BLD PLANTATION BHD.

[Registration No.: 200101026441 (562199-A)]

2020 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 profit before tax of about RM1.93 billion and RM8.6 million respectively for the financial year under review, which was mainly due to higher average selling price of products.

Based on the weighted average number of ordinary shares during the year, the Group recorded net assets per share of RM6.06 per share as compared to RM6.01 in 2019 while earnings per share of 5.40 sen against loss per share of 53.67 sen in 2019.

OPERATION REVIEW

The matured areas of approximately 28,000 hectares accounts for about 70% of the Group's total planted area. The Group has commenced replanting in stages for matured areas with palm age above 26 years old at Sawai Land District, Sarawak, Malaysia.

The Group produced about 121,400 metric tonnes of crude palm oil as compared to about 145,800 metric tonnes in 2019 (15 months). The palm oil mills located at Miri and Sibu both have a processing capacity of 60 metric tonnes of fresh fruit bunches per hour. The two palm oil mills of the Group were operating at their installed capacity during the financial year under review.

The volume of palm oil products sold was about 870,000 metric tonnes as compared to about 994,000 metric tonnes in 2019 (15 months), which were mainly for export in the financial year under review.

DIVIDEND

After taking into consideration the operating landscape which includes replanting activities and challenges encountered by the Group during the year, no dividend was recommended by the Board of Directors in respect of the financial year 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.

INDUSTRY TREND AND DEVELOPMENT

The Malaysian oil palm industry in 2019 has shown a better performance as compared to that of in 2018. Overall, CPO production, exports and imports of palm oil increased while palm oil stocks, CPO prices and total export earnings of oil palm products declined.

Oil palm planted area in 2019 increased to 5.90 million hectares, an increase of 0.9% as against 5.85 million hectares in the previous year. In 2019, CPO production increased marginally by 1.8%, to 19.86 million tonnes as against 19.52 million tonnes recorded in 2018. The increase

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTD.)*

was due to higher FFB processed, up by 0.5% arising from higher FFB yield which increased by 0.1%. Better OER performance, which was recorded higher by 1.3% to 20.21 percent as compared to 19.95 percent achieved in 2018 also contributed to higher CPO production.

India maintained its position as the largest Malaysian palm oil export market for the sixth year since 2014, with the intake in 2019 at 4.41 million tonnes or 23.9% of total global palm oil exports. This was followed by China at 2.49 million tonnes (13.5%) and the EU 2.09 million tonnes (11.3%). The higher uptake of palm oil by India, up significantly by 75.4% to 4.41 million tonnes in 2019 from 2.51 million tonnes in 2018 was due to the new import duty under Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) with effective of 1st January 2019 that gave advantage to Malaysian palm oil, especially RBD palm olein (45% import duty) as compared to Indonesian palm oil (50% via ASEAN-India FTA).

In 2019, the prices of all oil palm products were traded lower. CPO price traded lower by 6.9% or RM153.50/tonne to RM2,079.00/tonne compared to RM2,232.50/tonne in 2018. Total Malaysian exports of oil palm products in 2019 amounted to 27.86 million tonnes, higher by 12.0% from 24.88 million tonnes exported in 2018.

(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 provides placements for practical training to eligible local university students.

PROSPECTS

The outbreak of Covid-19 pandemic has disrupted many business operations and has significantly impacted the global economy. Movement Control Order (MCO), Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO) have been imposed by the Government of Malaysia to contain the spread of Covid-19. The Malaysian palm oil industry has also been adversely affected by the outbreak that resulted in slow demand from palm oil importing countries as well as decline in domestic consumption. The unresolved trade tensions between the US and China, slowdown of the global economy and other unfavourable external economic conditions are likely to weigh on the export demand of palm oil and cause volatile movements in crude oil commodity price.

Nevertheless, the Group continues to place its priority on productivity improvement and cost reduction in light of the ongoing economic volatility and uncertainty. Barring any unforeseen circumstances, the Group believes that its performance would remain satisfactory in the following financial year.

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.
[Registration No.: 200101026441 (562199-A)]

- 100% **Kirana Palm Oil Refinery Sdn. Bhd.** [Registration No.: 199501026711 (355916-T)]
- 100% **Bintulu Lumber Development Sdn. Bhd.** [Registration No.: 197501003325 (25223-M)]
  - 100% **Grand Mutual Sdn. Bhd.** [Registration No.: 199601000424 (372769-V)]
    - 0.00003% → Niamas Istimewa Sdn. Bhd.
  - 100% **BLD Resources Sdn. Bhd.** [Registration No.: 200201012369 (580032-X)]
  - 100% **Easibright Sdn. Bhd.** [Registration No.: 201301037419 (1067248-V)]
  - 80% **Rela Aman Sdn. Bhd.** [Registration No.: 199501037137 (366339-V)]
  - 69.99997% **Niamas Istimewa Sdn. Bhd.** [Registration No.: 200001025106 (527714-P)]

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

Datuk Haji Hamden bin Haji Ahmad
Independent Non-Executive Director

YB Robert Lau Hui Yew
Non-Executive Director

COMPANY SECRETARY

Alvin Lau Lee Jen
(MIA 13153)
(SSM Practicing Certificate No.: 201908001140)

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.

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel: +603 – 7890 4700
Fax: +603 – 7890 4670

DIRECTORS' PROFILE

DATO HENRY LAU LEE KONG
Executive Chairman
(68, 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
(66, 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
(65, 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
(72, 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.

YANG BERHORMAT ROBERT LAU HUI YEW
Non-Executive Director
(55, Male, Malaysian)

Yang Berhormat 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 Sibu. 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 was appointed as a Senator on 22 June 2020.

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
(66, Male, Malaysian)

Please refer to the Directors' Profile.

SENG CHEAK CHAI
Financial Controller
(62, 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)
(57, 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 18th 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, 24 September 2020 at 11.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ending 31 March 2020 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees for the financial year ending 31 March 2021. ***Resolution 1***

3. To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) for the financial year ending 31 March 2021. ***Resolution 2***

4. To re-elect the following Directors who retire pursuant to Clause 89 of the Company's Constitution:

   (i) Dato Henry Lau Lee Kong ***Resolution 3***
   (ii) Tuan Haji Wan Abdillah bin Wan Hamid ***Resolution 4***
   (iii) Datu Haji Sarudu bin Haji Hoklai ***Resolution 5***
   (iv) Datuk Haji Hamden bin Haji Ahmad ***Resolution 6***
   (v) YB Robert Lau Hui Yew ***Resolution 7***

5. 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

6. 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. 6, 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***

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

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

"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."

8. 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 2 to 17) of the Circular to Shareholders dated 27 August 2020 ("Circular") under the following categories:

(i) Category A Mandate ***Resolution 11***
(ii) Category B Mandate ***Resolution 12***
(iii) Category C Mandate ***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:
   - 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.

NOTICE OF ANNUAL GENERAL MEETING *(CONTD.)*

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."

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

- **Proposed authority for the Company to purchase its own shares** ***Resolution 14***

"THAT subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of all relevant governmental and/ or regulatory authorities, the Company be and is hereby authorized to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors ("Board") from time to time on Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted and listed on Bursa Securities as at the time of purchase(s) and an amount not exceeding the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of purchase(s) **AND THAT** such shares purchased are to be retained as treasury shares and distributed as dividend and/ or resold on the market of Bursa Securities, or subsequently may be cancelled;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act 2016, the provisions of the Constitution of the Company and the requirements and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities and to do all such things as the Directors may deem fit and expedient in the best interest of the Company;

FURTHER THAT the authority conferred by this resolution will be effective immediately and shall continue to be in force until:-

(a) the conclusion of the annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first."

10. To transact any other business which due notice have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD OF DIRECTORS
Alvin Lau Lee Jen (MIA 13153) (SSM Practicing Certificate No.: 201908001140)
Company Secretary
Kuching, Sarawak
27 August 2020

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

NOTICE OF ANNUAL GENERAL MEETING *(CONTD.)*

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 17 September 2020 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 recommendations as set out on page 17 of the Annual Report 2020.

2. Proposed Resolution No. 10

   The Board of Directors 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.

   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 29 August 2019 ("AGM 2019"). The Company did not utilise the mandate that was approved at the AGM 2019.

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 2 to 17) of the Circular to Shareholders dated 27 August 2020 ("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 Resolution 14, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of 10% of the total number of issued shares of the Company by utilising the funds allocated out of the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Please refer to Part B of the Statement/Circular to Shareholders dated 27 August 2020 for more details.

IMPORTANT NOTICE:

In light of the Covid-19 pandemic, the Company has put in place the following precautionary measures for the conduct of the AGM to safeguard the health and safety of the attendees at the said event:

1. Shareholders and proxies are encouraged to <u>**observe and abide**</u> by the Standard Operating Procedure (SOP) and most current regulations issued by the Ministry of Health (MOH) and State Disaster Management Committee (SDMC).
2. Shareholders are encouraged to appoint the Chairman of the Meeting as proxy to attend and vote on his/her behalf at the forthcoming AGM by submitting the proxy form with predetermined voting instruction.
3. Shareholders and proxies who had been in physical contact with a person infected with Covid-19 and under quarantine order (Person Under Surveillance (PUS)/ Person Under Investigation (PUI)) <u>**shall not**</u> attend the AGM in person.
4. Similarly, shareholders and proxies who are feeling unwell are advised <u>**not**</u> to attend the AGM in person.
5. The attendance of outstation shareholders and proxies are <u>**not encouraged.**</u>
6. All attendees <u>**must**</u> sanitise their hands and wear face mask throughout the conduct of the AGM.
7. All attendees are required to <u>**observe and practise**</u> social distancing throughout the conduct of the AGM.
8. There will be <u>**no**</u> refreshment or lunch served at the forthcoming AGM.

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

In line with good governance practices, the Board has formalised the Group's Anti-Bribery and Corruption Policy and Whistleblowing Policy to enhance transparency and accountability. The Board Charter, terms of reference of the Board Committees, and the corporate governance policies are accessible through the Group's corporate website, 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 year under review, the Board held seven (7) meetings and the attendance of each Director is as follows:-

Directors	No. of Meetings Attended
Dato Henry Lau Lee Kong	7
Haji Wan Abdillah bin Wan Hamid	7
Datu Haji Sarudu bin Haji Hoklai	7
Datuk Haji Hamden bin Haji Ahmad	7
YB Robert Lau Hui Yew	6

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

Name	Position	Directorship
Datu Haji Sarudu bin Haji Hoklai	Chairman	Independent Non-Executive Director
Datuk Haji Hamden bin Haji Ahmad	Member	Independent Non-Executive Director
YB 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 year 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 6 to 7 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.

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 year under review, all the Directors have, collectively or individually, attended the following training programmes / conferences / workshops:-

- Mandatory Accreditation Programme (MAP)
- Preparing For Corporate Liability in Malaysia and How Ethics Makes Businesses Sustainable
- Malaysian Anti-Corruption Commission Amendment Act 2018

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.

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	Member	Independent Non-Executive Director
YB 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.

The remuneration of Directors for the financial year ended 31 March 2020 are as follows :-

Group/ Company

Remuneration Range	Number of directors
Below RM50,000	11
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	3
Total	16

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(CONTD.)*

The remuneration of the top five (5) senior management for the financial year ended 31 March 2020 are as follows :-

Group/ Company

Remuneration Range	Number of persons
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	3
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.

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.bldpb.com.my and Bursa Malaysia Securities Berhad's website at 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.bldpb.com.my.

AUDIT COMMITTEE REPORT

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

Name	Position	Directorship
Datu Haji Sarudu bin Haji Hoklai	Chairman	Independent Non-Executive Director
Datuk Haji Hamden bin Haji Ahmad*	Member	Independent Non-Executive Director
YB 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 year under review, seven (7) meetings were held and the attendance of each member is as follows :-

Directors	No. of Meetings Attended
Datu Haji Sarudu bin Haji Hoklai	7
Datuk Haji Hamden bin Haji Ahmad	7
YB Robert Lau Hui Yew	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.

