management Discussion and Analysis, Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, Sustainability Report and Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

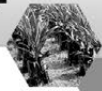
**Responsibilities of the Directors for the Financial Statements**

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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



## **INDEPENDENT AUDITORS' REPORT**

*TO THE MEMBERS OF BLD PLANTATION BHD. (Incorporated in Malaysia)*

*(Co. No. 562199-A)*

*(Incorporated in Malaysia) (CONTD.)*

(continued)

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

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 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 and 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 and 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 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 compiled 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 BLD PLANTATION BHD. (Incorporated in Malaysia)  
(Co. No. 562199-A)  
(Incorporated in Malaysia) (CONTD.)

(continued)

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

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 period 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**

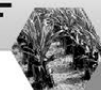
- (i) As stated in Note 1 to the financial statements, BLD PLANTATION BHD. adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows of the Group and of the Company for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial period from 1 January 2018 to 31 March 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 March 2019 and the financial performance and cash flows for the financial period from 1 January 2018 to 31 March 2019.
- (ii) 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 contents of this report.
- (iii) The comparative figures were audited by another firm of auditors who expressed an unmodified opinion on those statements on 3 April 2018.

PKF  
AF 0911  
CHARTERED ACCOUNTANTS

NGU SIOW PING  
03033/11/2019 J  
CHARTERED ACCOUNTANT

Kuala Lumpur

23 July 2019



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019

	Note	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
Revenue	3	2,184,164,622	2,121,605,219
Cost of sales		(2,169,570,776)	(2,026,190,925)
<b>Gross profit</b>		<u>14,593,846</u>	<u>95,414,292</u>
Other operating income		18,428,122	28,921,151
Selling expenses		(46,847,362)	(56,802,011)
Administrative expenses		(23,783,402)	(21,635,962)
Other operating expenses		(10,878,678)	5,345,553
<b>(Loss)/Profit from operations</b>		<u>(48,487,474)</u>	<u>40,551,917</u>
Finance cost		(13,405,095)	(10,372,753)
<b>(Loss)/Profit before taxation</b>		<u>(61,892,569)</u>	<u>30,179,164</u>
Tax income/(expense)	5	11,218,638	(8,793,948)
<b>Total comprehensive (loss)/income for the financial period/year</b>		<u><u>(50,673,931)</u></u>	<u><u>21,385,216</u></u>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the parent		(50,184,981)	20,687,465
Non-controlling interests		(488,950)	697,751
		<u><u>(50,673,931)</u></u>	<u><u>21,385,216</u></u>
<b>Basic (loss)/earning attributable to owners of the Company per Ordinary Shares (sen)</b>	6	<u><u>(53.67)</u></u>	<u><u>22.13</u></u>

The accompanying notes form an integral part of the financial statements.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 MARCH 2019

	Note	31.3.2019 RM	31.12.2017 Restated RM	1.1.2017 Restated RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	662,581,099	613,023,423	614,816,209
Deferred tax assets	9	6,643,637	28,137	4,389,890
		<b>669,224,736</b>	<b>613,051,560</b>	<b>619,206,099</b>
<b>Current assets</b>				
Inventories	10	141,507,291	126,260,638	84,764,648
Biological assets	11	9,517,941	14,178,078	19,523,631
Trade and other receivables	12	80,580,608	169,158,737	168,004,752
Prepaid operating expenses		1,372,266	4,144,837	6,070,351
Tax recoverable		10,934,813	7,194,517	1,278,206
Short-term deposits with licensed banks	13	-	51,333,000	79,305,563
Cash and bank balances		158,685,564	233,380,090	239,977,086
Derivative financial instruments	14	-	5,837,747	-
		<b>402,598,483</b>	<b>611,487,644</b>	<b>598,924,237</b>
<b>TOTAL ASSETS</b>		<b>1,071,823,219</b>	<b>1,224,539,204</b>	<b>1,218,130,336</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	15	173,180,555	173,180,555	93,500,000
Share premium	16	-	-	79,680,555
Retained earnings	17	390,026,052	443,016,033	426,068,568
		<b>563,206,607</b>	<b>616,196,588</b>	<b>599,249,123</b>
Non-controlling interests		(1,435,915)	(946,965)	(292,568)
<b>Total equity</b>		<b>561,770,692</b>	<b>615,249,623</b>	<b>598,956,555</b>

The accompanying notes form an integral part of the financial statements.


**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 MARCH 2019 (CONTD.)

		31.3.2019	31.12.2017	1.1.2017
	Note	RM	Restated RM	Restated RM
<b>Non-current liabilities</b>				
Borrowings	18	99,548,890	73,219,915	92,312,665
Deferred tax liabilities	9	71,169,331	78,365,369	81,447,263
		170,718,221	151,585,284	173,759,928
<b>Current liabilities</b>				
Trade and other payables	19	90,375,577	128,374,269	168,755,708
Borrowings	18	248,792,445	329,316,028	269,660,370
Taxation		-	14,000	2,474,245
Derivative financial instruments	14	166,284	-	4,523,530
		339,334,306	457,704,297	445,413,853
<b>Total liabilities</b>		510,052,527	609,289,581	619,173,781
<b>TOTAL EQUITY AND LIABILITIES</b>		1,071,823,219	1,224,539,204	1,218,130,336

The accompanying notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019

Note	← Non-distributable		Attributable to the owners of the parent →		Total equity RM
	Share capital RM	Share premium RM	Retained earnings RM	Non-controlling interest RM	
At 1 January 2017 (as previously reported)	93,500,000	79,680,555	637,674,491	2,078,055	812,933,101
Adjustment on initial application of MFRSs, net of tax	-	-	(211,605,923)	(2,370,623)	(213,976,546)
At 1 January 2017 (as restated)	93,500,000	79,680,555	426,068,568	(292,568)	598,956,555
Total comprehensive income for the financial year	-	-	20,687,465	697,751	21,385,216
<i>Distributions to owners of the parent</i>					
- Dividends to owner of the parent	-	-	(3,740,000)	-	(3,740,000)
Total transactions with owners of the parent	-	-	(3,740,000)	-	(3,740,000)
Dividend to non-controlling interests	-	-	-	(1,352,148)	(1,352,148)
Transfer in accordance to Section 618(2) of the Companies Act 2016	79,680,555	(79,680,555)	-	-	-
At 31 December 2017	173,180,555	-	443,016,033	(946,965)	615,249,623

The accompanying notes form an integral part of the financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019 (CONTD.)

	← Attributable to the owners of the parent	Distributable			Non-	
	Non-distributable	Share capital	Share premium	Retained earnings	controlling interest	Total equity
Note	RM	RM	RM	RM	RM	RM
At 31 December 2017	173,180,555	-	-	443,016,033	(946,965)	615,249,623
Total comprehensive loss for the financial period	-	-	-	(50,184,981)	(488,950)	(50,673,931)
<i>Distributions to owners of the parent</i>						
- Dividends to owner of the parent	-	-	(2,805,000)	(2,805,000)	-	(2,805,000)
Total transactions with owners of the parent	-	-	(2,805,000)	(2,805,000)	-	(2,805,000)
At 31 March 2019	173,180,555	-	390,026,052	563,206,607	(1,435,915)	561,770,692

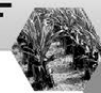
The accompanying notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019

	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(61,892,569)	30,179,164
Adjustments for:		
Depreciation of property, plant and equipment	61,845,653	50,566,434
Interest income	(6,862,751)	(6,204,580)
Interest expense	13,405,095	10,372,753
Fair value loss on biological assets	4,660,137	5,345,553
Gain on disposal of property, plant and equipment	(27,382)	(208,623)
Net fair value loss/(gain) on derivative	6,004,031	(10,361,277)
Unrealised (gain)/loss on foreign exchange	(627,774)	2,601,115
<b>Operating profit before working capital changes</b>	16,504,440	82,290,539
Increase in inventories	(15,246,653)	(41,495,990)
Decrease/(Increase) in trade and other receivables	88,764,043	(1,360,943)
Decrease in prepaid operating expenses	2,772,571	1,925,514
Decrease in payables	(37,820,191)	(40,220,288)
<b>Cash generated from operations</b>	54,974,210	1,138,832
Income tax paid	(6,347,196)	(15,890,645)
Interest received	6,862,751	6,204,580
<b>Net cash from/(used in) operating activities</b>	55,489,765	(8,547,233)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	1,591,836	537,044
Purchase of property, plant and equipment	(107,236,206)	(46,417,835)
<b>Net cash used in investing activities</b>	(105,644,370)	(45,880,791)

The accompanying notes form an integral part of the financial statements.




**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019 (CONTD.)

	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the parent	(2,805,000)	(3,740,000)
Dividends paid to non-controlling interests	-	(1,352,148)
Interest paid	(19,136,672)	(13,056,987)
Net changes in bankers' acceptances	(95,505,000)	64,481,000
Net changes in onshore foreign currency loans	21,075,383	10,922,530
Proceeds from revolving credits	309,000,000	231,000,000
Proceeds from Tawarruq flexi-term financing-i	-	6,000,000
Proceeds from term loans	51,240,380	31,833,530
Repayment of revolving credits	(278,000,000)	(252,000,000)
Repayment of Tawarruq flexi-term financing-i	-	(14,000,000)
Repayment of term loans	(59,814,588)	(37,882,347)
<b>Net cash (used in)/from financing activities</b>	<b>(73,945,497)</b>	<b>22,205,578</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(124,100,102)</b>	<b>(32,222,446)</b>
<b>Effects on foreign exchange translation</b>	<b>263,359</b>	<b>(2,555,308)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>282,514,770</b>	<b>317,292,524</b>
<b>Cash and cash equivalents at 31 March/31 December</b>	<b>(i) 158,678,027</b>	<b>282,514,770</b>

The accompanying notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019 (CONTD.)

**Notes:**

(i) Cash and cash equivalents comprise the following:

	<b>31.3.2019</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
Cash and bank balances	158,685,564	284,713,090
Bank overdrafts	(7,537)	(2,198,320)
	<u>158,678,027</u>	<u>282,514,770</u>

(ii) Reconciliation of liabilities arising from financing activities:

	<b>1 January</b>	<b>Cash flows</b>	<b>31 March/ 31 December</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>31.3.2019</b>			
Bankers' acceptances	222,938,000	(95,505,000)	127,433,000
Revolving credits	46,000,000	31,000,000	77,000,000
Term loans	120,477,093	(8,574,208)	111,902,885
Onshore foreign currency loans	10,922,530	21,075,383	31,997,913
	<u>222,938,000</u>	<u>(95,505,000)</u>	<u>127,433,000</u>
<b>31.12.2017</b>			
Bankers' acceptances	158,457,000	64,481,000	222,938,000
Revolving credits	67,000,000	(21,000,000)	46,000,000
Term loans	126,525,910	(6,048,817)	120,477,093
Onshore foreign currency loans	-	10,922,530	10,922,530
Tawarruq flexi-term financing-i	8,000,000	(8,000,000)	-
	<u>222,938,000</u>	<u>(95,505,000)</u>	<u>127,433,000</u>

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019

		<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2017 RM</b>
Revenue	3	10,071,973	11,722,572
Administrative expenses		(5,205,266)	(5,285,784)
<b>Profit from operations</b>		<b>4,866,707</b>	<b>6,436,788</b>
Finance cost		(207,837)	(482,910)
<b>Profit before taxation</b>		<b>4,658,870</b>	<b>5,953,878</b>
Tax expense	5	(1,227,572)	(979,342)
<b>Total comprehensive income for the financial period/year</b>		<b>3,431,298</b>	<b>4,974,536</b>

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 MARCH 2019

	Note	31.3.2019 RM	31.12.2017 RM	1.1.2017 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	496,375	122,626	40,581
Investment in subsidiaries	20	82,542,959	82,542,959	82,542,959
		<b>83,039,334</b>	<b>82,665,585</b>	<b>82,583,540</b>
<b>Current assets</b>				
Trade and other receivables	12	126,219,248	111,147,181	128,806,376
Prepaid operating expenses		5,538	4,843	3,449
Cash and bank balances		2,964,841	574,192	355,443
Current tax recoverable		357,200	-	8,896
		<b>129,546,827</b>	<b>111,726,216</b>	<b>129,174,164</b>
<b>TOTAL ASSETS</b>		<b>212,586,161</b>	<b>194,391,801</b>	<b>211,757,704</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	15	173,180,555	173,180,555	93,500,000
Share premium	16	-	-	79,680,555
Retained earnings	17	20,906,079	20,279,781	19,045,245
<b>Total equity</b>		<b>194,086,634</b>	<b>193,460,336</b>	<b>192,225,800</b>
<b>Non-current liability</b>				
Deferred tax liabilities	9	9,600	-	-
<b>Current liabilities</b>				
Other payables	19	489,927	917,465	531,904
Borrowing	18	18,000,000	-	19,000,000
Current tax payable		-	14,000	-
		<b>18,489,927</b>	<b>931,465</b>	<b>19,531,904</b>
<b>Total liabilities</b>		<b>18,499,527</b>	<b>931,465</b>	<b>19,531,904</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>212,586,161</b>	<b>194,391,801</b>	<b>211,757,704</b>

The accompanying notes form an integral part of the financial statements.



**STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019

	Note	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
At 1 January 2017		93,500,000	79,680,555	19,045,245	192,225,800
Total comprehensive profit for the financial year		-	-	4,974,536	4,974,536
Dividends	7	-	-	(3,740,000)	(3,740,000)
Transfer in accordance to section 618(2) of the Companies Act 2016	16	79,680,555	(79,680,555)	-	-
At 31 December 2017		173,180,555	-	20,279,781	193,460,336
Total comprehensive income for the financial period		-	-	3,431,298	3,431,298
Dividends	7	-	-	(2,805,000)	(2,805,000)
At 31 March 2019		173,180,555	-	20,906,079	194,086,634

The accompanying notes form an integral part of the financial statements.



**STATEMENT OF CASH FLOWS**  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019

	<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2017 RM</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,658,870	5,953,878
Adjustments for:		
Depreciation of property, plant and equipment	103,396	48,146
Interest income	(7,127,275)	(5,725,672)
Interest expense	207,837	482,910
Dividend income	-	(3,981,250)
Loss on disposal of property, plant and equipment	261	147
<b>Operating loss before working capital changes</b>	<b>(3,156,911)</b>	<b>(3,221,841)</b>
(Increase)/Decrease in trade and other receivables	(15,072,067)	17,659,195
Increase in prepaid operating expenses	(695)	(1,394)
(Decrease)/Increase trade and other payables	(427,538)	385,561
<b>Cash (used in)/from operations</b>	<b>(17,657,211)</b>	<b>(14,821,52)</b>
Income tax paid	(1,589,172)	(956,446)
Interest received	7,127,275	5,725,672
<b>Net cash (used in)/from operating activities</b>	<b>(12,119,108)</b>	<b>19,590,707</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(477,529)	(130,338)
Proceeds from disposal of property, plant and equipment	123	-
Dividend received	-	3,981,250
<b>Net cash (used in)/from investing activities</b>	<b>(477,406)</b>	<b>3,850,912</b>

The accompanying notes form an integral part of the financial statements.


**STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2019 (CONTD.)

	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
<b>Cash flows from financing activities</b>		
Dividends paid	(2,805,000)	(3,740,000)
Interest paid	(207,837)	(482,910)
Proceeds from revolving credit	68,000,000	45,000,000
Repayment of revolving credits	(50,000,000)	(64,000,000)
<b>Net cash from/(used in) financing activities</b>	14,987,163	(23,222,910)
<b>Net increase in cash and cash equivalents</b>	2,390,649	218,749
<b>Cash and cash equivalents at 1 January</b>	574,192	355,443
<b>Cash and cash equivalents at 31 March/31 December</b>	(i) 2,964,841	574,192

**Notes:**

- (i) Cash and cash equivalents comprise of cash and bank balances.
- (ii) Reconciliation of liabilities arising from financing activities:

	1 January RM	Cash flows RM	31 March/ 31 December RM
<b>31.3.2019</b>			
Borrowings	-	18,000,000	18,000,000
<b>31.12.2017</b>			
Borrowings	19,000,000	(19,000,000)	-

The accompanying notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

### 1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. These are the Group’s and the Company’s first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRS”). The accounting policies set out in Note 2 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial period from 1 January 2018 to 31 March 2019, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position at 1 January 2017 (date of transition of the Group and of the Company to MFRS).

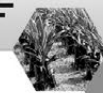
The accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concerns which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

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

#### (a) Standards issued and effective

On 1 January 2018, the Group and the Company have also adopted the following amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2018.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
<ul style="list-style-type: none"> <li>• Annual improvements to MFRSs 2014 - 2016 cycle               <ul style="list-style-type: none"> <li>- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards</li> <li>- Amendments to MFRS 128, Investment in Associates and Joint Ventures</li> </ul> </li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>• Amendments to MFRS 2, Share-based Payment: Classification and Measurement of Share-based Payment Transactions</li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>• MFRS 9, Financial Instruments</li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>• MFRS 15, Revenue from Contracts with Customers</li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>• Clarifications to MFRS 15, Revenue from Contracts with Customers</li> </ul>	1 January 2018



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 1. Basis of preparation (continued)

#### (a) Standards issued and effective (continued)

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
• Amendments to MFRS 140, Investment Property: Transfer of Investment Property	1 January 2018
• MFRS 141 Agriculture	1 January 2018

Adoption of the above standards, amendments and interpretations did not have any material impact on the financial performance or position of the Group and of the Company.

#### (b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
• Annual improvements to MFRSs 2015 - 2017 cycle	
- Amendments to MFRS 3, Business Combinations	1 January 2019
- Amendments to MFRS 11, Joint Arrangements	1 January 2019
- Amendments to MFRS 112, Income Taxes	1 January 2019
- Amendments to MFRS 123, Borrowing Costs	1 January 2019
• Amendments to MFRS 119, Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
• Amendments to References to the Conceptual Framework in MFRS Standards	
- Amendments to MFRS 2, Share-based Payment	1 January 2020
- Amendments to MFRS 3, Business Combinations	1 January 2020
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
- Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
- Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
- Amendments to MFRS 134, Interim Financial Reporting	1 January 2020

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 1. Basis of preparation (continued)

#### (b) Standards issued but not yet effective (continued)

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective: (continued)

Description	Effective for annual periods beginning on or after
• Amendments to References to the Conceptual Framework in MFRS Standards (continued)	
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
- Amendments MFRS 138, Intangible Assets	1 January 2020
- Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
- Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
- Amendments to IC Interpretation 20, Stripping Costs in Production Phase of a Surface Mine	1 January 2020
- Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration	1 January 2020
- Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020
• Amendments to MFRS 3, Business Combinations: Definition of a Business	1 January 2020
• Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
• Amendments to MFRS 9, Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 128, Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
• MFRS 16, Leases	1 January 2019
• MFRS 17, Insurance Contracts	1 January 2021
• IC Interpretation 23, Uncertainty over Income Tax Treatments	1 January 2019



**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**1. Basis of preparation (continued)****(b) Standards issued but not yet effective (continued)**

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

***MFRS 16 Leases***

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company do not expect the application of MFRS 16 to have a significant impact on their financial statements.

**(c) Explanation on change in accounting policy****(i) *MFRS 15 Revenue from Contracts with Customers***

In the current financial period, the Group and the Company have adopted MFRS 15, Revenue from Contracts with Customers (“MFRS 15”) effective for the annual financial period beginning on or after 1 January 2018. The date of initial application is as of the beginning of the MFRS reporting period in which the Group and the Company first apply MFRS 15, i.e. 1 January 2018.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**1. Basis of preparation (continued)****(c) Explanation on change in accounting policy (continued)****(i) MFRS 15 Revenue from Contracts with Customers (continued)**

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of (or prevent other entities from directing the use of), and obtain substantially all of the remaining benefits (or prevent other entities from obtaining the benefits) from the goods and services.

The adoption of MFRS 15 resulted in changes in accounting policies but does not have any significant effect on the financial statements of the Group and of the Company.

**(ii) MFRS 9 Financial instrument**

In the current financial period, the Group and the Company have adopted MFRS 9 Financial Instruments ("MFRS 9") effective for the annual financial period beginning on or after 1 January 2018. The date of initial application is as of the beginning of the MFRS reporting period in which the Company first applies MFRS 9, i.e. 1 January 2018.

- ▶ Under adoption of MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.
- ▶ In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**1. Basis of preparation (continued)****(c) Explanation on change in accounting policy (continued)****(ii) MFRS 9 Financial instrument (continued)**

- ▶ New expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis. The model requires an entity to recognised expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

The adoption of MFRS 9 resulted in changes in accounting policies but does not have any significant effect on the financial statements of the Group and of the Company.

**(iii) MFRS 141 Agriculture**

Prior to the adoption of MFRS 141, Agriculture ("MFRS 141") all the new planting and pre-cropping expenditure incurred from land clearing, planting, field upkeep and maintenance to the point of maturity were capitalised as biological assets and was not amortised.

Upon the adoption of MFRS 141, the Group and the Company are required to measure biological assets separately from bearer plants. New planting and pre-cropping expenditure are classified as bearer plants and would be accounted for the same as property, plant and equipment under MFRS 116, whereas the produce growing on the bearer plants falls within the scope of MFRS 141 Biological Assets and valued at fair value.

The transition will also result in additional depreciation on property, plant and equipment. Changes in fair value less costs to sell of biological assets will be recognised in profit or loss.

The financial impact on the transition to MFRS 141 is disclosed in Note 26 to the financial statements.

**(d) Basis of measurement**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**1. Basis of preparation (continued)****(e) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

**(i) Income Taxes**

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

**(ii) Depreciation of Property, Plant and Equipment**

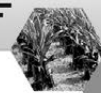
The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment and amortisation of intellectual property are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of its property, plant and equipment and intellectual property will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(iii) Impairment of Non-financial Assets**

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 1. Basis of preparation (continued)

#### (e) Critical accounting estimates and judgements (continued)

##### (iv) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

##### (v) *Provision for expected credit losses ("ECLs") of trade receivables*

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

##### (vi) *Deferred Tax Assets and Liabilities*

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the end of the reporting year. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the statements of financial position date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**1. Basis of preparation (continued)****(e) Critical accounting estimates and judgements (continued)***(vii) Provision for Liabilities*

Provision for liabilities are based on management's judgement on the likelihood of liabilities crystallising and best estimates on the amounts required to settle the liabilities arising from legal and constructive obligations. A change in circumstances which could cause estimates to change include changes in market trends and conditions, regulatory environment, employees' behaviours and other factors that may change the amount of provisions in the statement of financial position. The difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which the change occurs.

*(viii) Classification between Investment Properties and Owner-Occupied Properties*

The Group determines whether a property qualifies as an investment property, and have developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

*(ix) Fair Value of Biological Assets*

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than thirty (30) days to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to (30) days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 47% to 53% based on actual oil extraction rate and kernel extraction rate of the fruits from test. Costs to sell, which transport cost, is deducted in arriving at the net cash flow to be generated.





## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies**

#### **(a) Basis of consolidation**

##### *(i) Subsidiaries*

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 2. Summary of significant accounting policies

#### (a) Basis of consolidation (continued)

##### (ii) *Business combinations*

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

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

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

##### (iii) *Non-controlling interests*

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

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

##### (iv) *Transactions with non-controlling interests*

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.



## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies**

#### **(a) Basis of consolidation (continued)**

##### *(v) Loss of control*

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

##### *(vi) Transactions eliminated on consolidation*

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

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

#### **(b) Foreign currencies**

##### *(i) Functional and presentation currency*

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

##### *(ii) Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company and its subsidiaries 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**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(b) Foreign currencies (continued)***(ii) Foreign currency transactions (continued)*

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 and of the Company'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 and of the Company 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) Revenue and other income***(i) Sales of goods – plantation produce*

The Group and the Company harvest and sell plantation produce. Revenue is recognised at the point in time when goods are delivered. Payment of the transaction price is due within a range from 2 to 90 days.

*(ii) Management fees*

Management fees are recognised when services are rendered.

*(iii) Interest income*

Interest income is recognised on an accrual basis, based on effective yield on the investment.

*(iv) Security services*

Security services are recognised when services are rendered.

*(v) Dividend income*

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

*(vi) Rental income*

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.



## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(d) Employee benefits expenses**

##### *(i) Short term benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### *(ii) Defined contribution plans*

The Group's and the Company's contribution to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

#### **(e) Borrowing costs**

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs. Finance costs comprise interest paid and payable on borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

#### **(f) Tax expense**

##### *(i) Current 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.

##### *(ii) Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(f) Tax expense (continued)***(ii) Deferred tax (continued)*

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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 transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination.

**(g) Impairment***(i) Financial assets*

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Company elected not to restate the comparatives.





## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(g) Impairment (continued)**

##### *(i) Financial assets (continued)*

#### **Current financial period**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(g) Impairment (continued)***(i) Financial assets (continued)***Current financial period (continued)**

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

**Previous financial year**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

*Financial assets carried at amortised cost.*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade and non-trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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



## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(g) Impairment (continued)**

##### *(i) Financial assets (continued)*

#### **Previous financial year (continued)**

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

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

##### *(ii) Impairment of non-financial assets*

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make 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 ("CGUs")).

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 except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(g) Impairment (continued)***(ii) Impairment of non-financial assets (continued)*

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

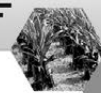
**(h) Property, plant and equipment**

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 to the Company 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, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise 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.

Leasehold lands are depreciated over their lease terms.

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



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 2. Summary of significant accounting policies (continued)

#### (h) Property, plant and equipment (continued)

Depreciation of other property, plant and equipment is provided for on a straight-line basis, at the following annual rates:

Buildings	10 to 50 years
Furniture, fittings and equipment	1 to 10 years
Plant and machinery	2 to 15 years
Motor vehicles	5 years
Ranch	10 years
Renovation	10 years
Bearer plants	22 years

Depreciation commences when the bearer plants mature or when the assets under construction are ready for their intended use.

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### (i) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold lands are depreciated over their lease terms.

Depreciation on buildings is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is 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**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(i) Investment properties (continued)**

The estimated useful lives, residual values and depreciation method of investment properties are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

**(j) Bearer plants**

Oil palm trees are classified as bearer plants. Expenditure that are directly related to the planting and upkeep of oil palm trees are capitalised until the trees reach maturity. Upon maturity, maintenance and upkeep of oil palm trees are expensed off to profit or loss. The subsequent measurement of bearer plants is accounted for in accordance with Note 2(h) to the financial statements.

**(k) Biological assets**

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of biological assets.

**(l) Financial assets**

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

**Current financial period**

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.





## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(I) Financial assets (continued)**

##### **Current financial period (continued)**

##### *(i) Amortised costs*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

##### *(ii) Fair value through other comprehensive income*

- *Debt investments*

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(I) Financial assets (continued)****Current financial period (continued)***(ii) Fair value through other comprehensive income (continued)*• *Equity investments*

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

*(iii) Fair value through profit or loss*

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

**Previous financial year**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.



## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(I) Financial assets (continued)**

##### **Previous financial year (continued)**

##### *(i) Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, without any deduction for transaction costs it may incur on sale or other disposal. Changes in fair value are recognised in profit or loss.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### *(ii) Loans and receivables*

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

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

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

##### *(iii) Available-for-sale financial assets ("AFS")*

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(l) Financial assets (continued)****Previous financial year (continued)***(iii) Available-for-sale financial assets ("AFS") (continued)*

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

AFS are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

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

**(m) Cash and cash equivalents**

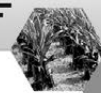
Cash and cash equivalents comprise cash at bank and on hand, deposits with licensed banks at original maturities not exceeding three months, short term and other highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**(n) Financial liabilities**

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

**Current financial period**

A financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.



## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(n) Financial liabilities (continued)**

##### **Current financial period (continued)**

The categories of financial liabilities at initial recognition are as follows:

##### *(i) Fair value through profit or loss*

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

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(n) Financial liabilities (continued)****Current financial period (continued)***(ii) Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

**Previous financial year**

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

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities of the Group and the Company are classified as financial liabilities at fair value through profit or loss and other financial liabilities.

*(i) Financial liabilities at fair value through profit or loss ("FVTPL")*

FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

*(ii) Other financial liabilities measured at amortised cost*

The Group's and the Company's other financial liabilities include trade and non-trade payables, accruals and borrowings.

Trade and non-trade payables, accruals and borrowings are recognised initially at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.





## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **2. Summary of significant accounting policies (continued)**

#### **(n) Financial liabilities (continued)**

##### **Previous financial year (continued)**

##### *(ii) Other financial liabilities measured at amortised cost (continued)*

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

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

#### **(o) Provisions**

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **(p) Equity instruments**

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

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

#### **(q) Operating segments**

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews 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 the Note 25 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**2. Summary of significant accounting policies (continued)****(r) Inventories**

Inventories are stated at lower of cost and net realisable value, other than for certain contracted finished goods, which are stated at net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: costs of purchase on a weighted average cost formula or specific identification basis.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.
- Livestock: purchase price and estimated natural increase plus incidentals.

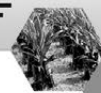
Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

**(s) Contingencies****(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability outflow of economic benefits is remote.

**(ii) Contingent assets**

Where an inflow of economic benefits of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is disclosed as a contingent asset. When the inflow of benefit is virtually certain, then the related asset is recognised.


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**3. Revenue**

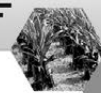
The revenue of the Group and of the Company consists of the following:

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2017 RM</b>	<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2017 RM</b>
<b>Revenue from contracts with customers:</b>				
Sale of plantation produce	2,183,942,112	2,121,096,567	-	-
<b>Other revenue:</b>				
Interest income	3,217	333,218	7,127,275	5,725,672
Management fee	-	-	1,172,400	781,800
Security charges received	-	-	1,772,298	1,233,850
Rental income	219,293	175,434	-	-
Dividend received	-	-	-	3,981,250
	<u>2,184,164,622</u>	<u>2,121,605,219</u>	<u>10,071,973</u>	<u>11,722,572</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**4. Employee benefits expenses**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2017 RM</b>	<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2017 RM</b>
Salaries and other emoluments	131,669,495	93,412,642	3,159,005	2,741,623
Defined contribution plan	8,594,037	6,190,750	317,842	310,656
	<u>140,263,532</u>	<u>99,603,392</u>	<u>3,476,847</u>	<u>3,052,279</u>
Less: Amount capitalised in bearer plants	(6,931,230)	(3,622,120)	-	-
	<u>133,332,302</u>	<u>95,981,272</u>	<u>3,476,847</u>	<u>3,052,279</u>
<b>Directors' remuneration:</b>				
<b>Executive:</b>				
Salaries and other emoluments	599,238	1,503,975	114,607	114,607
Fees	189,200	180,200	113,400	113,400
	<u>788,438</u>	<u>1,684,175</u>	<u>228,007</u>	<u>228,007</u>
<b>Non-executive:</b>				
Other emoluments	76,200	76,200	76,200	76,200
Fees	115,500	115,500	115,500	115,500
	<u>191,700</u>	<u>191,700</u>	<u>191,700</u>	<u>191,700</u>
	<u>980,138</u>	<u>1,875,875</u>	<u>419,707</u>	<u>419,707</u>


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**5. Tax (income)/expenses**

	Group		Company	
	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
Current tax				
- current year	2,731,603	7,552,902	1,186,000	994,000
- (over)/underprovision in prior year	(138,703)	(38,813)	31,972	(14,658)
	2,592,900	7,514,089	1,217,972	979,342
Deferred tax (Note 9)				
- current year	(14,248,601)	1,313,495	9,600	-
- under/(over)provision in prior year	437,063	(33,636)	-	-
	(13,811,538)	1,279,859	9,600	-
<b>Income tax recognised in profit or loss</b>	<b>(11,218,638)</b>	<b>8,793,948</b>	<b>1,227,572</b>	<b>979,342</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**5. Tax (income)/expenses (continued)**

**Reconciliation of tax expense**

	Group		Company	
	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 Restated RM	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
(Loss)/Profit before tax	(61,892,569)	30,179,164	4,658,870	5,953,878
Tax calculated at statutory tax rate of 24%	(14,854,216)	7,242,999	1,118,129	1,428,931
Non-deductible expenses	3,337,218	2,390,766	77,471	520,569
Recognition of reinvestment allowance	-	(605,652)	-	-
Non-taxable income	-	(161,716)	-	(955,500)
	(11,516,998)	8,866,397	1,195,600	994,000
(Over)/Underprovision of current tax in prior year	(138,703)	(38,813)	31,972	(14,658)
Under/(Over)provision of deferred tax in prior year	437,063	(33,636)	-	-
	(11,218,638)	8,793,948	1,227,572	979,342

The Group has unutilised tax losses and unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed investment tax allowances amounting to approximately RM29,066,000 (2017: RM5,599,825) and RM209,854,013 (2017: RM112,000,208) respectively for set off against future taxable profit).





## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 6. Earnings per share

The basic earnings per share amount is calculated by dividing the profit for the period/year attributable to ordinary shareholders by the number of ordinary shares in issue during the financial period/year.

	Group	
	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
(Loss)/Profit attributable to owners of the parent	(50,184,981)	20,687,465
Number of ordinary shares in issue	93,500,000	93,500,000
<b>Basic (loss)/profit attributable to owners of the Company per ordinary share (sen)</b>	<u>(53.67)</u>	<u>22.13</u>

There are no dilutive potential ordinary shares during the current and previous financial period/year.

### 7. Dividend

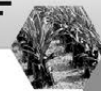
Dividends paid by the Company were:

	Dividend per share Sen	Amount of dividend (single tier) RM	Date of payment
<b>In respect of financial year ended 31 December 2017:</b>			
Final single tier dividend	3	<u>2,805,000</u>	20 July 2018
<b>In respect of financial year ended 31 December 2016:</b>			
Final single tier dividend	4	<u>3,740,000</u>	20 July 2017

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**8. Property, plant and equipment**

Group Cost	Leasehold land RM	Buildings RM	Capital work-in- progress RM	Furniture fittings, equipment and renovation RM	Plant and machinery RM	Motor vehicles RM	Ranch RM	Bearer plants RM	Total RM
At 1 January 2018 (Restated)	175,409,310	109,491,490	11,286,785	15,712,827	296,928,133	16,812,607	94,691	601,823,291	1,227,559,134
Additions	2,082,464	255,013	8,007,653	1,381,251	7,559,389	5,462,828	-	88,358,543	113,107,141
Reclassification	-	8,368,588	(14,807,409)	660,837	5,777,984	-	-	-	-
Disposals/write off	-	(27,500)	-	(95,519)	(1,215,186)	(68,040)	-	(1,512,750)	(2,918,995)
At 31 March 2019	177,491,774	118,087,591	4,487,029	17,659,396	309,050,320	22,207,395	94,691	688,669,084	1,337,747,280
<b>Accumulated depreciation</b>									
At 1 January 2018 (Restated)	45,687,212	41,596,031	-	12,628,640	176,349,393	14,836,271	68,717	323,369,447	614,535,711
Charge for the financial period	4,125,598	5,090,088	-	1,377,271	26,228,354	2,322,686	7,183	22,833,831	61,985,011
Disposals	-	(27,498)	-	(53,258)	(1,211,747)	(62,038)	-	-	(1,354,541)
At 31 March 2019	49,812,810	46,658,621	-	13,952,653	201,366,000	17,096,919	75,900	346,203,278	675,166,181
<b>Carrying amount</b>									
At 31 March 2019	127,678,964	71,428,970	4,487,029	3,706,743	107,684,320	5,110,476	18,791	342,465,806	662,581,099



