FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

Principal activities

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs.

The principal activities of the subsidiaries extend to the development of oil palm plantations and its related activities. Details of principal activities of subsidiaries are set out in Note 18 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	Company
	RM'000	RM'000
Loss net of tax	(265,263)	(218,119)
(Loss)/profit attributable to:		
Owners of the parent	(266,036)	(218,119)
Non-controlling interests	773	-
	(265,263)	(218,119)

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

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

Dividends

The amount of dividends paid/distributed by the Company since 30 June 2018 was as follows:

In respect of the financial year ended 30 June 2018 as reported in the directors' report of that year:

	RM'000
First and final single-tier dividend of 0.5 sen per ordinary share on 967,990,797 ordinary shares, declared on 28 November 2018 and paid on 19 December 2018	4,840

Directors

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

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	Chairman
Dato' Sri Tiong Chiong Hoo	Deputy Executive Chairman, also a director of all the companies in the Group
Dato' Wong Sie Young	Chief Executive Officer
Dato' Sri Dr. Tiong Ik King	
Tiong Choon	(also a director of certain subsidiaries)
Tiong Chiong Hee	(also a director of certain subsidiaries)
John Leong Chung Loong	
Dato' Wong Lee Yun	

Directors (contd.)

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

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
Datuk Tiong Thai King
Nayun Ak Sanup
Sim Kui Hock
Tan Yoke Seng
Clara Tiong Siew Ee

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

Directors' remunerations

Included in the analysis below is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	2,076	2,737	2,076	2,737
Contributions to defined contribution plans	260	307	260	307
Total executive directors' remuneration (excluding benefits-in-kind)	2,336	3,044	2,336	3,044
Estimated money value of benefits-in-kind	23	23	23	23
Total executive directors' remuneration (including benefits-in-kind)	2,359	3,067	2,359	3,067
Non-executive:				
Fees	517	565	469	469
Other emoluments	251	267	251	267
Total non-executive directors' remuneration (excluding benefits-in-kind)	768	832	720	736
Estimated money value of benefits-in-kind	13	13	13	13
Total non-executive directors' remuneration (including benefits-in-kind)	781	845	733	749
Insurance effected to indemnify directors*	11	11	11	11
Total directors' remuneration	3,151	3,923	3,103	3,827

* The Company maintains a liability insurance for the directors of the Group. The total amount of sum insured for directors of the Group for the financial year amounted to RM10,000,000.

Directors' interests

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

Name of director	Number of ordinary shares As at 1 July 2018 and 30 June 2019
Dato' Sri Tiong Chiong Hoo	
- Direct	3,353,436
- Indirect	750,000
Dato' Wong Sie Young	
- Direct	453,975
Dato' Sri Dr. Tiong Ik King	
- Direct	341,790
Tiong Choon	
- Indirect	1,352,428

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

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

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

Other statutory information (contd.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

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

Auditors' remuneration are disclosed in Note 8 to the financial statements.

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 October 2019

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)

Dato' Sri Tiong Chiong Hoo

STATEMENT BY DIRECTORS
pursuant to Section 251(2) of the Companies Act 2016

We, **General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)** and **Dato' Sri Tiong Chiong Hoo**, being two of the directors of **Jaya Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 61 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 October 2019

General Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)

Dato' Sri Tiong Chiong Hoo

STATUTORY DECLARATION
pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Hii Khing Siew**, being the officer primarily responsible for the financial management of **Jaya Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 61 to 160 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.

Subscribed and solemnly declared by
the abovenamed **Hii Khing Siew** at
Sibu in the State of Sarawak
on 21 October 2019

Hii Khing Siew
(MIA 8414)

Before me

Belinda Hii Tai King
Commissioner for Oaths

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Jaya Tiasa Holdings Berhad**, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

Impairment assessment of bearer plants (oil palm plantations)

The Group is engaged in oil palm plantation activities. The carrying amount of its plantations stood at RM1.08 billion as at 30 June 2019 which accounted for some 45% of the Group's total assets.

The Group assesses annually whether there are any indications that the carrying amount of the plantations may be impaired. Current year losses incurred by certain plantations was identified as an indicator of impairment. The carrying amount of the loss making plantations stood at some RM1.04 billion as at 30 June 2019 which accounted for 96% of the Group's total plantations.

The estimated recoverable amount of the Group's plantations was determined based on the higher of the assets' value-in-use ("VIU") and fair value less costs of disposal ("FV"). Where the recoverable amount is lower than the carrying value of the plantations, the carrying value of the assets are reduced to their estimated recoverable amount and the difference is regarded as an impairment loss.

The Group regards each plantation as a separate cash-generating unit ("CGU"). VIU is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount expected to be received in the event the plantation is sold on a willing buyer and willing seller basis.

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Impairment assessment of bearer plants (oil palm plantations) (contd.)

Based on the outcome of the impairment assessment, the recoverable amount of the plantations exceeded their carrying amount and therefore were not impaired.

The impairment assessment of the plantations is significant to our audit due to the magnitude in value and the use of significant judgement and estimates in determining the recoverable amount of the CGUs. The assumptions used include estimates of future yields, prices, operating costs, growth rates and discount rate. Our audit procedures included evaluating management's definition of a CGU and assessing the assumptions and estimates made by the management in determining the net cash inflows generated by the CGUs by comparing with past actual outcomes and current market information. We also assessed the discount rate used by reference to the current market assessments of the time value of money and the risks specific to the asset. We also considered the sensitivity analysis of key assumptions, particularly, the discount rate used, yields, operating costs and crude palm oil prices.

Impairment review of property, plant and equipment ("PPE")

The Group is required to perform impairment test of PPE whenever there is an indication that the PPE may be impaired by comparing the carrying amount with its recoverable amount.

Certain subsidiaries of the Group are principally engaged in the manufacture and sale of sawn timber, veneer and plywood. However, one of the subsidiaries has been incurring continuing losses and another subsidiary operated at breakeven level during the last few financial years. The shortage of logs has led to the slowdown in operating activities and these are indications that the PPE of these companies may be impaired. The carrying amount of the PPE of the subsidiaries amounted to RM59.5 million.

Accordingly, the Group has determined the recoverable amount of these PPE based on the VIU. The VIU was based on the discounted future net cash inflows estimated to be generated by the PPE. The carrying amount of these PPE is significant to the audit due to the quantum and the estimation involved in determining their recoverable amounts, and hence has been identified as a key audit matter.

As part of the audit, we have assessed the reasonableness of the key assumptions used particularly the prices and, estimated operating costs and assessed the appropriateness of the discount rate used which included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium, beta and cost of debt. We also considered the sensitivity analysis of key assumptions, particularly the discount rate used, operating costs and selling prices.

The abovementioned impairment review did not give rise to an impairment loss of PPE for the year ended 30 June 2019.

Valuation of biological assets – Planted Forest

The fair value of the Group's planted forest prior to harvest amounted to RM59 million. The planted forest was measured at cost on initial recognition and subsequently at fair value less costs to sell at the end of each reporting period.

The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of the planted forest. To arrive at the fair value less cost to sell of the planted forest, the management considered the sales prices, volume, costs, discount rate, the conversion factor used to convert hectares of land under afforestation to cubic metre of standing timber and the conditions of the planted forest by engaging a third party to perform aerial survey. The carrying amount of the planted forest is significant to the audit as it requires the exercise of significant judgment in the evaluation of the Group's process over the estimates made for valuation of the planted forest.

As part of the audit, we have obtained an understanding of the methodology adopted by the management in estimating the fair value less cost to sell of the planted forest and assessed whether such methodology is consistent with those used in the industry and we have evaluated management's assumptions on the sales prices, expected volumes of trees to be harvested, costs and the discount rate used.

We also focused on the adequacy of the disclosures concerning those key assumptions to which the valuation of the fair value of planted forest is most sensitive.

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Impairment assessment of cost of investment in subsidiaries

In performing review of the Group's CGU relating to the oil palm plantations business and timber manufacturing business, management also assessed the recoverable amounts of the Company's investment in these subsidiaries. The Company estimated the recoverable amount of the investments in subsidiaries based on estimated future cashflows and applied a discount rate to arrive at the recoverable amount. Where the recoverable amount is lower than the carrying value of the subject investments, the carrying value is reduced to the estimated recoverable amount and the difference accounted for as an impairment loss.

As part of the audit, we have assessed the reasonableness of the key assumptions used by the management to estimate the recoverable amounts of the investments which include estimated revenue and operating costs and assessed the appropriateness of the discount rate used which include an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium, beta and cost of debt. We also considered the sensitivity analysis of key assumptions, particularly the discount rate used.

The abovementioned impairment review gave rise to an impairment loss of RM215 million for the year ended 30 June 2019 as disclosed in Note 8 and 18 to the financial statements.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements **(contd.)**

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

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

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

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

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

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

Other matters

1. As stated in Note 2.1 to the financial statements, **Jaya Tiasa Holdings Berhad** adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018 and related disclosures. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as of 30 June 2019 and financial performance and cash flows for the year then ended.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

AU YONG SWEE YIN
No. 03101/02/2020 J
Chartered Accountant

Kuching, Malaysia.
Date: 21 October 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	4	637,744	841,689	80,956	134,027
Cost of sales	5	(711,884)	(767,341)	(84,914)	(133,543)
Gross (loss)/profit		(74,140)	74,348	(3,958)	484
Other items of income					
Other income	6	10,306	11,169	35,861	157,648
Other items of expense					
Selling expenses		(25,290)	(35,994)	(2,121)	(4,102)
Administrative expenses		(37,893)	(38,310)	(20,423)	(20,255)
Other expenses		(8,986)	(37,266)	(215,047)	(51,623)
Finance costs	7	(55,008)	(53,633)	(12,197)	(17,761)
(Loss)/profit before tax	8	(191,011)	(79,686)	(217,885)	64,391
Income tax expense	11	(74,252)	9,852	(234)	4,103
(Loss)/profit net of tax		(265,263)	(69,834)	(218,119)	68,494
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Net loss on equity instrument designated as fair value through other comprehensive income		(13,300)	-	-	-
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:					
Foreign currency translation, net of tax		1	-	-	-
Net gain on equity instrument designated as available-for-sale financial assets		-	6,300	-	-
		1	6,300	-	-
Total comprehensive (loss)/income for the year		(278,562)	(63,534)	(218,119)	68,494
(Loss)/profit attributable to:					
Owners of the parent		(266,036)	(71,080)	(218,119)	68,494
Non-controlling interests		773	1,246	-	-
		(265,263)	(69,834)	(218,119)	68,494

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the parent		(279,335)	(64,780)	(218,119)	68,494
Non-controlling interests		773	1,246	-	-
		(278,562)	(63,534)	(218,119)	68,494

	Note	2019	2018
Loss per share attributable to owners of the parent (sen per share):			
Basic, for loss for the year	12	(27.48)	(7.34)
Diluted, for loss for the year	12	(27.48)	(7.34)

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

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2019

		Group			Company		
	Note	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	13	2,142,499	2,278,013	2,392,493	124,118	129,623	155,979
Land use rights	14	17	35	40	17	19	21
Biological assets	15	59,469	46,491	32,760	-	-	-
Goodwill on consolidation	16	-	-	-	-	-	-
Other intangible assets	17	950	1,117	610	704	841	588
Investments in subsidiaries	18	-	-	-	1,538,178	1,728,225	1,728,551
Investment in associate	19	-	-	-	-	-	-
Investment securities	24	26,600	44,900	68,700	-	5,000	5,000
Deferred tax assets	20	-	34,930	33,178	-	-	-
		2,229,535	2,405,486	2,527,781	1,663,017	1,863,708	1,890,139
Current assets							
Inventories	21	101,652	106,911	139,649	22,313	7,469	11,484
Biological assets	15	7,619	9,450	13,532	-	-	-
Trade and other receivables	22	39,976	49,216	59,584	342,300	488,184	422,297
Other current assets	23	17,257	16,898	14,663	3,367	2,122	1,173
Derivative assets	25	316	-	252	-	-	252
Cash and bank balances	26	9,192	19,953	65,234	2,021	5,779	12,205
		176,012	202,428	292,914	370,001	503,554	447,411
TOTAL ASSETS		2,405,547	2,607,914	2,820,695	2,033,018	2,367,262	2,337,550

	Note	Group 2019 RM'000	Group 2018 RM'000	Group As at 1.7.2017 RM'000	Company 2019 RM'000	Company 2018 RM'000	Company As at 1.7.2017 RM'000
EQUITY AND LIABILITIES							
Current liabilities							
Loans and borrowings	27	672,001	385,988	487,479	76,109	78,774	153,171
Trade and other payables	28	201,416	135,526	136,195	58,011	155,673	115,993
Income tax payable		637	994	4,968	-	-	2,384
Derivative liabilities	25	-	-	304	-	-	-
		874,054	522,508	628,946	134,120	234,447	271,548
Net current (liabilities)/assets		(698,042)	(320,080)	(336,032)	235,881	269,107	175,863
Non-current liabilities							
Loans and borrowings	27	284,151	580,041	589,358	8,631	2,047	12,322
Trade and other payables	28	-	-	-	177,576	142,927	124,872
Deferred tax liabilities	20	78,468	46,589	62,241	6,947	12,664	17,285
		362,619	626,630	651,599	193,154	157,638	154,479
TOTAL LIABILITIES		1,236,673	1,149,138	1,280,545	327,274	392,085	426,027
Net assets		1,168,874	1,458,776	1,540,150	1,705,744	1,975,177	1,911,523
Equity attributable to owners of the parent							
Share capital	29	977,402	977,402	977,402	977,402	977,402	977,402
Treasury shares	29	(13,687)	(13,687)	(13,687)	(13,687)	(13,687)	(13,687)
Other reserves	30	(43,399)	-	(6,300)	-	-	-
Retained earnings		249,729	495,505	571,425	742,029	1,011,462	947,808
		1,170,045	1,459,220	1,528,840	1,705,744	1,975,177	1,911,523
Non-controlling interests		(1,171)	(444)	11,310	-	-	-
TOTAL EQUITY		1,168,874	1,458,776	1,540,150	1,705,744	1,975,177	1,911,523
TOTAL EQUITY AND LIABILITIES		2,405,547	2,607,914	2,820,695	2,033,018	2,367,262	2,337,550

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2019

	Note	Total equity RM'000	Equity attributable to owners of the parent, total RM'000	Share capital (Note 29) RM'000	Treasury shares (Note 29) RM'000	Other reserves (Note 30) RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			Attributable to owners of the parent					
Group								
Opening balance at 1 July 2018	2.3	1,453,776	1,454,220	977,402	(13,687)	(30,100)	520,605	(444)
(Loss)/profit for the year		(265,263)	(266,036)	-	-	-	(266,036)	773
Other comprehensive income		(13,299)	(13,299)	-	-	(13,299)	-	-
Total comprehensive income		(278,562)	(279,335)	-	-	(13,299)	(266,036)	773
Transactions with owners								
Dividends on ordinary shares	40	(4,840)	(4,840)	-	-	-	(4,840)	-
Dividends paid to non-controlling interests in subsidiaries		(1,500)	-	-	-	-	-	(1,500)
Total transactions with owners		(6,340)	(4,840)	-	-	-	(4,840)	(1,500)
Closing balance at 30 June 2019		1,168,874	1,170,045	977,402	(13,687)	(43,399)	249,729	(1,171)
Opening balance at 1 July 2017	2.3	1,540,150	1,528,840	977,402	(13,687)	(6,300)	571,425	11,310
(Loss)/profit for the year		(69,834)	(71,080)	-	-	-	(71,080)	1,246
Other comprehensive income		6,300	6,300	-	-	6,300	-	-
Total comprehensive income		(63,534)	(64,780)	-	-	6,300	(71,080)	1,246
Transactions with owners								
Dividends on ordinary shares	40	(4,840)	(4,840)	-	-	-	(4,840)	-
Dividends paid to non-controlling interests in subsidiaries		(13,000)	-	-	-	-	-	(13,000)
Total transactions with owners		(17,840)	(4,840)	-	-	-	(4,840)	(13,000)
Closing balance at 30 June 2018		1,458,776	1,459,220	977,402	(13,687)	-	495,505	(444)

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

	Note	Total equity RM'000	Share capital (Note 29) RM'000	Treasury shares (Note 29) RM'000	Retained earnings RM'000
Company					
Opening balance at 1 July 2018	2.3	1,928,703	977,402	(13,687)	964,988
Profit net of tax, representing total comprehensive income for the year		(218,119)	-	-	(218,119)
Transactions with owners					
Dividends on ordinary shares	40	(4,840)	-	-	(4,840)
Closing balance at 30 June 2019		1,705,744	977,402	(13,687)	742,029
Opening balance at 1 July 2017		1,911,523	977,402	(13,687)	947,808
Profit net of tax, representing total comprehensive income for the year		68,494	-	-	68,494
Transactions with owners					
Dividends on ordinary shares	40	(4,840)	-	-	(4,840)
Closing balance at 30 June 2018		1,975,177	977,402	(13,687)	1,011,462