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 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.

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;

AUDIT COMMITTEE REPORT *(CONTD.)*

(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 :-
(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 year 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.

(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.

AUDIT COMMITTEE REPORT *(CONTD.)*

INTERNAL AUDIT FUNCTION

During the financial year 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 year ended 31 March 2020 was about RM375,000.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

During the financial year 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 27 to the Financial Statements on pages 128 to 130.

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 Statements on pages 28 to 42.

INTERNAL AUDIT FUNCTION

During the financial year 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 year 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 24 August 2020.

INTRODUCTION

With the setting up of Sustainable Palm Oil Policy in Year 2019, 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 ("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 2020.

SUSTAINABILITY HIGHLIGHT FOR THE FINANCIAL YEAR ENDED 31.3.2020

100% Plantations, Mills, Refinery and Kernel Crushing Plant with MSPO certified.

0% Fatalities

100% Compliance with Applicable Laws and Regulations

Setting up Sustainable Palm Oil Policy

SUSTAINABILITY GOVERNANCE MANAGEMENT STRUCTURE

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

Board of Directors	• Approves and monitors overall strategies, direction of BLDP and agenda for implementation towards sustainability. • Assesses the sustainability performance of BLDP's operations.
Group Sustainability Management Committee ("GSMC")	• Evaluates overall sustainability risks and opportunities, and develops the sustainability strategies with agenda for implementation and submits to the Board for approval. • Monitors sustainability implementation to ensure compliance from all departments at operational level. • Resolves critical or major sustainability issues that may impact BLDP. • Periodically reviews the progress of sustainability implementation and reports to the Board. • Reports to the Board of any unresolved critical sustainability issues.

SUSTAINABILITY STATEMENT *(CONTD.)*

Plantation Division Sustainability Committee	• Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in all plantations. • Ensuring resources and procedures are in place to achieve its sustainability commitments and targets. • Continuously improves the management system to meet Malaysian Sustainable Palm Oil Standard ("MSPO"). • Periodically reports to GSMC on the progress of sustainability implementation in plantation. • Reports to GSMC of any critical or major sustainability issues in plantation.
Processing Division Sustainability Committee	• Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in mills, refinery and kernel crushing plant. • Ensuring resources and procedures are in place to achieve its sustainability commitments and targets. • Continuously improves the management system to meet MSPO. • Periodically reports to GSMC on the progress of sustainability implementation in mills, refinery and kernel crushing plant. • Reports to GSMC of any critical or major sustainability issues in mills, refinery and kernel crushing plant.

SUSTAINABLE PALM OIL POLICY

BLDP developed and published a comprehensive Sustainable Palm Oil Policy ("SPO Policy") on 1 May 2019. Our SPO Policy consists of four critical areas as follows:

Environment & Biodiversity –
No deforestation, no new development on peat and protection of HCV areas;

Human Rights & Workers' Management –
Prevention of all forms of forced and bonded labours, ethical recruitment, child protection, respect of diversity, prevention of harassment and violence, occupational health & safety management, human resource management best practices;

Respect indigenous and local communities' rights;

Develop complaints and grievance management procedure.

BLDP has developed a sustainability implementation plan towards our commitment in SPO Policy. We aim to develop a Sustainability Dashboard as a platform to inform stakeholders on BLDP sustainability movements by Year 2020.

SUSTAINABILITY STATEMENT *(CONTD.)*

The infographic below shows briefly our commitment journey recap:

SUSTAINABLE PALM OIL POLICY - BLD PLANTATION BHD. (562199-A)

BLD Plantation Bhd. Group of Companies ("BLDP") is committed to ensure that its palm oil is produced in a sustainable manner, through continuous review and improvement of its operations. BLDP is also committed to the conservation and protection of the natural environment, and of high carbon stock ("HCS") forests and high conservation value ("HCV") areas. BLDP undertakes to respect the rights of its employees and local communities and strives to foster an open and approachable culture with the emphasis of improving the socio-economic conditions of the people of Sarawak.

This Policy is effective immediately, applies to our own operations and extends to all our third-party suppliers and their associated parent companies and subsidiaries.

Beyond the scope of this policy BLDP also adopts the Principles & Criteria ("P&C") set out by the Malaysian Sustainable Palm Oil ("MSPO") Standard and respect all applicable local, national and ratified international laws.

ENVIRONMENT & BIODIVERSITY

- No Deforestation
  - No new development on HCS forests with priority to protect HCS forest.
  - No open burning in all plantation development activities including replanting operations.
  - To monitor and minimize Greenhouse Gas throughout its operations, and to review and implement suitable new technology for progressive reduction.
- No Development on Peat
  - No new development of peatlands regardless of depth.
  - Adoption of best management practices on existing peatland cultivated with oil palm.
  - Explore options for peat restoration where feasible [with appropriate expert support].
- Protection of HCV Areas
  - No new development of HCV areas and protection of biodiversity through identification and conservation of HCVs.

HUMAN RIGHTS & WORKERS' MANAGEMENT

- Prevention of all forms of Forced and Bonded labour
  - Prohibit abusive or forced labour of any workers including temporary and sub-contracted employees.
  - Ensure workers are employed of their free will (including overtime work), paid a wage equal to or exceeding the legal minimum wage, enjoy freedom of movement and freedom of association.
- Ethical Recruitment – ensure ethical recruitment processes where all workers understand their terms on engagement, what is required of them and have written documentation in an appropriate language.
- Child Protection – Prohibit the employment of children and facilitate access to education.
- Respect of Diversity – Provide equal opportunity on employment without any discrimination to employees regardless of nationality, race, gender or religion.
- Prevention of Harassment and Violence – Provide a working environment free from harassment, discrimination and violence of any form including sexual harassment.
- Occupational health & safety management – ensure workers benefit from robust systems and procedures to limit exposure to risk of health and safety hazards and are covered for work-related illness and injuries.
- Human Resource Management best practices – Continue to attract, motivate and retain talented employees at all levels by providing training, job security and opportunities to grow within the organization.

INDIGENOUS AND LOCAL COMMUNITIES RIGHTS

- Respect of Indigenous and Local Community legal rights including land tenure rights.
- Application of Free, Prior and Informed Consent (FPIC) principles whenever relevant.
- Cooperation with local government and/or civil societies to enhance the livelihood of smallholders and provide opportunities to improve the socio-economic conditions of local communities.

COMPLAINTS AND GRIEVANCES

BLDP recognizes that the development of a credible operational level grievance procedure is critical to successfully deliver on the Group sustainability commitments. BLDP will therefore develop a procedure to enable stakeholders to raise a grievance.

BLDP acknowledges that the implementation of this Policy and its effectiveness requires the support and co-operation of its business associates. BLDP will work to implement this Policy throughout the supply chain and continually monitor, review and improve its Policy towards a traceable, transparent and sustainable palm oil supply chain. BLDP commits to reporting publicly on the implementation of this Policy.

TUAN HAJI WAN ABDILLAH HAMID
Executive Director

Dated 1st May 2019

TARGETS AND ACHIEVEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Target	Status of Target	Material Sustainability Matters
Sustainable Palm Oil Policy	Achieved	All
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 Kernel Crushing Plant - GMP+B2	Achieved	Certification
Kirana Palm Oil Refinery & Kernel Crushing Plant - GMP for Food	Achieved	Certification

SUSTAINABILITY STATEMENT (CONTD.)

Target	Status of Target	Material Sustainability Matters
Kirana Palm Oil Refinery & Kernel Crushing Plant - HACCP	Achieved	Certification
Kirana Palm Oil Refinery & Kernel Crushing Plant - HALAL	Achieved	Certification
Kirana Palm Oil Refinery & Kernel Crushing Plant - KOSHER	Achieved	Certification
Kirana Palm Oil Refinery & Kernel Crushing Plant - MESTI	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
BLD Kabang Estates - MSPO Part 3	Achieved	Certification
Grand Mutual Sawai Estates – MSPO Part 3	Achieved	Certification
Grand Mutual Lassa Estates – MSPO Part 3	Achieved	Certification
Kirana Palm Oil Refinery & Kernel Crushing Plant - MSPO SCCS	Achieved	Certification
BLD Igan Palm Oil Mill – MSPO SCCS	Achieved	Certification
BLD Sawai Palm Oil Mill – MSPO SCCS	Achieved	Certification
Conduct HCV Assessment for Oil Palm Field on Peat	Achieved	Environmental & Biodiversity Protection

TARGETS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

Target	Material Sustainability Matters
Develop Sustainability Implementation Plan	All
Develop Sustainability Dashboard	All

STAKEHOLDERS ENGAGEMENT

Implementing sustainability involves improvement across the value chain and collective action by various stakeholders. Effective engagement with stakeholders is important to foster mutually beneficial relationships crucial to BLDP's success and we also acknowledge that each stakeholder has a unique perspective of the impact of our operations to them and each of them is equally valuable to us.

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 includes shareholders, customers, employees, local communities, government authorities, suppliers and contractors, and non-governmental organizations ("NGOs"). BLDP continues to monitor stakeholders' concerns, engage with the stakeholders to address material matters when necessary.

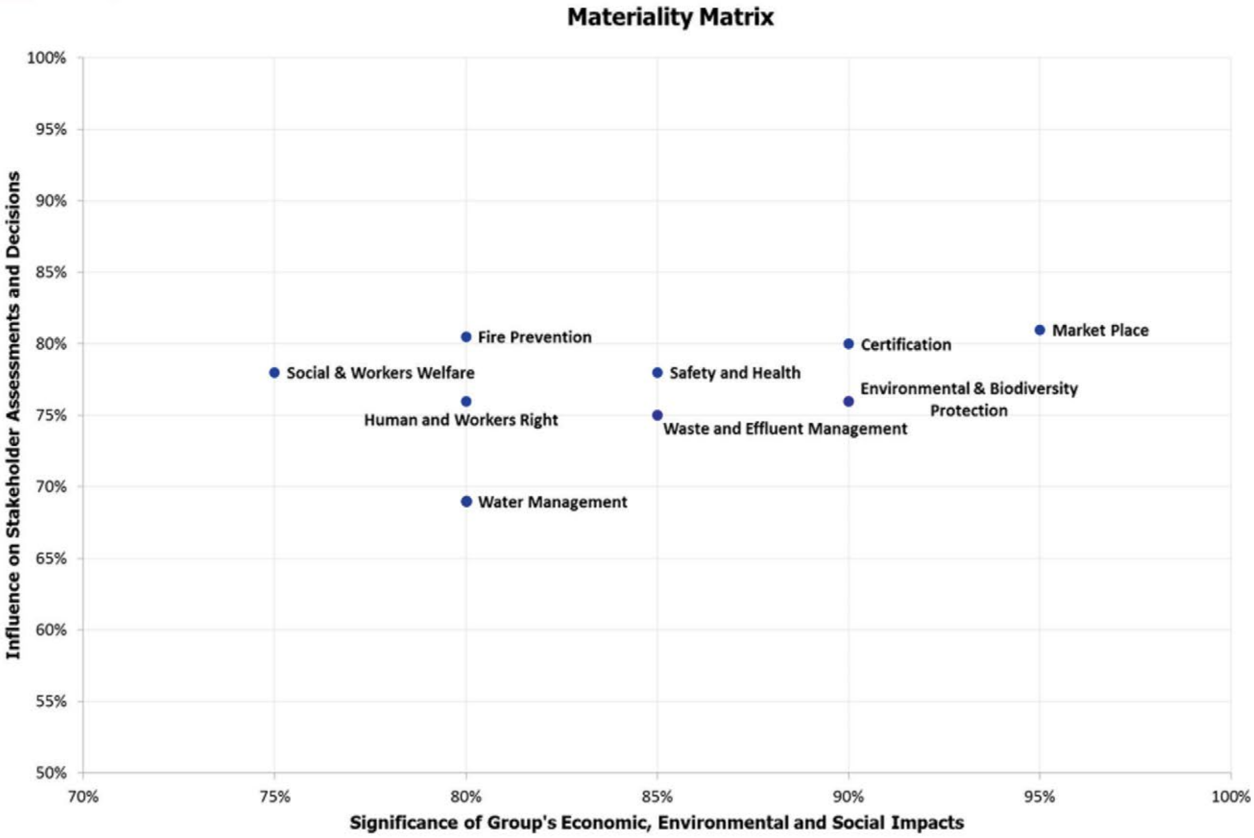
Stakeholders Group	Engagement Approach	Frequencies	Sustainability Matter	Addressed by Material Sustainability Matters
Shareholders	Annual General Meetings	Annually	• Company performance and development • Business sustainability	• Market Place
	Annual Reports	Annually		
	Circulars	Annually		
	Company Website	As necessary		
Customers	Site visits	As necessary	• Product quality, pricing and delivery • Sustainability related matters	• Market Place • Certification • Safety and Health • Environmental and Biodiversity Protection
	Customer Surveys & Feedbacks	As necessary		
	Electronic Communication	As necessary		
	Meetings	As necessary		
Employees	Stakeholders Meetings	Annually	• Employees welfare • Employees' safety and health • Employees' working conditions and harassment	• Human and Workers Right • Safety and Health • Certification
	Safety and Health Committee Meetings	Quarterly		
	Women Welfare Committee Meetings	Quarterly/ Annually		
	Memos/Notices	As necessary		
	Briefings	As necessary		

SUSTAINABILITY STATEMENT (CONTD.)

