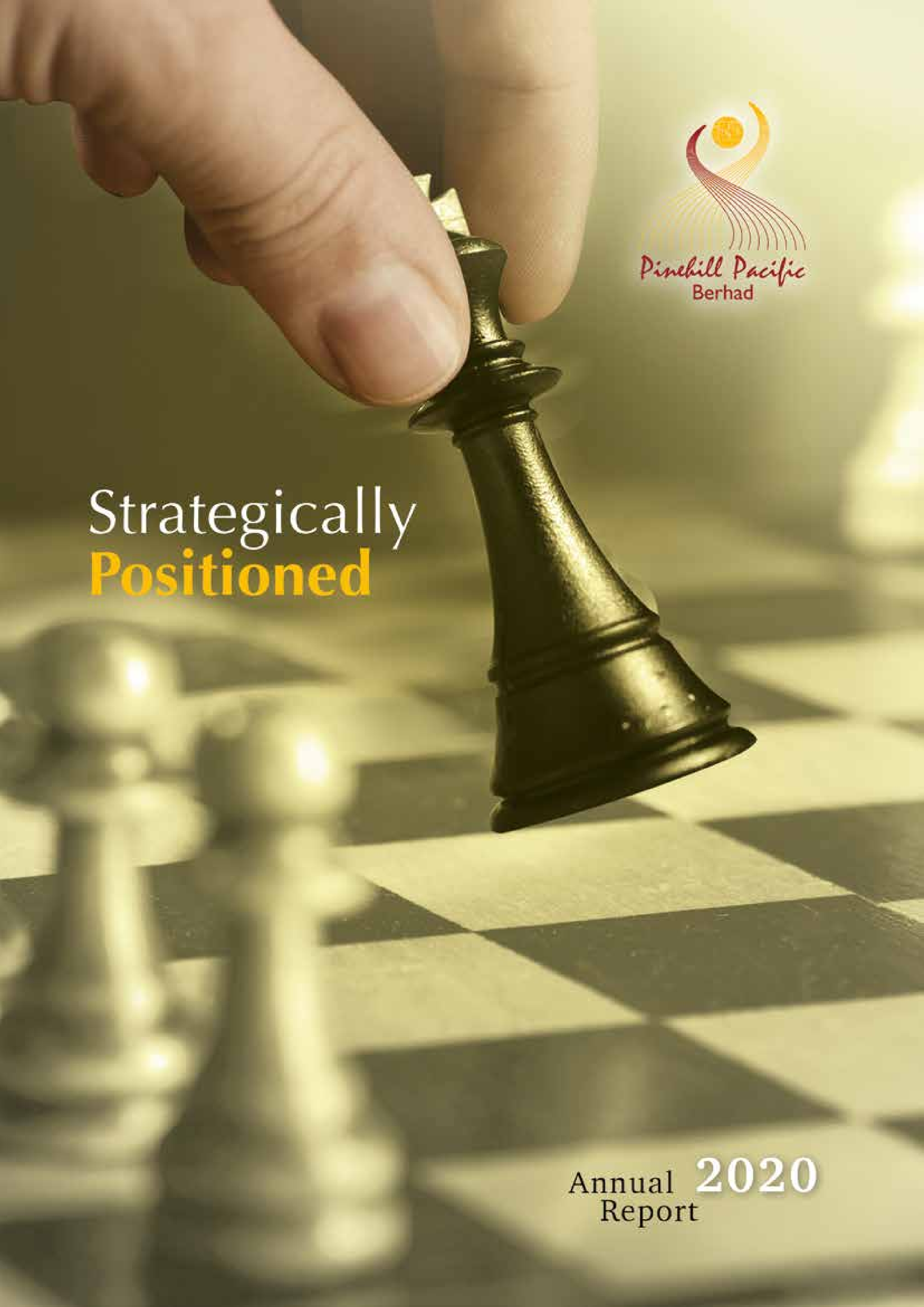

Pinehill Pacific Berhad

Strategically **Positioned**

Annual Report 2020

COVER RATIONALE

Strategically Positioned

PinePac is steadfast and optimistic to confront changes in the horizon by being Strategically Positioned.

98th ANNUAL GENERAL MEETING (FULLY VIRTUAL)

PINEHILL PACIFIC BERHAD 191701000026 (000222-D)

Broadcast Venue :
Securities Services (Holdings) Sdn Bhd,
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.

Time :
Monday, 30 November 2020
at 10.15 a.m.

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninety-Eighth Annual General Meeting of Pinehill Pacific Berhad ("the Company") will be conducted FULLY VIRTUAL through live streaming via an online platform using remote facilities at the Broadcast Venue at Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, on Monday, 30 November 2020, at 10.15 a.m. for the following purposes:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.	*Explanatory Note 1*
2.	To approve the payment of Directors' Fees of RM73,500/- for the financial year ended 30 June 2020.	**Ordinary Resolution 1**
3.	To approve the payment of benefits payable to the Non-Executive Directors of up to an amount of RM67,500/- from 1 July 2020 until the conclusion of the next Annual General Meeting of the Company.	**Ordinary Resolution 2** *Explanatory Note 2*
4.	To re-elect the following Directors who retire by rotation pursuant to Clause 100 of the Company's Constitution, and who being eligible, has offered themselves for re-election. (a) Dato' Ong Kim Hoay (b) Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam	**Ordinary Resolution 3 & 4**
5.	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2021 and to authorise the Directors to fix their remuneration for that year.	**Ordinary Resolution 5**

As Special Business

To consider and if thought fit, with or without modification, to pass the following resolutions:-

6. **Authority to Continue in Office as Independent Non-Executive Director** — **Ordinary Resolution 6 & 7** *Explanatory Note 3*

"THAT approval be and is hereby given for the following Directors who have served as an Independent Non-Executive Directors for a cumulative term of more than twelve (12) years, to continue to serve as Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting."

(a) Dato' Ong Kim Hoay
(b) Dato' Nik Mohd Amin Bin Nik Abu Bakar

Notice of Annual General Meeting

(Cont'd)

7. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** — **Ordinary Resolution 8** *Explanatory Note 4*

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED THAT the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being; AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

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

By Order of the Board

Tang Yow San (MIA 11019)
Wong Youn Kim (MAICSA 7018778)
Company Secretaries

Puchong, Selangor Darul Ehsan
28 October 2020

Explanatory Notes:

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

2. Ordinary Resolution 2
Payment of benefits payable to the Non-Executive Directors

Section 230(1) of the Companies Act 2016 requires that any benefits payable to the Directors of the Company must be approved at a general meeting. The benefits payable to the Directors of the Company comprises meeting allowance of RM1,500/- and RM500/- per meeting payable to Non-Executive Directors for attending the Board and Board Committee Meetings respectively.

3. Ordinary Resolutions 6 and 7
Authority to Continue in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance 2017, the tenure of an Independent Director should not exceed a cumulative term of 12 years. The Board of Directors ("Board") must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 12 years.