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

STATEMENTS OF CASH FLOWS
For the financial year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Operating activities					
(Loss)/profit before tax		(191,011)	(79,686)	(217,885)	64,391
Adjustments for:					
Amortisation of land use rights	8	3	5	2	2
Amortisation of other intangible assets	8	167	137	137	115
Bad debts written off	8	1,323	-	-	-
Depreciation of property, plant and equipment	8	179,971	173,667	24,233	19,607
Change in fair value of biological assets	8	8,986	7,166	-	-
Net fair value (gain)/loss on derivatives	8	(316)	(52)	-	252
Gross dividend income from subsidiaries	8	-	-	(12,500)	(130,382)
Impairment loss, net of reversal on:					
- available-for-sale financial assets	8	-	30,100	-	-
- investment in subsidiaries	8	-	-	215,047	30,326
- trade and other receivables	8	104	-	2,774	21,297
Interest expense	8	53,743	51,363	11,991	17,271
Interest income	8	(114)	(246)	(15,015)	(17,116)
Net (gain)/loss on disposal of property, plant and equipment	8	496	(273)	1,648	(1,384)
Net unrealised foreign exchange (gain)/loss	8	(342)	537	(292)	446
Property, plant and equipment written off	8	571	1,041	-	-
Provision for obsolete inventories	8	502	-	-	-
Total adjustments		245,094	263,445	222,477	(59,566)
Operating cash flows before changes in working capital		54,083	183,759	4,592	4,825
Changes in working capital					
Decrease/(increase) in inventories		4,757	32,738	(14,844)	4,015
Decrease in receivables		7,813	10,406	119,683	11,474
Decrease in prepayments		837	1,527	429	319
Increase/(decrease) in payables		58,263	(669)	(94,277)	57,735
Total changes in working capital		71,670	44,002	10,991	73,543
Cash flows from operations		125,753	227,761	15,583	78,368
Interest received		114	246	15,015	17,116
Interest paid		(57,259)	(55,943)	(11,991)	(17,271)
Income taxes paid, net of refund		(1,369)	(15,288)	(1,362)	(2,446)
Net cash flows from operating activities		67,239	156,776	17,245	75,767

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Investing activities					
Acquisition of property, plant and equipment (excluding interest charge capitalised)	13	(37,190)	(66,341)	(10,765)	(3,599)
Acquisition of biological assets (excluding depreciation and interest charge capitalised)	15	(16,871)	(13,924)	-	-
Acquisition of other intangible assets	17	-	(520)		(244)
Proceeds from disposal of property, plant and equipment		8,036	14,896	4,965	11,608
Net cash flows (used in)/from investing activities		(46,025)	(65,889)	(5,800)	7,765
Financing activities					
Dividends paid on ordinary shares	40	(4,840)	(4,840)	(4,840)	(4,840)
Dividends paid to non-controlling interest in subsidiaries		(1,500)	(13,000)	-	-
Repayment of finance lease payables		(13,384)	(24,220)	(1,556)	(1,748)
Repayment of bankers' acceptances, net		41,684	(27,528)	-	(9,300)
Repayment of revolving credit, net		(30,507)	(83,235)	(1,506)	(64,735)
(Repayment of)/proceeds from term loans		(62,543)	54,207	(12,000)	(10,000)
Net cash flows used in financing activities		(71,090)	(98,616)	(19,902)	(90,623)
Net decrease in cash and cash equivalents		(49,876)	(7,729)	(8,457)	(7,091)
Effects of exchange rate changes		68	(173)	18	(44)
Cash and cash equivalents at the beginning of the year		(81,694)	(73,792)	(10,588)	(3,453)
Cash and cash equivalents at the end of the year	26	(131,502)	(81,694)	(19,027)	(10,588)

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

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 1 - 9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak, Malaysia.

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs. The principal activities of the subsidiaries extend to the development of oil palm plantations and its related activities. Details of principal activities of subsidiaries are set out in Note 18 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.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

For the period up to and including year ended 30 June 2018, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS"). These are the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In preparing their opening MFRS Statements of Financial Position as at 1 July 2017 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's and the Company's financial position, financial performance and cash flows is set out in Note 2.3. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Pronouncements issued but not yet effective

The Standards and Interpretations (collectively referred to as pronouncements) that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Annual improvements to MFRS Standards 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatment	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 119: Employee Benefits Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Pronouncements issued but not yet effective (contd.)

The directors expect that adoption of the above pronouncements will have no impact on the financial statements in the period of initial application except as follows:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's and the Company's operating leases. The Group and the Company have not completed the assessment of the effects arising from the adoption of MFRS 16 and it is therefore not practicable at this juncture to estimate the amount of right-to-use assets and liabilities that will have to be recognised on adoption of MFRS 16 and how this may affect the Group's and the Company's profit or loss and classification of cash flows going forward.

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

Application of MFRS 1

The audited financial statements of the Group and of the Company for the year ended 30 June 2018 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 30 June 2018 except as discussed below.

The following transition exemptions were applied by the Group and the Company:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

Application of MFRS 1 (contd.)

(b) Estimates

The estimates at 1 July 2017 and at 30 June 2018 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 July 2017, the date of transition to MFRS and as of 30 June 2018.

(c) Cumulative translation differences

The cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to MFRS, 1 July 2017. The entire balance of RM6,441,000 for the Group in the exchange translation reserve at the date of transition has been transferred to retained earnings.

The transition from FRS to MFRS has not had a material impact on the financial statements of the Company as at 1 July 2017. Hence, no reconciliations of equity as at 1 July 2017 and total comprehensive income for year ended 30 June 2018 were prepared for the Company.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 July 2017

	Note	FRS As at 1.7.2017 RM'000	Re-measurements RM'000	MFRS As at 1.7.2017 RM'000
Group				
ASSETS				
Non-current assets				
Property, plant and equipment	(a)	1,171,915	1,220,578	2,392,493
Land use rights		40	-	40
Biological assets	(a)	1,639,812	(1,607,052)	32,760
Goodwill on consolidation		-	-	-
Other intangible assets		610	-	610
Investment in associate		-	-	-
Investment securities		68,700	-	68,700
Deferred tax assets	(b)	22,492	10,686	33,178
		2,903,569	(375,788)	2,527,781
Current assets				
Inventories		139,649	-	139,649
Biological assets	(a)	-	13,532	13,532
Trade and other receivables		59,584	-	59,584
Other current assets		14,663	-	14,663
Derivative assets		252	-	252
Cash and bank balances		65,234	-	65,234
		279,382	13,532	292,914
TOTAL ASSETS		3,182,951	(362,256)	2,820,695

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(i) Reconciliation of equity as at 1 July 2017 (contd.)

	Note	FRS As at 1.7.2017 RM'000	Re-measurements RM'000	MFRS As at 1.7.2017 RM'000
Group (contd.)				
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings		487,479	-	487,479
Trade and other payables		136,195	-	136,195
Income tax payable		4,968	-	4,968
Derivative liabilities		304	-	304
		628,946	-	628,946
Net current liabilities		(349,564)	13,532	(336,032)
Non-current liabilities				
Loans and borrowings		589,358	-	589,358
Deferred tax liabilities	(b)	146,534	(84,293)	62,241
		735,892	(84,293)	651,599
TOTAL LIABILITIES		1,364,838	(84,293)	1,280,545
Net assets		1,818,113	(277,963)	1,540,150
Equity attributable to owners of the parent				
Share capital		977,402	-	977,402
Treasury shares		(13,687)	-	(13,687)
Other reserves	(c)	(12,741)	6,441	(6,300)
Retained earnings		855,829	(284,404)	571,425
		1,806,803	(277,963)	1,528,840
Non-controlling interests		11,310	-	11,310
TOTAL EQUITY		1,818,113	(277,963)	1,540,150
TOTAL EQUITY AND LIABILITIES		3,182,951	(362,256)	2,820,695

2. **Basis of preparation and summary of significant accounting policies (contd.)**

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 30 June 2018

	Note	FRS As at 30.6.2018 RM'000	Re-measurements RM'000	MFRS As at 30.6.2018 RM'000	Effects of adoption of MFRS 9 RM'000	As at 1.7.2018, as restated RM'000
Group						
ASSETS						
Non-current assets						
Property, plant and equipment	(a)	1,089,736	1,188,277	2,278,013	-	2,278,013
Land use rights		35	-	35	-	35
Biological assets	(a)	1,676,971	(1,630,480)	46,491	-	46,491
Goodwill on consolidation		-	-	-	-	-
Other intangible assets		1,117	-	1,117	-	1,117
Investment in associate		-	-	-	-	-
Investment securities		44,900	-	44,900	(5,000)	39,900
Deferred tax assets	(b)	22,807	12,123	34,930	-	34,930
		2,835,566	(430,080)	2,405,486	(5,000)	2,400,486
Current assets						
Inventories		106,911	-	106,911	-	106,911
Biological assets	(a)	-	9,450	9,450	-	9,450
Trade and other receivables		49,216	-	49,216	-	49,216
Other current assets		16,898	-	16,898	-	16,898
Cash and bank balances		19,953	-	19,953	-	19,953
		192,978	9,450	202,428	-	202,428
TOTAL ASSETS		3,028,544	(420,630)	2,607,914	(5,000)	2,602,914

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 30 June 2018 (contd.)

	Note	FRS As at 30.6.2018 RM'000	Re-measurements RM'000	MFRS As at 30.6.2018 RM'000	Effects of adoption of MFRS 9 RM'000	As at 1.7.2018, as restated RM'000
Group (contd.)						
EQUITY AND LIABILITIES						
Current liabilities						
Loans and borrowings		385,988	-	385,988	-	385,988
Trade and other payables		135,526	-	135,526	-	135,526
Income tax payable		994	-	994	-	994
		522,508	-	522,508	-	522,508
Net current liabilities		(329,530)	9,450	(320,080)	-	(320,080)
Non-current liabilities						
Loans and borrowings		580,041	-	580,041	-	580,041
Deferred tax liabilities	(b)	145,979	(99,390)	46,589	-	46,589
		726,020	(99,390)	626,630	-	626,630
TOTAL LIABILITIES		1,248,528	(99,390)	1,149,138	-	1,149,138
Net assets		1,780,016	(321,240)	1,458,776	(5,000)	1,453,776

2. **Basis of preparation and summary of significant accounting policies (contd.)**

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 30 June 2018 (contd.)

	Note	FRS As at 30.6.2018 RM'000	Re-measurements RM'000	MFRS As at 30.6.2018 RM'000	Effects of adoption of MFRS 9 RM'000	As at 1.7.2018, as restated RM'000
Group (contd.)						
EQUITY AND LIABILITIES (contd.)						
Equity attributable to owners of the parent						
Share capital		977,402	-	977,402	-	977,402
Treasury shares		(13,687)	-	(13,687)	-	(13,687)
Other reserves	(c)(d)	(6,441)	6,441	-	(30,100)	(30,100)
Retained earnings		823,186	(327,681)	495,505	25,100	520,605
		1,780,460	(321,240)	1,459,220	(5,000)	1,454,220
Non-controlling interests		(444)	-	(444)	-	(444)
TOTAL EQUITY		1,780,016	(321,240)	1,458,776	(5,000)	1,453,776
TOTAL EQUITY AND LIABILITIES		3,028,544	(420,630)	2,607,914	(5,000)	2,602,914

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 30 June 2018 (contd.)

	Note	MFRS As at 30.6.2018 RM'000	Effect of adoption of MFRS 9 RM'000	As at 1.7.2018, as restated RM'000
Company				
ASSETS				
Non-current assets				
Property, plant and equipment		129,623	-	129,623
Land use rights		19	-	19
Other intangible assets		841	-	841
Investment in subsidiaries		1,728,225	-	1,728,225
Investment in associate		-	-	-
Investment securities	(d)	5,000	(5,000)	-
		1,863,708	(5,000)	1,858,708
Current assets				
Inventories		7,469	-	7,469
Trade and other receivables	(d)	488,184	(41,474)	446,710
Other current assets		2,122	-	2,122
Cash and bank balances		5,779	-	5,779
		503,554	(41,474)	462,080
TOTAL ASSETS		2,367,262	(46,474)	2,320,788
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings		78,774	-	78,774
Trade and other payables		155,673	-	155,673
		234,447	-	234,447
Net current assets		269,107	(41,474)	227,633
Non-current liabilities				
Loans and borrowings		2,047	-	2,047
Trade and other payables		142,927	-	142,927
Deferred tax liabilities		12,664	-	12,664
		157,638	-	157,638
TOTAL LIABILITIES		392,085	-	392,085
Net assets		1,975,177	(46,474)	1,928,703
Equity attributable to owners of the parent				
Share capital		977,402	-	977,402
Treasury shares		(13,687)	-	(13,687)
Retained earnings		1,011,462	(46,474)	964,988
TOTAL EQUITY		1,975,177	(46,474)	1,928,703
TOTAL EQUITY AND LIABILITIES		2,367,262	(46,474)	2,320,788

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(iii) Reconciliation of total comprehensive income for the year ended 30 June 2018

	FRS for the year ended 30.6.2018 RM'000	Re-measurements RM'000	MFRS for the year ended 30.6.2018 RM'000
Group			
Revenue	841,689	-	841,689
Cost of sales	(714,696)	(52,645)	(767,341)
Gross profit	126,993	(52,645)	74,348
Other items of income			
Other income	11,169	-	11,169
Other items of expense			
Selling expenses	(35,994)	-	(35,994)
Administrative expenses	(38,310)	-	(38,310)
Other expenses	(30,100)	(7,166)	(37,266)
Finance costs	(53,633)	-	(53,633)
Loss before tax	(19,875)	(59,811)	(79,686)
Income tax expense	(6,682)	16,534	9,852
Loss net of tax	(26,557)	(43,277)	(69,834)
Other comprehensive income:			
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:			
Net changes on available-for-sale financial assets ("AFS")			
- Cumulative loss reclassified to profit or loss	6,300	-	6,300
Total comprehensive income for the year	(20,257)	(43,277)	(63,534)
Loss attributable to:			
Owners of the parent	(27,803)	(43,277)	(71,080)
Non-controlling interests	1,246	-	1,246
	(26,557)	(43,277)	(69,834)
Total comprehensive income attributable to:			
Owners of the parent	(21,503)	(43,277)	(64,780)
Non-controlling interests	1,246	-	1,246
	(20,257)	(43,277)	(63,534)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(iv) Reconciliation of statement of cash flows for the year ended 30 June 2018

	Note	FRS As at 30.6.2018 RM'000	Re-measurements RM'000	MFRS As at 30.6.2018 RM'000
Net cash flows:				
- operating activities		156,099	677	156,776
- investing activities		(65,212)	(677)	(65,889)
- financing activities		(98,616)	-	(98,616)
Net decrease in cash and cash equivalents		(7,729)		(7,729)

Notes to the reconciliation of equity as at 1 July 2017 and 30 June 2018 and total comprehensive income for the year ended 30 June 2018:

(a) Bearer plants and biological assets

Upon adoption of MFRS 141, bearer plants are within the scope of MFRS 116: Property, plant and equipment and are measured using the cost model and depreciated over the life of the bearer plants. Under FRS, bearer plants were measured using the capital maintenance method and were not depreciated.

Produce growing on bearer plants (fresh fruit bunches prior to harvest) are within the scope of MFRS 141: Agriculture and are measured at fair value less costs to sell with the changes in fair value recognised in profit or loss. As the produce will be harvested within a year from the reporting date, they are classified as current assets. Under FRS, produce growing on bearer plants were not recognised.

Upon adoption of MFRS 141, trees in planted forests are measured at fair value less costs to sell with the changes in fair value recognised in profit or loss. Under FRS, trees in planted forests were measured at the lower of cost and net realisable value.

The impact arising from the change is summarised as follows:

	Group 30 June 2018 RM'000	Group 1 July 2017 RM'000
Non-current assets		
Property, plant and equipment	1,188,277	1,220,578
Biological assets	(1,630,480)	(1,607,052)
Deferred tax assets	12,123	10,686
Current asset		
Biological assets	9,450	13,532
Non-current liability		
Deferred tax liability	(99,390)	(84,293)
Statement of comprehensive income		
Cost of sales		
- Depreciation of property, plant and equipment	(52,645)	-
Other expenses		
- Net changes in fair value of biological assets	(7,166)	-

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

Notes to the reconciliation of equity as at 1 July 2017 and 30 June 2018 and total comprehensive income for the year ended 30 June 2018: (contd.)

(b) Deferred tax assets/liabilities

The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 2.23, deferred tax adjustments are recognised in correlation to the underlying transactions either in retained earnings or a separate component of equity.

(c) Cumulative translation differences

The cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to MFRS, 1 July 2017. The entire balance of RM6,441,000 for the Group in the exchange translation reserve at the date of transition has been transferred to retained earnings.

(d) Financial instruments

On 1 July 2018, the Group and the Company adopted MFRS 9 which is effective for annual periods beginning on or after 1 January 2018. The Group and the Company have elected the exemption in MFRS 1 which allows the Group and the Company not to restate comparative information in the year of initial application. The Group and the Company continue to apply FRS 139: Financial Instruments: Recognition and Measurement and FRS 7: Financial Instruments: Disclosures for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings as at 1 July 2018.