Stakeholders Group	Engagement Approach	Frequencies	Sustainability Matter	Addressed by Material Sustainability Matters
Communities	Stakeholders Meetings	Annually	• Communities development • Job opportunities • Awareness on safety and environmental protection	• Certification • Social and Workers Welfare • Safety and Health
	Community Engagement	As necessary		
	Notices	As necessary		
	Briefings/ Trainings	As necessary		
Government Authorities	Site visits / Onsite inspections	Periodically	• Compliance to the legal requirements	• Safety and Health • Environmental and Biodiversity Protection • Certification
	Stakeholders Meetings	Annually		
	Dialogue sessions	As necessary		
	Electronic Communication	As necessary		
Suppliers & Contractors	Stakeholders Meetings	Annually	• Products quality, pricing and delivery • Sustainability related matters • Compliance to the legal requirements	• Market Place • Certification • Safety and Health • Environmental and Biodiversity Protection
	Site visits	As necessary		
	Meetings/ Dialogues	As necessary		
	Trainings/ Briefings	As necessary		
	Electronic Communication	As necessary		
NGOs	Engagement Meetings	As necessary	• Sustainability related matters	• Safety and Health • Human and Workers Right • Environmental and Biodiversity Protection • Certification
	Electronic Communication	As necessary		
	Company Website	As necessary		

MATERIALITY MATRIX

During this financial year, BLDP reassessed its material sustainability matters and materiality matrix based on peer benchmarking as well as desktop research with inputs from stakeholders and taking into account the significant environmental, economic and social aspects, impacts, risks and opportunities which are vital to the success and continued growth of BLDP. BLDP determined the material sustainability matters and their order of priorities remains relevant. Hence, there is only a minor change in BLDP's materiality matrix from last financial period. The Materiality Matrix is shown below:



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

Pillars	Significant Materiality Matter	Link to UN SDG
Economic	1. Market Place 2. Certification	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Environment	3. Environmental & Biodiversity Protection 4. Waste and Effluent Management 5. Water Management	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION 15 LIFE ON LAND
Social	6. Safety and Health 7. Fire Prevention 8. Human and Workers Right 9. Social and Workers Welfare	3 GOOD HEALTH AND WELL-BEING 10 REDUCED INEQUALITIES

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 ensure best quality of FFB in freshness when delivered to the palm oil mills.

BLDP has engaged in the Native Customary Rights ("NCR") Land Development Scheme that was initiated by the State Government of Sarawak in Year 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.

Our priority remains geared towards the twin objectives of increasing both yields and labour productivity. Through enhancing internal efficiencies and continuously rebuilding internal organisational strengths by accelerating the implementation of mechanisation in our oil palm estates, we envisage that our continuing efforts will bear fruit in coming years. In line with BLDP's commitment to manage its operations in a sustainable manner, all oil palm estates and palm oil mills are MSPO certified.

While BLDP continues to focus on improving yields from its oil palms, the Board is mindful of external factors beyond BLDP's control that can impact profits-potential turbulence in the global economy such as weaker ringgit, rising interest rates and fluctuating of palm oil prices. During this financial year, BLDP did not receive any complaints of improper conduct or allegations of corruption involving management, employees and workers; as well as fines pertaining to non-compliance and breach of environmental and social laws and regulations.

Certification

* **Sustainability Certification**
  BLDP has managed to obtain MSPO certifications for all palm oil mills and oil palm estates in Year 2019. Besides that, all palm oil mills, refinery and kernel crushing plant are certified under MSPO Supply Chain Certification Standard ("SCCS") by December 2019. Selected staff from oil palm estates, palm oil mills and refinery attended the MSPO and MSPO SCCS Lead Auditor Courses organized by the Certification Bodies to enable them to conduct internal auditor trainings at their respective work stations.

* **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 since Year 2009. Since Year 2011, the refinery and kernel crushing plant have also been certified for ISO9001:2015 (Quality Management System), ISO14001:2015 (Environmental Management System), ISO22000:2005 (Food Safety Management System), MS1514:2009 (Good Manufacturing

Practice for Food), MS1480:2007 (Food Safety according to HACCP System), HALAL, KOSHER and MESTI Certification.

In Year 2020, our palm oil refinery and kernel crushing plant will be upgrading the ISO22000:2005 (Food Safety Management System) to the new ISO22000:2018 standard as well as upgrading of MS1480:2007 (Food Safety according to HACCP system) to the new MS1480:2019 standard.

BLDP views certification as an opportunity to further improve internal process and gain competitive marketing advantages. BLDP's Sustainability Department also conducts internal audit to ensure BLDP maintains and complies with relevant certification requirements which included MSPO, MSPO SCCS and ISO standards.

* **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 MSPO & MSPO SCCS Auditing, Occupational Safety and Health, Best Agriculture & Management Practices, Standard Operating Procedures, Environment, Emergency Evacuation Procedures and others. Training schedules are prepared for our employees annually in the respective oil palm estates, palm oil mills and refinery to ensure that various trainings are being carried out on a regular basis throughout the year.

  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. Staffs from oil palm estates, palm oil mills and refinery have attended 3 days comprehensive firefighting and emergency preparedness training conducted by Fire and Rescue Department ("BOMBA") to enhance their level of preparedness in fire prevention activities.

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 oil palm estates, whereas Department of Environment conducted several site visits to our palm oil mills, refinery and kernel crushing plant. Sample of industrial effluent are collected to determine whether the quality of our palm oil mills' final discharge complies with the requirements. To date, all relevant reports have shown compliance with the applicable environmental requirements.

BLDP acknowledges the importance of protecting natural environment to ensure sustainability. BLDP is aware of the adverse environmental impact of burning. Therefore, BLDP strives for implementation of zero open burning in all our oil palm estates, palm oil 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 referring to relevant regulations on protecting the biodiversity of wildlife sanctuaries within our concessions. BLDP has conducted several biodiversity assessments to assess Rare, Threatened or Endangered ("RTE") biodiversity and Ecosystem for our oil 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).

SUSTAINABILITY STATEMENT *(CONTD.)*

BLDP is committed to promote the conservation and development of biodiversity through several actions including prohibiting all illegal activities such as hunting, poaching, encroachment, and burning. Auxiliary Polices and estate teams have been patrolling periodically to discourage hunters. BLDP has conducted regular biodiversity monitoring of habitat and RTE ecosystems at unplantable areas to provide feedback and information for improving management decision to ensure long term conservation of flora and fauna in the oil palm estates and its surrounding.

Waste and Effluent Management

Growing of oil palm and processing of palm oil are known to produce large amount of organic wastes. BLDP has set a dedicated waste management plan to manage the waste generated from all oil palm estates, palm oil mills, refinery and kernel crushing plant in an effective manner. BLDP strives to minimise waste generation through reducing, reusing and recycling of materials whenever possible.

BLDP applies 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 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).

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 before allowing to be discharged into the waterways. 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 regulations.

Water Management

Water is a crucial resource required for planting oil palms during dry season, processing palm fruits and palm oil refining. Our water management centered on the optimization of water usage and reduction of 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 water treatment plant to process and supply clean water safe for human consumption. Testing of water quality is carried out at least once a year to ensure that it is safe for drinking and other daily usage.

Water management also plays an important role on peat soil management and mitigate the effect of drought and flooding to a certain extent. BLDP has taken some measures such as proper maintenance of riparian zone along waterways where spraying and manuring activities are strictly prohibited and strict prohibition of discharging chemical waste, solid waste and used lubricant into the waterway.

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 stop-off or weir in the collection drains and daily changes in the water level are monitored.
- Field 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 will be made available.
- Practising 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.

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 quality 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 and 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 YDPD for Plantation Management as an initiative to help post-secondary school students who passed 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 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 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

SUSTAINABILITY STATEMENT (CONTD.)

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 the Diploma in Business Administration under full scholarship.

* **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 109 Auxiliary Police (“AP”) had been recruited and completed their basic Police training at Pusat Latihan Police. 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 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.

* **Women Welfare Committee**
  Women Welfare Committee has been established as a platform for female employees to raise their concerns or problems encountered at work place, to protect themselves against sexual harassment and violence. Quarterly or annual activities are organised by the committee to enhance the relationship of female employees.

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 to safeguard the safety and health of all employees at work.

* **Chemical Health Risks Assessment ("CHRA")**
  Competent Assessor registered with Department of Occupational and Health ("DOSH") is appointed to carry out CHRA for all our operation units including oil palm estates, palm oil mills, refinery and kernel crushing plant to identify health risks arising from the use of hazardous chemical at workplace 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 is appointed to conduct Employee Personal Exposure Monitoring for staffs handling hazardous chemicals 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).

* **Hazards Identification Risks Assessment and Risks Control ("HIRARC")**
  HIRARC has been conducted on all operation units including oil palm estates, palm oil 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 findings from workplace inspection reported by the safety committee member.

* **Noise Exposure Monitoring**
  According to Occupational Safety and Health (Noise Exposure) Regulations 2019, 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 85dB(A) at palm oil mills, refinery and kernel crushing plant. Personal Hearing Protection ("PHP") shall be provided by BLDP and trainings shall be conducted to staff to ensure proper usage and care of PHP.

  Noise mapping and noise exposure monitoring have been conducted for palm oil mills, refinery and kernel crushing plant. Staffs working at high noise areas have been sent for audiometric testing program by registered Occupational Health Doctor on annual basis. Briefings on the results of the audiometric tests, the provisions of the regulations and effects of noise on hearing are conducted to the relevant staffs.

SUSTAINABILITY STATEMENT (CONTD.)

* **Safety Training**
  Safety awareness trainings 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 trainer.

Fire Prevention

* **Emergency Response and Preparedness**
  Emergency Response Team ("ERT") has been set up in all oil palm estates, palm oil mills, refinery and kernel crushing plant. Selected ERT members from mills, refinery and kernel crushing plant have 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 ERT members.

  Regular trainings conducted for all ERT members and fire drills at all operation units are conducted on annual basis to test the readiness of the firefighting system. Monthly checking of firefighting equipment is carried out to ensure all equipment is in good working condition. Upon BOMBA's requirement, BLDP's refinery and kernel crushing plant have installed the Automatic Fire Alarm Monitoring Control System "Sistem Pengawasan Kebakaran Automatik - SPKA" which connects directly to the Fire and Rescue Station associated with the switching bypassing the switchboard to ensure this automatic fire alarm monitoring system is conducted in an organized fire surveillance station to meet the established standards in developed countries.