The following Directors have served as Independent Non-Executive Directors of the Company for a cumulative period of over 12 years. The Remuneration and Nomination Committee of the Company had assessed the independence of these Directors and had recommended to the Board that they be retained as Independent Directors of the Company based on the following justifications:

(i) Dato' Ong Kim Hoay
(ii) Dato' Nik Mohd Amin Bin Nik Abu Bakar

Justifications

(a) They have met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

(b) They have the capacity to defend their views without any influence from Management and have retained independence of character and judgment;

(c) They understand the businesses of the Group, the operating environment and challenges and therefore are able to contribute positively during deliberations/discussions at meetings; and

(d) They devote time and commitment to attend to the performance of the functions and duties as Independent Non-Executive directors, including attendance at Board and Board's Committee meetings.

Based on the aforesaid, the Board (save for the interested Directors) recommends to the shareholders that the abovenamed Directors continue to serve as Independent Non-Executive Directors of the Company.

4. Ordinary Resolution 8
Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 8, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being (General Mandate). This General Mandate, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The General Mandate sought to grant authority to Directors to issue and allot shares is a renewal of the mandate that was approved by the shareholders at the Ninety-Seventh Annual General Meeting held on 2 December 2019. The renewal of the mandate is to provide flexibility to the Company to issue new shares, without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time, for possible fund raising activities for the purpose of funding current and/or future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, the Company did not issue shares pursuant to the mandate granted to the Directors at the Ninety-Seventh Annual General Meeting held on 2 December 2019, which will lapse at the conclusion of the Ninety-Eighth Annual General Meeting.

Notice of Annual General Meeting

(Cont'd)

Notes:

1. The Ninety-Eighth Annual General Meeting of the Company ("AGM") will be conducted on a **fully virtual** basis through live streaming via the remote participation and voting (RPV) facilities provided by the SS E Solutions at **https://sshsb.net.my/login.aspx**
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson of the Meeting to be present at the main venue of the AGM. **No members or proxies/corporate representatives/attorneys appointed/authorised shall be physically present at the AGM (in the Broadcast Venue)**.
3. Members of the Company whose names appear in the Record of Depositors as at 23 November 2020 shall be entitled to participate and vote remotely at the AGM through **https://sshsb.net.my/login.aspx**. In this context, the terms participate aforesaid shall include the right to raise questions to the Board via real time submission of typed texts at the portal specified above.
4. Members and all proxies/corporate representatives/attorneys duly appointed/authorised who wish to participate and vote remotely at the AGM shall firstly register at **https://sshsb.net.my/login.aspx** **no later than cut-off date/time** as per the **AGM Administrative Guide** in accordance with the relevant procedures therein.
5. Each member is entitled to appoint not more than 2 proxies to participate and vote remotely on their behalf. A proxy may but need not be a member of the Company. Any member who appoints more than 1 proxy without specifying in the Proxy Form the proportion of the shareholdings by each proxy, such appointment shall be invalid.
6. A member who is an authorised nominee, may appoint not more than 2 proxies in respect of each securities account held. A member who is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in a securities account ("Omnibus Account"), there is no limit to the number of proxies such member may appoint in respect of each Omnibus Account held.
7. Appointment of proxy (ies) may be made **no later than 10.15 a.m. on Saturday, 28 November 2020,** as more particularly described in **the AGM Administrative Guide**:-
   (i) **Appointment of proxy electronically**
   Individual members may appoint a proxy electronically through **https://sshsb.net.my/login.aspx**; or
   (ii) **Hard copy Proxy Form**
   Members may also appoint a proxy by way of a duly executed hard copy Proxy Form which must be deposited at Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

   The Proxy Form shall be completed with all the appropriate information required and signed with a date inserted thereon. Appointment of proxy by any corporate member, its Proxy Form must be executed under its common seal or under the hand of its attorney duly authorised in writing or in accordance with the applicable laws for the time being in force.
8. Any authority to appoint a proxy which is made by way of power of attorney and for any corporate members who appoint representatives to participate and vote remotely, shall adhere to the documents submission requirement no later than the cut-off date/time as per the AGM Administrative Guide in accordance with the relevant procedures therein.
9. The aforesaid **AGM Administrative Guide** is available via the Company's website at **www.pinepac.com.my.**
10. You are advised to read and understand the contents of the Personal Data Protection Statement which is annexed with the Notice of AGM before providing any relevant personal data for the appointment of proxy (ies).
11. All resolutions as set out herein will be put to vote by way of poll pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting

No individual is seeking election as a Director at the Ninety-Eighth Annual General Meeting of the Company.

PERSONAL DATA PROTECTION STATEMENT

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

Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Dato' Ong Kim Hoay
(Redesignated on 1 March 2020)

Non-Independent Non-Executive Director
Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam
(Redesignated on 1 March 2020)

Independent Non-Executive Directors
Dato' Nik Mohd Amin Bin Nik Abu Bakar
Dato' Shahrom Bin Abdul Majid
Bala Krishnan Ponniah

Executive Director
K. Selveswaran Kanagaratnam

AUDIT COMMITTEE

Chairman
Bala Krishnan Ponniah
(Redesignated on 1 March 2020)

Members
Dato' Ong Kim Hoay
(Redesignated on 1 March 2020)
Dato' Nik Mohd Amin Bin Nik Abu Bakar
Dato' Shahrom Bin Abdul Majid

REMUNERATION & NOMINATION COMMITTEE

Chairman
Dato' Nik Mohd Amin Bin Nik Abu Bakar

Member
Dato' Shahrom Bin Abdul Majid

RISK MANAGEMENT COMMITTEE

Chairman
Dato' Shahrom Bin Abdul Majid

Members
K. Selveswaran Kanagaratnam
Tang Yow San
Tuan Haji Abdul Latip Bin Mohd Zain
Muhammad Hafidzi Bin Abu Bakar
(Appointed on 26 August 2020)

COMPANY SECRETARY

Tang Yow San (MIA 11019)
Wong Youn Kim (MAICSA 7018778)

REGISTERED OFFICE

No. 2-3, Third Floor,
Jalan Suria Puchong 6
Pusat Perniagaan Suria Puchong
47110 Puchong
Selangor Darul Ehsan
Tel : 603-8938 9830
Fax : 603-8947 0333

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940 / 2095 0292

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & AF 0737)
Chartered Accountants

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE

Main Market
Bursa Malaysia Securities Berhad
Stock Name : Pinepac
Stock code : 1902

WEBSITE ADDRESS

www.pinepac.com.my

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present the Annual Report and the Audited Financial Statements of Pinehill Pacific Berhad ("the Group") for the financial year ended 30 June 2020 ("FY 2020").

PERFORMANCE REVIEW

The business environment in FY 2020 remained challenging as Malaysia's economy has been severely affected by the COVID-19 pandemic. Efforts to flatten the curve of the pandemic through a series of movement control orders has impacted the economic growth during the year. It is hoped that the economy will improve in the next financial year as the outbreak eases and mobility restrictions are gradually lifted.

Against this challenging backdrop, the Group recorded a profit after tax of RM101.13 million in FY 2020, which was mainly contributed from the disposal of its plantation assets in Perak. The financial position of the Group remains healthy as the proceeds from the disposal of the plantation assets have been utilised to repay all borrowings and debts of the Group.