Classification and measurement of financial instruments

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost or fair value through OCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under FRS 139. The following are the changes in the classification of the Group's and the Company's financial assets:

- Trade receivables and other non-current financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

- Equity investments in non-listed companies classified as Available for-sale ("AFS") financial assets as at 30 June 2018 are classified and measured as Equity Instruments designated as fair value through profit or loss beginning 1 July 2018.

- Listed equity investments classified as AFS financial assets as at 30 June 2018 are classified and measured at fair value through OCI with no recycling beginning 1 July 2018. The Group elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold this investment for the foreseeable future.

As a result of the change in classification of the Group's equity investment, a fair value change of RM5 million related to the equity investments in non-listed companies was classified to retained earnings. The impairment loss of RM30.1 million related to the listed equity investment was classified from retained earnings to fair value reserve.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

Notes to the reconciliation of equity as at 1 July 2017 and 30 June 2018 and total comprehensive income for the year ended 30 June 2018: (contd.)

(d) Financial instruments (contd.)

Classification and measurement of financial instruments (contd.)

There are no changes in the classification and measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 July 2018:

		MFRS 9 measurement category		
		Fair value through other comprehensive income	**Amortised cost**	**Fair value through profit or loss**
	RM'000	RM'000	RM'000	RM'000
Group				
FRS 139 measurements				
Loans and receivables				
Trade and other receivables	49,216	-	49,216	-
Cash and bank balances	19,953	-	19,953	-
Available for-sale through other comprehensive income				
Investment securities				
- unquoted shares	5,000	-	-	-
Investment securities				
- quoted shares	39,900	39,900	-	-

			MFRS 9 measurement category
		Amortised cost	**Fair value through profit or loss**
	RM'000	RM'000	RM'000
Company			
FRS 139 measurements			
Loans and receivables			
Trade and other receivables	488,184	446,710	-
Cash and bank balances	5,779	5,779	-
Available-for-sale through other comprehensive income			
Investment securities			
- unquoted shares	5,000	-	-

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

Notes to the reconciliation of equity as at 1 July 2017 and 30 June 2018 and total comprehensive income for the year ended 30 June 2018: (contd.)

(d) Financial instruments (contd.)

Classification and measurement of financial instruments (contd.)

Impairment

The adoption of MFRS 9 has changed the Group's and the Company's accounting for impairment losses for financial assets by replacing FRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. However, there is no impact on the loss allowances of the Group arising from this change from FRS to MFRS. The Company recognised a loss allowance of RM41 million upon the adoption of MFRS 9.

(e) Revenue from contracts with customers

MFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Under FRS, the bundled sales of goods and transportation services are accounted for as one deliverable and revenue is recognised upon shipment. Under MFRS 15, the sales of goods and the rendering of transportation services are separate performance obligations.

There were no changes identified with respect to the timing of revenue recognition in relation to sales of goods, as control transfers to customers at the point of shipment, which is consistent with the point in time when risks and rewards passed under FRS.

However, there is a change in the amount and timing of revenue recognised for goods sold under Freight on Board (FOB) or Cost and Freight (CNF) incoterms where the Group and the Company provides transportation services. This is because these services are now considered as separate performance obligations which are satisfied at a different point in time from the goods. Therefore, some of the transaction price that was previously all allocated to the goods under FRS is now required to be allocated to these new performance obligations under MFRS 15 and recognised as revenue over time. The adoption of the new MFRS 15 has not resulted in any material impact to the financial statements of the Group and the Company.

2.4 Basis of consolidation

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

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

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

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

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *MFRS 9 Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.6 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

Under the equity method, the investment in an associate is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

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

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

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

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

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

2.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.8 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2.9 Property, plant and equipment

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

Subsequent to recognition, property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group 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 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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.9 Property, plant and equipment (contd.)

Bearer plants of oil palms consist of accumulated plantation development costs incurred from land clearing to the point of maturity of the crop cultivated. Capitalisation of plantation development and other operating costs ceases upon the point of maturity, which is approximately 3 years. When a bearer crop has reached the end of its useful life and is replanted, the carrying amount of the old bearer plants are derecognised, and the costs of the new bearer plants are treated as a replacement of the old bearer plants and capitalised.

The bearer plants are amortised over 25 years.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is amortised over its remaining lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Factories, buildings and quarters	10 - 50 years or over remaining land lease period
Aircraft, watercraft, motor vehicles, plant and machinery	5 - 20 years
Roads and bridges	10 years
Office renovation, furniture, fittings and equipment	10 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value 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.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 May 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 May 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.10 Intangible assets (contd.)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Computer software

The useful life of computer software is amortised on a straight-line basis over the estimated economic useful life of ten years.

(ii) Prepaid timber rights

Rights in timber licences are stated at cost and are amortised on a straight-line basis over the remaining tenure of the respective licence periods. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13.

2.11 Biological assets

Biological assets comprise fresh fruit bunches (“FFB”) prior to harvest and planted forest.

(a) FFB prior to harvest

FFB prior to harvest (plantation produce growing on bearer plants) are classified as current assets as they are expected to be harvested and sold or used for production on a date not more than two (2) weeks after the reporting date.

FFB prior to harvest is 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 in profit or loss.

(b) Planted forest (forestry assets)

Forestry assets are measured at fair value, calculated by applying the expected selling price, less costs to harvest and deliver, to the estimated volume to timber on hand at each reporting date. The estimated volume of timber on hand is determined based on the maturity profile of the area under afforestation, the species, the geographic location and other environmental considerations and excludes future growth. The product of these is then adjusted to present value by applying applicable per-tax weighted average cost of capital of the business unit.

2. **Basis of preparation and summary of significant accounting policies (contd.)**

2.11 Biological assets (contd.)

(b) Planted forest (forestry assets) (contd.)

Changes in fair value are recognised in the statement of profit or loss within other net operating expenses. At point of felling, the carrying value of forestry assets is transferred to inventories.

Directly attributable costs incurred during the year of biological growth and investments in standing timber are capitalised and presented within cash flows from investing activities.

2.12 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.13 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss 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. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments

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

Current financial year

(i) Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments (contd.)

Current financial year (contd.)

(i) Financial assets (contd.)

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

The Group's financial assets designated at fair value through other comprehensive income include quoted equity instruments.

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments (contd.)

Current financial year (contd.)

(i) Financial assets (contd.)

Financial assets at fair value through profit or loss (contd.)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

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

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

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

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

Previous financial year

(i) Financial assets

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

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

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments (contd.)

Previous financial year (contd.)

(i) Financial assets (contd.)

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

2. **Basis of preparation and summary of significant accounting policies (contd.)**

2.14 Financial instruments (contd.)

Previous financial year (contd.)

(i) Financial assets (contd.)

(d) Available-for-sale financial assets (contd.)

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

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

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

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

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

Current financial year

(ii) Impairment of financial assets

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

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

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments (contd.)

Current financial year (contd.)

(ii) Impairment of financial assets (contd.)

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there have been a significant increase in credit risk when contractual payments are more than 180 days past due.

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

Previous financial year

(ii) Impairment of financial assets

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

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments (contd.)

Current financial year

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

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

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.14 Financial instruments (contd.)

Previous financial year

(iii) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

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

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

(b) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(iv) Offsetting of financial instruments

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand short-term deposit with maturity of three months or less. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.16 Inventories

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

- Raw materials: purchase costs on weighted average cost formula.

- Finished goods and work-in-progress: cost of raw materials, direct labour, an appropriate proportion of fixed and variable factory overheads and all costs attributable to nursery and tree planting expenditure that can be allocated on a reasonable basis to such activities.

- Processed inventories: cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

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.

2.17 Provisions

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

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

2.18 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.

Current financial year

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15.

Previous financial year

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.20 Employee benefits

(i) Defined contribution plans

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

(ii) Short term benefits

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

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(c).

2.22 Revenue from contracts with customers

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 those goods or services. The Group and the Company have generally concluded that they are the principal in their revenue arrangements because they typically control the goods or services before transferring them to customer.

(a) Sale of goods

Revenue from sale of goods is measured based on the consideration specified in a contract with a customer in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when (or as) it transfers control over a product to customer. An asset is transferred when (or as) the customer obtains control over the asset.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.22 Revenue from contracts with customers (contd.)

(a) Sale of goods (contd.)

The Group and the Company transfer control of a good at a point in time unless one of the following over time criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to-date.

(b) Services rendered

Revenue from services is recognised when the Group and the Company transfer control upon performance of services over time to customers where the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform.

(c) Other revenue

Revenue from other sources are recognised as follows:

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

(ii) Rental income is accounted for on a straight-line basis over the lease terms.

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

(iv) Management fees are recognised when services are rendered.

2.23 Taxes

(a) 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.

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. Basis of preparation and summary of significant accounting policies (contd.)

2.23 Taxes (contd.)

(b) Deferred tax (contd.)

Deferred tax liabilities are recognised for all temporary differences, except: (contd.)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

(c) Sales and Service Tax (“SST”) and Goods and Service Tax (“GST”)

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

- Where the SST and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST and GST are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST and GST included.

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

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

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

2.26 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.27 Contingencies

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

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

2.28 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.28 Fair value measurements (contd.)

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

3. Significant accounting judgements and estimates

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment assessment of property, plant and equipment

Impairment exists when the carrying value of any assets exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use ("VIU").

The Group reassesses whether there are indicators of impairment for its property, plant and equipment at each reporting date. During the current financial year, the Group carried out the impairment tests on the property, plant and equipment of certain subsidiaries based on VIU.

The impairment assessment of the plant, property and equipment involved significant judgement and estimates in determining the recoverable amount of the property, plant and equipment. The assumptions used include estimates of selling prices, operating costs and discount rate.

The carrying amount of the property, plant and equipment of the subsidiaries included in the property, plant and equipment of the Group as at 30 June 2019 was RM59.6 million (2018: RM67.2 million).

3. Significant accounting judgements and estimates (contd.)

(b) Impairment assessment of bearer plants (oil palm plantations)

The carrying amount of the Group's plantations stands at RM1.08 billion (2018: RM1.08 billion) which represents 45% (2018: 42%) of the Group's total assets.

The Group assesses annually whether there are any indicators that the carrying amount of the plantations may be impaired. During the current financial year, losses incurred by certain plantations was identified as an indicator of impairment.

The estimated recoverable amount is determined based on the higher of an asset's VIU and fair value less costs of disposal ("FV"). Where the carrying amount is higher than the recoverable value of the biological assets, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

The Group regards each plantation as a separate CGU. VIU is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount to be received in the event the plantation is sold on a willing buyer and a willing seller basis.

(c) Planted forest (forestry assets)

Plantations are stated at fair value less estimated cost to sell at the harvesting stage and is a Level 3 measure in terms of the fair value measurement hierarchy as established by *MFRS 13 Fair Value Measurement.* The Group uses the income approach in determining fair value as it believes that this method yields the most appropriate valuation.

In arriving at plantation fair values, the key assumptions used are estimated prices, cost of delivery, discount rates, and volume and growth estimations. All changes in fair value are recognised in the period in which they arise.

The impact of changes in estimated prices, discount rates and, volume and growth assumptions may have on the calculated fair value and other key financial information on plantations is disclosed in Note 15.

- **Estimated prices less costs of delivery**

  The Group uses current average price of smaller size logs to estimate the fair value of all immature timber and mature timber that is to be felled in more than 12 months from the reporting date.

  The fair value is derived by using the prices as explained above and reduced by the estimated costs of delivery. Costs of delivery include all costs associated with getting the harvested agricultural produce to the market, including harvesting, loading, transport and allocated fixed overheads.

- **Discount rate**

  The discount rate used is the applicable pre-tax weighted average cost of capital of the business unit.

- **Volume and growth estimations and cost assumptions**

  The Group focuses on good husbandry techniques which include ensuring that the rotation of plantations is met with adequate planting activities for future harvesting. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber genus which varies between 11 and 14 years.

  Trees are generally felled at the optimum age when ready for intended use. At the time the tree is felled, it is taken out of plantations and accounted for under inventory and reported as a depletion cost (felling).

  The Group has projected growth estimation over a period of 11 to 14 years per rotation. In deriving this estimate, the Group established a long-term sample plot network which is representative of the species and sites on which trees are grown and the measured date from these permanent sample plots were used is input into the Group's growth estimation.

  The Group directly manages plantations established on land that is leased from a related party.

3. Significant accounting judgements and estimates (contd.)

(d) Impairment assessment of investment in subsidiaries

In performing impairment review over certain of the Company's subsidiaries, the Company also carried out the impairment test on the cost of investment in those subsidiaries. The Company estimates the recoverable amount of the investment based on estimated future cash flow and discounting them at an appropriate rate. Further details of the impairment losses are disclosed in Note 18.

4. Revenue

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Major product lines:				
Sale of crude palm oil, palm kernel and fresh fruit bunches	457,299	553,467	-	-
Sale of timber and related products	179,960	287,925	80,956	134,027
Others	485	297	-	-
	637,744	841,689	80,956	134,027
Revenue from contracts with customers:				
- recognised at a point of time	637,744	841,689	80,956	134,027

There are no unfulfilled performance obligations, whether unsatisfied or partly satisfied, to be recognised over the subsequent periods.

5. Cost of sales

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Cost of crude palm oil, palm kernel and fresh fruit bunches	516,665	500,656	-	-
Cost of timber and related products	189,652	259,023	84,914	133,543
Others	5,567	7,662	-	-
	711,884	767,341	84,914	133,543

6. Other income

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Fair value gain on derivatives	316	304	-	-
Freight and handling income	1,951	1,581	1,144	1,178
Foreign exchange gain				
- realised	-	2,296	-	2,134
- unrealised	342	18	292	-
Gain on disposal of property, plant and equipment	1,650	1,790	-	1,384
Gross dividend income from subsidiaries (Note 8)	-	-	12,500	130,382
Commission income	25	25	25	25
Interest income (Note 8)	114	246	15,015	17,116
Rental income (Note 8)	1,120	1,158	317	364
Reversal of impairment loss no longer required	-	-	2,774	-
Road maintenance fee income	-	-	3,000	3,000
Others	4,788	3,751	794	2,065
	10,306	11,169	35,861	157,648

7. Finance costs

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Bank loans and bank overdrafts	56,299	54,455	5,098	6,942
Finance leases	960	1,488	234	51
Amount due to subsidiaries	-	-	6,659	10,278
	57,259	55,943	11,991	17,271
Less: Interest expense capitalised in property, plant and equipment (Note 13)	(1,488)	(2,996)	-	-
Less: Interest expense capitalised in biological assets (Note 15)	(2,028)	(1,584)	-	-
Interest expense (Note 8)	53,743	51,363	11,991	17,271
Add: Other charges				
Bank charges	754	925	99	116
Commitment fee	511	1,345	107	374
	1,265	2,270	206	490
	55,008	53,633	12,197	17,761

8. (Loss)/profit before tax

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amortisation of land use rights (Note 14)	3	5	2	2
Amortisation of other intangible assets (Note 17)	167	137	137	115
Auditors' remuneration	794	829	225	235
Statutory audit				
- current year	762	788	210	210
- under provision in previous years	17	26	-	10
Other services	15	15	15	15
Bad debts written off	1,323	-	-	-
Depreciation of property, plant and equipment (Note 13)	179,971	173,667	24,233	19,607
Employee benefits expense (Note 9)	121,977	125,665	15,154	16,375
Change in fair value of biological assets (Note 15)	8,986	7,166	-	-
Net fair value (gain)/loss on derivatives (Note 25)	(316)	(52)	-	252
Gross dividend income from subsidiaries (Note 6)	-	-	(12,500)	(130,382)
Hiring charges	16	-	300	714
Impairment loss, net of reversal, on:				
- available-for-sale financial assets	-	30,100	-	-
- investment in subsidiaries	-	-	215,047	30,326
- trade and other receivables (Note 22)	104	-	(2,774)	21,297
Interest expense (Note 7)	53,743	51,363	11,991	17,271
Interest income (Note 6)	(114)	(246)	(15,015)	(17,116)
Net loss/(gain) on disposal of property, plant and equipment	496	(273)	1,648	(1,384)
Net foreign exchange loss/(gain)				
- realised	1,334	(299)	970	(2,134)
- unrealised	(342)	536	(292)	446
Non-executive directors' remuneration (Note 10)	768	832	720	736
Property, plant and equipment written off	571	1,041	-	-
Provision for obsolete inventories (Note 21)	502	-	-	-
Rental expense	327	349	369	331
Rental income (Note 6)	(1,120)	(1,158)	(317)	(364)

9. Employee benefits expense

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, allowances and bonus	111,894	118,663	13,293	14,283
Social security contributions	1,322	1,220	148	145
Contributions to defined contribution plan	9,975	10,396	1,524	1,672
Employment insurance scheme contributions	129	64	16	8
Other benefits	523	477	173	267
Total employee benefits expense (including executive directors)	123,843	130,820	15,154	16,375
Less: Employee benefits expense capitalised in:				
- biological assets (Note 15)	(1,866)	(5,155)	-	-
Total employee benefits expense (Note 8)	121,977	125,665	15,154	16,375