**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**8. Property, plant and equipment (continued)**

Group Cost	Leasehold land RM	Buildings RM	Capital work-in-progress RM	Furniture fittings, equipment and renovation RM	Plant and machinery RM	Motor vehicles RM	Ranch RM	Bearer plants RM	Total RM
At 1 January 2017 (as previously reported)	175,409,310	104,305,884	18,949,110	14,977,743	287,134,768	16,287,824	94,691	-	617,159,330
Adjustment on initial application of MFRSS	-	-	-	-	-	-	-	562,066,563	562,066,563
At 1 January 2017 (as restated)	175,409,310	104,305,884	18,949,110	14,977,743	287,134,768	16,287,824	94,691	562,066,563	1,179,225,893
Additions	-	12,789	4,675,648	714,614	3,587,060	644,583	-	39,756,728	49,391,422
Adjustments *	-	-	-	-	(200,000)	-	-	-	(200,000)
Reclassification	-	5,392,325	(12,337,973)	22,543	6,923,105	-	-	-	-
Disposals	-	(219,508)	-	(2,073)	(516,800)	(119,800)	-	-	(858,181)
At 31 December 2017	175,409,310	109,491,490	11,286,785	15,712,827	296,928,133	16,812,607	94,691	601,823,291	1,227,559,134

\* Adjustments consist of variation order for plants constructed in prior year.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**8. Property, plant and equipment (continued)**

Group	Leasehold land RM	Buildings RM	Capital work-in-progress RM	Furniture fittings, equipment and renovation RM	Plant and machinery RM	Motor vehicles RM	Ranch RM	Bearer plants RM	Total RM
Accumulated depreciation									
At 1 January 2017 (as previously reported)	42,413,799	38,442,598	-	11,541,849	156,095,857	13,658,558	61,837	-	262,214,498
Adjustment on initial application of MFRSs	-	-	-	-	-	-	-	302,195,186	302,195,186
At 1 January 2017 (as restated)	42,413,799	38,442,598	-	11,541,849	156,095,857	13,658,558	61,837	302,195,186	564,409,684
Recognised in income statement	3,273,413	3,365,849	-	1,081,590	20,425,211	1,239,230	6,880	21,174,261	50,566,434
Recognised in bearer plants	-	7,090	-	6,530	27,423	48,310	-	-	89,353
Charge for the financial year	3,273,413	3,372,939	-	1,088,120	20,452,634	1,287,540	6,880	21,174,261	50,655,787
Disposals	-	(219,506)	-	(1,329)	(199,098)	(109,827)	-	-	(529,760)
At 31 December 2017	45,687,212	41,596,031	-	12,628,640	176,349,393	14,836,271	68,717	323,369,447	614,535,711
<b>Carrying amount</b>									
At 31 December 2017	129,722,098	67,895,459	11,286,785	3,084,187	120,578,740	1,976,336	25,974	278,453,844	613,023,423
At 1 January 2017 (restated)	132,995,511	65,863,286	18,949,110	3,435,894	131,038,911	2,629,266	32,854	259,871,377	614,816,209


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**8. Property, plant and equipment (continued)**

<b>Company</b>	<b>Motor vehicles RM</b>	<b>Furniture and fittings RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>Cost</b>				
At 1 January 2018	595,745	314,283	240,106	1,150,134
Additions	-	3,375	474,154	477,529
Disposals	-	(1,032)	-	(1,032)
At 31 March 2019	<u>595,745</u>	<u>316,626</u>	<u>714,260</u>	<u>1,626,631</u>
<b>Accumulated depreciation</b>				
At 1 January 2018	512,298	275,479	239,731	1,027,508
Charge for the financial period	26,077	17,817	59,502	103,396
Disposals	-	(648)	-	(648)
At 31 March 2019	<u>538,375</u>	<u>292,648</u>	<u>299,233</u>	<u>1,130,256</u>
<b>Carrying amount</b>				
At 31 March 2019	<u>57,370</u>	<u>23,978</u>	<u>415,027</u>	<u>496,375</u>
<b>Cost</b>				
At 1 January 2017	491,440	288,433	240,106	1,019,979
Additions	104,305	26,033	-	130,338
Disposals	-	(183)	-	(183)
At 31 December 2017	<u>595,745</u>	<u>314,283</u>	<u>240,106</u>	<u>1,150,134</u>
<b>Accumulated depreciation</b>				
At 1 January 2017	491,436	248,416	239,546	979,398
Charge for the financial year	20,862	27,099	185	48,146
Disposals	-	(36)	-	(36)
At 31 December 2017	<u>512,298</u>	<u>275,479</u>	<u>239,731</u>	<u>1,027,508</u>
<b>Carrying amount</b>				
At 31 December 2017	<u>83,447</u>	<u>38,804</u>	<u>375</u>	<u>122,626</u>
At 1 January 2017	<u>4</u>	<u>40,017</u>	<u>560</u>	<u>40,581</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**8. Property, plant and equipment (continued)**

- (a) The leasehold land, buildings, plant and machinery with a total carrying amount amounted to RM17,444,917, RM40,455,724 and RM 77,610,504 (31.12.2017: RM23,171,793, RM44,495,905 and RM92,826,232 and 1.1.2017: RM23,741,920, RM44,716,641 and RM99,979,780) respectively, are pledged for banking facilities granted to certain subsidiaries.
- (b) Included in the bearer plant are interest and employee benefits expense of RM3,320,195 and RM6,931,230 (31.12.2017: RM2,684,234 and RM3,622,120 and 1.1.2017: RM3,357,796 and RM2,001,387) incurred and capitalised during the financial year.
- (c) Leasehold land consists of land with unexpired lease period ranging from 28-59 years (31.12.2017: 29-54 years and 1.1.2017: 30-55 years).

**9. Deferred tax assets/(liabilities)**

	Group		Company	
	31.3.2019 RM	31.12.2017 RM	31.3.2019 RM	31.12.2017 RM
At 1 January 2018/2017	(78,337,232)	(77,057,373)	-	-
Recognised in profit or loss	13,811,538	(1,279,859)	(9,600)	-
At 31 March/31 December	<u>(64,525,694)</u>	<u>(78,337,232)</u>	<u>(9,600)</u>	<u>-</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the consolidated statement of financial position after appropriate offsetting are as follows:

	Group		
	31.3.2019 RM	31.12.2017 RM	1.1.2017 RM
Deferred tax assets	6,643,637	28,137	4,389,890
Deferred tax liabilities	(71,169,331)	(78,365,369)	(81,447,263)
	<u>(64,525,694)</u>	<u>(78,337,232)</u>	<u>(77,057,373)</u>




**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**9. Deferred tax assets/(liabilities) (continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the consolidated statement of financial position after appropriate offsetting are as follows:

	<b>31.3.2019</b>	<b>Company</b>	<b>1.1.2017</b>
	<b>RM</b>	<b>31.12.2017</b>	<b>RM</b>
		<b>RM</b>	
Deferred tax assets, net	-	-	-
Deferred tax liabilities, net	(9,600)	-	-
	<u>(9,600)</u>	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	<b>31.3.2019</b>	<b>Group</b>	<b>1.1.2017</b>
	<b>RM</b>	<b>31.12.2017</b>	<b>RM</b>
		<b>RM</b>	
Deferred tax assets	57,340,803	28,812,097	29,597,802
Deferred tax liabilities	(121,866,497)	(107,149,329)	(106,655,175)
	<u>(64,525,694)</u>	<u>(78,337,232)</u>	<u>(77,057,373)</u>

	<b>31.3.2019</b>	<b>Company</b>	<b>1.1.2017</b>
	<b>RM</b>	<b>31.12.2017</b>	<b>RM</b>
		<b>RM</b>	
Deferred tax assets, net	-	-	-
Deferred tax liabilities, net	(9,600)	-	-
	<u>(9,600)</u>	<u>-</u>	<u>-</u>

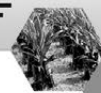
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**9. Deferred tax assets/(liabilities) (continued)**

The components and movements of deferred tax assets and liabilities during the financial period/year prior to offsetting are as follows:

**Deferred tax assets of the Group**

	<b>Other payables RM</b>	<b>Unabsorbed reinvestment, investment tax, capital and agricultural allowances RM</b>	<b>Total RM</b>
At 1 January 2017	2,809,614	26,788,188	29,597,802
Recognised in profit or loss	(2,221,525)	1,435,820	(785,705)
At 31 December 2017	588,089	28,224,008	28,812,097
Recognised in profit or loss	(588,089)	29,116,795	28,528,706
At 31 March 2019	-	57,340,803	57,340,803



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 9. Deferred tax assets/(liabilities) (continued)

The components and movements of deferred tax assets and liabilities during the financial period/year prior to offsetting are as follows:  
 (continued)

#### Deferred tax liabilities of the Group

	Other payables RM	Fair value on land and buildings RM	Fair value on biological assets RM	Accelerated capital allowances RM	Total RM
At 1 January 2017	-	(15,902,378)	(4,685,672)	(86,067,125)	(106,655,175)
Recognised in profit or loss	-	876,493	1,282,933	(2,653,580)	(494,154)
At 31 December 2017	-	(15,025,885)	(3,402,739)	(88,720,705)	(107,149,329)
Recognised in profit or loss	(50,812)	926,739	1,118,434	(16,711,529)	(14,717,168)
At 31 March 2019	(50,812)	(14,099,146)	(2,284,305)	(105,432,234)	(121,866,497)

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**9. Deferred tax assets/(liabilities) (continued)**

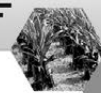
The components and movements of deferred tax assets and liabilities during the financial period/year prior to offsetting are as follows: (continued)

**Deferred tax liabilities of the Company**

	<b>Accelerated capital allowances RM</b>
At 1 January 2017	-
Recognised in profit or loss	-
At 31 December 2017	-
Recognised in profit or loss	(9,600)
At 31 March 2019	(9,600)

**10. Inventories**

	<b>31.3.2019 RM</b>	<b>Group 31.12.2017 RM</b>	<b>1.1.2017 RM</b>
<b>At cost:</b>			
Canteen goods	205,960	192,648	184,168
Livestock	1,280,586	1,052,310	935,878
Consumable stocks	1,896,622	945,080	853,835
Finished goods	6,858,762	8,305,099	32,691,269
Raw materials	51,144,431	60,224,187	30,834,549
	61,386,361	70,719,324	65,499,699
<b>At net realisable value:</b>			
Finished goods	78,497,910	55,011,327	18,822,371
Raw materials	1,623,020	529,987	442,578
	80,120,930	55,541,314	19,264,949
	141,507,291	126,260,638	84,764,648



**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**10. Inventories (continued)**

	<b>Group</b>	
	<b>1.1.2018 to 31.3.2019 RM</b>	<b>1.1.2017 to 31.12.2018 RM</b>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	1,813,615,256	1,758,165,502

**11. Biological assets**

	<b>Group</b>	
	<b>31.3.2019 RM</b>	<b>31.12.2017 Restated RM</b>
<b>Cost</b>		
At 1 January	14,178,078	19,523,631
Net loss from fair value adjustments recognised in profit or loss	(4,660,137)	(5,345,553)
At 31 March/31 December	<u>9,517,941</u>	<u>14,178,078</u>

The biological assets of the Group represent oil palm fruits 30 days prior to harvesting. The quantity of the fruits included in the valuation of the Company are 31,646 (31.12.2017: 32,204 and 1.1.2017: 31,144) metric tonnes. The expected net cash flows are estimated using the expected output (fruits harvested) and market price at reporting date of crude palm oil and palm kernel adjusted for extraction rates less transportation costs.