The overview of Group's financial performance is further elaborated under the Management Discussion and Analysis section.

PROSPECTS

The proceeds from the disposal of the plantation assets has enabled the Group to focus on the plantation rehabilitation program in Indonesia, and at the same time explore other business opportunities to enhance the value of the Group for its shareholders.

The Group is predominantly conservative in its strategy within the business segment and hence its search to diversify into new businesses. The Board will endeavor to invest in viable and revenue generating businesses.

DIVIDEND

No dividend has been recommended or declared by the Board for the FY 2020. The Group's cash reserves will be utilised to regularise its status as an Affected Listed Issuer by investing in viable new ventures.

APPRECIATION

We would like to welcome Mr. Bala Krishnan Ponniah who joined the Board during the financial year. We also would like to congratulate Mr. K. Selveswaran Kanagaratnam on his appointment as the Executive Director of the Group and joining the Board. The new directors have vast experience in their respective fields, and will definitely benefit the Group moving forward.

As Chairman of the Board, I would like to express my sincere appreciation to my fellow directors, management team and our employees for their dedications and contributions to the Group during the year.

I would also like to take this opportunity to thank our shareholders, business partners and all other stakeholders for their continuing support over the years.

Dato' Ong Kim Hoay
Chairman

Management Discussion And Analysis

We are pleased to present to you the Management's Discussion & Analysis of Pinehill Pacific Berhad ("the Group") for the financial year ended 30 June 2020 ("FY 2020").

OVERVIEW OF GROUP'S BUSINESS

The principal activities of the Group are investment holdings, oil palm cultivation and provision of management services.

On 21 September 2018, the Group via its subsidiaries entered into three separate conditional sale and purchase agreements with United Plantations Berhad to dispose the plantation assets located in the District of Hilir Perak, Perak, measuring approximately 8,999.13 acres, for a total cash consideration of RM413,574,302. The above transactions were completed on 3 September 2019.

Subsequent to the completion of the disposal, the Group is classified as an Affected Listed Issuer pursuant to Paragraph 8.03A of the Listing Requirements. Being an Affected Listed Issuer, the Group is subject to amongst others to regularise its condition within twelve (12) months and to notify the status of its regularisation plan on a monthly basis.

Bursa Malaysia Berhad, via its circular dated 26 March 2020 on the additional relief measures to alleviate the impact of COVID-19, has announced that the requisite time for submission of a regularisation plan by listed issuers which trigger the criteria under Rules 8.03A or 8.04 (Guidance Note 3) of the Listing Requirements has been extended from 12 months to 24 months from the date of the First Announcement. Thus, the Group has until 3 September 2021 to submit a regularisation plan to the relevant authorities for approval.

The Group is evaluating all viable options to ensure shareholders' long-term interests are being taken into consideration.

REVIEW OF GROUP PERFORMANCE

The Group recorded revenues of RM1.77 million in FY 2020, reflecting a decrease of 89% as compared to the financial year ended 30 June 2019 ("FY 2019") of RM16.48 million. The decrease in revenue was due to the disposal of its plantation assets in Perak.

Profit after taxation was RM101.129 million in FY 2020 as compared to loss after taxation of RM32.417 million in FY 2019.

The increase in profit after taxation is mainly due to the following:

1. Net gain on disposal of plantation assets of RM105.08 million;
2. Decrease in depreciation and amortisation by RM19.70 million; and
3. Decrease in finance costs of RM6.69 million due to full settlement of term loans.

Malaysian Operations

As the Group has disposed its plantation assets in Perak, the Malaysian operations focuses on investment holding and provision of management services to our subsidiaries.

Currently, the main source of income of the Group's Malaysian operations is interest income generated from short-term deposits placed with financial institutions for the remaining balance of the sales proceeds from the disposal of the Group's plantation assets. As at the end of FY 2020, the balance of short-term deposits is RM126.03 million and the Group has earned RM5.11 million interest income during FY 2020.

Management Discussion And Analysis

(Cont'd)

REVIEW OF GROUP PERFORMANCE (CONT'D)

Indonesian Operations

The Group has developed 8,008 hectares of oil palm plantations at Kalimantan Barat, Indonesia.

Since January 2020, the Group has started the rehabilitation program of its plantation assets in Kalimantan Barat, with the objectives of optimising the estates productivity and ensuring its sustainability in the long term. The rehabilitation program is financed from the proceeds on the disposal of the Group's plantation assets in Perak.

The Indonesian operation continues to report a loss for the current financial year due to low yields and costs incurred in relation to its rehabilitation activities.

RISK FACTORS

The unprecedented global COVID-19 pandemic has posed some challenges and risks to the Indonesian operations, such as movement restrictions, shortage of labour and availability of goods and services, which has an effect to the operations of the estate. The management will continue to actively monitor and ensure the rehabilitation program are on track and the estates operate within the Standard Operating Procedures.

In addition, the Group ensured the well-being of our employees by implementing amongst others, social distancing measures in our offices and estates operations, providing face masks and hand sanitisers, and compulsory checking of body temperature.

BUSINESS OUTLOOK

The Group will continue to adopt a more cautious approach in its strategies within the business operations. As an Affected Listed Issuer, the Group will strive to utilise the proceeds derived from the disposal of plantation assets in the best interests of the shareholders and invest in revenue generating businesses. All risks will be taken into careful consideration by the Group in venturing into new businesses.

Y. BHG. DATO' ONG KIM HOAY

(INDEPENDENT NON-EXECUTIVE CHAIRMAN)

Y. Bhg. Dato' Ong Kim Hoay, Malaysian, aged 86, Male, was appointed to the Board on 23 October 1997 and appointed as Chairman of Pinehill Pacific Berhad ("Pinepac" or "the Company") on 19 October 2005. Dato' Ong was redesignated as Independent Non-Executive Director on 9 January 2015 and as Independent Non-Executive Chairman on 1 March 2020. He is also redesignated from the Chairman of the Audit Committee to a member in Audit Committee on 1 March 2020.

Dato' Ong is an Associate Member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Secretaries and Administrators Australia. He is also a member of the Malaysian Institute of Accountants.

In 1969, Dato' Ong started his career as an Auditor with Turquand Young & Co. (now known as Ernst & Young), a public accounting firm. He subsequently joined Malayan Banking Berhad ("Maybank") in 1970 and has held various senior positions in Maybank before retiring as General Manager. He has also served on the Board of Directors of Maybank for several years.

Currently, Dato' Ong also sits on the Board of Directors of several private companies in Malaysia.

Dato' Ong does not have any conflict of interest with the Company and has not been convicted of any offences in the past ten years. He also does not have any family relationship with any other Directors or major shareholders of the Company.

Dato' Ong attended all five (5/5) Board Meetings of the Company held during the financial year ended 30 June 2020.