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,336,000 (2018: RM3,044,000) as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	2,076	2,737	2,076	2,737
Contributions to defined contribution plans	260	307	260	307
Total executive directors' remuneration	2,336	3,044	2,336	3,044
Non-executive:				
Fees	469	469	469	469
Other emoluments	251	267	251	267
Total non-executive directors' remuneration (Note 8)	720	736	720	736
Total directors' remuneration	3,056	3,780	3,056	3,780
Estimated money value of benefits-in-kind	36	36	36	36
Total directors' remuneration including benefits-in-kind	3,092	3,816	3,092	3,816
Other directors				
Non-executive:				
Fees	48	96	-	-
Total directors' remuneration (Note 8)	48	96	-	-
Total directors' remuneration (Note 32(b))	3,140	3,912	3,092	3,816

11. Income tax expense

The major components of income tax expense for the year ended 30 June 2019 and 2018 are:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	6,051	12,842	882	1,306
Under/(over) provision in respect of previous years	1,392	(5,290)	5,069	(788)
	7,443	7,552	5,951	518
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	55,054	(22,482)	(5,089)	(4,346)
Under/(over) provision in respect of previous years	11,755	5,078	(628)	(275)
	66,809	(17,404)	(5,717)	(4,621)
Income tax expense recognised in profit or loss	74,252	(9,852)	234	(4,103)

The reconciliations between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the year ended 30 June 2019 and 2018 are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Accounting (loss)/profit before tax	(191,011)	(79,686)	(217,885)	64,391
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	(45,843)	(19,125)	(52,292)	15,454
Adjustments:				
Non-deductible expenses	2,913	9,316	51,085	12,798
Income not subject to tax	(1,117)	(24)	(3,000)	(31,292)
Benefits from previously unrecognised unabsorbed capital allowances and unused tax losses	(991)	(1,280)	-	-
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances and unused tax losses	106,143	1,473	-	-
Under/(over) provision of income tax in respect of previous years	1,392	(5,290)	5,069	(788)
Under/(over) provision of deferred tax in respect of previous years	11,755	5,078	(628)	(275)
Income tax expense recognised in profit or loss	74,252	(9,852)	234	(4,103)

Current income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

12. Loss per share

Basic loss per share

Basic loss per share amounts are calculated by dividing the loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 30 June 2019 and 2018:

	Group	
	2019	**2018**
Loss net of tax attributable to owners of the parent (RM'000)	(266,036)	(71,080)
Weighted average number of ordinary shares in issue ('000)	967,991	967,991
Basic loss per share (sen)	(27.48)	(7.34)

There are no dilutive potential ordinary shares. As such, the diluted loss per share of the Group is equivalent to basic loss per share.

13. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Factories, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 July 2017	8,389	91,756	1,327,887	621,211	1,263,564	341,509	46,794	213,377	3,914,487
Additions	-	-	-	8,863	22,326	5,063	2,823	37,207	76,282
Disposals/written off	-	-	-	(644)	(48,305)	-	(707)	(1,957)	(51,613)
Reclassifications	-	-	55,877	53,695	(1,354)	8,264	1,337	(117,819)	-
Reclassified to intangible assets (Note 17)	-	-	-	-	-	-	-	(124)	(124)
Reclassified to biological assets (Note 15)	-	-	-	-	-	-	-	(26)	(26)
At 30 June 2018 and 1 July 2018	8,389	91,756	1,383,764	683,125	1,236,231	354,836	50,247	130,658	3,939,006
Additions	-	1,202	-	3,165	26,192	4,368	2,373	17,479	54,779
Disposals/written off	-	-	-	(1,165)	(38,828)	(115,127)	(664)	(844)	(156,628)
Reclassifications	-	6	56,009	12,728	14,844	11,269	346	(95,202)	-
Reclassified from land use right (Note 14)	-	87	-	-	-	-	-	-	87
At 30 June 2019	8,389	93,051	1,439,773	697,853	1,238,439	255,346	52,302	52,091	3,837,244
Accumulated depreciation									
At 1 July 2017	-	15,169	247,227	254,512	765,277	207,854	31,955	-	1,521,994
Depreciation charge for the year	-	1,748	52,754	38,856	64,258	14,922	2,410	-	174,948
Recognised in profit or loss (Note 8)	-	1,061	52,754	38,680	63,867	14,918	2,387	-	173,667
Capitalised in biological assets (Note 15)	-	687	-	176	391	4	23	-	1,281
Disposals/written off	-	-	-	(506)	(34,840)	-	(603)	-	(35,949)
Reclassification	-	-	-	109	-	-	(109)	-	-
At 30 June 2018	-	16,917	299,981	292,971	794,695	222,776	33,653	-	1,660,993

13. Property, plant and equipment (contd.)

Group (contd.)	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Factories, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation (contd.)									
At 30 June 2018 and 1 July 2018	-	16,917	299,981	292,971	794,695	222,776	33,653	-	1,660,993
Depreciation charge for the year	-	1,753	56,582	39,798	58,365	22,088	2,619	-	181,205
Recognised in profit or loss (Note 8)	-	1,066	56,582	39,565	58,067	22,084	2,607	-	179,971
Capitalised in biological assets (Note 15)	-	687	-	233	298	4	12	-	1,234
Disposals/written off	-	-	-	(950)	(31,070)	(115,127)	(378)	-	(147,525)
Reclassified from land use right (Note 14)	-	72	-	-	-	-	-	-	72
At 30 June 2019	-	18,742	356,563	331,819	821,990	129,737	35,894	-	1,694,745
Net carrying amount									
At 30 June 2018	8,389	74,839	1,083,783	390,154	441,536	132,060	16,594	130,658	2,278,013
At 30 June 2019	8,389	74,309	1,083,210	366,034	416,449	125,609	16,408	52,091	2,142,499

13. Property, plant and equipment (contd.)

Company	Freehold land RM'000	Factories, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 July 2017	3,865	16,087	232,250	170,904	16,362	4,068	443,536
Additions	-	9	629	23	433	2,505	3,599
Disposals/written off	-	(10)	(30,915)	-	(258)	(1,696)	(32,879)
Reclassified to intangible assets (Note 17)	-	-	-	-		(124)	(124)
Reclassifications	-	34	187	1,901	337	(2,459)	-
At 30 June 2018 and 1 July 2018	3,865	16,120	202,151	172,828	16,874	2,294	414,132
Additions	-	181	20,205	1,676	225	3,054	25,341
Disposals/written off	-	(27)	(26,539)	(113,050)	(58)	(399)	(140,073)
Reclassifications	-	1,110	148	-	32	(1,290)	-
At 30 June 2019	3,865	17,384	195,965	61,454	17,073	3,659	299,400
Accumulated depreciation							
At 1 July 2017	-	7,261	130,832	134,524	14,940	-	287,557
Depreciation charge for the year (Note 8)	-	584	12,808	5,900	315	-	19,607
Disposals/written off	-	-	(22,405)	-	(250)	-	(22,655)
At 30 June 2018 and 1 July 2018	-	7,845	121,235	140,424	15,005	-	284,509
Depreciation charge for the year (Note 8)	-	564	11,593	11,737	339	-	24,233
Disposals/written off	-	-	(20,359)	(113,050)	(51)	-	(133,460)
At 30 June 2019	-	8,409	112,469	39,111	15,293	-	175,282
Net carrying amount							
At 30 June 2018	3,865	8,275	80,916	32,404	1,869	2,294	129,623
At 30 June 2019	3,865	8,975	83,496	22,343	1,780	3,659	124,118

13. Property, plant and equipment (contd.)

(i) Acquisitions of property, plant and equipment during the financial year were by the following means:

	Group			Company		
	2019 RM'000	**2018** RM'000	**As at 1.7.2017** RM'000	**2019** RM'000	**2018** RM'000	**As at 1.7.2017** RM'000
Cash	38,678	69,337	105,403	10,765	3,599	3,905
Finance leases (Note 35)	16,101	6,945	19,632	14,576	-	795
	54,779	76,282	125,035	25,341	3,599	4,700

(ii) Net carrying amounts of property, plant and equipment held under finance leases are as follows:

	Group			Company		
	2019 RM'000	**2018** RM'000	**As at 1.7.2017** RM'000	**2019** RM'000	**2018** RM'000	**As at 1.7.2017** RM'000
Motor vehicles	76,264	68,952	57,917	16,842	812	7,490

Leased assets are pledged as security for the related finance lease liabilities (Note 27).

13. Property, plant and equipment (contd.)

(iii) Included in property, plant and equipment are the following costs incurred during the financial year:

	Group	
	2019	**2018**
	RM'000	RM'000
Interest expense (Note 7)	1,488	2,996

The interest expense capitalised include borrowing costs arising from term loans borrowed specifically for the purpose of the development of bearer plants.

(iv) The leasehold land on which certain of the bearer plants expenditure was incurred is registered in the name of related companies.

14. Land use rights

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 July	123	123	36	36
Reclassified to property, plant and equipment (Note 13)	(87)	-	-	-
At 30 June	36	123	36	36
Accumulated amortisation				
At 1 July	88	83	17	15
Amortisation for the year (Note 8)	3	5	2	2
Reclassified to property, plant and equipment (Note 13)	(72)	-	-	-
At 30 June	19	88	19	17
Net carrying amount				
At 30 June	17	35	17	19
Amount to be amortised:				
- Not later than one year	2	5	2	2
- Later than one year but not later than five years	8	19	8	8
- Later than five years	7	11	7	9

The Group and the Company have land use rights over state-owned land in Malaysia. The land use rights of the Group and the Company have a remaining tenure of 17 years (2018: 7 to 18 years) and 17 years (2018: 18 years), respectively.

15. Biological assets

	FFB prior to harvest		Planted forest (forestry assets)		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Fair value						
At 1 July 2018/2017	9,450	13,532	46,491	32,760	55,941	46,292
Capitalised expenditure	-	-	20,133	16,789	20,133	16,789
Changes in fair value (Note 8)	(1,831)	(4,082)	(7,155)	(3,084)	(8,986)	(7,166)
Reclassified from property, plant and equipment (Note 13)	-	-	-	26	-	26
At 30 June 2019/2018	7,619	9,450	59,469	46,491	67,088	55,941
Non-current						
At 30 June 2019/2018	-	-	59,469	46,491	59,469	46,491
At 1 July 2018/2017	-	-	46,491	32,760	46,491	32,760
Current						
At 30 June 2019/2018	7,619	9,450	-	-	7,619	9,450
At 1 July 2018/2017	9,450	13,532	-	-	9,450	13,532

15. Biological assets (contd.)

	FFB prior to harvest		Planted forest (forestry assets)	
	MT'000	MT'000	M3'000	M3'000
	2019	2018	2019	2018
Group				
Physical quantities:				
At 30 June	64	49	2,431	1,624
Production/sold during the year	1,096	1,069	-	-

Included in planted forest are the following expenses incurred and capitalised during the year:

	2019 RM'000	2018 RM'000
Depreciation of property, plant and equipment (Note 13)	1,234	1,281
Interest expense (Note 7)	2,028	1,584
Employee benefits expense (Note 9)	1,866	5,155

The average interest capitalisation rate used was 4% (2018: 4%).

The leasehold land on which the planted forest expenditure was incurred is registered in the name of a related company.

(i) Fresh fruit bunches ("FFB") prior to harvest

To arrive at the fair value of FFB prior to harvest, the management considers the oil content of the unripe FFB. It is assumed that the net cash flow generated from FFB exceeding 15 days prior to harvest to be negligible and is accordingly excluded from valuation. The fair value of FFB prior to harvest is computed based on the market approach and takes into consideration the market prices of harvested FFB, adjusted to the estimated oil content of unharvested FFB less harvesting, transport and other costs to sell.

Harvested FFB is transferred to inventories at fair value less costs to sell when harvested.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's biological assets were fair valued within the Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
	The estimated fair value would increase/(decrease) if:
Estimated FFB prices	- the estimated FFB prices were higher/(lower);
Estimated production volume	- the estimated production volume were higher/ (lower); or
Estimated harvest and transportation costs	- the estimated harvest and transportation costs were lower/ (higher).

15. Biological assets (contd.)

(ii) Planted forest (forestry assets)

In total, the Group has 67,007 hectares (2018: 67,007 hectares) leased land available for forestry activities, all of which is located in Malaysia. 39,897 hectares (2018: 35,949 hectares) are under afforestation which forms the basis of the valuation set out above.

Mature forestry assets are those plantations that are harvestable, while immature forestry assets have not yet reached the desired stage of growth. Timber is harvested according to a rotation plan, once trees reach maturity. This period ranges from 11 to 14 years for both years presented, depending on species, climate and location.

The following assumptions have a significant impact on the valuation of the Group's forestry assets:

- The net selling price, which is defined as the selling price less the costs of transport, harvesting, extraction and loading. The net selling price is based on management's estimates and is influenced by the species, maturity profile and location of timber. In 2019, the net selling price used is RM250 per cubic metre (2018: RM250 per cubic metre).

- The conversion factor is used to convert hectares of land under afforestation to cubic metre of standing timber, which is dependent on the species and the plot planting spacing. In 2019, the conversion factors ranged from 89 to 242 (2018: 136 to 242).

- The discount rate of 14.5% (2018: 14.5%) based on a pre-tax yield adjusted for the risks associated with forestry assets.

The Group's forestry assets were fair valued within Level 3 of the fair value hierarchy consistent with prior years. Fair value assessments have been consistently applied using the same valuation techniques and calculated on the basis of future expected net cash flows arising on the Group's owned forestry assets, discounted based on a pre tax weighted average cost of capital.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
	The estimated fair value would increase/(decrease) if:
- Estimated logs transfer price	- the estimated logs transfer price were higher (lower);
- Estimated yields per hectare	- the estimated yields per hectare were higher (lower);
- Estimated harvest and transportation costs	- the estimated harvest and transportation costs were lower/(higher); or
- Pre-tax risk-adjusted discount rate	- the risk-adjusted discount rates were lower/(higher).

16. Goodwill on consolidation

	Group	
	RM'000	RM'000
Cost		
At 30 June 2019/2018	62,337	62,337
Accumulated impairment loss		
At 1 July 2018/2017 and at 30 June 2019/2018	62,337	62,337
Net carrying amount		
At 30 June 2019/2018	-	-

The goodwill arose from the acquisition of a subsidiary previously engaged in the manufacturing of timber of products.

17. Other intangible assets

	Prepaid timber rights RM'000	Computer software RM'000	Total RM'000
Group			
Cost			
At 1 July 2017	298,447	4,625	303,072
Additions	-	520	520
Reclassified from property, plant and equipment (Note 13)	-	124	124
30 June 2018	298,447	5,269	303,716
At 1 July 2018 and 30 June 2019	298,447	5,269	303,716
Accumulated amortisation			
At 1 July 2017	298,447	4,015	302,462
Amortisation for the year (Note 8)	-	137	137
At 30 June 2018 and 1 July 2018	298,447	4,152	302,599
Amortisation for the year (Note 8)	-	167	167
At 30 June 2019	298,447	4,319	302,766
Net carrying amount			
At 30 June 2018	-	1,117	1,117
At 30 June 2019	-	950	950

17. Other intangible assets (contd.)

	Prepaid timber rights RM'000	Computer software RM'000	Total RM'000
Company			
Cost			
At 1 July 2017	247,724	4,592	252,316
Additions	-	244	244
Reclassified from property, plant and equipment (Note 13)	-	124	124
At 30 June 2018	247,724	4,960	252,684
At 1 July 2018 and 30 June 2019	247,724	4,960	252,684
Accumulated amortisation			
At 1 July 2017	247,724	4,004	251,728
Amortisation for the year (Note 8)	-	115	115
At 30 June 2018 and 1 July 2018	247,724	4,119	251,843
Amortisation for the year (Note 8)	-	137	137
At 30 June 2019	247,724	4,256	251,980
Net carrying amount			
At 30 June 2018	-	841	841
At 30 June 2019	-	704	704

In line with the State Government's directive to attain mandatory Forest Management Certification, the Group had embarked on their certification exercise in prior year. On 30 April 2018, the Group obtained approval from the relevant authority for the re-delineation of the boundary of licences to remove over-lapping zones and to amalgamate their former licences into four forest management units ("FMUs"). The audit of the FMUs are still in progress at the reporting date.