The fair value of biological assets corresponds with Level 3 of the fair value hierarchy. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial period.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

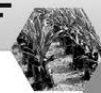
**11. Biological assets (continued)**

**Sensitivity analysis of oil palm fruits**

The sensitivity analysis below indicates the approximate change in the fair value of oil palm fruits and profit for the financial period/year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	Increase/ (Decrease) in price and volume	31.3.2019 RM	1.1.2018 RM	1.1.2017 RM
Selling price	10%	996,768	1,460,674	1,991,972
	(10%)	(996,768)	(1,460,674)	(1,991,972)
Production volume	10%	951,900	1,417,861	1,939,617
	(10%)	(951,900)	(1,417,861)	(1,939,617)




**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**12. Trade and other receivables**

	<b>31.3.2019</b>	<b>Group 31.12.2017 Restated RM</b>	<b>1.1.2017 Restated RM</b>
<b>Trade receivables</b>			
Third parties	53,841,023	99,616,123	132,223,971
Related parties	4,404,906	929,442	430,618
	<u>58,245,929</u>	<u>100,545,565</u>	<u>132,654,589</u>
<b>Other receivables</b>			
Third parties	21,545,564	58,312,174	33,846,722
Related parties	1,726	269,924	-
Deposits	787,389	10,031,074	1,503,441
	<u>22,334,679</u>	<u>68,613,172</u>	<u>35,350,163</u>
<b>Total trade and other receivables</b>	<u>80,580,608</u>	<u>169,158,737</u>	<u>168,004,752</u>
		<b>Company</b>	
	<b>31.3.2019</b>	<b>31.12.2017 Restated RM</b>	<b>1.1.2017 Restated RM</b>
<b>Other receivables</b>			
Third parties	-	-	16,939
Related party	32	-	-
Subsidiaries	126,136,712	111,090,511	128,740,847
Deposits	82,504	56,670	48,590
	<u>126,219,248</u>	<u>111,147,181</u>	<u>128,806,376</u>

- (a) Trade receivables are non-interest bearing and are generally on 2 to 90 day (31.12.2017: 2 to 90 day and 1.1.2017: 2 to 90 days) terms.
- (b) The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. These amounts earn interest at 5.01% to 5.47% (31.12.2017: 5.00% to 5.75% and 1.1.2017: 4.95% to 5.75%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

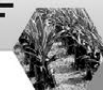
### 13. Short-term deposits with licensed banks

Short-term deposits with licensed banks are made for a period of one (1) month to three (3) months (31.12.2017: one (1) month to three (3) months and 1.1.2017: one (1) month) depending on the immediate cash requirements of the Group and of the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates for short-term deposits as at 31 March 2019 for the Group and the Company were 3.62% (31.12.2017: 3.48% and 1.1.2017: 3.53%) and Nil% (31.12.2017: 3.47% and 1.1.2017: 2.88%) respectively.

### 14. Derivatives

	Contract/ notional amount RM	Group 31.3.2019	
		Assets RM	Liabilities RM
<b>Non-hedging derivatives</b>			
Forward currency contracts	82,367,122	-	166,284
		31.12.2017	
	Contract/ notional amount RM	Assets RM	Liabilities RM
<b>Non-hedging derivatives</b>			
Forward currency contracts	197,624,899	5,837,747	-
		1.1.2017	
	Contract/ notional amount RM	Assets RM	Liabilities RM
<b>Non-hedging derivatives</b>			
Forward currency contracts	396,704,095	-	4,523,530

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**14. Derivatives (continued)**

Forward currency contracts are used to hedge the Group's sales denominated in United States Dollars ("USD") for which firm commitments existed at the reporting date.

During the financial period, the Group recognised a loss of RM6,004,031 (2017: gain of RM10,361,277) arising from fair value changes of derivative liabilities (31.12.2017: assets and 1.1.2017: liabilities). The fair value changes are attributable to changes in foreign exchange spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 23 to the financial statements.

**15. Share capital**

	<b>Group and Company</b>			
	<b>31.3.2019</b>	<b>31.12.2017</b> Restated	<b>31.3.2019</b>	<b>31.12.2017</b> Restated
	<b>Number of Shares</b>		<b>RM</b>	<b>RM</b>
<b>Ordinary Shares</b>				
Issued and fully paid:				
At 1 January 2018/2017	93,500,000	93,500,000	173,180,555	93,500,000
Transfer from share premium (Note 16)	-	-	-	79,680,555
At 31 March/31 December	<u>93,500,000</u>	<u>93,500,000</u>	<u>173,180,555</u>	<u>173,180,555</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

**16. Share premium**

	<b>Group and Company</b>	
	<b>31.3.2019</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
At 1 January	-	79,680,555
Transfer to share capital (Note 15)	-	(79,680,555)
At 31 March/31 December	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 MARCH 2019 (CONTD.)**16. Share premium (continued)**

In accordance with Section 74 of the Companies Act 2016 in Malaysia which became effective on 31 January 2017, all shares issued by a company shall have no par or nominal value. Therefore, the share premium account now effectively forms part of the Company's share capital effective 31 January 2017 and at the end of the financial year end.

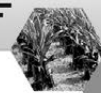
The Company has adopted the transitional provision under the Companies Act 2016 in Malaysia where the sum standing to the credit of the share premium and capital reserve account may be utilised within 24 months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Any remaining amount standing to the credit of the Company's shall be reclassified and become part of the share capital.

**17. Retained earnings**

Under the single tier system introduced by the Finance Act 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained earnings can be distributed to shareholders as tax exempt dividends.

**18. Borrowings**

	Note	31.3.2019 RM	Group 31.12.2017 RM	1.1.2017 RM
<b>Non-current</b>				
<b>Secured</b>				
Term loans	(a)	99,548,890	73,219,915	92,312,665
<b>Current</b>				
<b>Non-secured</b>				
Revolving credits	(b)	18,000,000	-	19,000,000
<b>Secured</b>				
Bank overdraft	(c)	7,537	2,198,320	1,990,125
Bankers' acceptances	(d)	127,433,000	222,938,000	158,457,000
Onshore foreign currency loans	(e)	31,997,913	10,922,530	-
Revolving credits	(b)	59,000,000	46,000,000	48,000,000
Tawarruq flexi term financing-I		-	-	8,000,000
Term loans	(a)	12,353,995	47,257,178	34,213,245
		<u>248,792,445</u>	<u>329,316,028</u>	<u>269,660,370</u>
		<u>348,341,335</u>	<u>402,535,943</u>	<u>361,973,035</u>


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**18. Borrowings (continued)**

		<b>31.3.2019</b>	<b>Company</b>	<b>1.1.2017</b>
		<b>RM</b>	<b>31.12.2017</b>	<b>RM</b>
			<b>RM</b>	
<b>Current</b>				
<b>Non-secured</b>				
Revolving credits	(b)	18,000,000	-	19,000,000

**(a) Term loans (secured)**

The maturity structure of the term loan is as follows:

	<b>31.3.2019</b>	<b>Group</b>	<b>1.1.2017</b>
	<b>RM</b>	<b>31.12.2017</b>	<b>RM</b>
		<b>RM</b>	
Repayable within one (1) year	12,353,995	47,257,178	34,213,245
Repayable between two (2) to five (5) years	78,048,890	62,374,816	81,062,692
Repayable more than five (5) years	21,500,000	10,845,099	11,249,973
	<u>111,902,885</u>	<u>120,477,093</u>	<u>126,525,910</u>

The term loans of the Group bear interest rates ranging from 5.01% to 5.47% (31.12.2017: 4.85% to 5.79% and 1.1.2017: 4.71% to 5.95%) per annum. The term loans of the Group are secured by way of:

- (i) First fixed legal charge over the subsidiaries of the company's certain leasehold land;
- (ii) Corporate guarantee by the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**18. Borrowings (continued)**

**(b) Revolving credits**

The revolving credits of the Group and of the Company bear interest rates ranging from 4.66% to 5.21% (31.12.2017: 4.46% to 4.96% and 1.1.2017: 4.43% and 5.15%) per annum and 4.75% (31.12.2017: 4.51% to 4.84% and 1.1.2017: 4.43% to 4.64%) per annum respectively. The revolving credits of the Group are secured by way of:

- (i) First fixed legal charge over the subsidiaries of the Company's certain leasehold land;
- (ii) Corporate guarantee by the Company; and
- (iii) Letter of negative pledge of certain assets from the subsidiaries of the Company.

**(c) Bank overdrafts (secured)**

The bank overdrafts of the Group are secured by Corporate guarantee from the Company.

The bank overdrafts have effective interest rate ranging from 7.46% to 8.14% (31.12.2017: 7.21% to 7.79% and 1.1.2017: 7.31% to 7.85%) per annum.

**(d) Bankers' acceptances (secured)**

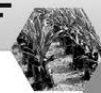
The bankers' acceptances of the Group are secured Corporate guarantee by the Company.

The banker acceptances bear interest rates ranging from 3.77% to 4.23% (31.12.2017: 3.45% to 4.25% and 1.1.2017: 3.55% to 4.10%) per annum.

**(e) Onshore foreign currency loans**

The onshore foreign currency loans bears interest rates ranging from 2.50% to 3.97% (31.12.2017: 2.30% to 2.55% and 1.1.2017: Nil%) per annum.




**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**19. Trade and other payables**

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
		<b>RM</b>	<b>RM</b>
<b>Trade payables</b>			
Third parties	52,803,698	63,051,531	91,733,075
Related parties	33,775,089	47,035,760	63,400,721
	<u>86,578,787</u>	<u>110,087,291</u>	<u>155,133,796</u>
<b>Other payables</b>			
Third parties	1,156,352	4,038,433	2,400,683
Related parties	291,402	903,310	790,764
Accrued operating expenses	2,072,413	13,111,380	10,207,149
Other deposits	276,623	233,855	223,316
	<u>3,796,790</u>	<u>18,286,978</u>	<u>13,621,912</u>
	<u>90,375,577</u>	<u>128,374,269</u>	<u>168,755,708</u>
	<b>31.3.2019</b>	<b>Company</b>	
	<b>RM</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
		<b>RM</b>	<b>RM</b>
<b>Other payables</b>			
Third parties	377,078	270,708	42,744
Related parties	11,665	67,194	30,490
Accrued operating expenses	101,184	579,563	458,670
	<u>489,927</u>	<u>917,465</u>	<u>531,904</u>

**(a) Trade payables**

Trade payables are non-interest bearing and are generally on 90 days (31.12.2017: 90 days and 1.1.2017: 90 days) terms.

**(b) Other payables**

The amounts due to third parties and related parties are unsecured, non-interest bearing and are repayable on demand.

**20. Investment in subsidiaries**

	<b>31.3.2019</b>	<b>Company</b>	
	<b>RM</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
		<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<u>82,542,959</u>	<u>82,542,959</u>	<u>82,542,959</u>

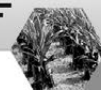
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**20. Investment in subsidiaries (continued)**

All the subsidiary companies are incorporated in Malaysia and their details are as follows:

Name of subsidiaries	Percentage of equity held (%)			Principal activities
	31.3.2019	31.12.2017	1.1.2017	
Bintulu Lumber Development Sdn. Bhd.	100	100	100	Cultivation of oil palm, processing of fresh fruit bunches and sales of related products.
Kirana Palm Oil Refinery Sdn. Bhd.	100	100	100	Operation of palm oil refinery and kernel crushing plant.
<i><u>Indirect subsidiary, held through Bintulu Lumber Development Sdn. Bhd.:</u></i>				
Grand Mutual Sdn. Bhd.	100	100	100	Cultivation of oil palm and stone quarry operation
Niamas Istimewa Sdn. Bhd.	69.9	69.9	69.9	Cultivation of oil palm.
Rela Aman Sdn. Bhd.	80	80	80	Letting of property.
BLD Resources Sdn. Bhd.	100	100	100	Dormant (intended for oil palm plantation).
Easibright Sdn. Bhd.	100	100	100	Contract services however ceased operations during the year.