Y. BHG. TAN SRI (DR.) KETHEESWARAN M. KANAGARATNAM

(NON-INDEPENDENT NON-EXECUTIVE DIRECTOR)

Y. Bhg. Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam, Malaysian, aged 59, Male, was appointed to the Board on 7 July 1994. Tan Sri (Dr.) Ketheeswaran was redesignated as a Non-Independent Non-Executive Director on 1 March 2020. Prior to that, Tan Sri (Dr.) Ketheeswaran was re-designated as Executive Chairman on 9 January 2015.

It is through his farsighted vision and sharp business acumen that Benta Plantations Berhad has grown into Pinehill Pacific Berhad, an established oil palm plantation company that is listed on the Main Board of Bursa Malaysia (Malaysian Exchange). Pinepac has grown exponentially over the years, with business operations covering Malaysia and Indonesia. Besides the above plantation business, Tan Sri Ketheeswaran has experience in several other business ventures.

Tan Sri (Dr.) Ketheeswaran was first elected as the President of The Malaysian Associated Indian Chambers of Commerce & Industry "MAICCI" in 2000 and served until 2004. On 14 June 2008, during MAICCI's fifty-seventh Annual Delegates Conference, he was re-elected as the President of MAICCI for a two-year term and continued to retain the position until 19 October 2018. Tan Sri Ketheeswaran continues to serve as the President of Johor Indian Chamber of Commerce & Industry where he was elected to the office on 29 May 2010 until today.

On 1 December 2016, Tan Sri (Dr.) Ketheeswaran was conferred the Honorary Doctorate in Entrepreneur Development by Asia Metropolitan University during its 10th Asia Metropolitan University Convocation. The conferment was in recognition towards his numerous efforts in the development of the entrepreneurship in the country.

Tan Sri (Dr.) Ketheeswaran is deemed as substantial shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offences in the past ten years.

Tan Sri (Dr.) Ketheeswaran attended three out of the five (3/5) Board Meetings of the Company held during the financial year ended 30 June 2020.

Directors' Profile
(Cont'd)

Y. BHG. DATO' NIK MOHD AMIN BIN NIK ABU BAKAR
(INDEPENDENT NON-EXECUTIVE DIRECTOR)

Y. Bhg. Dato' Nik Mohd Amin Bin Nik Abu Bakar, Malaysian, aged 84, Male, was appointed to the Board on 22 February 2000. He is also the Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee.

Dato' Nik Mohd Amin holds a Bachelor of Arts (Hons) degree from University of Malaya, a Masters of Arts and a Doctorate of Philosophy from Century University, California. He has also attended the Sloan School of Management M.I.T., Cambridge's programme for Senior Executives.

Dato' Nik Mohd Amin has held various positions in the government sector. He was the Director-General of the Social Security Organisation, Secretary-General of the Ministry of Science, Technology and Environment and Secretary-General of the Ministry of Human Resources.

Dato' Nik Mohd Amin has been a member of various organisations, which includes International Social Security Association ("ISSA") Geneva, National Science Committee for UNESCO, ASEAN Committee on Science and Technology, Executive Committee of SIRIM, Malaysia Migration Fund Board, National Vocational Training Council and International Labour Organisation ("ILO") Governing Body.

Dato' Nik Mohd Amin does not have any conflict of interest with the Company and has not been convicted of any offences in the past ten years. He also does not have any family relationship with any other Directors or major shareholders of the Company.

Dato' Nik Mohd Amin attended all five (5/5) Board Meetings of the Company held during the financial year ended 30 June 2020.

Y. BHG. DATO' SHAHROM BIN ABDUL MAJID
(INDEPENDENT NON-EXECUTIVE DIRECTOR)

Y. Bhg. Dato' Shahrom Bin Abdul Majid, Malaysian, aged 79, Male, was appointed to the Board as Independent Non-Executive Director on 21 December 2018. He is also the Chairman of the Risk Management Committee and a member of the Remuneration and Nomination Committee. He was appointed as a member of the Audit Committee on 21 December 2018.

He graduated with a Bachelor of Science (Fisheries) degree from Tokyo University of Fisheries and a Masters of Science Degree (Extension) Education from the Louisiana State University (USA). He also attended the Senior Management Development Programme at Templeton College, Oxford.

Dato' Shahrom had a distinguished career in agriculture mainly related to the fisheries sector serving the government of Malaysia for 30 years beginning in 1966 until his retirement as Director General of Fisheries Malaysia ("DOF") in October 1996. He begins his career joining department of Fisheries, Ministry of Agriculture Malaysia rising to the rank of Deputy Director General of Fisheries Malaysia in 1983 before being appointed as Director General in 1987 subsequent to his retirement. He served in various capacities in the domestic and international arena related to the agriculture sector amongst others as Board Member of the National Maritime Council, Maritime Institute of Malaysia, Chairman/Council Member of the ASEAN Committee of Food, Agriculture and Forestry (Fisheries Working Group), Council Member of the Southeast Asian Fisheries Development Centre, Vice Chairman of the Indo-Pacific Fisheries Commission and member of the Pacific Economic Co-operation Council (Task Force Fisheries). Among his notable contribution to the nation fisheries industry is his role in heading the formation of the Persatuan Nelayan Kawasan and reestablishment of Marine Parks Malaysia under the jurisdiction of DOF.

Dato Shahrom also sits on the Board of Directors of several private companies in Malaysia.

Dato' Shahrom does not have any conflict of interest with the Company and has not been convicted of any offences in the past ten years. He also does not have any family relationship with any other Directors or major shareholders of the Company.

Dato' Shahrom attended all five (5/5) of Board Meetings of the Company held during the financial year ended 30 June 2020.

BALA KRISHNAN PONNIAH

(INDEPENDENT NON-EXECUTIVE DIRECTOR)

Bala Krishnan Ponniah, Malaysian, aged 68, Male, was appointed to the Board as a member of the Audit Committee on 23 October 2019. He was redesignated as the Chairman of Audit Committee on 1 March 2020.

Bala graduated from the Institute of Chartered Accountants of England & Wales and is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

He started his career in 1973 in London United Kingdom until May 1980 and has held various positions leading to Senior Manager in Frances Avis, Levin & Co and Stoy Haywards. In the years 1990 to 2002, he has held various positions leading to Office Managing Partner of the JB Branch in Hanafiah Raslan & Mohamad, Arthur Andersen and Ernst & Young.

From the year 2003 until current he has held the following senior positions:-

1. Managing Partner - Moore Stephens Associates & Co (Present)
2. Senior Partner - Moore Stephens Associates PLT
3. Executive Director - MSA Tax Services Sdn Bhd
4. Consultant / Adviser - SSA Professional Services Sdn Bhd
5. Group Financial / Business Adviser - Claytan Group of Companies

Mr. Bala does not have any conflict of interest with the Company and has not been convicted of any offences in the past ten years. He also does not have any family relationship with any other Directors or major shareholders of the Company.

Mr. Bala has attended three out of three (3/3) of Board Meetings of the Company held during the financial year ended 30 June 2020 since his appointment to the Board.

K. SELVESWARAN KANAGARATNAM

(EXECUTIVE DIRECTOR)

K. Selveswaran Kanagaratnam, Malaysian, aged 57, Male, was appointed to the Board on 23 October 2019. He is also a member of Risk Management Committee.