~ Our Engagement with Stakeholders ~

Annual Stakeholder Meetings

- *Communicating relevant information to stakeholders including sustainability commitments and obtaining feedback from stakeholders on relevant issues.*

Caring our Nearby Local Communities

- *Distribute Gawai Gifts to nearby local communities and visit longhouses during festivals*
- *Support local communities during disaster.*

Collaboration with Government Authorities


- *Collaboration with Sarawak Forest Corporation - patrolling the National Park boundary for preventing illegal activities and educating employees on the conservation efforts*
- *Collaboration with Malaysian Palm Oil Board (MPOB) to reach out to smallholders, assisting them in obtaining MSPO certifications and improving the sustainable oil palm fresh fruit bunches supplying to our mills.*

Caring our Employees





- *Appreciate our Auxiliary Polices on their efforts in improving security surrounding fields and nearby communities.*
- *Women Welfare Committee activities, Family Day, Sport Day, Singing Competition organised for employees.*

Opportunities for Employees to Enhance their Knowledge and Skills


- *Staffs attended Greenhouse Gas Calculation Course, Maintenance and Safe Operation of Boiler Training,*

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 2020:-

1. Utilisation of Proceeds
   There were no proceeds raised from corporate proposal during the financial year.

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 year are as follows:

	Company RM	Group RM
Audit Fees	87,000	252,500
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 year are disclosed on pages 122 to 124 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 year.

5. Revaluation Policy
   There was no revaluation policy on landed properties adopted during the financial year.

6. Employee Share Scheme
   The Company did not offer and/or adopt any Employee Share Scheme during the financial year.

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 year, and of their results and cash flows for the financial year.

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 24 August 2020.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

Principal activities

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

The principal activities of the subsidiaries are as set out in Note 22 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 year.

Results

	Group RM	Company RM
Profit for the financial year	5,306,959	1,814,412
Attributable to:		
Owners of the parent	5,044,914	1,814,412
Non-controlling interests	262,045	-
	5,306,959	1,814,412

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial period.

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

DIRECTORS' REPORT (CONTD.)

Directors

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

Dato Henry Lau Lee Kong
Tuan Haji Wan Abdillah Bin Wan Hamid
Datu Haji Sarudu Bin Haji Hoklai
Datuk Haji Hamden Bin Haji Ahmad
Robert Lau Hui Yew

Directors' interest in shares

The shareholdings in the Company and related corporations of those who were Directors at the end of the financial year, 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:

	Number of Shares			
	Balance as at 1.4.2019	**Bought**	**Sold**	**Balance as at 31.3.2020**
In the Company				
Direct Interest:				
Tuan Haji Wan Abdillah Bin Wan Hamid	104,821	-	-	104,821
Robert Lau Hui Yew	100,000	-	-	100,000
Indirect Interest:				
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 in Malaysia, Dato Henry Lau Lee Kong, Tuan Haji Wan Abdillah Bin Wan Hamid and Robert Lau Hui Yew are also deemed interested in the shares of the subsidiaries of the Company to the extent that the Company has an interest.

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

Directors' benefits

Since the end of the previous financial period, 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 24 to the financial statements.

There were no arrangements during or at the end of the financial year, 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 and fee

Directors' remuneration of the Group and of the Company are amounted to RM1,000,811 and RM62,704 respectively as disclosed in Note 4 to the financial statements.

Directors' fees of the Group and of the Company are amounted to RM433,635 and RM223,635 respectively as disclosed in Note 4 to the financial statements.

Indemnity and insurance for directors, officers and auditors

The Company has paid a premium of RM15,910 for Directors and Officers Liability insurance up to a limit of RM10 million for the period from 1 July 2019 to 1 July 2020 for all the Directors.

Except for the abovementioned, 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 year.

There were no debentures issued during the financial year.

Options granted over unissued shares

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

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 year 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 year.

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 year 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 year ended to 31 March 2020 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 year and the date of this report.

Significant events during the financial year

Details of significant events during the financial year is disclosed in Note 31 to the financial statements.

Events subsequent to year end

Details of events subsequent to year end is disclosed in Note 32 to the financial statement.

Auditors

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

The auditors' remuneration of the Group and of the Company for the financial year ended 31 March 2020 amounted to RM262,500 and RM97,000 respectively.

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

DATO HENRY LAU LEE KONG

TUAN HAJI WAN ABDILLAH BIN WAN HAMID

Kuching

24 August 2020

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 57 to 136 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and of their financial performance and their cash flows for the financial year ended on that date.

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

DATO HENRY LAU LEE KONG	TUAN HAJI WAN ABDILLAH BIN WAN HAMID

Kuching

24 August 2020

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 57 to 136 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 24 August 2020.)

TUAN HAJI WAN ABDILLAH BIN WAN HAMID

Before me,

PHANG DAH NAN
Commissioner For Oaths (No. Q119)
No. 55, 1st Floor,
Jalan Chan Bee Kiew
Off Jalan Padungan,
93100 Kuching, Sarawak.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BLD PLANTATION BHD. [Registration No.: 200101026441 (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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 136.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

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

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

INDEPENDENT AUDITORS' REPORT (CONTD.)
TO THE MEMBERS OF BLD PLANTATION BHD. [Registration No.: 200101026441 (562199-A)]
(Incorporated in Malaysia)

(continued)

Key Audit Matters

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

1. **Fair value of biological assets**
(*Refer to Note 14 to the financial statements*)

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 2020 amounted to RM13,898,071. The fair value of the biological asset 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.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the 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.

INDEPENDENT AUDITORS' REPORT (CONTD.)
TO THE MEMBERS OF BLD PLANTATION BHD. [Registration No.: 200101026441 (562199-A)]
(Incorporated in Malaysia)

(continued)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

(continued)

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

- 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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.

INDEPENDENT AUDITORS' REPORT (CONTD.)

TO THE MEMBERS OF BLD PLANTATION BHD. [Registration No.: 200101026441 (562199-A)]
(Incorporated in Malaysia)

(continued)

Other Matters

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

PKF
AF 0911
CHARTERED ACCOUNTANTS

NGU SIOW PING
03033/11/2021 J
CHARTERED ACCOUNTANT

Kuala Lumpur

24 August 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Group		Company	
	Note	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Revenue	3	1,927,119,171	2,184,164,622	5,993,506	10,071,973
Cost of sales		(1,857,277,594)	(2,169,570,776)	-	-
Gross profit		69,841,577	14,593,846	5,993,506	10,071,973
Other operating income	5	9,357,195	18,428,122	-	-
Selling expenses		(39,237,296)	(46,847,362)	-	-
Administrative expenses		(16,372,382)	(23,783,402)	(3,184,695)	(5,205,266)
Other operating expenses		(4,730,564)	(10,878,678)	-	-
Profit/(Loss) from operations		18,858,530	(48,487,474)	2,808,811	4,866,707
Finance cost	6	(10,255,207)	(13,405,095)	(353,226)	(207,837)
Profit/(Loss) before taxation		8,603,323	(61,892,569)	2,455,585	4,658,870
Tax (expense)/income	7	(3,296,364)	11,218,638	(641,173)	(1,227,572)
Total comprehensive income/(loss) for the financial year/period		5,306,959	(50,673,931)	1,814,412	3,431,298
Total comprehensive income/(loss) attributable to:					
Owners of the parent		5,044,914	(50,184,981)		
Non-controlling interests		262,045	(488,950)		
		5,306,959	(50,673,931)		
Basic earning/(loss) attributable to owners of the parent per ordinary share (sen)	8	5.40	(53.67)		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	581,131,041	662,581,099	452,785	496,375
Right-of-use assets	11	125,457,867	-	49,320	-
Deferred tax assets	12	6,063,400	6,643,637	-	-
Investment in subsidiaries	22	-	-	132,542,959	82,542,959
		712,652,308	669,224,736	133,045,064	83,039,334
Current assets					
Inventories	13	154,312,172	141,507,291	-	-
Biological assets	14	13,898,071	9,517,941	-	-
Trade and other receivables	15	101,158,618	80,580,608	62,980,309	126,219,248
Prepaid operating expenses		1,274,989	1,372,266	3,130	5,538
Tax recoverable		7,023,783	10,934,813	-	357,200
Short-term deposits with licensed banks	16	25,000,000	-	25,000,000	-
Cash and bank balances		119,004,682	158,685,564	173,107	2,964,841
		421,672,315	402,598,483	88,156,546	129,546,827
TOTAL ASSETS		1,134,324,623	1,071,823,219	221,201,610	212,586,161
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	173,180,555	173,180,555	173,180,555	173,180,555
Retained earnings	19	395,020,516	390,026,052	22,709,429	20,906,079
		568,201,071	563,206,607	195,889,984	194,086,634
Non-controlling interests		(1,173,931)	(1,435,915)	-	-
Total equity		567,027,140	561,770,692	195,889,984	194,086,634

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

STATEMENTS OF FINANCIAL POSITION *(CONTD.)*
AS AT 31 MARCH 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current liabilities					
Borrowings	20	115,352,726	99,548,890	-	-
Lease liabilities	23	581,522	-	-	-
Deferred tax liabilities	12	72,896,758	71,169,331	600	9,600
		188,831,006	170,718,221	600	9,600
Current liabilities					
Trade and other payables	21	126,718,787	90,375,577	180,412	489,927
Borrowings	20	246,668,567	248,792,445	25,000,000	18,000,000
Lease liabilities	23	396,731	-	52,535	-
Taxation		78,079	-	78,079	-
Derivative financial instruments	17	4,604,313	166,284	-	-
		378,466,477	339,334,306	25,311,026	18,489,927
Total liabilities		567,297,483	510,052,527	25,311,626	18,499,527
TOTAL EQUITY AND LIABILITIES		1,134,324,623	1,071,823,219	221,201,610	212,586,161

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		Attributable to the owners of the parent				
		Non-distributable	Distributable			
Group	Note	Share capital RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2018		173,180,555	443,016,033	616,196,588	(946,965)	615,249,623
Total comprehensive loss for the financial period		-	(50,184,981)	(50,184,981)	(488,950)	(50,673,931)
Distributions to owners of the parent						
- Dividends to owners of the parent	9	-	(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
Initial application of MFRS 16		-	(50,450)	(50,450)	(61)	(50,511)
At 1 April 2019		173,180,555	389,975,602	563,156,157	(1,435,976)	561,720,181
Total comprehensive income for the financial year		-	5,044,914	5,044,914	262,045	5,306,959
At 31 March 2020		173,180,555	395,020,516	568,201,071	(1,173,931)	567,027,140

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

Company	Note	Share capital RM	Retained earnings RM	Total equity RM
At 1 January 2018		173,180,555	20,279,781	193,460,336
Total comprehensive income for the financial period		-	3,431,298	3,431,298
Dividends	9	-	(2,805,000)	(2,805,000)
At 31 March 2019		173,180,555	20,906,079	194,086,634
Initial application of MFRS 16		-	(11,062)	(11,062)
At 1 April 2019		173,180,555	20,895,017	194,075,572
Total comprehensive income for the financial year		-	1,814,412	1,814,412
At 31 March 2020		173,180,555	22,709,429	195,889,984

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

	Note	Group 1.4.2019 to 31.3.2020 RM	Group 1.1.2018 to 31.3.2019 RM	Company 1.4.2019 to 31.3.2020 RM	Company 1.1.2018 to 31.3.2019 RM
Cash flows from operating activities					
Profit/(Loss) before tax		8,603,323	(61,892,569)	2,455,585	4,658,870
Adjustments for:					
Depreciation of property, plant and equipment		46,891,408	61,845,653	82,951	103,396
Depreciation of right-of-use assets		3,883,600	-	295,920	-
Interest income		(3,799,181)	(6,862,751)	(5,057,306)	(7,127,275)
Interest expense		10,208,695	13,405,095	343,589	207,837
Fair value (gain)/loss on biological assets		(4,380,130)	4,660,137	-	-
(Gain)/Loss on disposal of property, plant and equipment		(40,118)	(27,382)	228	261
Interest on lease liabilities		46,512	-	9,637	-
Net fair value loss on derivative		4,438,029	6,004,031	-	-
Unrealised gain on foreign exchange		(1,146,015)	(627,774)	-	-
Operating profit/(loss) before working capital changes		64,706,123	16,504,440	(1,869,396)	(2,156,911)
Increase in inventories		(12,804,881)	(15,246,653)	-	-
(Increase)/Decrease in trade and other receivables		(21,604,396)	88,764,043	63,238,939	(15,072,067)
Decrease/(Increase) in prepaid operating expenses		97,277	2,772,571	2,408	(695)
Increase/(Decrease) in payables		36,018,068	(37,820,191)	(309,515)	(427,538)
Cash generated from/(used in) operations		66,412,191	54,974,210	61,062,436	(17,657,211)