All subsidiaries are audited by PKF Malaysia.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 21. Related party transactions

#### Identities of related parties

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

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 20 to the financial statements;
- (ii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, deciding and controlling the activities of the Group directly or indirectly; and
- (iii) Entities in which certain Directors, who are also the substantial shareholders of the parent, have substantial shareholding interests.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below:

	<b>Company</b>	
	<b>1.1.2018</b>	<b>1.1.2017</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2019</b>	<b>31.12.2017</b>
	<b>RM</b>	<b>RM</b>
<b>(a) Transactions with subsidiaries:</b>		
<b>Income</b>		
Dividend income	-	3,981,250
Interest income	7,124,058	5,392,454
Management fee income	1,172,400	781,800
Security service income	1,772,298	1,233,850
	<u>                    </u>	<u>                    </u>
<b>(b) Transactions with companies in which certain Directors of the Company and/or persons connected to them have a substantial financial interest and/or are Directors:</b>		
<b>Income</b>		
Rental income	219,293	175,434
Sale of goods	1,726,120	1,510,679
	<u>                    </u>	<u>                    </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**21. Related party transactions (continued)**

(b) Transactions with companies in which certain Directors of the Company and/or persons connected to them have a substantial financial interest and/or are Directors:

	Group		Company	
	1.1.2018	1.1.2017	1.1.2018	1.1.2017
	to	to	to	to
	31.12.2019	31.12.2017	31.12.2019	31.12.2017
	RM	RM	RM	RM
<b>Expenditure</b>				
Administrative expenses paid	162,347	183,800	55,147	2,400
Contract services for development and maintenance	49,174,701	25,422,256	-	-
Insurance brokerage paid	4,878,058	4,452,149	22,917	28,434
IT infrastructure and software expenses paid	1,106,968	1,123,736	-	-
Printing charges paid	218,417	177,030	3,210	8,240
Maintenance services paid	102,890	89,748	69,328	67,730
Professional fees paid	2,398,858	1,835,981	87,138	27,771
Purchase of crude palm oil and palm kernel	363,831,170	371,118,513	-	-
Purchase of fresh fruit bunches	20,814,933	20,340,796	-	-
Purchase of property, plant and machinery and consumables	125,413,067	78,023,358	-	-
Rental of premises paid	1,926,568	1,449,802	471,031	325,897
Rental of storage tanks	2,060,800	-	-	-
Security expenses paid	385,560	1,530,359	-	-
Transportation charges paid	15,847,356	10,040,330	-	-


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**21. Related party transactions (continued)**
**(c) Compensation of key management personnel**

Key management personnel comprise executive and non-executive Directors and managers of the Group and of the Company who have authority and responsibility for planning, directing, and controlling the activities of the Group and of the Company, directly or indirectly.

The remuneration of key management personnel during the financial period/year were as follows:

	Group		Company	
	1.1.2018 to 31.12.2019 RM	1.1.2017 to 31.12.2017 RM	1.1.2018 to 31.12.2019 RM	1.1.2017 to 31.12.2017 RM
Short-term employee benefits	2,381,999	3,587,575	416,098	416,098
Defined contribution plans	<u>122,930</u>	<u>159,790</u>	<u>3,609</u>	<u>3,609</u>
Total Directors' remuneration	<u><u>2,504,929</u></u>	<u><u>3,747,365</u></u>	<u><u>419,707</u></u>	<u><u>419,707</u></u>

**22. Commitments**
**(a) Capital commitments**

	Group		
	31.3.2019 RM	31.12.2017 RM	1.1.2017 RM
Approved and contracted for:			
- Property, plant and equipment	<u>398,680</u>	<u>619,712</u>	<u>1,698,907</u>

**(b) Operating lease commitments - as lessee**

The Group has entered into operating lease agreements for the use of land and buildings. These leases have a life of between 1 to 5 years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**22. Commitments (continued)**

**(b) Operating lease commitments - as lessee (continued)**

The future minimum lease payments under operating leases contracted at reporting date are as follows:

	Group		Company	
	1.1.2018 to 31.12.2019 RM	1.1.2017 to 31.12.2017 RM	1.1.2018 to 31.12.2019 RM	1.1.2017 to 31.12.2017 RM
Not later than one (1) year	811,361	955,154	365,317	337,797
Later than one (1) year and not later than five (5) years	447,704	815,914	52,816	448,938
	<u>1,259,065</u>	<u>1,771,068</u>	<u>418,133</u>	<u>786,735</u>

**23. Financial instruments**

**Categories of financial instruments**

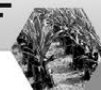
**Current financial period**

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

- (a) Fair value through profit or loss ("FVTPL"); and
- (b) Financial assets and liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM
<b>31.3.2019</b>		
<b>Financial assets</b>		
Trade receivables	58,245,929	58,245,929
Non-trade receivables and deposits (excluding prepayments)	22,334,679	22,334,679
Cash and bank balances	158,685,564	158,685,564
	<u>239,266,172</u>	<u>239,266,172</u>




**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**23. Financial instruments (continued)**
**Categories of financial instruments (continued)**
**Current financial period (continued)**

	Carrying amount RM	FVTPL RM	AC RM
<b>Group</b>			
<b>31.3.2019</b>			
<b>Financial liabilities</b>			
Trade and non-trade payables	(90,375,577)	-	(90,375,577)
Borrowings	(348,341,335)	-	(348,341,335)
Derivative financial instrument	(166,284)	(166,284)	-
	<u>(438,883,196)</u>	<u>(166,284)</u>	<u>(438,716,912)</u>
		Carrying amount RM	AC RM
<b>Company</b>			
<b>31.3.2019</b>			
<b>Financial assets</b>			
Non-trade receivables and deposits (excluding prepayments)		82,536	82,536
Amount due from subsidiaries		126,136,712	126,136,712
Cash and bank balances		2,964,841	2,964,841
		<u>129,184,089</u>	<u>129,184,089</u>
<b>Financial liability</b>			
Borrowings		(18,000,000)	(18,000,000)
Non-trade payables and accruals		(489,927)	(489,927)
		<u>(18,489,927)</u>	<u>(18,489,927)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

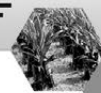
**23. Financial instruments (continued)**  
**Categories of financial instruments (continued)**

**Previous financial year**

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

- (a) Fair value through profit or loss ("FVTPL");  
- Designated upon initial recognition
- (b) Loans and receivables ("L&R"); and
- (c) Financial liabilities measured at amortised cost ("AC").

	Carrying amount RM	FVTPL RM	L&R RM	AC RM
<b>Group</b>				
<b>31.12.2017</b>				
<b>Financial assets</b>				
Trade and other receivables	169,158,737	-	169,158,737	-
Fixed deposits with licensed banks	51,333,000	-	51,333,000	-
Derivative financial instruments	5,837,747	5,837,747	-	-
Cash and bank balances	233,380,090	-	233,380,090	-
	<u>459,709,574</u>	<u>5,837,747</u>	<u>453,871,827</u>	<u>-</u>


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

23. Financial Instruments (continued)						
Categories of financial instruments (continued)						
Previous financial year	Carrying amount RM	FVTPL RM	L&R RM	AC RM		
<b>Group</b>						
<b>31.12.2017</b>						
<b>Financial liabilities</b>						
Trade and other payables	(128,374,269)	-	-	(128,374,269)		
Borrowings	(402,535,943)	-	-	(402,535,943)		
	<u>(530,910,212)</u>	<u>-</u>	<u>-</u>	<u>(530,910,212)</u>		
<b>1.1.2017</b>						
<b>Financial assets</b>						
Trade and other receivables	168,004,752	-	168,004,752	-		
Fixed deposits with licensed banks	79,305,563	-	79,305,563	-		
Cash and bank balances	239,977,086	-	239,977,086	-		
	<u>487,287,401</u>	<u>-</u>	<u>487,287,401</u>	<u>-</u>		
<b>Financial liabilities</b>						
Trade and other payables	(168,755,708)	-	-	(168,755,708)		
Derivative financial instruments	(4,523,530)	(4,523,530)	-	-		
Borrowings	(361,973,035)	-	-	(361,973,035)		
	<u>(535,252,273)</u>	<u>(4,523,530)</u>	<u>-</u>	<u>(530,728,743)</u>		

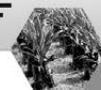
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**23. Financial Instruments (continued)**

**Categories of financial instruments (continued)**

**Previous financial year (continued)**

	Carrying amount RM	L&R RM	FL RM
<b>Company</b>			
<b>31.12.2017</b>			
<b>Financial assets</b>			
Trade and other receivables	111,147,181	111,147,181	-
Cash and bank balances	574,192	574,192	-
	<u>111,721,373</u>	<u>111,721,373</u>	<u>-</u>
<b>Financial liability</b>			
Trade and other payables	(917,465)	-	(917,465)
<b>1.1.2017</b>			
<b>Financial assets</b>			
Trade and other receivables	128,806,376	128,806,376	-
Cash and bank balances	355,443	355,443	-
	<u>129,161,819</u>	<u>129,161,819</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade and other payables	(531,904)	-	(531,904)
Borrowings	(19,000,000)	-	(19,000,000)
	<u>(19,531,904)</u>	<u>-</u>	<u>(19,531,904)</u>


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**23. Financial instruments (continued)**
**Net gains and losses arising from financial instruments**

	Group		Company	
	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM	1.1.2018 to 31.3.2019 RM	1.1.2017 to 31.12.2017 RM
<b>Net gains/(losses) arising from:</b>				
<b>Financial assets at amortised cost</b>				
Interest income	6,862,751	-	7,127,275	-
<b>Fair value through profit or loss</b>				
Net fair value (loss)/gain on derivative	(6,004,031)	10,361,277	-	-
<b>Loans and receivables</b>				
Interest income	-	6,204,580	-	5,725,672
<b>Financial liabilities measured at amortised cost</b>				
Finance costs	(13,405,095)	(10,372,753)	(207,837)	(482,910)

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 23. Financial instruments (continued)

#### 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, interest rate risk, and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its credit risk, interest rate risk, and liquidity risk.

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.

#### Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer.

#### Trade receivables

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

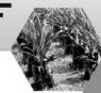
There are no significant changes as compared to previous year.

#### Credit risk concentration profile

The Group and the Company have no significant concentration of credit risk that may arise from exposure to a single customer or to a group of customers.

#### Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 23. Financial instruments (continued)

#### Credit risk (continued)

#### Trade receivables (continued)

#### Recognition and measurement of impairment loss

The Group uses a provision matrix to measure ECLs of trade receivables and contract assets.

Loss rates are based on actual credit loss experience over the past three (3) years. The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the financial period.