His experience in the real estate sector is accredited to his tenure with an established real estate firm between 1986 and 1994. In addition, he has many years of experiences as board member in a healthcare company which involved in a Government Concession of providing maintenance services of bio-medical equipment for Government hospitals.

K. Selveswaran became a part of the Pinepac family when the Group was going through a diversifying phase of its business in 1994.

In 1995, he joined Benta Plantations Berhad, now known as Pinepac, as General Manager and was later seconded to Mun Loong Bhd, a major retail subsidiary as Senior General Manager. He was then holding a senior management role overseeing the oil palm plantation and managing a retail commercial development project. With years of experience and knowledge, he was then appointed as the Group Executive Vice President in 2011 and later the Executive Director in 2019.

He does not have any conflict of interest with the Company and has not been convicted of any offences in the past ten years.

He has attended three out of three (3/3) of Board Meetings of the Company held during the financial year ended 30 June 2020 since his appointment to the Board.

Key Senior Management

Name	**K. Selveswaran Kanagaratnam**
Position	Executive Director
Age, Gender	57, Male
Nationality	Malaysian
Date of Appointment	20 November 1995
Working Experience	For more information, please visit the Directors' Profile on page 13.

Name	**Tang Yow San**
Position	Executive Vice President – Group Finance & Corporate
Age, Gender	55, Male
Nationality	Malaysian
Date of Appointment	1 November 1999
Qualification	Member of Malaysian Institute of Accountants
Working Experience	Mr. Tang Yow San, known for his vast and invaluable working experiences in accounting firms, commercial organisations, and large local financial institutions with subsidiaries of diversified activities, joined Best World Land Berhad in 1999. In addition, Mr. Tang has also ventured into corporate consultancy and accountancy services, providing services concerning listing exercises, corporate restructuring and corporate financing that includes offshore financing arrangements. After his term with Hanafiah Roslan & Mohamad, Mr. Tang briefly joined Pembinaan Limbongan Setia Sdn Bhd while the company was in its initial stages of admission to Bursa Malaysia Securities Berhad for listing purposes. He was then appointed as its Group Accountant. In the closing months of 1991, Mr. Tang joined MBF Finance Bhd as an Assistant Manager. He left the group in 1997 as the General Manager of the Finance and Treasury Division.

Name	**Tuan Haji Abd Latip Bin Mohd Zain**
Position	Plantation Director
Age, Gender	71, Male
Nationality	Malaysian
Date of Appointment	15 November 2007
Working Experience	At present, Tuan Haji Abd Latip's career has spanned for more than 30 years. Starting out as a Cadet Planter in 1974, Tuan Haji Abd Latip went on to gain experience in plantation management in Sime Darby Plantations. He was eventually appointed as Sime Darby Plantation Director in 1997 and held the post for three years before departing from the company in 2000. Tuan Haji Abd Latip's line of business with Sime Darby allowed him to obtain extensive knowledge in terms of management and hands-on experience in oil palm plantations, cocoa, and rubber. Not to mention, Tuan Haji Abd Latip also served as a Board member of Consolidated Plantations Bhd as well as President Director of PT Sime Indo Agro, among many other subsidiaries of Sime Darby both in Malaysia and overseas. Tuan Haji Abd Latip is best known for his work in the overall management and profitability of Sime Darby Plantations' estates, which are located in Malaysia and Indonesia and cover landmass of up to 90,000 hectares. His contributions to the company was instrumental in the implementation of the extensive mechanisation programme, which in turn allowed Sime Darby to be recognised as one of the most cost-efficient plantation companies in Malaysia. Tuan Haji Abd Latip's masterstroke is his widespread experience in corporate financing, especially for new developments of oil palm plantations as well as its downstream activities.

Name	**Amarution Nadaraja**
Position	Vice President - Plantations
Age, Gender	66, Male
Nationality	Malaysian
Date of Appointment	1 December 1996
Qualification	Bachelor's Degree in Mechanical Engineering from Australia and MBA from Trinity College
Working Experience	Mr. Amarution joined Benta Plantations (Perak) Sdn Bhd in 1997 and brought along a healthy dose of passion, drive, and two decades worth of experience. Mr. Amarution's career has taken him across various oil palm related scenarios such as the commissioning of oil palm mills, open cast phosphate mine and oil palm factory management. Mr. Amarution is also no stranger to challenges. In the span of his career he has been involved in the establishment of plantations and mills, in both Malaysia and in terrains as challenging as Papua New Guinea. In addition to all that, Mr. Amarution is a member of the Institute of Business Administration & Management (IBAM), United Kingdom.

Name	**Vijayan Subramaniam**
Position	General Manager – Plantations
Age, Gender	58, Male
Nationality	Malaysian
Date of Appointment	1 September 2010
Qualification	He is a member of Incorporated Society of Planters
Working Experience	Mr. Vijayan's career in the plantation industry started in the year 1988. For the past 30 years, he had gained vast experience in various oil palm plantation companies with extensive knowledge in managing an estate in Indonesia under PT Sinarmas group. He had then joined Pinehill Ventures Limited in September 2010 as the Plantation Manager and thereafter been promoted as the Assistant General Manager and currently holding a position as the General Manager Plantations for Kalimantan Barat.

Key Senior Management

(Cont'd)

Name	**Muhammad Hafidzi Bin Abu Bakar**
Position	Group Financial Controller
Age, Gender	47, Male
Nationality	Malaysian
Date of Appointment	3 February 2020
Qualification	Member of Malaysian Institute of Accountants
Working Experience	En. Muhammad Hafidzi has more than 20 years of progressive experience in accounting and financial management. He has a strong qualification in developing and implementing financial controls and processes in addition to productivity improvements, and change management. He started his career in 1997 with Grant Thornton Malaysia, a public accounting firm. In 2001, he joined Protasco Berhad, a listed conglomerate with activities in construction, road maintenance, engineering services, property development and education. He held various senior positions in accounts and finance within Protasco Group, and his last position was Group Financial Controller of Protasco Berhad until 2019.

Note:

a) None of the Directors and Key Senior Management has any conflict of interest with the Company.

b) None of the Directors and Key Senior Management has been convicted of any offences in the past 10 years other than traffic offences.

c) None of the Directors and Key Senior Management have any family relationship with any other Directors or major shareholders of the Company, save for Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam and K. Selveswaran Kanagaratnam that have a family relationship.

Audit Committee Report

COMPOSITION

The members of the Audit Committee during the financial year were as follows:

1. Mr Bala Krishnan Ponniah
   (Appointed as member on 23 October 2019 and redesignated as Chairman on 1 March 2020)
   (Chairman, Independent Non-Executive Director)

2. Dato' Ong Kim Hoay
   (Redesignated from Chairman to member on 1 March 2020)
   (Member, Independent Non-Executive Director)

3. Dato' Nik Mohd Amin Bin Nik Abu Bakar
   (Member, Independent Non-Executive Director)

4. Dato' Shahrom Bin Abdul Majid
   (Member, Independent Non-Executive Director)

TERMS OF REFERENCE

The Audit Committee is governed by the Terms of Reference, which is laid down below:

1. Composition of members

   The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent directors.