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

STATEMENT OF CASH FLOWS *(CONTD.)*
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

		Group		Company	
	Note	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Cash generated from/(used in) operations		66,412,191	54,974,210	61,062,436	(17,657,211)
Income tax refunded/(paid)		3,016,359	(6,347,196)	(211,401)	(1,589,172)
Interest received		3,799,181	6,862,751	5,057,306	7,127,275
Net cash from/(used in) operating activities		73,227,731	55,489,765	65,908,341	(12,119,108)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		318,851	1,591,836	-	123
Investment in subsidiary company		-	-	(50,000,000)	-
Acquisition of property, plant and equipment		(88,700,367)	(107,236,206)	(39,589)	(477,529)
Net cash used in investing activities		(88,381,516)	(105,644,370)	(50,039,589)	(477,406)

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

STATEMENT OF CASH FLOWS (CONTD.)
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

	Note	Group 1.4.2019 to 31.3.2020 RM	Group 1.1.2018 to 31.3.2019 RM	Company 1.4.2019 to 31.3.2020 RM	Company 1.1.2018 to 31.3.2019 RM
Cash flows from financing activities					
Dividends paid to owners of the parent		-	(2,805,000)	-	(2,805,000)
Interest paid - others		(14,907,375)	(19,136,672)	(343,589)	(207,837)
Interest paid - lease liabilities		(46,512)	-	(9,637)	-
Repayment of lease liabilities		(750,710)	-	(307,260)	-
Net changes in bankers' acceptances		(34,823,000)	(95,505,000)	-	-
Net changes in onshore foreign currency loans		(3,204,974)	21,075,383	-	-
Proceeds from revolving credits		253,000,000	309,000,000	50,000,000	68,000,000
Repayment of revolving credits		(220,000,000)	(278,000,000)	(43,000,000)	(50,000,000)
Proceeds from term loans		30,503,840	51,240,380	-	-
Repayment of term loans		(14,568,503)	(59,814,588)	-	-
Net cash (used in)/from financing activities		(4,797,234)	(73,945,497)	6,339,514	14,987,163
Net (decrease)/increase in cash and cash equivalents		(19,951,019)	(124,100,102)	22,208,266	2,390,649
Effects on foreign exchange translation		2,497,542	263,359	-	-
Cash and cash equivalents at 1 April 2019/1 January 2018		158,678,027	282,514,770	2,964,841	574,192
Cash and cash equivalents at 31 March	(i)	141,224,550	158,678,027	25,173,107	2,964,841

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

STATEMENT OF CASH FLOWS *(CONTD.)*
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

Notes:

(i) Cash and cash equivalents comprise the following:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash and bank balances	119,004,682	158,685,564	173,107	2,964,841
Short-term deposits with licensed banks	25,000,000	-	25,000,000	-
Bank overdrafts (Note 20(c))	(2,780,132)	(7,537)	-	-
	141,224,550	158,678,027	25,173,107	2,964,841

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

STATEMENT OF CASH FLOWS (CONTD.)
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

Notes: (continued)

(ii) Reconciliation of liabilities arising from financing activities:

Group	1 April 2019 RM	Initial application of MFRS 16 RM	Addition of right-of-use assets RM	Cash flows RM	31 March RM
2020					
Lease liabilities	-	984,668	744,295	(750,710)	978,253
Bankers' acceptances	127,433,000	-	-	(34,823,000)	92,610,000
Revolving credits	77,000,000	-	-	33,000,000	110,000,000
Term loans	111,902,885	-	-	15,935,337	127,838,222
Onshore foreign currency loans	31,997,913	-	-	(3,204,974)	28,792,939

	1 January 2018 RM	Cash flows RM	31 March RM
2019			
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

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

STATEMENT OF CASH FLOWS *(CONTD.)*
FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH 2020

Notes: (continued)

(ii) Reconciliation of liabilities arising from financing activities: (continued)

Company	**1 April 2019**	**Initial application of MFRS 16**	**Cash flows**	**31 March**
	RM	**RM**	**RM**	**RM**
2020				
Lease liabilities	-	359,795	(307,260)	52,535
Revolving credit	18,000,000	-	7,000,000	25,000,000

2019	**1 January 2018**	**Cash flows**	**31 March**
	RM	**RM**	**RM**
Revolving credit	-	18,000,000	18,000,000

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

1. Basis of preparation

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

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 also the Company's functional currency.

(a) Standards issued and effective

On 1 April 2019, the Group and the Company have adopted the following MFRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") which are mandatory for annual financial periods beginning on or after 1 January 2019.

Description
- MFRS 16 *Leases*
- Annual improvements to MFRSs 2015 - 2017 cycle
  - Amendments to MFRS 3 *Business Combinations*
  - Amendments to MFRS 11 *Joint Arrangements*
  - Amendments to MFRS 112 *Income Taxes*
  - Amendments to MFRS 123 *Borrowing Costs*
- Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment and Settlement
- Amendments to MFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
- Amendments to MFRS 128 Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23 Uncertainty over Income Tax Treatments

The Directors expect that the adoption of the new and amended MFRS and interpretation above will have no impact on the financial statements of the Group and of the Company except for those disclosed in Note 1(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTD.)*
AS AT 31 MARCH 2020

1. Basis of preparation (continued)

(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:

Description	**Effective for annual periods beginning on or after**
• Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
- 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
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
- Amendments to 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 the 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

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 MFRS 3 Business Combinations: Definition of 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 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform	1 January 2020
• Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures: Sales and Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
• Amendment to MFRS 16, Leases: Covid-19-Related Rent Concessions	1 June 2020
• MFRS 17, Insurance Contract	1 January 2021
• Amendments to MFRS 101, Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022
• Annual improvements to MFRSs 2018 – 2020 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141 Agriculture	1 January 2022
• Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Asset: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
AS AT 31 MARCH 2020

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 of the Company.

(c) Explanation on change in accounting policy

MFRS 16 Leases

In the current financial year, the Group and the Company have adopted MFRS 16 *Leases* (“MFRS 16”) effective for the annual financial period beginning on or after 1 January 2019. The Group and the Company have elected not to restate comparatives for the financial period from 1 January 2018 to 31 March 2019 and recognise the cumulative effect of initial applying MFRS 16 as an adjustment to the opening balance of retained earnings.

The Group and the Company have also elected not to reassess whether a contract is, or contains, a lease at 1 January 2019 (date of initial application). Instead, the Group and the Company relied on their assessment made applying MFRS 117 *Leases* (“MFRS 117”) and IC Interpretation 4 *Determining whether an Arrangement contains a Lease* for contracts entered into (or changed) before the date of initial application.

<u>*As a lessee*</u>

At the date of initial application, for leases previously classified as an operating lease applying MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s and the Company’s incremental borrowing rate at the date of initial application. On 1 April 2019, the weighted average incremental borrowing rate of the Group and of the Company applied to the lease liabilities are ranging from 4.48% to 5.74%.

The right-of-use assets are measured at their carrying amount as if MFRS 16 has been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application.

1. Basis of preparation (continued)

(c) Explanation on change in accounting policy (continued)

MFRS 16 Leases (continued)

<u>*As a lessee (continued)*</u>

The following practical expedients have been applied to leases previously classified as operating leases applying MFRS 117:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessment on whether leases are onerous as an alternative to perform impairment review – there were no onerous contracts as at 1 April 2019;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

For leases previously classified as finance leases applying MFRS 117, the carrying amount of the right-of-use assets and the lease liabilities as at 1 April 2019 are determined to be the same as the carrying amount of the lease assets and lease liabilities under MFRS 117.

Reconciliation between operating lease commitments disclosed applying MFRS 117 and lease liabilities.

	2020 RM
Group	
Operating lease commitments disclosed as at 31 March 2019	1,259,065
Discounted using the lessee's incremental borrowing rate as at 1 April 2019	984,668
Lease liabilities recognised as at 1 April 2019	984,668
Company	
Operating lease commitments disclosed as at 31 March 2019	418,133
Discounted using the lessee's incremental borrowing rate as at 1 April 2019	359,795
Lease liabilities recognised as at 1 April 2019	359,795

1. **Basis of preparation (continued)**

(c) **Explanation on change in accounting policy (continued)**

MFRS 16 Leases (continued)

These are impact on the changes to the accounting policies applied to lease contracts entered into by the Group and the Company as compared to those applied in previous financial statements. The impact arising from the changes are disclosed as below:

Group	As reported at 31 March 2019 RM	Adjustments due to adoption of MFRS 16 RM	Adjusted Opening balance at 1 April 2019 RM
Property, plant and equipment	662,581,099	(127,678,964)	534,902,135
Right-of-use assets	-	128,597,172	128,597,172
Lease liabilities	-	984,668	984,668
Deferred tax assets	6,643,637	1,424	6,645,061
Deferred tax liabilities	(71,169,331)	14,525	(71,154,806)
Non-controlling interests	(1,435,915)	(61)	(1,435,976)
Retained earnings	390,026,052	(50,450)	389,975,602
Company			
Right-of-use asset	-	345,240	345,240
Lease liabilities	-	359,795	359,795
Deferred tax liabilities	9,600	(3,493)	6,107
Retained earnings	20,906,079	(11,062)	20,895,017

(d) **Basis of measurement**

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the significant accounting policies.

(e) **Significant 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.

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

(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.

(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.

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

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

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.

(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.

1. Basis of preparation (continued)

(e) Significant accounting estimates and judgements (continued)

(viii) Leases

(a) Lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The extension options in leases for building have been included in the lease liability in consideration of the costs and business disruption required to replace the leased assets.

(b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Group and the Company use recent third-party financing received by the Group and the Company as a starting point and makes adjustments specific to the lease, for e.g. term and security.

(ix) Fair Value of Biological Assets

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

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.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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.

(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.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

(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.

2. Summary of significant accounting policies (continued)

(b) Foreign currencies

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.

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.

2. Summary of significant accounting policies (continued)

(c) Revenue and other income

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for these goods or services.

(i) Sales of goods – plantation produce

The Group harvests and sells 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

The Company provides management services to its related companies. Revenue is recognised at the point in time when the Company rendered the services to its related companies.

(iii) Interest income

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

(iv) Dividend income

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

(v) 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.

(d) Employee benefits expense

(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.

2. Summary of significant accounting policies (continued)

(d) Employee benefits expense (continued)

(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.

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.

2. Summary of significant accounting policies (continued)

(f) Tax expense (continued)

(ii) Deferred tax (continued)

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

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.

2. Summary of significant accounting policies (continued)

(g) Impairment (continued)

(i) Financial assets (continued)

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.

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.

2. Summary of significant accounting policies (continued)

(g) Impairment (continued)

(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.

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.

2. Summary of significant accounting policies (continued)

(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 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 available for use.

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.

2. Summary of significant accounting policies (continued)

(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 of loss in the year of retirement or disposal.

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.

2. Summary of significant accounting policies (continued)

(l) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Subsequent measurement

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassified debt investments when and only when its business model for managing those asset changes.

(a) Amortised cost

Financial asset is measured at amortised cost when the financial asset is held within a business model whose objective is to hold financial assets in order 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.

Interest income from financial asset measured at amortised cost is recognised in profit or loss using the effective interest method. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gain and losses.