#### Ageing analysis

The ageing analysis of the Group trade receivables, as at reporting date is as follows:

	Gross carrying amount RM	Loss allowance RM	Carrying amount RM
<b>Group</b>			
<b>31.3.2019</b>			
Not past due	55,654,864	-	55,654,864
Past due:			
- 1 - 30 days	1,501,000	-	1,501,000
- 31 - 120 days	1,013,704	-	1,013,704
- more than 120 days	76,361	-	76,361
	58,245,929	-	58,245,929
	58,245,929	-	58,245,929

*Comparative information under MFRS 139, Financial instruments: Recognition and Measurement*

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
<b>31.12.2017</b>				
Not past due	100,534,169	-	-	100,534,169
Past due:				
- 1 to 30 days	11,396	-	-	11,396
	100,545,565	-	-	100,545,565
	100,545,565	-	-	100,545,565



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 23. Financial instruments (continued)

#### Credit risk (continued)

*Comparative information under MFRS 139, Financial instruments: Recognition and Measurement (continued)*

	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
<b>1.1.2017</b>				
Not past due	132,605,999	-	-	132,605,999
Past due:				
- 1 - 30 days	48,590	-	-	48,590
	132,654,589	-	-	132,654,589

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

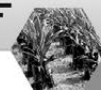
As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

#### Deposits

Credit risks on deposits are mainly arising from deposits paid for office buildings rented. These deposits will be refunded at the end of each lease terms. The Company manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**23. Financial instruments (continued)**
**Interest rate risk**
Interest rate risk sensitivity analysis

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

	<b>31.12.2019</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Effect on profit after taxation</b>			
<b>Group</b>			
Increase of 25 basis points ("bp")	662,000	765,000	688,000
Decrease of 25 bp	(662,000)	(765,000)	(688,000)
	<u>662,000</u>	<u>(765,000)</u>	<u>(688,000)</u>
<b>Company</b>			
Increase of 25 bp	35,000	-	37,000
Decrease of 25 bp	(35,000)	-	(37,000)
	<u>35,000</u>	<u>-</u>	<u>(37,000)</u>

**Liquidity risk**

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

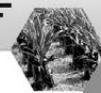
**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**23. Financial instruments (continued)**

**Maturity analysis**

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

Group	Carrying amount RM	Total contractual cash flows RM	Within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM
<b>31.3.2019</b>					
Trade and other payables	90,375,577	90,375,577	90,375,577	-	-
Borrowings	348,341,335	368,937,653	255,100,105	98,346,151	15,491,397
	<u>438,716,912</u>	<u>459,313,230</u>	<u>345,475,682</u>	<u>98,346,151</u>	<u>15,491,397</u>
<b>31.12.2017</b>					
Trade and other payables	128,374,269	128,374,269	128,374,269	-	-
Borrowings	402,535,943	415,290,638	334,051,468	80,400,192	838,978
	<u>530,910,212</u>	<u>543,664,907</u>	<u>462,425,737</u>	<u>80,400,192</u>	<u>838,978</u>
<b>1.1.2017</b>					
Trade and other payables	168,755,708	168,755,708	168,755,708	-	-
Borrowings	361,973,035	374,224,993	275,717,480	87,515,111	10,992,402
	<u>530,728,743</u>	<u>542,980,701</u>	<u>444,473,188</u>	<u>87,515,111</u>	<u>10,992,402</u>


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**23. Financial instruments (continued)**
**Maturity analysis (continued)**

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

	Carrying amount RM	Contractual cash flows RM	Within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM
<b>Company</b>					
<b>31.3.2019</b>					
Other payables	489,927	489,927	489,927	-	-
Borrowings	18,000,000	18,074,959	18,074,959	-	-
	<u>18,489,927</u>	<u>18,564,886</u>	<u>18,564,886</u>	<u>-</u>	<u>-</u>
<b>31.12.2017</b>					
Other payables	917,465	917,465	917,465	-	-
<b>1.1.2017</b>					
Other payables	531,904	531,904	531,904	-	-
Borrowings	19,000,000	19,072,294	19,072,294	-	-
	<u>19,531,904</u>	<u>19,604,198</u>	<u>19,604,198</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**23. Financial instruments (continued)**

**Fair values**

The financial assets maturing within the next 12 months approximated fair values due to the relatively short-term maturity of the financial instruments.

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>31.3.2019</b>				
<b>Financial liability</b>				
Derivative financial instruments	-	(166,284)	-	(166,284)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>31.12.2017</b>				
<b>Financial asset</b>				
Derivative financial instruments	-	5,837,747	-	5,837,747
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>1.1.2017</b>				
<b>Financial liability</b>				
Derivative financial instruments	-	(4,523,530)	-	(4,523,530)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



## **NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

### **24. Material litigation**

#### **(a) Litigation with natives**

On 18 August 2015, a group of natives filed a legal suit against one of the subsidiaries of the Company, Bintulu Lumber Development Sdn. Bhd. (BLD) for trespassing and encroached upon their Native Customary Right Land to carry out land clearing and oil palm planting works.

The Directors are of the view that there is no material impact to the financial statements of the Group and of the Company.

#### **(b) Litigation with Ketua Pengarah Hasil Dalam Negeri (KPHDN)**

On 23 December 2016, the Company filed an application to the High Court to seek leave to commence Judicial Review against the KPHDN to quash its decision to reject BLD's claim for Reinvestment Allowance ("RA") in the sum of RM10,727,489 in respect of Year of Assessment 2011 and RM11,615,124 in respect of Year of Assessment 2012 and also quash its decision to impose additional tax and penalty of RM5,765,341.74 (YA2011) and RM1,630,824.06 (YA2012) as a result of rejecting BLD's claim for RA.

On 21 June 2017, the High Court dismissed BLD's application with the cost of RM3,000 to the KPHDN. On 19 July 2017, BLD filed a notice of appeal to the Court of Appeal against the said decision of the High Court. On 14 April 2018, the Court of Appeal dismissed BLD's appeal with cost of RM10,000 to the KPHDN. On 8 May 2018, BLD filed a motion in the Federal Court to seek leave to appeal against the said decision of the Court of Appeal. On 16 July 2019, the Federal Court has fixed a hearing date in respect of BLD's motion to 23 July 2019.

The Directors are of the view that there is no material impact to the financial statements of the Group and of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)**24. Operating segments**

Operating segments are presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

**(a) Geographical segments**

The revenue segment analysis by geographical areas of customers is as follows:

	<b>2019</b>	<b>2017</b>
	%	%
(i) Bangladesh	8	6
(ii) China	25	23
(iii) Countries of Africa	18	18
(iv) Europe	1	3
(v) India	21	20
(vi) Korea	9	9
(vii) Malaysia	16	20
(viii) Other countries	2	1
	<u>100</u>	<u>100</u>

**(b) Major customers**

There are two customers who account for about 94% (2017: 94%) of the Group's turnover.





## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 26 First-time adoption of Malaysian Financial Reporting Standards

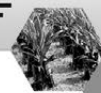
#### (i) Reconciliation of consolidated financial position as at 1 January 2017 (date of transition to MFRS)

ASSETS	FRS RM	Remea- surements RM	Reclassifi- cation RM	MFRS RM
<b>Non-current assets</b>				
Biological assets	562,066,563	(562,066,563)	-	-
Property, plant and equipment	354,944,832	259,871,377	-	614,816,209
Deferred tax assets	4,389,890	-	-	4,389,890
	<u>921,401,285</u>	<u>(302,195,186)</u>	<u>-</u>	<u>619,206,099</u>
<b>Current assets</b>				
Inventories	83,910,813	853,835	-	84,764,648
Biological assets	-	19,523,631	-	19,523,631
Trade and other receivables	168,004,752	-	-	168,004,752
Prepaid operating expenses	6,070,351	-	-	6,070,351
Tax recoverable	1,278,206	-	-	1,278,206
Short-term deposits with licensed banks	-	-	79,305,563	79,305,563
Cash and bank balances	319,282,649	-	(79,305,563)	239,977,086
	<u>578,546,771</u>	<u>20,377,466</u>	<u>-</u>	<u>598,924,237</u>
<b>TOTAL ASSETS</b>	<u>1,499,948,056</u>	<u>(281,817,720)</u>	<u>-</u>	<u>1,218,130,336</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

**26. First-time adoption of Malaysian Financial Reporting Standards (continued)**  
**(i) Reconciliation of consolidated financial position as at 1 January 2017 (date of transition to MFRS) (continued)**

	FRS RM	Remea- surements RM	Reclassifi- cation RM	MFRS RM
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	93,500,000	-	-	93,500,000
Share premium	79,680,555	-	-	79,680,555
Retained earnings	637,674,491	(211,605,923)	-	426,068,568
	810,855,046	(211,605,923)	-	599,249,123
Non-controlling interest	2,078,055	(2,370,623)	-	(292,568)
<b>Total equity</b>	<b>812,933,101</b>	<b>(213,976,546)</b>	<b>-</b>	<b>598,956,555</b>
<b>Non-current liabilities</b>				
Borrowings	92,312,665	-	-	92,312,665
Deferred tax liabilities	149,288,437	(67,841,174)	-	81,447,263
	241,601,102	(67,841,174)	-	173,759,928



**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**26. First-time adoption of Malaysian Financial Reporting Standards (continued)**

**(i) Reconciliation of consolidated financial position as at 1 January 2017 (date of transition to MFRS) (continued)**

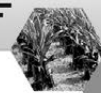
	FRS RM	Remea- surements RM	Reclassifi- cation RM	MFRS RM
<b>Current liabilities</b>				
Trade and other payables	168,755,708	-	-	168,755,708
Borrowings	269,660,370	-	-	269,660,370
Tax payable	2,474,245	-	-	2,474,245
Derivative financial instruments	4,523,530	-	-	4,523,530
	<u>445,413,853</u>	<u>-</u>	<u>-</u>	<u>445,413,853</u>
<b>Total liabilities</b>	<u>687,014,955</u>	<u>(67,841,174)</u>	<u>-</u>	<u>619,173,781</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,499,948,056</u>	<u>(281,817,720)</u>	<u>-</u>	<u>1,218,130,336</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

26. First-time adoption of Malaysian Financial Reporting Standards (continued)

(ii) Reconciliation of consolidated financial position as at 31 December 2017

ASSETS	FRS RM	Remea- surements RM	Reclassifi- cation RM	MFRS RM
<b>Non-current assets</b>				
Biological assets	601,823,291	(601,823,291)	-	-
Property, plant and equipment	334,569,579	278,453,844	-	613,023,423
Deferred tax assets	28,137	-	-	28,137
	<u>936,421,007</u>	<u>(323,369,447)</u>	-	<u>613,051,560</u>
<b>Current assets</b>				
Inventories	125,315,558	945,080	-	126,260,638
Biological assets	-	14,178,078	-	14,178,078
Trade and other receivables	169,158,737	-	-	169,158,737
Prepaid operating expenses	4,144,837	-	-	4,144,837
Tax recoverable	7,194,517	-	-	7,194,517
Short-term deposits with licensed banks	-	-	51,333,000	51,333,000
Cash and bank balances	284,713,090	-	(51,333,000)	233,380,090
Derivative financial instruments	5,837,747	-	-	5,837,747
	<u>596,364,486</u>	<u>15,123,158</u>	-	<u>611,487,644</u>
<b>TOTAL ASSETS</b>	<u>1,532,785,493</u>	<u>(308,246,289)</u>	-	<u>1,224,539,204</u>


**NOTES TO THE FINANCIAL STATEMENTS**

AS AT 31 MARCH 2019 (CONTD.)

**26 First-time adoption of Malaysian Financial Reporting Standards (continued)**
**(ii) Reconciliation of consolidated financial position as at 31 December 2017 (continued)**

	FRS RM	Remea- surements RM	Reclassifi- cation RM	MFRS RM
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	173,180,555	-	-	173,180,555
Retained earnings	674,357,647	(231,341,614)	-	443,016,033
Non-controlling interests	847,538,202	(231,341,614)	-	616,196,588
	1,751,781	(2,698,746)	-	(946,965)
<b>Total equity</b>	<b>849,289,983</b>	<b>(234,040,360)</b>	<b>-</b>	<b>615,249,623</b>
<b>Non-current liabilities</b>				
Borrowings	73,219,915	-	-	73,219,915
Deferred tax liabilities	152,571,298	(74,205,929)	-	78,365,369
	225,791,213	(74,205,929)	-	151,585,284
<b>Current liabilities</b>				
Trade and other payables	128,374,269	-	-	128,374,269
Borrowings	329,316,028	-	-	329,316,028
Tax payable	14,000	-	-	14,000
	457,704,297	-	-	457,704,297
<b>Total liabilities</b>	<b>683,495,510</b>	<b>(74,205,929)</b>	<b>-</b>	<b>609,289,581</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,532,785,493</b>	<b>(308,246,289)</b>	<b>-</b>	<b>1,224,539,204</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
AS AT 31 MARCH 2019 (CONTD.)