18. Investments in subsidiaries

	Company		
	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
Unquoted shares, at cost	1,868,270	1,843,270	1,813,270
Less: Accumulated impairment losses	(330,092)	(115,045)	(84,719)
	1,538,178	1,728,225	1,728,551

18. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Direct subsidiaries of the Company				
Curiah Sdn. Bhd.	Malaysia	Extraction and sale of logs	88.91	88.91
Eastern Eden Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Eastern Timber Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Erajaya Synergy Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Guanaco Sdn. Bhd.	Malaysia	Cultivation and trading of birds' nests	100	100
Hak Jaya Sdn. Bhd.	Malaysia	Marketing of timber logs	100	100
Hariyama Sdn. Bhd.	Malaysia	Development of oil palm plantations, palm oil processing and its related activities	100	100
Jaras Sdn. Bhd.	Malaysia	Dormant	100	100
Jaya Tiasa Aviation Sdn. Bhd.	Malaysia	Provision of air transportation services	100	100
Jaya Tiasa Forest Plantation Sdn. Bhd.	Malaysia	Development and maintenance of planted forests and forest plantation contractor	100	100
Jaya Tiasa R&D Sdn. Bhd.	Malaysia	Production of coconut seedlings	100	100
Jaya Tiasa Plywood Sdn. Bhd.	Malaysia	Manufacturing and sale of sawn timber, blockboard and veneer as well as plywood manufacturing	100	100
Jaya Tiasa Timber Products Sdn. Bhd.	Malaysia	Sale of plywood	100	100
JT Logging Sdn. Bhd.	Malaysia	Dormant	100	100
JT Oil Palm Development Sdn. Bhd.	Malaysia	Palm oil processing and its related activities	100	100
Kunari Timber Sdn. Bhd.	Malaysia	Dormant	100	100
Mantan Sdn. Bhd.	Malaysia	Logging contractor	100	100

18. Investments in subsidiaries (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Direct subsidiaries of the Company (contd.)				
Maujaya Sdn. Bhd.	Malaysia	Palm oil processing and its related activities	100	100
Maxiwealth Holdings Sdn. Bhd.	Malaysia	Palm oil processing and its related activities	100	100
Multi Greenview Sdn. Bhd.	Malaysia	Investment holding	100	100
Poh Zhen Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Rimbunan Hijau Plywood Sdn. Bhd.	Malaysia	Fabrication and workshop services	100	100
Sericahaya Sdn. Bhd.	Malaysia	Dormant	88.91	88.91
Simalau Plantation Sdn. Bhd.	Malaysia	Development of oil palm plantations and its related activities	100	100
Atlantic Evergreen Holdings	Cayman Islands	Dormant	100	100
Atlantic Timber Holdings Limited	Cayman Islands	Dormant	100	100
Pacific Timber Holdings Limited	Cayman Islands	Dormant	100	100
Subsidiary of Atlantic Evergreen Holdings				
Western Timber Resources Limited	Cayman Islands	Dormant	100	100

(i) Increase in paid-up capital of subsidiaries

During the year, the Company subscribed for 25 million new ordinary shares amounting to RM25,000,000 in Jaya Tiasa Plywood Sdn. Bhd. by way of settlement of advances rendered.

(ii) Non-controlling interests

None of the subsidiaries with non-controlling interests are material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of Interests in Other Entities, are not presented.

(iii) Impairment of investment in subsidiaries

During the current financial year, the Company conducted a review of the recoverable amount of certain of the Company's subsidiaries where the carrying amount of investments exceeded the Company's share of net assets in the respective subsidiaries at the reporting date.

The review gave rise to the recognition of an impairment loss on investment in subsidiaries of RM215 million (2018: RM30.3 million) as disclosed in Note 8, based on recoverable amount of RM129 million (2018: RM39.7 million). The property, plant and equipment of certain of the subsidiaries, however, were not impaired because the estimated recoverable amount was higher than the carrying amount of the property, plant and equipment.

19. Investment in associate

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	2,000	2,000	2,000	2,000	2,000	2,000
Redeemable non-cumulative preference shares, at cost	2,400	2,400	2,400	2,400	2,400	2,400
	4,400	4,400	4,400	4,400	4,400	4,400
Less: Accumulated impairment losses	(2,400)	(2,400)	(2,400)	(4,400)	(4,400)	(4,400)
	2,000	2,000	2,000	-	-	-
Share of post-acquisition losses	(2,000)	(2,000)	(2,000)	-	-	-
	-	-	-	-	-	-

19. Investment in associate (contd.)

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest As at 2019 %	Proportion of ownership interest As at 2018 %
Mafrica Trading Sdn. Bhd.*	Malaysia	Dormant	40	40

* Audited by a firm of auditors other than Ernst & Young

The summarised financial information of the associate are as follows:

	Group 2019 RM'000	Group 2018 RM'000	Group As at 1.7.2017 RM'000
Assets and liabilities			
Current assets	37	39	4
Current liabilities	2,601	2,601	2,601

	Group 2019 %	Group 2018 %	Group As at 1.7.2017 %
Equity			
Proportion of the Group's ownership	40	40	40
Carrying amount of investment	-	-	-

	Group 2019 RM'000	Group 2018 RM'000	Group As at 1.7.2017 RM'000
Results			
Loss for the year	2	2	2

The Group's interest in the associate is analysed as follows:

	2019	2018	As at 1.7.2017
Group's share of net tangible assets	(335)	(335)	(335)
Premium on acquisition	335	335	335
	-	-	-

The associate is not material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of Interests in Other Entities, are not presented.

20. Deferred tax

	As at 1 July 2017 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 30 June 2018 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 30 June 2019 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	(378,253)	(277)	(378,530)	13,836	(364,694)
Biological assets	(6,720)	(3,156)	(9,876)	(2,963)	(12,839)
Derivative asset	73	(73)	-	(38)	(38)
Intangible assets	(1)	(1)	(2)	-	(2)
Others	(60)	60	-	-	-
	(384,961)	(3,447)	(388,408)	10,835	(377,573)
Deferred tax assets:					
Unused tax losses and unabsorbed capital allowances	347,401	20,831	368,232	(76,469)	291,763
Property, plant and equipment	8,497	20	8,517	(1,175)	7,342
	355,898	20,851	376,749	(77,644)	299,105
	(29,063)	17,404	(11,659)	(66,809)	(78,468)
Company					
Deferred tax liabilities:					
Property, plant and equipment	(17,224)	4,560	(12,664)	5,717	(6,947)
Derivative asset	(61)	61	-	-	-
	(17,285)	4,621	(12,664)	5,717	(6,947)

	Group			Company		
	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
Deferred tax (liabilities)/assets:						
Presented after appropriate offsetting as follows:						
Deferred tax assets	299,105	376,749	355,898	-	-	-
Deferred tax liabilities	(377,573)	(388,408)	(384,961)	(6,947)	(12,664)	(17,285)
	(78,468)	(11,659)	(29,063)	(6,947)	(12,664)	(17,285)

20. Deferred tax (contd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		
	2019	**2018**	**As at 1.7.2017**
	RM'000	RM'000	RM'000
Unused tax losses	407,768	11,282	13,472
Unabsorbed capital allowances	53,057	9,353	5,152
Other temporary differences	47,818	49,876	51,083
	508,643	70,511	69,707

At the reporting date, the Group has unused tax losses, unabsorbed capital allowances and other temporary differences as shown above that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom.

Pursuant to Section 44(5F) of the Income Tax Act 1967 ("the Act"), effective from year of assessment ("YA") 2019, the unutilised business losses from YA 2019 can only be carried forward until YA 2026. For unutilised business losses accumulated prior to and up to YA 2018, such unabsorbed losses can only be carried forward until YA 2025, pursuant to the transitional provision provided in the Act.

21. Inventories

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At cost						
Crude palm oil	8,600	2,084	4,463	-	-	-
Fresh fruit bunches	1,005	487	1,009	-	-	-
General stores	30,303	45,854	49,905	1,249	2,093	1,780
Logs	29,576	12,273	20,754	21,064	5,376	9,704
Palm kernel	-	1,009	2,012	-	-	-
Plywood	1,521	14,403	28,436	-	-	-
Raw nests	18	-	-	-	-	-
Sawn timber	98	252	161	-	-	-
Veneer	-	14,624	16,768	-	-	-
Work-in-progress	4,254	2,730	1,743	-	-	-
	75,375	93,716	125,251	22,313	7,469	11,484
At net realisable value						
Crude palm oil	2,462	12,515	14,223	-	-	-
Palm kernel	1,231	680	-	-	-	-
Plywood	13,310	-	-	-	-	-
Sawn timber	-	-	175	-	-	-
Veneer	9,274	-	-	-	-	-
	26,277	13,195	14,398	-	-	-
	101,652	106,911	139,649	22,313	7,469	11,484

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and Company were RM480,834,000 (2018: RM551,222,000) and RM50,236,000 (2018: RM70,731,000) respectively.

22. Trade and other receivables

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables						
Third parties	21,214	34,789	48,487	2,787	2,272	7,511
Amount due from subsidiaries	-	-	-	1,239	-	1,249
Less: Allowance for expected credit losses						
Third parties	-	(143)	(407)	-	-	-
Trade receivables, net	21,214	34,646	48,080	4,026	2,272	8,760
Other receivables						
Sundry receivables	19,116	15,114	12,060	9,026	3,409	1,335
Amount due from subsidiaries	-	-	-	389,437	503,986	412,380
Amount due from associate	2,600	2,600	2,600	2,600	2,600	2,600
	21,716	17,714	14,660	401,063	509,995	416,315
Less: Allowance for expected credit losses						
Sundry receivables	(1,374)	(1,270)	(1,270)	(104)	-	-
Amount due from associate	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)
Amount due from subsidiaries	-	-	-	(60,165)	(21,569)	(272)
	(3,974)	(3,870)	(3,870)	(62,869)	(24,169)	(2,872)
Other receivables, net	17,742	13,844	10,790	338,194	485,826	413,443
Refundable deposits	1,020	726	714	80	86	94
	18,762	14,570	11,504	338,274	485,912	413,537
Total trade and other receivables	39,976	49,216	59,584	342,300	488,184	422,297

22. Trade and other receivables (contd.)

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days (30 June 2018: 30 days and 1 July 2017: 30 days). Other credit terms are assessed and approved on a case-by-case basis. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	15,682	29,534	40,177	3,278	1,631	5,117
1 to 30 days past due not impaired	4,735	5,026	5,966	637	556	1,768
31 to 60 days past due not impaired	57	30	1,817	38	29	1,782
61 to 90 days past due not impaired	141	-	120	73	-	93
91 to 120 days past due not impaired	147	56	-	-	56	-
more than 121 days past due not impaired	452	-	-	-	-	-
	5,532	5,112	7,903	748	641	3,643
Impaired	-	143	407	-	-	-
	21,214	34,789	48,487	4,026	2,272	8,760

22. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are neither past due nor impaired

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

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM5,532,000 (30 June 2018: RM5,112,000 and 1 July 2017: RM7,903,000) and RM748,000 (30 June 2018: RM641,000 and 1 July 2017: RM3,643,000), respectively, that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		**Company**	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Trade receivables	-	143	-	-
Less: Allowance for expected credit losses	-	(143)	-	-
	-	-	-	-
Movement in allowance accounts:				
	RM'000	RM'000	RM'000	RM'000
At 1 July 2018/2017	143	407	-	-
Written off	(143)	(264)	-	-
At 30 June 2019/2018	-	143	-	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments or debtors that have usually settled their debts beyond the prescribed credit terms. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from subsidiaries

The amount due from subsidiaries under other receivables earns interest at the rate of 4% (2018: 4%) per annum.

(c) Amount due from associate

The amount due from associate is unsecured, non-interest bearing and is repayable on demand.

22. Trade and other receivables (contd.)

(d) Other receivables

Other receivables that are impaired

Movement in allowance accounts:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
At 1 July 2018/2017	3,870	3,870	24,169	2,872
Effect of adoption of MFRS 9	-	-	41,474	-
At 1 July 2018, restated	3,870	3,870	65,643	2,872
Add/(Less): Expected credit losses, net of reversal (Note 8)	104	-	(2,774)	21,297
At 30 June 2019/2018	3,974	3,870	62,869	24,169

23. Other current assets

	Group			Company		
	2019	**2018**	**As at 1.7.2017**	**2019**	**2018**	**As at 1.7.2017**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Prepayments	2,883	3,720	5,247	425	854	-
Tax recoverable	14,374	13,178	9,416	2,942	1,268	1,173
	17,257	16,898	14,663	3,367	2,122	1,173

24. Investment securities

	Group			Company		
	2019	**2018**	**As at 1.7.2017**	**2019**	**2018**	**As at 1.7.2017**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current						
Financial assets through other comprehensive income without re-cycling						
Equity instruments (quoted in Malaysia)	26,600	-	-	-	-	-
Available-for-sale financial assets						
Equity instruments (unquoted in Malaysia), at cost	-	5,000	5,000	-	5,000	5,000
Equity instruments (quoted in Malaysia), at fair value	-	39,900	63,700	-	-	-
	-	44,900	68,700	-	5,000	5,000
Total investment securities	26,600	44,900	68,700	-	5,000	5,000

25. Derivatives

	2019			2018			As at 1.7.2017		
	Contract/ notional amount	Fair value through profit or loss		Contract/ notional amount	Fair value through profit or loss		Contract/ notional amount	Fair value through profit or loss	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Non-hedging derivatives:									
Forward currency contracts	10,648	316	-	-	-	-	62,184	252	304
Company									
Non-hedging derivatives:									
Forward currency contracts	-	-	-	-	-	-	11,730	252	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow nor 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

Forward currency contracts are used to hedge the Group's and the Company's sales denominated in USD for which firm commitments existed at the reporting date.

The Group and the Company recognised a gain of RM316,000 (2018: gain of RM52,000) and a loss of Nil (2018: loss of RM252,000), respectively, arising from fair value changes of derivatives asset. The fair value changes are attributable to changes in foreign exchange and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 33.

26. Cash and bank balances

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	9,192	19,953	65,234	2,021	5,779	12,205

26. Cash and bank balances (contd.)

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

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	9,192	19,953	65,234	2,021	5,779	12,205
Bank overdrafts (Note 27)	(140,694)	(101,647)	(139,026)	(21,048)	(16,367)	(15,658)
Cash and cash equivalents	(131,502)	(81,694)	(73,792)	(19,027)	(10,588)	(3,453)

27. Loans and borrowings

	Group			Company		
	2019	2018	As at 1.7.2017	2019	2018	As at 1.7.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current						
Secured:						
Obligations under finance leases (Note 31(c))	11,012	11,981	22,832	4,711	275	1,748
Unsecured:						
Bank overdrafts (Note 26)	140,694	101,647	139,026	21,048	16,367	15,658
Bankers' acceptances	55,369	13,685	41,213	-	-	9,300
Revolving credit	392,500	188,000	223,500	40,000	40,000	95,000
Term loans	62,076	58,543	39,443	-	10,000	10,000
USD denominated revolving credit	10,350	12,132	21,465	10,350	12,132	21,465
	660,989	374,007	464,647	71,398	78,499	151,423
	672,001	385,988	487,479	76,109	78,774	153,171

27. Loans and borrowings (contd.)

	Group 2019 RM'000	Group 2018 RM'000	Group As at 1.7.2017 RM'000	Company 2019 RM'000	Company 2018 RM'000	Company As at 1.7.2017 RM'000
Non-current						
Secured:						
Obligations under finance leases (Note 31(c))	10,551	6,865	13,289	8,631	47	322
Unsecured:						
Revolving credit	-	233,500	271,500	-	-	-
Term loans	273,600	339,676	304,569	-	2,000	12,000
	273,600	573,176	576,069	-	2,000	12,000
	284,151	580,041	589,358	8,631	2,047	12,322
Total loans and borrowings	956,152	966,029	1,076,837	84,740	80,821	165,493

The interest rates of the Group and of the Company are as follows:

	Group 2019 %	Group 2018 %	Group As at 1.7.2017 %	Company 2019 %	Company 2018 %	Company As at 1.7.2017 %
Bank overdrafts	7.20 - 7.95	7.00 - 8.50	7.15 - 7.95	7.20 - 7.95	7.45 - 8.04	7.15 - 7.95
Bankers' acceptances	3.78 - 4.90	3.92 - 4.92	3.52 - 4.73	-	-	4.20 - 4.65
Revolving credit	3.90 - 6.00	2.59 - 7.00	2.59 - 6.00	3.90 - 4.99	3.08 - 5.33	2.59 - 5.54
Term loans	4.97 - 6.00	4.53 - 6.00	4.53 - 6.00	-	6.00	4.53 - 6.00

27. Loans and borrowings (contd.)

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The interest rates implicit in the leases of the Group and the Company are 5.50% (30 June 2018: 5.50% and 1 July 2017: 5.50%) per annum and 5.45% (2018: 4.94%) per annum, respectively.

Other borrowings

Certain unsecured borrowings of the Group and of the Company amounting to RM133,882,776 (30 June 2018: RM130,700,244 and 1 July 2017: RM320,289,000) and RM59,606,776 (2018: RM59,506,244), respectively are covered by a negative pledge over the assets of the Company and respective subsidiaries.

Certain unsecured borrowings of the Company amounting to RM1,038,560 (30 June 2018: RM2,076,033 and 1 July 2017: RM9,593,164) are covered by corporate guarantees provided by one of the subsidiaries.

The remaining unsecured borrowings of the Group are covered by corporate guarantees provided by the Company.

Loan covenants - Revolving credit

As at the end of the reporting period, certain covenants relating to a revolving credit facility with a carrying amount of RM244 million was not complied with by the Group. On 9 October 2019, the Group obtained indulgence from the said banker to vary the compliance conditions. As the indulgence was received subsequent to the financial year-end, the long-term portion amounting to RM182 million has been presented as current liabilities in the financial statements as the Group did not have an unconditional right to defer settlement of the outstanding amount as at 30 June 2019.