   In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

   All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

   (a) a member of the Malaysian Institute of Accountant ("MIA"); or

   (b) if he is not a member of MIA, he must have at least three (3) years of working experience and;

      i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

      ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

   (c) fulfills such other requirements as prescribed or approved by Bursa Securities.

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

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

   Retirement and resignation

   If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

Audit Committee Report

(Cont'd)

TERMS OF REFERENCE (CONT'D)

2. Chairman

   The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

   In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

3. Secretary

   The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

4. Meetings

   The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

   Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

   Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

   The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Executive Director, Executive Vice President – Group Finance & Corporate, Group Financial Controller, Plantation Director, and internal and external auditors in order to be kept informed of matters affecting the Company.

   The Executive Director, the Executive Vice President – Group Finance & Corporate and Group Financial Controller should normally attend meetings. Other Board members, employees and representative of the internal and external auditors may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

   Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Minutes

   Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

   The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

   The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

TERMS OF REFERENCE (CONT'D)

7. Objectives

   The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

   (a) evaluate the quality of the audits performed by the internal and external auditors;

   (b) provide assurance that the financial information presented by management is relevant, reliable and timely;

   (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

   (d) determine the quality, adequacy and effectiveness of the Group's control environment.

8. Authority

   The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

   (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

   (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.

   (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

   (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

   (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

9. Duties and Responsibilities

   The duties and responsibilities of the Audit Committee are as follows:-

   (a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;

   (b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

   (c) To review with the external auditor his evaluation of the system of internal controls and his audit report;

   (d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:-

   - any change in accounting policies and practices;
   - significant adjustments arising from the audit;
   - the going concern assumption; and
   - compliance with accounting standards and other legal requirements.

TERMS OF REFERENCE (CONT'D)

9. Duties and Responsibilities (Cont'd)

   (e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);

   (f) To review the external auditor's management letter and management's response;

   (g) To do the following, in relation to the internal audit function:-

   - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
   - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
   - review any appraisal or assessment of the performance of members of the internal audit function;
   - approve any appointment or termination of senior staff members of the internal audit function; and
   - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

   (h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

   (i) To report its findings on the financial and management performance, and other material matters to the Board;

   (j) To consider the major findings of internal investigations and management's response;

   (k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

   (l) To determine the remit of the internal audit function;

   (m) To consider other topics as defined by the Board; and

   (n) To consider and examine such other matters as the Audit Committee considers appropriate.

ATTENDANCE AT MEETINGS

A total of five (5) Audit Committee meetings were held during the financial year ended 30 June 2020. The details of attendance of each of the Audit Committee member are as follows:

Composition of the Audit Committee	Number of Audit Committee Meetings	
	Held During Tenure in Office	Attended
Mr. Bala Krishnan Ponniah *(Appointed as member on 23 October 2019 and redesignated as Chairman on 1 March 2020)*	3 meetings	3 meetings
Dato' Ong Kim Hoay	5 meetings	5 meetings
Dato' Nik Mohd Amin Bin Nik Abu Bakar	5 meetings	5 meetings
Dato' Shahrom Bin Abdul Majid	5 meetings	5 meetings

SUMMARY OF ACTIVITIES

During the financial year, the activities of the Audit Committee were summarised as follows:

(1) Reviewed the unaudited quarterly financial results announcements for the financial quarters ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 with management before recommending for the Board of Directors' consideration and approval;

(2) Reviewed the audited financial statements for the financial year ended 30 June 2019 together with External Auditors' management letter and management's response;

(3) Reviewed with the External Auditors the audit plan of the Company and of the Group for the financial year ended 30 June 2020 (inclusive of audit approach and scope of work) prior to the commencement of the annual audits;

(4) Reviewed the audit fees and made recommendation to the Board on their re-appointment and remuneration;

(5) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending for the Board of Directors' approval for inclusion in the Company's 2020 Annual Report;

(6) Evaluated the overall effectiveness of the system of internal controls through a review of the results of work performed by Internal and External Auditors and discussions with key senior management; and

(7) Reviewed the internal audit reports, recommendations and management's response. Discussed with management actions taken to improve the internal controls system based on internal audit findings.

Audit Committee Report

(Cont'd)

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the outsourced Internal Auditor, RTMA & Associates PLT who reports directly to the Audit Committee and is independent of the activities it audits. The Internal Auditor is responsible in providing an independent evaluation and review of the adequacy and effectiveness of the internal control system, governance and operational control processes within the Group and its adherence to the already established policies, procedures and standards, and statutory requirements; and where necessary, to provide recommendations for improvements in controls to the existing systems and work processes which is governed by International Standards for the Professional Practice of Internal Auditing (Standards).

In attaining such objectives, the following activities were carried out by the internal auditor during the financial year ended 30 June 2020:

(1) ascertained the extent of compliance with established policies, procedures and statutory requirements;

(2) recommended improvements to the existing system of controls based on weaknesses noted in the course of their audit and the Management's response thereto; and

(3) identified opportunities to improve the operations and processes within the Group.

Costs incurred for the internal audit function in respect of the financial year ended 30 June 2020 amounted to RM8,500.00.

The Board is pleased to provide an overview of the corporate governance practices adopted by the Company. The Overview summarises the application by the Company the Principles and Recommendations of the Malaysian Code of Corporate Governance 2017 ("the Code") during the financial year ended 30 June 2020. This Overview and Corporate Governance Report were approved by the Board on 14 October 2020.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities
Clear functions of the Board and Management

The Board is responsible for the oversight and overall management of the Company. To ensure the effective discharge of its function and responsibilities, the Board has delegated specific powers of the Board to the Independent Non-Executive Chairman, relevant Board Committees and the Management.

There is a schedule of matters specifically reserved for the Board's decision, including amongst others, the approval of corporate plans and budgets, material acquisitions and disposal of assets, major capital projects, financial results and Board appointments. The Company has formalised and adopted a Board Charter which sets out a list of specific roles and functions, applicable to the Board whilst containing other matters that are significant for maintaining high standards of corporate governance. The Board Charter is accessible through the Company's website at www.pinepac.com.my and will be reviewed annually to ensure it remains consistent with the Board's objectives, responsibilities and practices.

Board Committees are entrusted with specific responsibilities to oversee the Group's affairs in accordance with their respective Terms of Reference ("TOR"). Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee, including key issues via reports by the Chairman of each of the Board Committees to the Board at Board meetings.

The Independent Non-Executive Chairman represents the Board to the shareholders. The Independent Non-Executive Chairman is responsible for ensuring the integrity and effectiveness of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The Independent Non-Executive Chairman will act as facilitator at meetings of the Board and ensure that no Board members, whether executive or non-executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board members are forthcoming.

The Executive Director is accountable to the Board for the achievement of the Company's goals and for the observance of the management authorities. He shall be the head of the Management of the Company and the Group and in that capacity is answerable to the Board.