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2. Summary of significant accounting policies (continued)

(l) Financial assets(continued)

(ii) Subsequent measurement(continued)

(b) Fair value through other comprehensive income ("FVOCI") – debt investment

Debt investment, which is not designated as at fair value through profit or loss, is measured at FVOCI when the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments to principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income calculated using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment expenses are presented as a separate line item in the statement of profit or loss.

(c) FVOCI – equity investment

Equity investment is measured at FVOCI when the Group and the Company made an irrevocable election to present changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

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.

2. Summary of significant accounting policies (continued)

(l) Financial assets(continued)

(ii) Subsequent measurement(continued)

(d) Fair value through profit or loss (“FVTPL”)

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument).

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risk and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

Any cumulative gain or loss arise from fair value changes in equity investment that had been recognised in other comprehensive income is transferred within equity when the equity investment is derecognised whereas any cumulative gain or loss arise from fair value changes in debt investment that had been recognised in other comprehensive income is transferred to profit or loss when the debt investment is derecognised.

(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.

2. Summary of significant accounting policies (continued)

(n) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become party to the contractual provision of the instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability.

(ii) Subsequent measurement

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

(a) Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities where it is designated as FVTPL.

Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(b) Fair value through profit or loss ("FVTPL")

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 are measured at FVTPL.

Financial liabilities may be designated upon initial recognition at FVTPL only if the criteria in MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)* are satisfied. The Company has not designated any financial liability as at FVTPL.

Financial liabilities categorised at FVTPL are subsequently carried at fair value with the gain or losses recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(n) Financial liabilities (continued)

(iii) Derecognition

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.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liability assumed, 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 29 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

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.

2. Summary of significant accounting policies (continued)

(t) Leases

The Group and the Company had applied MFRS 117 *Leases* until financial period from 1 January 2018 to 31 March 2019. From 1 April 2019, MFRS 16 *Leases* has been applied.

Current financial year

(i) Initial recognition and measurement

As a lessee

The Group and the Company recognised right-of-use asset and lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises as follows:

- the initial amount of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate.

Variable lease payments that do not depends on an index or a rate are excluded from lease liability and right-of-use asset and recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

Current financial year (continued)

(i) Initial recognition and measurement (continued)

As a lessor

Leases for which the Group and the Company is a lessor are classified as finance or operating leases.

Leases which transfer substantially all of the risks and rewards incidental to ownership of the underlying asset is a finance lease; if not, then it is an operating lease.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the investment in the lease.

When the Group and the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right- of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(ii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses determined in accordance with Note 2(g)(ii) to the financial statements, if any, and adjusted for certain remeasurements of the lease liability.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

Current financial year (continued)

(ii) Subsequent measurement (continued)

As a lessee (continued)

The carrying amount of lease liability is subsequently increased by interest on the lease liability and reduced by lease payments made. It is remeasured when there is a change in lease term, assessment of an option to purchase the underlying asset, future lease payments arising from the change in an index or rate, the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee or in-substance fixed lease payments.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Previous financial year

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property, is accounted for as if held under a finance lease to the financial statements; and

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

Previous financial year (continued)

(i) Classification (continued)

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amounts of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for the depreciable property, plant and equipment as described in Note 2(h) to the financial statements.

(iii) Operating Leases – as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings element in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(t) Leases (continued)

Previous financial year (continued)

(iv) Operating Leases – as Lessor

Assets leased out under operating leases are presented in the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(u) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. Revenue

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

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Revenue from contracts with customers:				
Sale of plantation produce	1,926,950,876	2,183,942,112	-	-
Other source of income				
Interest income	61,736	3,217	5,057,306	7,127,275
Management fee	-	-	936,200	1,172,400
Security charges received	-	-	-	1,772,298
Rental income	106,559	219,293	-	-
	1,927,119,171	2,184,164,622	5,993,506	10,071,973

4. Employee benefits expense

	Group		Company	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**	**1.4.2019 to 31.3.2020 RM**	**1.1.2018 to 31.3.2019 RM**
Salaries and other emoluments	109,338,913	131,669,495	1,295,622	3,159,005
Defined contribution plan	6,326,640	8,594,037	97,395	317,842
	115,665,553	140,263,532	1,393,017	3,476,847
Less: Amount capitalised in bearer plants	(6,981,648)	(6,931,230)	-	-
	108,683,905	133,332,302	1,393,017	3,476,847
Directors' remuneration:				
Executive:				
Salaries and other emoluments	985,611	1,587,521	62,704	114,607
Fees	221,000	216,500	113,400	113,400
	1,206,611	1,804,021	176,104	228,007
Non-executive:				
Other emoluments	15,200	442,408	-	76,200
Fees	212,635	258,500	110,235	115,500
	227,835	700,908	110,235	191,700
	1,434,446	2,504,929	286,339	419,707

5. Other income

	Group		Company	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**	**1.4.2019 to 31.3.2020 RM**	**1.1.2018 to 31.3.2019 RM**
Interest income	3,737,445	6,859,534	-	-
Rental income	91,858	87,600	-	-
Net gain on foreign exchange	1,105,735	11,452,344	-	-
Fair value gain on biological assets	4,380,130	-	-	-
Gain on disposal of property, plant and equipment	40,442	27,643	-	-
Others	1,585	1,001	-	-
	9,357,195	18,428,122	-	-

6. Finance costs

	Group		Company	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**	**1.4.2019 to 31.3.2020 RM**	**1.1.2018 to 31.3.2019 RM**
Interest expense on:				
- bank overdrafts	206,225	145,103	-	-
- revolving credit	3,669,394	2,754,182	343,589	207,837
- banker acceptance	3,743,891	7,091,614	-	-
- onshore foreign currency loan interest	871,794	798,778	-	-
- term loans	1,717,391	2,615,418	-	-
- lease liabilities	46,512	-	9,637	-
	10,255,207	13,405,095	353,226	207,837

7. Tax expense/(income)

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Current tax				
- current year/period	1,014,756	2,731,603	678,916	1,186,000
- (over)/underprovision in prior period/year	(42,006)	(138,703)	(32,236)	31,972
	972,750	2,592,900	646,680	1,217,972
Deferred tax (Note 12)				
- current year/period	2,567,590	(14,248,601)	67	9,600
- (over)/underprovision in prior period/year	(243,976)	437,063	(5,574)	-
	2,323,614	(13,811,538)	(5,507)	9,600
Income tax recognised in profit or loss	3,296,364	(11,218,638)	641,173	1,227,572

7. Tax expense/(income) (continued)

Reconciliation of tax expense

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Profit/(Loss) before tax	8,603,323	(61,892,569)	2,455,585	4,658,870
Tax calculated at statutory tax rate of 24%	2,064,798	(14,854,216)	589,340	1,118,129
Non-deductible expenses	1,517,548	3,337,218	89,643	77,471
	3,582,346	(11,516,998)	678,983	1,195,600
(Over)/Underprovision of current tax in prior period	(42,006)	(138,703)	(32,236)	31,972
(Over)/Underprovision of deferred tax in prior period	(243,976)	437,063	(5,574)	-
	3,296,364	(11,218,638)	641,173	1,227,572

The Group has unutilised tax losses and unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed investment tax allowances amounting to approximately RM22,537,233 (2019: RM29,066,000) and RM241,478,208 (2019: RM209,854,013) respectively for set off against future taxable profits.

Unutilised tax losses can be carried forward for a period of 7 years of assessment ("YA") to set off against future taxable profits as follows:

	RM	Utilised up to
YA 2017 and before	5,599,825	YA 2025
YA 2019	29,066,000	YA 2026
YA 2020	22,537,233	YA 2027

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8. Earnings per share

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

	Group	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**
Profit/(Loss) attributable to owners of the parent	5,044,914	(50,184,981)
Number of ordinary shares in issue	93,500,000	93,500,000
Basic earning/(loss) attributable to owners of the parent per ordinary share (sen)	5.40	(53.67)

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

9. Dividend

Dividends paid by the Company were:

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

10. Property, plant and equipment

	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
Group									
Cost									
At 1 April 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
Additions	-	3,300	8,204,405	259,735	2,673,180	262,040	-	82,305,329	93,707,989
Reclassification	-	2,575,329	(4,444,521)	(386,170)	2,255,362	-	-	-	-
Disposals	-	-	-	(13,159)	(596,442)	(514,797)	-	-	(1,124,398)
Initial application of MFRS 16	(177,491,774)	-	-	-	-	-	-	-	(177,491,774)
At 31 March 2020	-	120,666,220	8,246,913	17,519,802	313,382,420	21,954,638	94,691	770,974,413	1,252,839,097
Accumulated depreciation									
At 1 April 2019	49,812,810	46,658,621	-	13,952,653	201,366,000	17,096,919	75,900	346,203,278	675,166,181
Charge for the financial year	-	4,036,982	-	796,972	20,967,399	1,624,239	3,650	19,462,166	46,891,408
Capitalised in bearer plants	-	35,399	-	10,093	135,051	92,797	-	-	273,340
Disposals	-	-	-	(11,606)	(484,738)	(313,719)	-	-	(810,063)
Initial application of MFRS 16	(49,812,810)	-	-	-	-	-	-	-	(49,812,810)
At 31 March 2020	-	50,731,002	-	14,748,112	221,983,712	18,500,236	79,550	365,665,444	671,708,056
Carrying amount									
At 31 March 2020	-	69,935,218	8,246,913	2,771,690	91,398,708	3,454,402	15,141	405,308,969	581,131,041

10. Property, plant and equipment (continued)

	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
Group									
Cost									
At 1 January 2018	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	-	(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
Accumulated depreciation									
At 1 January 2018	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	5,081,223	-	1,357,938	26,179,846	2,260,034	7,183	22,833,831	61,845,653
Capitalised in bearer plants	-	8,865	-	19,333	48,508	62,652	-	-	139,358
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
Carrying amount									
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

10. Property, plant and equipment (continued)

	Motor vehicles RM	Furniture and fittings RM	Renovation RM	Total RM
Company				
Cost				
At 1 April 2019	595,745	316,626	714,260	1,626,631
Additions	-	39,589	-	39,589
Disposals	-	(3,050)	-	(3,050)
At 31 March 2020	595,745	353,165	714,260	1,663,170
Accumulated depreciation				
At 1 April 2019	538,375	292,648	299,233	1,130,256
Charge for the financial year	20,861	11,673	50,417	82,951
Disposals	-	(2,822)	-	(2,822)
At 31 March 2020	559,236	301,499	349,650	1,210,385
Carrying amount				
At 31 March 2020	36,509	51,666	364,610	452,785
Cost				
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	595,745	316,626	714,260	1,626,631
Accumulated depreciation				
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	538,375	292,648	299,233	1,130,256
Carrying amount				
At 31 March 2019	57,370	23,978	415,027	496,375

10. Property, plant and equipment (continued)

(a) The leasehold land, buildings, plant and machinery with a total carrying amount amounted to RM16,996,159, RM39,496,586 and RM64,457,866 (31.3.2019: RM17,444,917, RM40,455,724 and RM 77,610,504) respectively, are pledged for banking facilities granted to certain subsidiaries as disclosed in Note 20 to the financial statements.

(b) Included in the bearer plants are interest and employee benefits expense of RM4,698,680 and RM6,981,648 (31.3.2019: RM3,320,195 and RM6,931,230) incurred and capitalised during the financial year/period.

11. Right-of-use assets

Group	**Leasehold land RM**	**Office RM**	**Total RM**
Cost			
At 1 April 2019	-	-	-
Initial application of MFRS 16	177,574,655	835,327	178,409,982
Additions	744,295	-	744,295
At 31 March 2020	178,318,950	835,327	179,154,277
Accumulated depreciation			
At 1 April 2019	-	-	-
Initial application of MFRS 16	49,812,810	-	49,812,810
Depreciation for the financial year	3,184,151	699,449	3,883,600
At 31 March 2020	52,996,961	699,449	53,696,410
Carrying amount	125,321,989	135,878	125,457,867

Company	**Office RM**
Carrying amount	
At 1 April 2019	-
Initial application of MFRS 16	345,240
Depreciation for the financial year	(295,920)
At 31 March 2020	49,320

The Group and the Company lease land and offices. The contract term for offices ranges from 2 to 5 years that may come together with an extension options of renewal of contract which ranges from 2 to 5 years. Leasehold land consists of land with unexpired lease period ranging from 27-58 years (31.3.2019: 28-59 years).