28. Trade and other payables

	Group			Company		
	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
Current						
Trade payables						
Third parties	152,606	107,894	100,257	14,746	15,754	19,360
Amount due to subsidiaries	-	-	-	15,781	975	1,576
	152,606	107,894	100,257	30,527	16,729	20,936
Other payables						
Accruals	25,138	12,540	17,807	14,446	1,730	2,620
Deposit received	70	60	-	70	60	-
Sundry payables	23,602	15,032	18,131	3,991	1,991	2,438
Amount due to subsidiaries	-	-	-	8,977	135,163	89,999
	48,810	27,632	35,938	27,484	138,944	95,057
	201,416	135,526	136,195	58,011	155,673	115,993
Non-current						
Other payables						
Amount due to subsidiaries	-	-	-	177,576	142,927	124,872
Total trade and other payables	201,416	135,526	136,195	235,587	298,600	240,865

28. Trade and other payables (contd.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 180 days (30 June 2018: 30 to 180 days and 1 July 2017: 30 to 180 days).

(b) Amount due to subsidiaries (current)

The amount due to subsidiaries under other payables bears interest at the rate of 4% (30 June 2018: 4% and 1 July 2017: 4%) per annum. The amount is repayable on demand.

(c) Amount due to subsidiaries (non-current)

The amount due to subsidiaries under other payables bears interest at the rate of 4% (30 June 2018: 4% and 1 July 2017: 2018: 4%) per annum.

29. Share capital and treasury shares

	Group and Company			
	Number of Ordinary Shares		Amount	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 July 2018 and 30 June 2019	973,718	(5,727)	977,402	(13,687)
At 1 July 2017 and 30 June 2018	973,718	(5,727)	977,402	(13,687)

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

Of the total 973,717,797 (2018: 973,717,797) issued and fully paid ordinary shares as at 30 June 2019, 5,727,000 (2018: 5,727,000) are held as treasury shares by the Company. As at 30 June 2019, the number of outstanding ordinary shares in issue after the set-off is therefore 967,990,797 (2018: 967,990,797) ordinary shares.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

30. Other reserves

	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group			
At 1 July 2017	(6,300)	-	(6,300)
Other comprehensive income:			
Cumulative loss for available-for-sale financial assets transferred to profit or loss	6,300	-	6,300
At 30 June 2018	-	-	-
Effect of adoption of MFRS 9	(30,100)	-	(30,100)
At 30 June 2018, restated	(30,100)	-	(30,100)
Other comprehensive income:			
Fair value changes for fair value through other comprehensive income financial assets	(13,300)	1	(13,299)
At 30 June 2019	(43,400)	1	(43,399)

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of fair value through other comprehensive income financial assets until they are disposed.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	9,972	7,215	-	-

(b) Operating lease commitments - as lessee

In addition to land use rights disclosed in Note 14, the Group has entered into operating lease agreements for the lease of log pond, residential house, land and building. These leases have an average life of between 1 and 30 years with no renewal or purchase option and escalation clauses and there are no restrictions placed upon the Group by entering into these leases.

The future minimum rental payments under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2019	**2018**
	RM'000	RM'000
Not later than 1 year	9	9
Later than 1 year and not later than 5 years	34	37
Later than 5 years	52	64
	95	110

31. Commitments (contd.)

(c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			Company		
	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
Minimum lease payments:						
Not later than 1 year	11,880	12,677	24,125	5,325	286	1,800
Later than 1 year but not later than 2 years	10,717	6,062	10,263	9,051	48	286
Later than 2 years but not later than 5 years	310	1,014	3,538	-	-	48
Total minimum lease payments	22,907	19,753	37,926	14,376	334	2,134
Less: Amounts representing finance charges	(1,344)	(907)	(1,805)	(1,034)	(12)	(64)
Present value of minimum lease payment	21,563	18,846	36,121	13,342	322	2,070
Present value of payments:						
Not later than 1 year	11,012	11,981	22,832	4,711	275	1,748
Later than 1 year but not later than 2 years	10,246	5,869	9,819	8,631	47	276
Later than 2 years but not later than 5 years	305	996	3,470	-	-	46
Present value of minimum lease payments	21,563	18,846	36,121	13,342	322	2,070
Less: Amount due within 12 months (Note 27)	(11,012)	(11,981)	(22,832)	(4,711)	(275)	(1,748)
Amount due after 12 months (Note 27)	10,551	6,865	13,289	8,631	47	322

32. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Group and the Company with the related parties took place at terms agreed between parties during the financial year:

(a) Sales and purchases of goods and services

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Sale of timber products to:				
- Subsidiaries	-	-	55,632	79,329
- Subur Group (i)	-	2,774	-	-
- Rimbunan Hijau General Trading Sdn. Bhd. (ii)	18	-	-	-
Sale of fresh fruit bunches to:				
- R.H. Selangau Palm Oil Mill Sdn. Bhd. (iii)	-	2,210	-	-
Sale of crude palm oil to:				
- Borneo Edible Oils Sdn. Bhd. (iv)	378,997	314,810	-	-
Contract income received from:				
- Tapak Megah Sdn. Bhd. (v)	1,222	1,512	1,222	1,512
Contract fees paid to subsidiaries	-	-	1,596	1,971
Hiring charges paid to subsidiaries	-	-	300	714
Towage and freight charges paid to:				
- Subur Group (i)	172	142	-	-
- Oriental Evermore Group (vi)	5,021	8,361	1,711	3,623
Purchase of timber products from:				
- Subsidiaries	-	-	45,690	65,258
- Binamewah Sdn. Bhd. (vii)	3,214	3,947	3,214	3,947
- Subur Group (i)	-	531	-	-
Purchase of raw materials from Petanak Enterprises Sdn. Bhd. (viii)	9,785	13,032	-	-
Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries:				
- Rimbunan Hijau General Trading Sdn. Bhd. (ii)	5,244	5,489	278	97
- Oriental Evermore Group (vi)	48	251	-	-
- Kejuruteraan Utama Sentiasa Sdn. Bhd. (ix)	1,518	-	1,518	-
Log pond/office/warehouse rental paid to subsidiaries	-	-	96	96
Hotel accommodation and purchase of food and beverages paid to Regalia Ritz Enterprise Sdn. Bhd. (x)	14	66	117	65
Land rental paid to:				
- Rejang Heights Sdn. Bhd. (xi)	1,966	2,104	-	-
- R.H. Forest Corporation Sdn. Bhd. (xii)	3,622	3,599	-	-
- Wealth Houses Development Sdn. Bhd. (xiii)	556	558	-	-
Purchase of motor vehicles and spare parts from:				
- Rimbunan Hijau Auto Services Sdn. Bhd. (xiv)	1,546	758	1,302	-
- Kejuruteraan Utama Sentiasa Sdn. Bhd. (ix)	-	143	-	-

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Technical and advisory fee paid to:				
- RH Development (Sarawak) Sdn. Bhd. (xv)	364	837	-	24
Construction fee paid to:				
- Oriental Evermore Group (vi)	5,365	-	-	-
Interest income received from subsidiaries	-	-	15,012	17,097
Interest expense paid to subsidiaries	-	-	6,659	10,278
Commission paid to subsidiaries	-	-	90	126
Purchase of plywood from subsidiaries	-	-	32	6
Fabrication and repair expense paid to subsidiaries	-	-	8	188
Road maintenance fees received from subsidiaries	-	-	3,000	3,000

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows:

(i) Subur Group

Subur Group includes Subur Tiasa Holdings Bhd. ("STHB") and its wholly-owned subsidiaries, Subur Tiasa Plywood Sdn. Bhd. and Trimogreen Sdn. Bhd.

The following major shareholder of the Company has substantial interests in STHB:

- Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King ("Tan Sri THK") - direct interest 0.59% and indirect interest 37.84%.

Dato' Tiong Ing, daughter of Tan Sri THK, is the Managing Director of STHB.

(ii) Rimbunan Hijau General Trading Sdn. Bhd. ("RHGT")

The following major shareholder of the Company has substantial interests in RHGT:

- Tan Sri THK (a director of RHGT) - direct interest 2.5% and indirect interest 73%.

Datuk Tiong Thai King ("Datuk TTK") a director of certain subsidiaries, is also a director of RHGT. He holds indirect interest of 2.46% in RHGT.

(iii) R.H. Selangau Palm Oil Mill Sdn. Bhd. ("RHS")

The following major shareholder of the Company has substantial interests in RHS:

- Tan Sri THK (a director of RHS) - direct interest 2% and indirect interest 90.3%.

(iv) Borneo Edible Oils Sdn. Bhd. ("BEO")

Tan Sri THK, a major shareholder of the Company, is also a director of BEO. He holds indirect interest of 90% in BEO.

Tiong Chiong Hee ("TCH"), a director of the Company, holds indirect interest of 10% in BEO.

Datuk TTK, a director of certain subsidiaries, is also a director of BEO and holds indirect interest of 10% in BEO.

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows: (contd.)

(v) Tapak Megah Sdn. Bhd. ("TMSB")

Tan Sri THK, a major shareholder of the Company, has direct interest of 6% and indirect interest of 56% in TMSB.

Datuk TTK, a director of certain subsidiaries is also a director of TMSB and holds direct interest of 7% in TMSB.

Dato' Sri Dr. Tiong Ik King ("Dato' Sri Dr. TIK"), a director of the Company, holds direct interest of 7% in TMSB.

(vi) Oriental Evermore Group

Oriental Evermore Group includes Oriental Evermore Sdn. Bhd. ("OESB") and its wholly-owned subsidiaries namely, Empayar Semarak Sdn. Bhd., Globular Sdn. Bhd., Trans-Allied Sdn. Bhd. And Moverstar (M) Sdn. Bhd.

Dato' Sri TCH, a director of the Company, holds indirect interest of 68.05% in OESB.

Clara Tiong Siew Ee, daughter of a director of the Company, Dato' Sri TCH, is a director of Oriental Evermore Group. She holds direct interest of 1.75% and indirect interest of 68.05% in OESB.

(vii) Binamewah Sdn. Bhd. ("BSB")

Dato' Sri Dr. TIK, a director of the Company, holds direct interest of 7% in BSB.

Datuk TTK, a director of certain subsidiaries is also a director of BSB and has indirect interest of 7%.

A major shareholder of the Company, Tan Sri THK, holds direct interest of 6% and indirect interest of 56% in BSB.

(viii) Petanak Enterprises Sdn. Bhd. ("PESB")

Tan Sri THK, a major shareholder of the Company, hold indirect interests of 51% in PESB.

(ix) Kejuruteraan Utama Sentiasa Sdn. Bhd. ("KUSB")

Tan Sri THK a major shareholder of the Company holds indirect interest of 100% in KUSB.

Datuk TTK, a director of certain subsidiaries, is also a director of KUSB.

(x) Regalia Ritz Enterprise Sdn. Bhd. ("RRE")

Tan Sri THK, a major shareholder of the Company, is a director of RRE and has indirect interest of 100% in RRE.

TC, a director of the Company is also common director in RRE.

Datuk TTK, a director of certain subsidiaries, is also a director of RRE.

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

Details of the relationships of related parties, which have transacted with the Group and the Company are as follows: (contd.)

(xi) Rejang Heights Sdn. Bhd. ("RHSB")

A major shareholder of the Company, Tan Sri THK, is a director of RHSB. He has direct interest of 1% and indirect interest of 99% in RHSB.

TC, a director of the Company, is also common director in RHSB.

(xii) R.H. Forest Corporation Sdn. Bhd. ("RHFC")

A major shareholder of the Company, Tan Sri THK, is also a director of RHFC. He has direct interests of 0.5% and indirect interest of 99.5% in RHFC.

TC, a director of the Company, is also a director of RHFC.

(xiii) Wealth Houses Development Sdn. Bhd. ("WHD")

Tan Sri THK, a major shareholder of the Company, a director of WHD, holds indirect interest of 85% in WHD.

Datuk TTK, a director of certain subsidiaries, is also a director of WHD.

(xiv) Rimbunan Hijau Auto Services Sdn. Bhd. ("RHAS")

The following major shareholders/directors of the Company have substantial interests in RHAS:

Tan Sri THK, a major shareholder of the Company, holds indirect interest of 50% in RHAS.

Dato' Sri Dr. TIK, a director of the Company, holds direct interest of 10% in RHAS.

Datuk TTK, a director of certain subsidiaries, is also a common director in RHAS, holds indirect interest of 30% in RHAS.

(xv) RH Development (Sarawak) Sdn. Bhd. ("RHDS")

Tan Sri THK, a major shareholder of the Company, is also a common director in RHDS and hold indirect interest of 100%.

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

Information regarding outstanding balances arising from transactions with related parties as at 30 June 2019 are as follows:

			Outstanding balances	
Related parties		Nature of transactions	Group ’000	Company ’000
(i) (a)	Subur Tiasa Holdings Bhd.	Towage and freight services income Contract to supply of transportation services Contract for the supply of logpond facilities	2019: (RM1,408) 2018: (RM1,246)	2019: (RM1,228) 2018: (RM1,246)
(i) (b)	Subur Tiasa Plywood Sdn. Bhd.	Sale of timber products	2019: Nil 2018: Nil	2019: Nil 2018: Nil
(i) (c)	Trimogreen Sdn. Bhd.	Purchase of timber products	2019: Nil 2018: (RM57)	2019: Nil 2018: Nil
(ii)	Rimbunan Hijau General Trading Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries	2019: (RM3,959) 2018: (RM1,573)	2019: (RM570) 2018: (RM20)
(iii)	R.H. Selangau Palm Oil Mill Sdn. Bhd.	Sale of fresh fruit bunches	2019: Nil 2018: Nil	2019: Nil 2018: Nil
(iv)	Borneo Edible Oils Sdn. Bhd.	Sale of crude palm oil	2019: RM8,348 2018: RM21,289	2019: Nil 2018: Nil
(v)	Tapak Megah Sdn. Bhd.	Contract income	2019: Nil 2018: Nil	2019: Nil 2018: Nil
(vi) (a)	Oriental Evermore Sdn. Bhd.	Towage and freight charges	2019: (RM964) 2018: (RM372)	2019: (RM317) 2018: (RM447)
(vi) (b)	Globular Sdn. Bhd.	Towage and freight charges	2019: (RM277) 2018: (RM360)	2019: (RM128) 2018: (RM360)
(vi) (c)	Empayar Semarak Sdn. Bhd.	Towage and freight charges	2019: (RM1,205) 2018: (RM669)	2019: (RM209) 2018: (RM273)
(vi) (d)	Trans-Allied Sdn. Bhd.	Towage and freight charges	2019: (RM247) 2018: (RM57)	2019: Nil 2018: (RM6)

32. Related party transactions (contd.)

(a) Sales and purchases of goods and services (contd.)

Information regarding outstanding balances arising from transactions with related parties as at 30 June 2019 are as follows: (contd.)

			Outstanding balances	
Related parties		Nature of transactions	Group '000	Company '000
(vi) (e)	Moverstar (M) Sdn. Bhd.	Construction fees	2019: (RM3,598) 2018: Nil	2019: (RM58) 2018: Nil
(viii)	Petanak Enterprises Sdn. Bhd.	Purchase of raw materials	2019: (RM6,842) 2018: (RM3,342)	2019: Nil 2018: Nil
(ix)	Kejuruteraan Utama Sentiasa Sdn. Bhd.	Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries	2019: (RM100) 2018: (RM503)	2019: Nil 2018: Nil
(x)	Regalia Ritz Enterprise Sdn. Bhd.	Hotel accommodation incurred	2019: (RM120) 2018: Nil	2019: (RM119) 2018: Nil
(xi)	Rejang Heights Sdn. Bhd.	Land rental incurred	2019: (RM982) 2018: (RM571)	2019: Nil 2018: Nil
(xii)	R.H. Forest Corporation Sdn. Bhd.	Purchase of timber products Land rental incurred	2019: (RM981) 2018: RM1,540	2019: Nil 2018: Nil
(xiii)	Wealth Houses Development Sdn. Bhd.	Land rental incurred	2019: (RM317) 2018: (RM220)	2019: Nil 2018: Nil
(xiv)	Rimbunan Hijau Auto Services Sdn. Bhd.	Purchase of motor vehicles and spare parts	2019: (RM1,101) 2018: (RM659)	2019: (RM452) 2018: (RM240)
(xv)	RH Development (Sarawak) Sdn. Bhd.	Technical and advisory fee incurred	2019: (RM537) 2018: (RM3,598)	2019: (RM537) 2018: (RM3,598)

* Brackets denote balances payable to related parties.