The Board has set out in a formal statement of its principal roles and responsibilities, which are described below:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the business of the Company;
- Identification of principal risks and ensure appropriate systems for risk management;
- Succession planning for senior management;
- Investors relations programme and shareholder communications policy; and
- Reviewing the adequacy and integrity of management information and internal control systems.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

All the Directors are provided with an agenda and a set of Board papers prior to Board meetings or Committee meetings to enable the Directors to obtain further information or explanations, where necessary, in order to be briefed properly before the meeting. The Board papers include, amongst others, the following information:

- Quarterly financial results;
- Performance report of the Group;
- Business plans and budgets;
- Strategies for progress;
- Major operational and financial matters;
- Updates on statutory regulations and requirements affecting the Company and the Group; and
- Relevant market information/research papers for decision-making.

Minutes of previous Board meetings are circulated to the Directors prior to the Board Meetings to give the Directors sufficient time to consider and deliberate on the issues to be discussed at the Board meetings. Minutes of the Board meetings are maintained by the Company Secretaries.

The Board has approved an agreed procedure to enable the Directors to seek independent professional advice, if necessary, at the Company's expense (up to a maximum of RM50,000/-). Before incurring such professional fees, the Director concerned must consult the Chairman or with two (2) other Directors (one of whom is Non-Executive).

In addition, there is a formal procedure for Directors to have access to all staff for any information they require within the Company, whether via the Board as a whole or in their individual capacity, in furtherance of their duties.

All Directors have full access to the advice and services of the Company Secretaries who are responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. The Directors will be updated by the Company Secretaries on new statutory requirements relating to their duties and responsibilities.

The Board is supported by the Company Secretaries in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries ensure that deliberations at the Board and Board Committees are well captured and minuted, and subsequently communicated to the relevant management for necessary action. The Board is updated by the Company Secretaries on the follow-up or implementation of its decisions and/or recommendations by the Management until the closure of such matter.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training.

The Board's Charter is available on the corporate website. The document sets out and clarifies, inter-alia, the roles and responsibilities of the Board, including its Committees, and the processes and procedures for convening their meetings. It serves as a reference providing prospective and existing Board members and Management insight into the fiduciary and leadership functions of the Directors of the Company.

The Company has put in place codes of ethics for Directors and employees to govern the standards of ethics and good conduct. For Directors, the Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. For employees, the code of ethics covers all aspects of the Group's business operations, including confidentiality of information, dealings in securities, conflict of interest, entertainment and gifts, as detailed in the Employees' Handbook.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

In addition, the Company has formalised a whistleblowing policy in 2013. The Board acknowledges that misconduct in any company such as violation of laws, rules, regulations, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Group. An early warning system such as a whistleblowing procedure can help the Group detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis. A whistleblowing system that is coherent will strengthen and support good management, and simultaneously demonstrate accountability, good risk management and sound corporate governance practices. The whistleblowing procedure enables employees to report their concerns known without fear of retaliation and with the knowledge that their complaints will be acted upon and their identity is kept confidential. The Audit Committee ("AC") is responsible for receiving report(s) made by employees for the purpose of whistleblowing.

Board Composition

The Group is headed by an experienced Board consisting of members with a wide mix of knowledge, business acumen, management skill, industry expertise cum financial and public service background which forms an invaluable asset in their thorough examination and deliberations of the various key issues and matters involving the Group's decisions. A brief profile of each Director is presented in this Annual Report.

The Board currently consists of six (6) members and is made up of one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director. The Board's composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR") which requires a minimum of two (2) or one-third (1/3) of the Board members to be Independent Non-Executive Directors.

There is a balance of power and authority in the Board, with the Executive Director being primarily responsible for overseeing the day-to-day operations of the Group.

The Independent Non-Executive Chairman/Directors are professionals of calibre and credibility who play pivotal roles by contributing their knowledge, expertise and experience towards making independent judgement on issues of strategies, performances, resources and standard of conducts by further ensuring that the long term interest of minority shareholders, employees, customers, suppliers and general public are given due consideration.

No individual or a group of individuals dominates the decision making of the Board and therefore, the Board is able to effectively discharge its responsibilities as set out in the Code.

14 October 2020, the Board, through Remuneration and Nomination Committee ("RNC"), assesses the independence of independent directors. The assessment of the Independent Directors took into consideration whether they were able to exercise independent judgment objectively and whether they met the criteria of independence as prescribed by Bursa Malaysia Securities Berhad.

Based on an assessment done in 2020, the Board is generally satisfied with the level of independence demonstrated by all Independent Directors, and their ability to act in the best interest of the Company.

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than 12 years.

Dato' Ong Kim Hoay and Dato' Nik Mohd Amin Bin Nik Abu Bakar, Independent Non-Executive Directors of the Company had served the Company for more than 12 years. The RNC is satisfied that the said Directors have satisfactorily demonstrated that they are independent of the Company's management and free from involvement in any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company, in accordance with the definitions set out in Chapter 1 of the Main LR. The Board, therefore, recommends and supports the proposals to retain the said Directors as Independent Non-Executive Directors of the Company, and that such proposals would be tabled at the 98th Annual General Meeting ("AGM"), in accordance with the Code, for shareholders' approval. Detailed justifications for retaining the Directors as Independent Non-Executive Directors are set out in the explanatory notes of the notice of AGM.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (Cont'd)

The Board believes that the independence of mind of the abovenamed Directors coupled with their skills, experience and integrity in exercising their objective and independent judgment to discharge their duties and responsibilities in good faith and in the best interest of the Company are of utmost importance. These attributes are more critical in ascertaining the function and effectiveness of the Independent Directors than the number of years they have served on the Board.

In accordance with the Company's Constitution, all Directors shall retire from office at least once in every three (3) years and are eligible to offer themselves for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next AGM following their appointment.

A formal and transparent procedure exists for the appointment of new Directors to the Board, the primary responsibility of which has been delegated to the RNC. Under this procedure, the RNC would recommend to the Board suitable candidates for directorships. The RNC would also ensure that candidates possess the requisite skills and core competencies to be deemed fit and proper, and to be appointed as Director in accordance with all applicable laws, rules and regulations as well as the Main LR.

The nomination process is clearly and transparently set out as part of the Company's policy on the Company's procedure on appointment of new Directors and/or to fill the seats on Board Committees. The nomination process involves the following processes:

- Board members will recommend candidate for new appointment or to fill the seats on Board Committees;
- RNC will review and evaluate the eligibility of the proposed candidate;
- After evaluation, the RNC will report its findings to the Board by using a Nomination Form;
- The Board will then make decision accordingly whether to appoint such candidate as new Director or to fill the seats on the Board Committees;
- If the proposed candidate does not comply with the required expertise, qualification and experience ("the Requirements"), the Board will propose another new candidate;
- If the proposed candidate complies with the Requirements, the Board will resolve to appoint such candidate as new director subject to the fulfillment of statutory requirements or to fill the seats on the Board Committees; and
- Thereafter, announcement will be made to Bursa Malaysia Securities Berhad and all prescribed forms/documents will be lodged with relevant authorities to effect such appointments.

The RNC annually reviews the effectiveness of the Board and Board Committee and the contribution of each individual Directors, including the required mix of skills, experience and other qualities of the Board.