	FRS RM	Remea- surements RM	Reclassifi- cation RM	MFRS RM
<b>26 First-time adoption of Malaysian Financial Reporting Standards (continued)</b>				
(iii) Reconciliation of consolidated profit or loss and other comprehensive income for the financial year ended 31 December 2017				
Revenue	2,134,642,405	-	(13,037,186)	2,121,605,219
Cost of sales	(2,005,519,104)	(21,083,016)	411,193	(2,026,190,927)
<b>Gross profit</b>	<b>129,123,301</b>	<b>(21,083,016)</b>	<b>(12,625,993)</b>	<b>95,414,292</b>
<b>Other items of income</b>				
Interest income	5,871,362	-	(5,871,362)	-
Other income	10,631,983	(5,345,553)	23,634,721	28,921,151
<b>Other items of expense</b>				
Selling expenses	(57,010,198)	-	208,187	(56,802,011)
Administrative expenses	(21,635,962)	-	-	(21,635,962)
Other operating expenses	-	-	(5,345,553)	(5,345,553)
<b>Profit from operations</b>	<b>66,980,486</b>	<b>(26,428,569)</b>	<b>-</b>	<b>40,551,917</b>
Finance costs	(10,372,753)	-	-	(10,372,753)
<b>Profit before tax</b>	<b>56,607,733</b>	<b>(26,428,569)</b>	<b>-</b>	<b>30,179,164</b>
Tax expense	(15,158,703)	6,364,755	-	(8,793,948)
<b>Total comprehensive income for the financial year</b>	<b>41,449,030</b>	<b>(20,063,814)</b>	<b>-</b>	<b>21,385,216</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	40,423,156	(19,735,691)	-	20,687,465
Non-controlling interests	1,025,874	(328,123)	-	697,751
	41,449,030	(20,063,814)	-	21,385,216



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019 (CONTD.)

### 27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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 financial period from 1 January 2018 to 31 March 2019.

The debt to equity ratio of the Group as at the end of the reporting period was as follows:

	Group	
	2019 RM	2017 RM
Total interest-bearing borrowings	348,341,335	402,535,943
Equity attributable to owners of the Group	563,206,607	616,196,588
Debt to equity ratio (times)	0.62	0.65

Under the requirement of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholder's equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement.

### 28. General information

The Company is a public limited company that is incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in investment holding, provision of management and security services while the principal activities of the Group are the operations of a palm oil refinery and kernel crushing plant, cultivation of oil palm, processing of fresh fruit bunches, sales of related products and letting of property.

The principal activities of the subsidiaries are as set out in Note 20 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial period.

The registered office and the principal place of business of the Company are located at Level 6, Crown Towers, 88 Jalan Pending, 93450 Kuching, Sarawak, Malaysia.

The financial statements were approved and authorised for issue by the Board of Directors on 23 July 2019.



## ANALYSIS OF SHAREHOLDINGS AS AT 11 JULY 2019

Authorised Share Capital : RM500,000,000.00

Paid-up Share Capital : RM93,500,000.00

Class of Shares : Ordinary Shares

Voting Rights : One vote per ordinary share

### DISTRIBUTION OF HOLDINGS

Size of Holdings	No. of Holders	No. of Holdings	% of Holdings
1 – 99	25	550	0.00
100 – 1,000	587	204,235	0.22
1,001 – 10,000	254	1,071,156	1.14
10,001 – 100,000	88	3,015,051	3.22
100,001 – 4,674,999*	33	40,659,208	43.48
4,675,000 and above**	3	48,549,800	51.92

Remark : \* less than 5% of issued holdings

\*\* 5% and above of issued holdings

### SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
BLD Holdings Sdn. Bhd.	33,412,330	35.74	-	-
Syarikat Payang Sdn. Bhd.	15,137,470	16.19	-	-
K.T.S. Holdings Sdn. Bhd.	10,496	0.01	33,412,330	35.74
Syarikat Maslahat Sdn. Bhd.	-	-	15,137,470	16.19
Dato Henry Lau Lee Kong	-	-	37,269,576	39.86
Haji Wan Abdillah bin Wan Hamid	104,821	0.11	16,398,807	17.54
Robert Lau Hui Yew	100,000	0.11	34,108,634	36.48
Lau Swee Nguong @ Lau Sui Guang	100,000	0.11	34,108,634	36.48
Haji Wan Mohd. Shebli bin Wan Hamid	-	-	16,398,807	17.54
Temenggong Dato Lau Lee Ming	10,000	0.01	35,923,529	38.42
Lau Lee Kiong	-	-	35,933,529	38.43
Law Kiu Kiong	3,182,800	3.40	2,852,000	3.05

### DIRECTORS' INTEREST

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato Henry Lau Lee Kong	-	-	37,269,576	39.86
Haji Wan Abdillah bin Wan Hamid	104,821	0.11	16,398,807	17.54
Datu Haji Sarudu bin Haji Hoklai	-	-	-	-
Datuk Haji Hamden bin Haji Ahmad	-	-	-	-
Robert Lau Hui Yew	100,000	0.11	34,108,634	36.48


**ANALYSIS OF SHAREHOLDINGS AS AT 11 JULY 2019 (CONTD.)**
**TOP 30 SECURITIES ACCOUNT HOLDERS**

<u>NO.</u>	<u>NAME</u>	<u>NO. OF SHARES</u>	<u>%</u>
1.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BLD HOLDINGS SDN. BHD.	22,000,000	23.53
2.	SYARIKAT PAYANG SDN BHD	15,137,470	16.19
3.	BLD HOLDINGS SDN. BHD.	11,412,330	12.21
4.	AZIM DAYA SDN. BHD.	4,633,300	4.96
5.	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR BANK OF SINGAPORE LIMITED	4,501,500	4.81
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CRYSTAL FLOW SDN. BHD.	3,188,900	3.41
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR AEROCAN SDN. BHD.	2,879,000	3.08
8.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIONG HOLDINGS SDN. BHD.	2,852,200	3.05
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MAX MAJESTIC SDN. BHD.	2,847,900	3.05
10.	COMMERCIAL AGENCIES SDN. BHD.	2,202,182	2.36
11.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG	2,117,800	2.27
12.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MANYEW RESOURCES SDN. BHD.	2,113,400	2.26
13.	PERBADANAN KEMAJUAN PERUSAHAAN KAYU SARAWAK	2,000,000	2.14
14.	MANYEW RESOURCES SDN. BHD.	1,430,200	1.53
15.	TERAS INTERGRASI SDN BHD	1,346,047	1.44
16.	HAMIMAS ENTERPRISE SDN. BHD.	1,261,337	1.35
17.	FORWARD CONCEPT SDN BHD	1,071,400	1.15
18.	LAW KIU KIONG	700,000	0.75
19.	VASTY DEVELOPMENT SDN. BHD.	585,808	0.63
20.	GANNETS SDN. BHD.	570,898	0.61
21.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW CHENG KING ENTERPRISE SDN. BHD. (E-JCL)	547,904	0.59
22.	LAU HIENG ING ENTERPRISE SDN. BHD.	412,235	0.44
23.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. DOLLARSPLUS SENDIRIAN BERHAD	364,908	0.39
24.	LAU SIE HUI	344,086	0.37
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG (6000710)	300,000	0.32
26.	COMMERCIAL AGENCIES SDN. BHD.	298,521	0.32
27.	FAIRCOM ENTERPRISE SDN. BHD.	292,904	0.31
28.	KIU CHUAN GUNG	291,415	0.31
29.	MAKONG INVESTMENT LIMITED	287,000	0.31
30.	MICHAEL WEE KHENG KIONG	245,269	0.26

*LIST OF LANDS AS AT 31 MARCH 2019*

**Description and Location**

Location	Approximate Land Value (Hectare)	Current Use	Tenure	Approximate Age of Buildings	Net Book value (RM'000)	Date of Acquisition
Teraja Land District, Miri	6,733	Oil Palm Estate	Leasehold Expiring in 2060	1 to 18	31,171	2004
Lambir Land District, Miri	3,453	Oil Palm Estate	Leasehold Expiring in 2060	1 to 18	17,094	2004
Kemena Land District, Bintulu	6.051	Refinery / Kernel Crushing Plant	Leasehold Expiring in 2056	12	10,354	2005-2018
Kabang and Lassa Land District, Sibul	20,446	Oil Palm Estate	Leasehold Expiring in 2060	1 to 14	9,130	2000
Sawai Land District, Miri	16,818	Oil Palm Estate / Palm Oil Mill	Leasehold Expiring in 2047-2072	1 to 30	7,240	1987-2012
Miri Concession Land District, Miri	717.9 sq. meters	Investment Holding	Leasehold Expiring in 2052	18	2,328	2009
Jelalong Land District, Bintulu	3,913	Oil Palm Estate	Leasehold Expiring in 2057	1 to 18	2,037	1997

**Form of Proxy**

\*I/We, \_\_\_\_\_ \*NRIC/Passport/Co. No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_ being a member/members  
(ADDRESS)

of BLD Plantation Bhd. hereby appoint \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

\*NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
(ADDRESS)

\*and/ or failing him/her \_\_\_\_\_ \*NRIC/Passport No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

or the Chairman of the Meeting as \*my/our proxy to vote for me/us and on \*my/our behalf at the 17<sup>th</sup> Annual General Meeting of the Company to be held at Function Hall, KTS Garden, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Thursday, 29 August 2019 at 11.00 a.m. and at any adjournment thereof for/against the resolutions to be proposed thereat.

\*My/our proxy shall vote as follows :

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees for the period from 1 January 2019 up to 31 March 2020		
2.	To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) for the period from 1 January 2019 up to 31 March 2020		
3.	To re-elect Dato Henry Lau Lee Kong as Director		
4.	To re-elect Tuan Haji Wan Abdillah bin Wan Hamid as Director		
5.	To re-elect Datuk Haji Hamden bin Haji Ahmad as Director		
6.	To re-elect Mr. Robert Lau Hui Yew as Director		
7.	To re-elect Datu Haji Sarudu bin Haji Hoklai as Director		
8.	To re-appoint Messrs. PKF as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration		
9.	To retain Datuk Haji Hamden bin Haji Ahmad as an Independent Non-Executive Director		
10.	To authorise the Directors to issue shares pursuant to Section 76 of the Companies Act 2016		
11.	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category A Mandate		
12.	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category B Mandate		
13.	To approve the proposed renewal of and new shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category C Mandate		
14.	To approve the proposed adoption of new Constitution of the Company		

\*Strike out whichever is not applicable.

Please indicate with "X" in the appropriate box against each resolution how you wish your vote to be cast. If no specific direction as to voting is indicated, the proxy will vote or abstain at his/her discretion.

The proportions of \*my/our holdings to be presented by \*my/ our proxies are as follows:

Proxy 1	%
Proxy 2	%
Total	%

<b>No. of shares held</b>	
<b>CDS account no.</b>	

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature / Common Seal of Shareholder(s)

**Notes :-**

- A proxy may but need not be a member of the Company.
- The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- A member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting and each proxy appointed shall represent a minimum of 100 shares. Where the member appoints more than one (1) proxy to attend, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.
- To be valid, the Form of Proxy duly completed must be deposited at the registered office of the Company at Level 6, Crown Towers, 88, Jalan Pending, 93450 Kuching, Sarawak, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
- A depositor whose name appears in the Record of Depositors as at 22 August 2019 shall be regarded as a member of the Company entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.

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AFFIX  
STAMP  
HERE

**The Company Secretary**  
**BLD Plantation Bhd.** (562199-A)  
Level 6, Crown Towers  
88, Jalan Pending  
93450 Kuching, Sarawak  
Malaysia

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**BLD PLANTATION BHD.** (562199-A)  
Level 6, Crown Towers, 88, Jalan Pending,  
93450 Kuching, Sarawak, Malaysia.  
Tel: +6 082-335 311 Fax: +6 082-348 311  
Website: [www.bldpb.com.my](http://www.bldpb.com.my)