32. Related party transactions (contd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	4,648	5,520	3,618	4,412
Post-employment benefits:				
Defined contribution plan	411	502	355	417
	5,059	6,022	3,973	4,829
Included in total key management personnel are:				
Directors' remuneration (Note 10)	3,140	3,912	3,092	3,816

33. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2019		2018		As at 1.7.2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities:						
Group						
Loans and borrowings (Note 27):						
- Non-current obligations under finance leases	10,551	10,546	6,865	6,973	13,289	13,262
Financial liabilities:						
Company						
Loans and borrowings (Note 27):						
- Non-current obligations under finance leases	8,631	8,626	47	71	322	323

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	22
Cash and bank balances	26
Loans and borrowings (current and non-current, except non-current obligations under finance leases)	27
Trade and other payables	28

33. Fair value of financial instruments (contd.)

(b) Determination of fair value (contd.)

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature.

(ii) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

(iii) Loans and borrowings

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

(iv) Loans and borrowings (non-current obligations under finance leases)

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(v) Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

34. Fair value of measurement

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. Fair value of measurement (contd.)

Fair value hierarchy (contd.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2019

Group	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Investment securities (Note 24)					
- Equity investments quoted in Malaysia	30 June 2019	26,600	-	-	26,600
Derivatives (Note 25)					
- Forward currency contracts	30 June 2019	-	316	-	316
Biological assets (Note 15)	30 June 2019	-	-	67,088	67,088
		26,600	316	67,088	94,004
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33 (a))					
- Non-current obligations under finance lease	30 June 2019	-	10,546	-	10,546

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2018

Group	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Investment securities (Note 24)					
- Equity investments quoted in Malaysia	30 June 2018	39,900	-	-	39,900
Biological assets (Note 15)	30 June 2018	-	-	55,941	55,941
		39,900	-	55,941	95,841
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33 (a))					
- Non-current obligations under finance lease	30 June 2018	-	6,973	-	6,973

34. Fair value of measurement (contd.)

Fair value hierarchy (contd.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 1 July 2017

Group	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value					
Investment securities (Note 24)					
- Equity investments quoted in Malaysia	1 July 2017	63,700	-	-	63,700
Derivatives (Note 25)					
- Forward currency contracts	1 July 2017	-	252	-	252
Biological assets (Note 15)	1 July 2017	-	-	46,292	46,292
		63,700	252	46,292	110,244
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33 (a))					
- Non-current obligations under finance lease	1 July 2017	-	13,262	-	13,262
Derivatives (Note 25)					
- Forward currency contracts	1 July 2017	-	304	-	304
		-	13,566	-	13,566

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2019

Company	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33(a))					
- Non-current obligations under finance leases	30 June 2019	-	8,626	-	8,626

34. Fair value of measurement (contd.)

Fair value hierarchy (contd.)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2018

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company					
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33(a))					
- Non-current obligations under finance leases	30 June 2018	-	71	-	71

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 1 July 2017

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company					
Assets measured at fair value					
Derivatives (Note 25)					
- Forward currency contracts	1 July 2017	-	252	-	252
Liabilities for which fair values are disclosed					
Loans and borrowings (Note 33(a))					
- Non-current obligations under finance leases	1 July 2017	-	323	-	323

There have been no transfers between levels during the financial year.

35. Changes in liabilities arising from financing activities

30 June 2019	1 July 2018 RM'000	New leases (Note 13(i)) RM'000	Cash flows RM'000	Others RM'000	Translation differences RM'000	30 June 2019 RM'000
Group						
Current interest- bearing loans and borrowings (excluding items listed below)	272,360	-	(51,366)	299,576	(275)	520,295
Current obligations under finance leases (Note 31(c))	11,981	6,944	(13,384)	5,471	-	11,012
Non-current interest- bearing loans and borrowings (excluding items listed below)	573,176	-	-	(299,576)	-	273,600
Non-current obligations under finance leases (Note 31(c))	6,865	9,157	-	(5,471)	-	10,551
Total liabilities from financing activities	864,382	16,101	(64,750)	-	(275)	815,458

30 June 2018	1 July 2017 RM'000	New leases (Note 13(i)) RM'000	Cash flows RM'000	Others RM'000	Translation differences RM'000	30 June 2018 RM'000
Group						
Current interest- bearing loans and borrowings (excluding items listed below)	325,621	-	(143,656)	89,993	402	272,360
Current obligations under finance leases (Note 31(c))	22,832	3,417	(24,168)	9,900	-	11,981
Non-current interest- bearing loans and borrowings (excluding items listed below)	576,069	-	87,100	(89,993)	-	573,176
Non-current obligations under finance leases (Note 31(c))	13,289	3,528	(52)	(9,900)	-	6,865
Total liabilities from financing activities	937,811	6,945	(80,776)	-	402	864,382

35. Changes in liabilities arising from financing activities (contd.)

	1 July 2018 RM'000	New leases (Note 13(i)) RM'000	Cash flows RM'000	Others RM'000	Translation differences RM'000	30 June 2019 RM'000
30 June 2019						
Company						
Current interest- bearing loans and borrowings (excluding items listed below)	62,132	-	(13,506)	2,000	(276)	50,350
Current obligations under finance leases (Note 31(c))	275	6,214	(1,556)	(222)	-	4,711
Non-current interest- bearing loans and borrowings (excluding items listed below)	2,000	-	-	(2,000)	-	-
Non-current obligations under finance leases (Note 31(c))	47	8,362	-	222	-	8,631
Total liabilities from financing activities	64,454	14,576	(15,062)	-	(276)	63,692

	1 July 2017 RM'000	New leases (Note 13(i)) RM'000	Cash flows RM'000	Others RM'000	Translation differences RM'000	30 June 2018 RM'000
30 June 2018						
Company						
Current interest- bearing loans and borrowings (excluding items listed below)	135,765	-	(84,035)	10,000	402	62,132
Current obligations under finance leases (Note 31(c))	1,748	-	(1,748)	275	-	275
Non-current interest- bearing loans and borrowings (excluding items listed below)	12,000	-	-	(10,000)	-	2,000
Non-current obligations under finance leases (Note 31(c))	322	-	-	(275)	-	47
Total liabilities from financing activities	149,835	-	(85,783)	-	402	64,454

The "Others" column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings including obligations under finance leases to current due to the passage of time.

36. Financial assets and financial liabilities

(a) Financial assets

	Group			Company		
	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
Financial assets at fair value through other comprehensive income						
Investment securities (Note 24)	26,600	-	-	-	-	-
Available-for-sale financial assets						
Investment securities (Note 24)	-	44,900	68,700	-	5,000	5,000
Current and non-current debt instruments at amortised cost						
Trade and other receivables (Note 22)	39,976	49,216	59,584	342,300	488,184	422,297
Cash and bank balances (Note 26)	9,192	19,953	65,234	2,021	5,779	12,205
Total current and non-current debt instruments at amortised cost	49,168	69,169	124,818	344,321	493,963	434,502
Total financial assets	75,768	114,069	193,518	344,321	498,963	439,502

Debt instruments at amortised cost include trade and other receivables and receivables from related parties.

(b) Financial liabilities

	Group			Company		
	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000	2019 RM'000	2018 RM'000	As at 1.7.2017 RM'000
Current and non-current financial liabilities at amortised cost						
Trade and other payables (Note 28)	201,416	135,526	136,195	235,587	298,600	240,865
Loans and borrowings (Note 27)	956,152	966,029	1,076,837	84,740	80,821	165,493
Total current and non-current financial liabilities	1,157,568	1,101,555	1,213,032	320,327	379,421	406,358

37. 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 Group's overall risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, market price risk and equity price risk.

Financial risk management policies are reviewed and approved by the Board of Directors and executed by the management of the respective operating units. The Group Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company utilise forward currency contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of an executive director. These control procedures are periodically reviewed and enhanced where necessary in response to changes in market conditions. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's exposure to credit risk arises primarily from trade and other receivables.

The Group manages its credit risk by trading only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Impairment reviews are performed regularly and at the reporting date using the simplified approach. Generally, trade receivables are provided for expected credit loss when past due for more than 180 days.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the statements of financial position; and

(ii) a nominal amount of RM1,241,815,000 (2018: RM1,255,315,000) and RM10,462,300 (2018: RM10,401,300) relating to corporate guarantees provided by the Company to banks and financial institutions for the subsidiaries' loans and borrowings and suppliers of the subsidiaries, respectively.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2019		2018	
	RM'000	% of total	RM'000	% of total
By country:				
China	256	1	878	2
India	3,517	17	-	-
Korea	356	2	4,495	13
Malaysia	15,858	75	28,001	81
Japan	62	-	-	-
Taiwan	1,165	5	1,272	4
	21,214	100	34,646	100

37. Financial risk management objectives and policies (contd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 30 June 2019				
Group				
Financial liabilities:				
Trade and other payables	201,416	-	-	201,416
Loans and borrowings	730,438	282,176	36,688	1,049,302
Total undiscounted financial liabilities	931,854	282,176	36,688	1,250,718
Company				
Financial liabilities:				
Trade and other payables	58,369	184,679	-	243,048
Loans and borrowings	78,749	9,052	-	87,801
Financial guarantee contracts*	1,252,277	-	-	1,252,277
Total undiscounted financial liabilities	1,389,395	193,731	-	1,583,126
As at 30 June 2018				
Group				
Financial liabilities:				
Trade and other payables	135,526	-	-	135,526
Loans and borrowings	431,274	562,355	100,549	1,094,178
Total undiscounted financial liabilities	566,800	562,355	100,549	1,229,704
Company				
Financial liabilities:				
Trade and other payables	161,119	148,644	-	309,763
Loans and borrowings	80,940	2,049	-	82,989
Financial guarantee contracts*	1,265,716	-	-	1,265,716
Total undiscounted financial liabilities	1,507,775	150,693	-	1,658,468

* Based on the maximum amount that can be called under the financial guarantee contracts.

37. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk.

Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not shown above are not subject to interest rate risks.

The Group's policy is to manage interest cost using a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a 20 basis points increase in interest rate, with all other variables held constant, would decrease the Group's and the Company's (loss)/profit net of tax by approximately RM1,709,929 and RM145,344 (2018: RM1,280,787 and RM186,737) respectively, arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company have exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. It is the Group's policy to hedge these risks where the exposures are certain and cost-efficient.

The currency giving rise to this risk is primarily United States Dollars (USD). Exposure to foreign currency risk is monitored on an on-going basis to ensure that the exposure is at an acceptable level.

The Group and the Company use forward currency contracts to minimise the currency exposures arising from sales and purchases after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's (loss)/profit net of tax to a reasonably possible strengthening/weakening of the United States Dollars ("USD") exchange rates against the functional currency of the Group and of the Company, with all other variables held constant.

	Group Loss net of tax		**Company (Loss)/profit net of tax**	
	2019 RM'000	**2018** RM'000	**2019** RM'000	**2018** RM'000
USD - Strengthen 5% (2018: 5%)	738	816	388	454
USD - Weaken 5% (2018: 5%)	(738)	(816)	(388)	(454)

37. Financial risk management objectives and policies (contd.)

(e) Market price risk

The Group is exposed to market price risk from its operations. The market price of logs, wood processing products, plantation produce, crude palm oil and palm kernel is determined by the supply, pricing and demand. These factors can result in fluctuations in the market price.

(f) Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was RM26,600,000 (2018: RM39,900,000). A decrease of 5% on the FTSE Bursa Malaysia KLCI could have an impact of approximately RM1,330,000 (2018: RM1,995,000) on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

38. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their businesses and maximise shareholder value. No changes were made in the objective, policies and processes during the year ended 30 June 2019 and 2018.

The Group reviews its capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

The Group monitors capital using a gearing ratio which is net debt divided by total equity attributable to owners of the parent plus net debt. The Group includes within net debt, loans and borrowings, less cash and bank balances.

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	27	956,152	966,029	84,740	80,821
Less: Cash and bank balances	26	(9,192)	(19,953)	(2,021)	(5,779)
Net debt		946,960	946,076	82,719	75,042
Equity attributable to owners of the parent		1,170,045	1,459,220	1,705,744	1,975,177
Capital and net debt		2,117,005	2,405,296	1,788,463	2,050,219
Gearing ratio		45%	39%	5%	4%

39. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

i. Oil Palm - development of oil palm plantations;

ii. Oil Mill - palm oil processing;

iii. Logs Trading - extraction and sales of logs and development of planted forests;

iv. Manufacturing - manufacturing and trading of sawn timber, plywood, veneer, blockboard and laminated wood; and

v. Others - mainly comprises the provision of air transportation services, fabrication and workshop services, and investment holding.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Segmental operating results are reviewed on a regular basis by the Group's key management personnel in order to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment analysis by geographical locations has not been presented as the Group's operations are predominantly conducted in Malaysia.

39. Segment information (contd.)

	Oil Palm		Oil Mill		Logs Trading		Manufacturing		Others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000		2019 RM'000	2018 RM'000
Revenue:															
External customers	31,166	63,509	426,133	489,958	52,790	87,733	127,170	200,192	485	297	-	-		637,744	841,689
Inter-segment	257,323	312,348	2,885	2,062	63,038	85,734	137	4,495	8,350	6,831	(331,733)	(411,470)	A	-	-
Total revenue	288,489	375,857	429,018	492,020	115,828	173,467	127,307	204,687	8,835	7,128	(331,733)	(411,470)		637,744	841,689
Results:															
Interest income	712	455	1,799	143	11,221	13,439	5,664	5,355	8	-	(19,290)	(19,146)		114	246
Dividend income	-	-	-	-	-	22,000	-	-	-	-	-	(22,000)		-	-
Depreciation and amortisation	118,347	95,714	20,028	32,379	30,731	26,926	8,967	17,115	2,263	1,683	(195)	(8)		180,141	173,809
Non-cash item	410	1,009	51	-	212,171	42,653	-	1	108	30,101	(212,169)	(42,623)	B	571	31,141
Segment (loss)/profit	(129,914)	(40,039)	(12,195)	10,631	(22,823)	(58,683)	(27,090)	(13,945)	(4,975)	(31,122)	5,986	53,472		(191,011)	(79,686)
Assets:															
Additions to non-current assets	27,326	52,917	8,163	11,181	52,762	39,978	1,451	2,141	822	114	(15,612)	(13,260)	C	74,912	93,071
Segment assets	1,470,046	1,880,518	596,883	873,571	2,555,518	2,625,147	330,812	302,371	61,873	96,935	(2,609,585)	(3,170,628)	D	2,405,547	2,607,914
Segment liabilities	830,007	653,313	377,281	521,342	366,355	417,787	190,697	188,752	29,137	12,795	(556,804)	(644,851)	E	1,236,673	1,149,138

39. Segment information (contd.)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items presented in the respective notes to the financial statements.

	Note	2019 RM'000	2018 RM'000
Impairment loss on available-for-sale financial assets	8	-	30,100
Property, plant and equipment written off	8	571	1,041
		571	31,141

C Additions to non-current assets consist of:

	2019 RM'000	2018 RM'000
Property, plant and equipment	54,779	76,282
Biological assets	20,133	16,789
	74,912	93,071

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Deferred tax assets	-	34,930
Tax recoverable	14,374	13,178
Inter-segment assets	(2,623,959)	(3,218,736)
	(2,609,585)	(3,170,628)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Deferred tax liabilities	78,468	46,589
Income tax payable	637	994
Loans and borrowings	956,152	966,029
Inter-segment liabilities	(1,592,061)	(1,658,463)
	(556,804)	(644,851)

Revenue from one major customer amount to RM378,997,085 (2018: RM314,810,182), arising from sales by the oil mill segment.

40. Dividends

	Group and Company	
	2019	**2018**
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
First and final single-tier dividend for 2018: 0.5 sen	4,840	-
First and final single-tier dividend for 2017: 0.5 sen	-	4,840

41. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board in accordance with a resolution of the directors on 21 October 2019

DISCLOSURE ON RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 28 November 2018, the Company obtained a shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions conducted during the financial year ended 30 June 2019 (FY 2019) pursuant to the shareholders' mandate are as follows:

Transacting Related Parties	Nature of Transactions entered into by the Company and/or its subsidiaries (Group)	Amount Transacted During FY2019 RM'000
Binamewah Sdn Bhd[1]	Purchase of logs by the Group	3,214
Petanak Enterprises Sdn Bhd[1]	Purchase of raw materials (glue) by the Group	9,785
Subur Group[1 & 4]	Logpond handling charges payable by the Group	172
	Sale of veneer by the Group	-
	Purchase of sawn timber by the Group	-
Tapak Megah Sdn Bhd[1]	Logging contract fee receivable by the Group	1,222
R. H. Development (Sarawak) Sdn Bhd[1]	Reforestation planning and advisory fee payable by the Group	364
R H Selangau Palm Oil Mill Sdn Bhd[1]	Sale of fresh fruit bunches by the Group	-
R.H. Forest Corporation Sdn Bhd[1]	Land rental payable by the Group	3,622
Rejang Height Sdn Bhd[1]	Land rental payable by the Group	1,966
Wealth Houses Development Sdn Bhd[1]	Land rental payable by the Group	556
Rimbunan Hijau General Trading Sdn Bhd[1]	Purchase of lubricant and spare parts by the Group	5,244
Borneo Edible Oils Sdn Bhd[1]	Sale of crude palm oil by the Group	378,997
Oriental Group[2, 3 & 5]	Freight service charges payable by the Group	5,021
	Construction cost on quarter, storage building and other assets	5,365
Rimbunan Hijau Auto Services Sdn Bhd[1]	Purchase of motor vehicles (pick-up and van) for operational use by the Group	1,546

Notes:

Relationship of Related Parties with the Company

1 The major shareholder of the Company, Tan Sri Datuk Sir Tiong Hiew King and/or person(s) connected with him has substantial interest in the Transacting Related Parties.