The extension and termination options were exercisable only by the Group and of the Company and not by the respective lessor.

12. Deferred tax assets/(liabilities)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 April / 1 January	(64,525,694)	(78,337,232)	(9,600)	-
Initial application of MFRS 16	15,949	-	3,493	-
At 1 April / 1 January	(64,509,745)	(78,337,232)	(6,107)	-
Recognised in profit or loss	(2,323,613)	13,811,538	5,507	(9,600)
At 31 March	(66,833,358)	(64,525,694)	(600)	(9,600)

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	
	2020 RM	2019 RM
Deferred tax assets, net	6,063,400	6,643,637
Deferred tax liabilities, net	(72,896,758)	(71,169,331)
	(66,833,358)	(64,525,694)

12. 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:

	Company	
	2020	**2019**
	RM	**RM**
Deferred tax assets, net	-	-
Deferred tax liabilities, net	(600)	(9,600)
	(600)	(9,600)

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

	Group	
	2020	**2019**
	RM	**RM**
Deferred tax assets	64,239,679	57,340,803
Deferred tax liabilities	(131,073,037)	(121,866,497)
	(66,833,358)	(64,525,694)

	Company	
	2020	**2019**
	RM	**RM**
Deferred tax assets	6,274	-
Deferred tax liabilities	(6,874)	(9,600)
	(600)	(9,600)

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

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

Deferred tax assets of the Group

	Other payables RM	Right-of-use assets RM	Unabsorbed reinvestment, investment tax, capital and agricultural allowances RM	Total RM
At 1 January 2018	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
Initial application of MFRS 16	-	15,949	-	15,949
At 1 April 2019	-	15,949	57,340,803	57,356,752
Recognised in profit or loss	867,137	(7,113)	6,022,903	6,882,927
At 31 March 2020	867,137	8,836	63,363,706	64,239,679

12. Deferred tax assets/(liabilities) (continued)

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

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 2018	-	(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)
Recognised in profit or loss	50,812	498,717	(1,051,232)	(8,704,837)	(9,206,540)
At 31 March 2020	-	(13,600,429)	(3,335,537)	(114,137,071)	(131,073,037)

12. 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 assets of the Company

	Right-of-use assets RM	Unabsorbed capital allowances RM	Total RM
At 1 January 2018	-	-	-
Recognised in profit or loss	-	-	-
At 31 March 2019	-	-	-
Initial application of MFRS 16	3,493	-	3,493
At 1 April 2019	3,493	-	3,493
Recognised in profit or loss	(2,721)	5,502	2,781
At 31 March 2020	772	5,502	6,274

Deferred tax liabilities of the Company

	Accelerated capital allowances RM
At 1 January 2018	-
Recognised in profit or loss	(9,600)
At 31 March 2019	(9,600)
Recognised in profit or loss	2,726
At 31 March 2020	(6,874)

13. Inventories

	Group 2020 RM	Group 2019 RM
At cost:		
Canteen goods	214,436	205,960
Livestock	1,417,858	1,280,586
Consumable stocks	2,744,100	1,896,622
Finished goods	35,972,423	6,858,762
Stone	8,166,375	-
Raw materials	-	51,144,431
	48,515,192	61,386,361
At net realisable value:		
Finished goods	38,411,929	78,497,910
Raw materials	67,385,051	1,623,020
	105,796,980	80,120,930
	154,312,172	141,507,291

	Group 1.4.2019 to 31.3.2020 RM	Group 1.1.2018 to 31.3.2019 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,586,102,475	1,813,615,256

14. Biological assets

	Group 2020 RM	Group 2019 RM
Cost		
At 1 April 2019/1 January 2018	9,517,941	14,178,078
Net gain/(loss) from fair value adjustments recognised in profit or loss	4,380,130	(4,660,137)
At 31 March	13,898,071	9,517,941

14. Biological assets (continued)

The biological assets of the Group represent oil palm fruits of 30 days prior to harvesting. The quantity of the fruits included in the valuation of the Company are 33,086 (2019: 31,646) 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 year/period.

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 year/period 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	2020 RM	2019 RM
Selling price	10%	1,443,882	996,768
	(10%)	(1,443,882)	(996,768)
Production volume	10%	1,389,961	951,900
	(10%)	(1,389,961)	(951,900)

15. Trade and other receivables

	Group 2020 RM	Group 2019 RM
Trade receivables		
Third parties	97,205,636	53,841,023
Related parties	555,679	4,404,906
	97,761,315	58,245,929
Other receivables		
Third parties	2,027,158	21,545,564
Related parties	926,423	1,726
Deposits	443,722	787,389
	3,397,303	22,334,679
Total trade and other receivables	101,158,618	80,580,608

	Company 2020 RM	Company 2019 RM
Other receivables		
Related party	-	32
Subsidiaries	62,889,734	126,136,712
Deposits	90,575	82,504
	62,980,309	126,219,248

(a) Trade receivables are non-interest bearing and are generally on 2 to 90 days (2019: 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 4.34% to 5.44% (2019: 5.01% to 5.47%) per annum.

16. 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 (2019: one (1) month to three (3) months) 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 2020 for the Group and the Company were 2.90% (2019: 3.62%) and 2.90% (2019: Nil%) respectively.

17. Derivatives

	Group 2020		
	Contract/ notional amount RM	Assets RM	Liabilities RM
Non-hedging derivatives			
Forward currency contracts	195,957,496	-	4,604,313

	2019		
	Contract/ notional amount RM	Assets RM	Liabilities RM
Non-hedging derivatives			
Forward currency contracts	82,367,122	-	166,284

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.

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 year/period, the Group recognised a loss of RM4,438,029 (2019: RM6,004,031) arising from fair value changes of derivative 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 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTD.)*
AS AT 31 MARCH 2020

18. Share capital

	Group and Company			
	2020	2019	2020	2019
	Number of Shares		RM	RM
Ordinary Shares				
Issued and fully paid:	93,500,000	93,500,000	173,180,555	173,180,555

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.

19. 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.

20. Borrowings

	Note	Group 2020 RM	Group 2019 RM
Non-current			
Secured			
Term loans	(a)	115,352,726	99,548,890
Current			
Non-secured			
Revolving credits	(b)	25,000,000	18,000,000
Secured			
Bank overdrafts	(c)	2,780,132	7,537
Bankers' acceptances	(d)	92,610,000	127,433,000
Onshore foreign currency loans	(e)	28,792,939	31,997,913
Revolving credits	(b)	85,000,000	59,000,000
Term loans	(a)	12,485,496	12,353,995
		246,668,567	248,792,445
		362,021,293	348,341,335

20. Borrowings (continued)

		Company 2020 RM	Company 2019 RM
Current			
Non-secured			
Revolving credits	(b)	25,000,000	18,000,000

(a) Term loans (secured)

The maturity structure of the term loan is as follows:

	Group 2020 RM	Group 2019 RM
Repayable within one (1) year	12,485,496	12,353,995
Repayable between two (2) to five (5) years	110,954,363	78,048,890
Repayable more than five (5) years	4,398,363	21,500,000
	127,838,222	111,902,885

The term loans of the Group bear interest rates ranging from 4.45% to 5.46% (2019: 5.01% to 5.47%) 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 as disclosed in Note 10 to the financial statements; and
(ii) Corporate guarantee by the Company.

(b) Revolving credits

The revolving credits of the Group and of the Company bear interest rates ranging from 3.86% to 5.65% (2019: 4.66% to 5.21%) per annum and 4.22 % to 4.75% (2019: 4.75%) 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 as disclosed in Note 10 to the financial statements;
(ii) Corporate guarantee by the Company.; and
(iii) Letter of negative pledge of certain assets from the subsidiaries of the Company.

20. Borrowings (continued)

(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 6.82% to 8.14% (2019: 7.46% to 8.14%) per annum.

(d) Bankers' acceptances (secured)

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

The banker acceptances bear interest rates ranging from 2.85% to 4.00% (2019: 3.77% to 4.23%) per annum.

(e) Onshore foreign currency loans

The onshore foreign currency loans bear interest rates ranging from 2.05% to 3.49% (2019: 2.50% to 3.97%) per annum.

21. Trade and other payables

	Group	
	2020	**2019**
	RM	**RM**
Trade payables		
Third parties	66,551,581	52,803,698
Related parties	48,821,686	33,775,089
	115,373,267	86,578,787
Other payables		
Third parties	6,744,177	1,156,352
Related parties	216,463	291,402
Accrued operating expenses	3,784,969	2,072,413
Other deposits	599,911	276,623
	11,345,520	3,796,790
	126,718,787	90,375,577

	Company	
	2020	**2019**
	RM	**RM**
Other payables		
Third parties	3,274	377,078
Related parties	5,365	11,665
Accrued operating expenses	171,773	101,184
	180,412	489,927

21. Trade and other payables (continued)

(a) Trade payables

Trade payables are non-interest bearing and are generally on 90 days (2019: 90 days) terms.

(b) Other payables

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

22. Investment in subsidiaries

	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost		
At 1 April 2019/1 January 2018	82,542,959	82,542,959
Addition	50,000,000	-
At 31 March	132,542,959	82,542,959

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

Name of subsidiaries	Percentage of equity held (%) 2020	Percentage of equity held (%) 2019	Principal activities
Bintulu Lumber Development Sdn. Bhd.	100	100	Cultivation of oil palm, processing of fresh fruit bunches and sales of related products.
Kirana Palm Oil Refinery Sdn. Bhd.	100	100	Operation of palm oil refinery and kernel crushing plant.
Indirect subsidiary, held through Bintulu Lumber Development Sdn. Bhd.:			
Grand Mutual Sdn. Bhd.	100	100	Cultivation of oil palm and stone quarry operation.
Niamas Istimewa Sdn. Bhd.	69.9	69.9	Cultivation of oil palm.
Rela Aman Sdn. Bhd.	80	80	Letting of property.
BLD Resources Sdn. Bhd.	100	100	Dormant (intended for oil palm plantation).
Easibright Sdn. Bhd.	100	100	Ceased operations in previous financial period.

All subsidiaries are audited by PKF Malaysia.

23. Lease liabilities

Group	**2020**
Representing:	**RM**
Current liabilities	396,731
Non-current liabilities	581,522
	978,253

Recognised in profit or loss:	
Interest expense on lease liabilities	46,512

Company	**2020**
Representing:	**RM**
Current liabilities	52,535

Recognised in profit or loss:	
Interest expense on lease liabilities	9,637

The total cash outflow for leases for the financial year ended 31 March 2020 of the Group and of the Company are RM797,222 and RM316,897 (2019: RM Nil and RM Nil) respectively.