2 Dato' Sri Tiong Chiong Hoo, the Deputy Executive Chairman of the Company, the son of Tan Sri Datuk Sir Tiong Hiew King, has substantial interest in the Transacting Related Parties.

3 Clara Tiong Siew Ee, a director of a subsidiary company, the daughter of the Deputy Executive Chairman of the Company, has substantial interest in the Transacting Related Parties.

4 Subur Group comprises Subur Tiasa Holdings Berhad and its wholly-owned subsidiary, Subur Tiasa Plywood Sdn Bhd.

5 Oriental Group comprises Oriental Evermore Sdn Bhd and its wholly-owned subsidiaries, Empayar Semarak Sdn Bhd, Globular Sdn Bhd, Trans-Allied Sdn Bhd and Moverstar (M) Sdn Bhd.

TOP 10 LIST OF PROPERTIES OWNED BY THE GROUP IN MALAYSIA

As at 30 September 2019

Description	Tenure	Existing use	Area	Approximate age of building	Net Book Value (RM'000)	Date of Acquisition
Pulau Bruit						
Bruit Land District	Rented land	Oil Palm Estate Building and Quarter	52,880 hectares	11 years	198,515	-
Oya-Dalat District						
Lot 9, Block 362 Oya-Dalat District	Leasehold land expiring on 23.2.2063	Oil Palm Estate Building and Quarter	34,547,957 sq metres	11 years	71,302	28/Aug/2003
Pulau Bruit						
Lot 317 and 318, Block 15 Bruit Land District	Provisional leasehold expiring on 18.05.2064	CPO Mill Building and Quarter	74.8447 hectares	9 years	24,937	01/Jan/2014
Sibu Airport						
JTA Hangar, airside area	Rented land	Hangar	4105 sq meter	7 years	17,653	-
Pulau Bruit						
Lot 5, 6, 14, 15 Block 11, Bruit Land District	Provisional leasehold expiring on 18.05.2064	Oil Palm Estate Building and Quarter	100,002,946 sq metres	7 years	15,125	09/Dec/2004
Sibu Town						
Sibu Town District Block 10, Lots 790~802	Leasehold land expiring on 06.09.2071	Building	103,943 sq metres	16 years	14,405	30/Apr/2005
Pulau Bruit,						
Lot 92, 93, 96, 98 Block 6, Bruit Land District	Provisional leasehold expiring on 18.05.2064	Oil Palm Estate, Building and Quarter	50,001,473 sq metres	9 years	9,960	09/Dec/2004
Putai, Kapit						
Concession land	Concession land	Factory, warehouse and staff quarter	86,404 sq metres	27 years	8,690	-
Retus, Mukah						
Lot 1, Block 6 Retus Land District	Leasehold land expiring on 23.2.2063	Oil Palm Estate Building and Quarter	72,331,816 sq metres	12 years	8,327	28/Aug/2003
Sibu						
Lot 920 and 1373, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2915	Warehouse	1.12 hectares	7 years	3,311	14/Mar/2008

Total Number of Issued Shares	:	973,717,797*
Class of shares	:	Ordinary shares
Voting Right	:	One vote for each share held

*inclusive of 5,727,000 shares bought-back by the Company and retained as treasury shares as at 30 September 2019.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	133	1.61	4,768	0.00
100 – 1,000	626	7.56	412,440	0.04
1,001 – 10,000	4,235	51.18	23,373,453	2.41
10,001 – 100,000	2,740	33.12	92,535,404	9.56
100,001 to less than 5% of issued shares(1)	536	6.48	514,680,599	53.17
5% and above of issued shares	4	0.05	336,984,133	34.82
TOTAL	**8,274**	**100.00**	**967,990,797**	**100.00**

(1) excluding 5,727,000 treasury shares

DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

Shares held in the Company

	Direct Interest		Deemed Interest	
Name	**No. of Issued Shares**	**% of Issued Shares**	**No. of Issued Shares**	**% of Issued Shares**
Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd)	-	-	-	-
Dato' Sri Tiong Chiong Hoo	3,353,436	0.34	750,000*	0.08
Dato' Wong Sie Young	453,975	0.05	-	-
Dato' Sri Dr Tiong Ik King	341,790	0.04	-	-
Mdm Tiong Choon	-	-	1,352,428**	0.14
Mr Tiong Chiong Hee	-	-	-	-
Mr John Leong Chung Loong	-	-	-	-
Dato' Wong Lee Yun	-	-	-	-

Notes:

* *Deemed interested in shares held by Hoojin Holding Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016 ("the Act").*

** *Deemed interested in shares held by her spouse by virtue of Section 59(11)(c) of the Act.*

Shares held in Subsidiary Company

None of the Directors holds any shares in subsidiary Company.

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

Name	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Tiong Toh Siong Holdings Sdn Bhd	206,755,565	21.36	2,918,451 (a)	0.30
Genine Chain Limited	91,055,164	9.41		
Amanas Sdn Bhd	50,479,961	5.21		
Tiong Toh Siong Enterprises Sdn Bhd	50,449,008	5.21		
Tan Sri Datuk Sir Tiong Hiew King	8,871,408	0.92	283,257,149 (b)	29.26
Teck Sing Lik Enterprise Sdn Bhd	1,270,080	0.13	50,449,008 (c)	5.21
Ho Cheung Choi			91,055,164 (d)	9.41
Chang Meng			91,055,164 (d)	9.41
Lu Mee Bing			50,479,961 (e)	5.21
Salmiah Binti Sani			50,479,961 (e)	5.21

Notes: -

a. Deemed interested in shares held by Tiong Toh Siong & Sons Sdn Bhd and Kuntum Enterprises Sdn Bhd by virtue of Section 8(4) of the Act.
b. Deemed interested in shares held by Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd, Kuntum Enterprises Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd and Pertumbuhan Abadi Asia Sdn Bhd by virtue of Section 8(4) of the Act.
c. Deemed interested in shares held by Tiong Toh Siong Enterprises Sdn Bhd by virtue of Section 8(4) of the Act.
d. Deemed interested in shares held by Genine Chain Limited by virtue of Section 8(4) of the Act.
e. Deemed interested in shares held by Amanas Sdn Bhd by virtue of Section 8(4) of the Act.

TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Issued Shares	% of Issued Shares
1	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd	145,000,000	14.98
2	AMSEC Nominees (Asing) Sdn Bhd KGI Securities (Singapore) Pte. Ltd. for Genine Chain Limited	91,055,164	9.41
3	Amanas Sdn. Bhd.	50,479,961	5.21
4	Tiong Toh Siong Enterprises Sdn Bhd	50,449,008	5.21
5	Asanas Sdn Bhd	47,259,343	4.88
6	Tiong Toh Siong Holdings Sdn Bhd	43,755,565	4.52
7	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian (Hong Kong) Limited (A/C Clients)	37,272,750	3.85
8	Zaman Pemimpin Sdn Bhd	26,448,811	2.73
9	Nustinas Sdn. Bhd.	22,279,843	2.30
10	Pertumbuhan Abadi Asia Sdn. Bhd.	21,864,045	2.26
11	Insan Anggun Sdn Bhd	18,935,000	1.96
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd	18,000,000	1.86

Top 30 Securities Account Holders (Cont'd)

No.	Name	No. of Issued Shares	% of Issued Shares
13	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An For DBS Bank Ltd (SFS-PB)	16,790,250	1.73
14	Roseate Garland Sdn Bhd	10,978,631	1.13
15	Pertubuhan Keselamatan Sosial	10,274,800	1.06
16	Diong Hiew King @ Tiong Hiew King	8,871,408	0.92
17	Olive Lim Swee Lian	8,764,200	0.91
18	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	6,448,000	0.67
19	Huang Tiong Sii	5,323,900	0.55
20	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	5,212,733	0.54
21	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Thai King	4,908,935	0.51
22	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	4,826,938	0.50
23	Wong Souk Ming	4,082,200	0.42
24	Huang Poh Bing	4,006,400	0.41
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Chiong Ong	3,335,896	0.34
26	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For DBS Bank Ltd (SFS-PB)	3,307,500	0.34
27	Azerina Mohd Arip @ Gertie Chong Soke Hoon	3,256,725	0.34
28	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiat Moh Sdn Bhd	3,176,485	0.33
29	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Yiew On	2,950,800	0.30
30	Wong Kieh Nguk	2,839,364	0.29

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 59th Annual General Meeting of the Company will be held at the Auditorium, Ground Floor, No. 62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Thursday, 28 November 2019 at 9.00 a.m. to transact the following business:-

As Ordinary Business

1	To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Explanatory Note 1)**
2	To re-elect the following Directors retiring by rotation pursuant to Article 78 of the Company's Articles of Association:-	
	i. Dato' Wong Sie Young	**Ordinary Resolution 1**
	ii. Dato' Wong Lee Yun	**Ordinary Resolution 2**
3	To approve the payment of Directors' fees amounting to RM505,400 for the financial year ended 30 June 2019.	**Ordinary Resolution 3**
4	To approve the payment of Directors' benefits not exceeding RM300,000 in aggregate during the period from 29 November 2019 until the next Annual General Meeting of the Company.	**Ordinary Resolution 4**
5	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 5**

As Special Business

To consider and if thought fit, pass the following Ordinary Resolutions:-

6 Continuing in office as Independent Non-Executive Directors

(a) "THAT approval be and is hereby given for Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." **Ordinary Resolution 6**

(b) "THAT approval be and is hereby given for John Leong Chung Loong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." **Ordinary Resolution 7**

(c) "THAT approval be and is hereby given for Dato' Wong Lee Yun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." **Ordinary Resolution 8**

7 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions **Ordinary Resolution 9**

"THAT approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of Part A of the Circular to Shareholders dated 30 October 2019 with specific classes of Related Parties which are necessary for the day-to-day operations and in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

AND THAT such mandate shall commence upon the passing of this resolution until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by laws to be held; or
(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;
whichever occurs first.

THAT the Directors of the Company be authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

8 Proposed Renewal of Authority for the Company to Purchase its Own Shares **Ordinary Resolution 10**

"THAT subject to the Companies Act 2016, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and any other relevant authorities, approval be and is hereby given to the Company to utilise an amount not exceeding the total retained profits of the Company for the time being, to purchase such number of ordinary shares of the Company provided that at the time of purchase, the aggregate number of shares which may be purchased and or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company, and to either retain and hold the shares purchased as treasury shares (which may subsequently be distributed as share dividends, resold, transferred or cancelled) or to cancel the shares so purchased or a combination of both.

AND THAT such authority shall commence upon the passing of this resolution until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or
(ii) the expiration of the period within which the next AGM of the Company is required by laws to be held; or
(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;
whichever occurs first.

THAT the Directors of the Company be authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back."

To consider and if thought fit, pass the following Special Resolution:-

9 Proposed Adoption of the new Constitution of the Company **Special Resolution**

"THAT the existing Memorandum and Articles of Association of the Company be replaced in its entirety with a new Constitution as set out in Appendix III of the Company's Circular to Shareholders dated 30 October 2019."

10 To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

NGU UNG HUONG
MAICSA 7010077
Company Secretary

Sibu, Sarawak
30 October 2019

NOTES ON APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 November 2019 shall be entitled to attend the meeting or appoint proxy(ies) to attend, vote and speak on his/her behalf.

2. A member of the Company entitled to attend, speak and vote at the meeting is also entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.

3. A member shall not be entitled to appoint more than 2 proxies to attend and vote at this 59th AGM.

   Where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   Where a member of the Company is an exempt authorised nominee who holds ordinary share 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.

4. The instrument appointing a proxy shall be signed by the appointor or by 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 of the corporation duly authorised.

5. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time for holding the meeting.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements

Agenda 1 on the Audited Financial Statements is for discussion only and no voting is required under Section 340(1)(a) of the Companies Act, 2016.

2. Directors' Fees and Benefits

Ordinary Resolutions No. 3 and 4

Section 230(1) of the Companies Act 2016 requires the fees and any benefits payable to the Directors of public company or a listed company and its subsidiaries to be approved at a general meeting.

The Executive Directors are remunerated with salary, benefits and other emoluments by virtue of their contract of service which do not require shareholders' approval.

The Company pays Directors fees and benefits to the Non-Executive Directors ("NEDs"). The current benefits payable includes meeting allowances and monthly fixed allowances.

The Board recommends that shareholders approve the payment of Directors' fees of RM505,400 to the NEDs of the Company for the financial year ended 30 June 2019.

The Board also recommends that shareholders approve an aggregate amount not exceeding RM300,000 for the payment of benefits to the NEDs of the Company during the course of the period from 29 November 2019 until the next Annual General Meeting of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Continuing in office as Independent Director

Ordinary Resolutions No. 6, 7 and 8

The Board has via the Nominating Committee conducted performance evaluation and assessment of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd), John Leong Chung Loong and Dato' Wong Lee Yun who has served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and recommended them to continue to be designated as Independent Non-Executive Directors based on the following justifications:

- they meet the criteria of "independence" as prescribed under the definition of independence in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgement to the Board on matters deliberated. They have always discharged their duties diligently taking into consideration the interest of the Company when making Board decision;

- as Independent Directors, they have always challenged management constructively, thus providing effective management oversight;

- their invaluable knowledge, relevant experience and understanding of the Group's operations gained over their long-term service with the Company enable them to provide the Board and Board Committees with pertinent and a diverse skill set; and

- they have demonstrated their commitment towards meeting the needs of the Company with good attendance records and participated actively at the Board and Board Committee Meetings during the financial year.

2. Proposed Renewal of Recurrent Related Party Transactions (RRPT), Renewal of Share Buy-Back Authority and Adoption of New Constitution

Ordinary Resolutions 9 and 10, and Special Resolution

Please refer to the Circular to Shareholders dated 30 October 2019 despatched together with the Company's 2019 Annual Report for information on the following:

- Part A of the Circular on Ordinary Resolution 9 for the Proposed Renewal of Shareholders' Mandate for RRPT;

- Part B of the Circular on Ordinary Resolution 10 for the Proposed Renewal of Share Buy-back Authority; and

- Part C of the Circular on Special Resolution for the Proposed Adoption of New Constitution.

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PROXY FORM

JAYA TIASA HOLDINGS BERHAD (3751-V)
Incorporated in Malaysia

No. of shares held	CDS Account No.

*I/We ______________________________ NRIC/ Passport/ Company No. ______________
(Full name in block and as per NRIC / Passport)

Tel/Hp No. ______________ of ______________________________

being a member of Jaya Tiasa Holdings Berhad, hereby appoint:-

Full Name *(in Block and as per NRIC/ Passport)*	NRIC/ Passport No.
Address	

and / or failing him (delete as appropriate)

Full Name *(in Block and as per NRIC/ Passport)*	NRIC/ Passport No.
Address	

or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the 59th Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Thursday, 28 November 2019 at 9.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. If there is no specific indication given as to voting, the proxy will vote or abstain at his discretion.

Ordinary Resolutions		**For**	**Against**
1.	Re-election of Dato' Wong Sie Young as Director.		
2.	Re-election of Dato' Wong Lee Yun as Director.		
3.	Approval of payment of Directors' Fees.		
4.	Approval of payment of Directors' Benefits.		
5.	Re-appointment of Auditors.		
6.	Continuing in office of Gen Tan Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Independent Director.		
7.	Continuing in office of Mr John Leong Chung Loong as Independent Director.		
8.	Continuing in office of Dato' Wong Lee Yun as Independent Director.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
10.	Proposed Renewal of Authority for the Company to purchase its own shares.		
Special Resolution			
Proposed Adoption of New Constitution of the Company.			

The proportion of my/our holding to be represented by my/our proxies are as follows: -

	No. of shares held	Percentage (%)
First proxy		
Second proxy		
Total		

Dated this ______________ day of ______________ 2019

____
Signature / Common Seal of Member

Notes :

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 November 2019 shall be entitled to attend, speak and vote at this 59th AGM.
2. A member of the Company entitled to attend, speak and vote at the meeting is also entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.
3. A member shall not be entitled to appoint more than 2 proxies to attend and vote at this 59th AGM.

   Where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint up to 2 proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

   Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

   Where a member of the Company is an exempt authorised nominee which holds ordinary share 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.
4. The instrument appointing a proxy shall be signed by the appointor or by 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 of the corporation duly authorised.
5. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time for holding the meeting.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

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STAMP

The Company Secretary
JAYA TIASA HOLDINGS BERHAD
No. 1-9, Pusat Suria Permata,
Lorong Upper Lanang 10A,
96000 Sibu, Sarawak
Malaysia

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JAYA TIASA

JAYA TIASA HOLDINGS BERHAD
(Company No. 3751-V)

No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak
Tel : 084-213 255 **Fax :** 084-213 855
Email : inquiry@jayatiasa.net
Website : www.jayatiasa.net