24. 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 22 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:

	Company	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**
(a) Transactions with subsidiaries:		
Income		
Interest income	4,995,570	7,124,058
Management fee income	936,200	1,172,400
Security service income	-	1,772,298
(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:		
Income		
Rental income	106,559	219,293
Sale of goods	1,247,716	1,726,120

24. 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	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**	**1.4.2019 to 31.3.2020 RM**	**1.1.2018 to 31.3.2019 RM**
Expenditure				
Administrative expenses paid	27,509	162,347	797	55,147
Advertisement expenses paid	32,030	-	22,603	-
Contract services for development and maintenance	24,267,349	49,174,701	-	-
Insurance brokerage paid	4,083,488	4,878,058	25,019	22,917
IT infrastructure and software expenses paid	495,720	1,106,968	-	-
Printing charges paid	254,352	218,417	2,800	3,210
Maintenance services paid	83,091	102,890	32,899	69,328
Professional fees paid	760,433	2,398,858	33,948	87,138
Purchase of crude palm oil and palm kernel	305,006,515	363,831,170	-	-
Purchase of fresh fruit bunches	18,145,037	20,814,933	-	-
Purchase of property, plant and machinery and consumables	93,137,835	125,413,067	51,557	-
Rental of premises paid	1,327,151	1,926,568	392,530	471,031
Rental of storage tanks	1,545,600	2,060,800	-	-
Security expenses paid	-	385,560	-	-
Transportation charges paid	15,434,704	15,847,356	-	-

24. 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 year/period were as follows:

	Group		Company	
	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM	1.4.2019 to 31.3.2020 RM	1.1.2018 to 31.3.2019 RM
Short-term employee benefits	1,374,823	2,381,999	283,931	416,098
Defined contribution plans	59,623	122,930	2,408	3,609
Total Directors' remuneration	1,434,446	2,504,929	286,339	419,707

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

25. Commitment

Capital commitments

	Group 2020 RM	2019 RM
Approved and contracted for:		
- Property, plant and equipment	3,961,270	398,680
Approved and not contracted for:		
- Property, plant and equipment	45,684,542	-

26. Financial guarantee

	Company 2020 RM	2019 RM
Corporate guarantees given to licensed banks for credit facilities granted to a subsidiary	94,486,060	96,497,380

27. Financial instruments

Categories of financial instruments

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").

	Carrying amount RM	AC RM
Group		
2020		
Financial assets		
Trade receivables	97,761,315	97,761,315
Other receivables and deposits (excluding prepayments)	3,397,303	3,397,303
Short-term deposits with licensed banks	25,000,000	25,000,000
Cash and bank balances	119,004,682	119,004,682
	245,163,300	245,163,300

	Carrying amount RM	FVTPL RM	AC RM
Group			
2020			
Financial liabilities			
Trade and non-trade payables	(126,718,787)	-	(126,718,787)
Borrowings	(362,021,293)	-	(362,021,293)
Lease liabilities	(978,253)	-	(978,253)
Derivative financial instruments	(4,604,313)	(4,604,313)	-
	(494,322,646)	(4,604,313)	(489,718,333)

	Carrying amount RM	AC RM
2019		
Financial assets		
Trade receivables	58,245,929	58,245,929
Other receivables and deposits (excluding prepayments)	22,334,679	22,334,679
Cash and bank balances	158,685,564	158,685,564
	239,266,172	239,266,172

27. Financial instruments (continued)

Categories of financial instruments (continued)

	Carrying amount RM	FVTPL RM	AC RM
2019			
Financial liabilities			
Trade and non-trade payables	(90,375,577)	-	(90,375,577)
Borrowings	(348,341,335)	-	(348,341,335)
Derivative financial instruments	(166,284)	(166,284)	-
	(438,883,196)	(166,284)	(438,716,912)

Company	Carrying amount RM	AC RM
2020		
Financial assets		
Other receivables and deposits (excluding prepayments)	90,575	90,575
Amount due from subsidiaries	62,889,734	62,889,734
Short-term deposits with licensed banks	25,000,000	25,000,000
Cash and bank balances	173,107	173,107
	88,153,416	88,153,416
Financial liabilities		
Borrowings	(25,000,000)	(25,000,000)
Lease liabilities	(52,535)	(52,535)
Other payables and accruals	(180,412)	(180,412)
	(25,232,947)	(25,232,947)
2019		
Financial assets		
Other 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
	129,184,089	129,184,089
Financial liabilities		
Borrowings	(18,000,000)	(18,000,000)
Other payables and accruals	(489,927)	(489,927)
	(18,489,927)	(18,489,927)

27. Financial instruments (continued)

Net gains and losses arising from financial instruments

	Group		Company	
	1.4.2019 to 31.3.2020 RM	**1.1.2018 to 31.3.2019 RM**	**1.4.2019 to 31.3.2020 RM**	**1.1.2018 to 31.3.2019 RM**
Net gains/(losses) arising from:				
Financial assets at amortised cost				
Interest income	3,799,181	6,862,751	5,057,306	7,127,275
Fair value through profit or loss				
Unrealised gain on foreign exchange	1,146,015	627,774	-	-
Net fair value loss on derivative	(4,438,029)	(6,004,031)	-	-
Financial liabilities measured at amortised cost				
Interest on lease liabilities	(46,512)	-	(9,637)	-
Finance costs	(10,208,695)	(13,405,095)	(343,589)	(207,837)

27. 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 period.

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 year.

27. 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's trade receivables, as at reporting date is as follows:

	Gross carrying amount RM	**Loss allowance RM**	**Carrying amount RM**
Group			
2020			
Not past due	97,750,617	-	97,750,617
Past due:			
- 1 - 30 days	5,140	-	5,140
- 31 - 120 days	5,558	-	5,558
- more than 120 days	-	-	-
	97,761,315	-	97,761,315
2019			
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

27. Financial instruments (continued)

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.

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:

	2020 Increase/ (Decrease) RM	2019 Increase/ (Decrease) RM
Effect on profit after taxation		
Group		
Increase of 25 basis points (“bp”)	690,000	662,000
Decrease of 25 bp	(690,000)	(662,000)
Company		
Increase of 25 bp	48,000	35,000
Decrease of 25 bp	(48,000)	(35,000)

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.

27. **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:

	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
Group					
2020					
Trade and other payables	126,718,787	126,718,787	126,718,787	-	-
Lease liabilities	978,253	1,065,139	434,234	630,905	-
Borrowings	362,021,293	379,063,879	251,463,994	123,037,270	4,562,615
	489,718,333	506,847,805	378,617,015	123,668,175	4,562,615
2019					
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
	438,716,912	459,313,230	345,475,682	98,346,151	15,491,397

27. **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
Company			
2020			
Other payables	180,412	180,412	180,412
Lease liabilities	52,535	52,816	52,816
Borrowings	25,000,000	25,084,507	25,084,507
	25,232,947	25,317,735	25,317,735
2019			
Other payables	489,927	489,927	489,927
Borrowings	18,000,000	18,074,959	18,074,959
	18,489,927	18,564,886	18,564,886

Financial guarantees

The fair value of financial guarantees provided by the Company to banks in respect of bank facilities granted to a subsidiary with nominal amount of RM94,486,060 (2019:RM96,497,380), as disclosed in Note 26 to the financial statements, are negligible because the actual interest charged by the banks are not materially different from the borrowing costs of the subsidiary and the outstanding borrowings are adequately secured by the Company.

Fair values

The financial assets and financial liabilities maturing within the next 12 months approximated fair values due to the relatively short-term maturity of the financial instruments.

The carrying amount of term loans is reasonable approximation of fair values due to they are floating rate instruments that are re-priced to market interest rates on or near the reporting date as the impact of discounting is immaterial.

27. Financial instruments (continued)

Fair values (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2020				
Financial liability				
Borrowings:				
Term loans	-	-	127,838,222	127,838,222
Derivative financial instruments	-	4,604,313	-	4,604,313
	-	4,604,313	127,838,222	132,442,535
2019				
Financial liability				
Borrowings:				
Term loans	-	-	111,902,885	111,902,885
Derivative financial instruments	-	166,284	-	166,284
	-	166,284	111,902,885	112,069,169

28. Material litigation

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 24 September 2019, the Federal Court allowed BLD's motion and granted them leave to appeal to the Federal Court. On 26 September 2019, BLD filed their Notice of Appeal to appeal to the Federal Court. BLD's appeal is fixed for hearing on 26 August 2020 before the Federal Court panel at Putrajaya.

The Directors are of the view that there is no material impact to the financial statements of the Group and of the Company.

29. 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.

The cultivation of oil palm, processing of fresh fruit bunches, operation of palm oil refinery and kernel crushing plant and stone quarry operation are being managed by few different segments within the Group. These operating segments are aggregated to form a reportable segment due to the similar nature and economic characteristics of the products.

(a) Geographical segments

The revenue segment analysis by geographical areas of customers is as follows:

		2020	2019
		%	%
(i)	Bangladesh	8	8
(ii)	China	29	25
(iii)	Countries of Africa	4	18
(iv)	Europe	-	1
(v)	India	38	21
(vi)	Korea	9	9
(vii)	Malaysia	10	16
(viii)	Other countries	2	2
		100	100

(b) Major customers

There are two customers who account for about 95% (2019: 94%) of the Group's turnover.

30. 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 year/period ended 31 March 2020 and 31 March 2019.

The debt to equity ratio of the Group as at the end of the reporting period was as follows:

	Group	
	2020 RM	2019 RM
Total interest-bearing borrowings	362,021,293	348,341,335
Equity attributable to owners of the Group	568,201,071	563,206,607
Debt to equity ratio (times)	0.64	0.62

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.

31. Significant events during the financial year

The Directors of the Group and of the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as at this juncture. The Directors will continue to monitor the situations and respond proactively to mitigate the impact on the Group and the Company's financial performance and financial position.

32. Events subsequent to year end

On 30 July 2020, Grand Mutual Sdn. Bhd. issued 4,868,800 cumulative redeemable convertible preference shares (CRCPS) at the issue price of RM10 per share to BLD Plantation Bhd. The maturity period of the CRCPS is 10 years from the date of the allotment dated 30 July 2020.

33. 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 and provision of management 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 22 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 year.

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 24 August 2020.

ANALYSIS OF SHAREHOLDINGS AS AT 11 AUGUST 2020

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	26	550	0.00
100 – 1,000	584	198,435	0.21
1,001 – 10,000	243	1,024,156	1.10
10,001 – 100,000	84	3,006,251	3.22
100,001 – 4,674,999*	33	40,720,808	43.55
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
YB 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	-	-	-	-
YB Robert Lau Hui Yew	100,000	0.11	34,108,634	36.48

ANALYSIS OF SHAREHOLDINGS AS AT 11 AUGUST 2020 (CONTD.)

TOP 30 SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF SHARES	%
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.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	4,501,500	4.81
6.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CRYSTAL FLOW SDN. BHD.	3,250,500	3.48
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.	2,852,000	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 2020

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 19	30,410	2004
Lambir Land District, Miri	3,453	Oil Palm Estate	Leasehold Expiring in 2060	1 to 19	16,677	2004
Kemena Land District, Bintulu	6.051	Refinery / Kernel Crushing Plant	Leasehold Expiring in 2056	13	10,095	2005-2018
Kabang and Lassa Land District, Sibu	20,446	Oil Palm Estate	Leasehold Expiring in 2060	1 to 15	8,905	2000
Sawai Land District, Miri	16,818	Oil Palm Estate / Palm Oil Mill	Leasehold Expiring in 2047-2072	1 to 31	6,294	1987-2012
Miri Concession Land District, Miri	717.9 sq. meters	Investment Holding	Leasehold Expiring in 2052	19	2,259	2009
Jelalong Land District, Bintulu	3,913	Oil Palm Estate	Leasehold Expiring in 2057	1 to 19	1,983	1997

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BLD PLANTATION BHD. [Registration No.: 200101026441 (562199-A)]
(Incorporated in Malaysia)

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 18th Annual General Meeting of the Company to be held at Function Hall, KTS Garden, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Thursday, 24 September 2020 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 financial year ending 31 March 2021		
2.	To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) for the financial year ending 31 March 2021		
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 Datu Haji Sarudu bin Haji Hoklai as Director		
6.	To re-elect Datuk Haji Hamden bin Haji Ahmad as Director		
7.	To re-elect YB Robert Lau Hui Yew 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 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 shareholder mandates for recurrent related party transactions of a revenue or trading nature in respect of Category C Mandate		
14.	To approve the proposed authority for the Company to purchase its own shares		

*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	%

No. of shares held	
CDS account no.	

Dated this ________ day of ____________ 2020

____
Signature / Common Seal of Shareholder(s)

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 17 September 2020 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
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The Company Secretary

BLD Plantation Bhd. [Registration No.: 200101026441 (562199-A)]

Level 6, Crown Towers

88, Jalan Pending

93450 Kuching, Sarawak

Malaysia

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BLD PLANTATION BHD.
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Website: www.bldpb.com.my