On 14 October 2020, the RNC carried out the annual assessment required under the RNC's TOR in respect of the financial year ended 30 June 2020. The RNC also reviews the performance of the Director retiring by rotation under the Clause 100 of the Company's Constitution. The RNC further reviews the Board composition in conjunction with the Board's nine-year policy for independent Directors.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Gender diversity policy

The Board is aware of the gender diversity policy as set out in Practice 4.4 of the Code. When appointing a Director, the RNC and the Board would always evaluate and match the criteria of the candidate to the Board based on experience, skill, competency, knowledge and potential contribution, whilst the Practice 4.4 of the Code would also be given due consideration for boardroom diversity.

The Board is aware of the importance of boardroom diversity and is indeed supportive of the recommendation of MCCG to the establishment of boardroom and workforce policy and as such are striving in the right direction to ensure the boardroom comprises of at least 30% women directors by sourcing for suitable female candidate to sit on the board of the Company.

The RNC will continue to take the necessary steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

A total of five (5) Board meetings were held during the financial year under review. The record of attendance of these meetings by the current Board is as follows:

Directors	Attendance	Percentage
Dato' Ong Kim Hoay	5/5	100%
Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam	3/5	60%
Dato' Nik Mohd Amin Bin Nik Abu Bakar	5/5	100%
Dato' Shahrom Bin Abdul Majid	5/5	100%
Mr. Bala Krishnan Ponniah *(Appointed on 23 October 2019)*	3/3	100%
Mr. K. Selveswaran Kanagaratnam *(Appointed on 23 October 2019)*	3/3	100%

During the financial year, all the Directors have complied with the minimum attendance at the Board Meetings as stipulated by Main LR.

All Directors of the Company have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors are encouraged to attend programme and seminars to keep abreast with the developments in the industry and market place in order to equip themselves to effectively discharging their duties as Directors in compliance with Paragraph 15.08 of the Main LR.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

During the financial year, the Directors of the Company attended various training programme, as follows:

Name	Programme
Dato' Ong Kim Hoay	Two-tier Voting Process
Dato' Nik Mohd Amin Bin Nik Abu Bakar	Two-tier Voting Process
Dato' Shahrom Bin Abdul Majid	Two-tier Voting Process
Mr. Bala Krishnan Ponniah	Transfer Pricing- ISQC1 MFRS/IFRS Technical Updates 2019- ISQC1 Is your organization learning 4.0 ready? Malaysian Private Entities Reporting Standards (MPERS): A Complete Toolkit for SME Financial Reporting MIA CONFERENCE Budget 2020 : Key Updates and Changes for Corporate Accountant 2020 Budget Seminar MFRS 16 Leases MIA Webinar Series : The Impact of COVID-19 on Compliance with Various MFRS / IFRS MIA Town Hall 2020 - Johor The Bigger Picture MIA Webinar Series: A Comprehensive Review of Latest Developments in MFRS
Mr. K. Selveswaran Kanagaratnam	Two-tier Voting Process

Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam was unable to attend training due to medical conditions.

Throughout the financial year, the Directors also received updates from time to time, particularly on developments of the Main LR from the Company Secretaries. Meetings with Senior Management are arranged for enhancement of their knowledge, particularly in respect of the operations of the Group.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("RNC") comprises two (2) Non-Executive Directors. The RNC is delegated with the following responsibilities:

- Recommend candidates to the Board for directorships and to fill the seats on Board Committees;
- Review annually the required mix of skills, experience and other qualities of the Board;
- Assess annually the effectiveness of the Board as a whole and contribution of each Director;
- Provide orientation and education program for new appointments;
- Review, assess and recommend to the Board the remuneration packages of the Executive Directors in all its forms;
- Recommend to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for Executive Directors; and
- Develop the remuneration policy for Executive Directors.

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration and Nomination Committee (Cont'd)

The Board is satisfied that the RNC, in its current structure, effectively and efficiently discharges its functions in respect of nomination and remuneration matters, listed separately in its TOR for the purpose of clarity. As such, there is no need to separate the nomination and remuneration functions into discrete nomination and remuneration committees. Full details of the functions and duties of the Nomination and Remuneration Committee are set out in its Terms of Reference which is available via the Company's website at www.pinepac.com.my

The objective of the Group's policy on Directors' remuneration is to ensure that the Group attracts and retains Directors of the high calibre necessary to run the Group successfully, relevant to the achievement of the Group's strategic objectives and at the same time protect the interest of shareholders.

In the case of an Executive Director, the components of the remuneration package are linked to performance, service seniority, experience and scope of responsibility/ies. For Non-Executive Directors, the Company pays their allowances based on attendance of meetings and the level of responsibilities undertaken. In addition, Non-Executive Directors are provided with directors' fees. The directors' fees and meeting attendance allowance are subject to shareholders' approval at the AGM.

On 14 October 2020, the Board approved the RNC's recommendation to maintain a similar quantum of Directors' fees for the financial year 2020, and the benefits payable to the Directors of the Company which comprises meeting attendance allowances, both of which are to be recommended and tabled at the 98th AGM to be held on 30 November 2020.

In terms of the disclosure of details of the remuneration of each Director, the Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the "band disclosure" as required by the Main LR.

Details of Directors' remuneration for the financial year ended 30 June 2020, distinguishing between Non-Executive Chairman ("NEC"), Non-Executive Directors ("NED"), Non-Independent Non-Executive Director ("NINED") and Executive Director ("ED") in aggregate, with categorisation into appropriate components are set out below:

Name of Directors	Salaries / Fees (RM)	EPF (RM)	Allowance (RM)	Other Benefits (RM)	Total RM
Dato' Ong Kim Hoay	18,000	-	10,000	-	**28,000**
Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam	832,667	98,907	1,500	127,173	**1,060,247**
Dato' Nik Mohd Amin Bin Nik Abu Bakar	18,000	-	11,000	-	**29,000**
Dato' Shahrom Bin Abdul Majid	18,000	-	11,000	-	**29,000**
Bala Krishnan Ponniah	13,500	-	6,000	-	**19,500**
K. Selveswaran Kanagaratnam	333,871	40,460	-	-	**374,331**

Overview on Corporate Governance

(Cont'd)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The roles, responsibilities and activities of the Audit Committee in respect of effective audit and risk management is explained in the Audit Committee Report on page 17 of the Annual Report. The Company in its continuous efforts to uphold high standards of governance has formalised and adopted the Audit Committee's Terms of Reference. Full details of the Audit and Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website at www.pinepac.com.my.

Risk Management and Internal Control Framework

The Board is aware of the need for proper risk assessment, which is a critical component of a sound of internal control system. This will ensure that good corporate governance is an integral part of the Group's effective management systems. Full details of the Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website at www.pinepac.com.my.

The Company's outsourced Internal Auditor, RTMA & Associates PLT, reports directly to the Audit Committee and is independent of the activities it audits. The Audit Committee reviews and approves the audit programme and ensures there are adequate resources available for the Internal Auditors to carry out their audit responsibilities. Details of the Group's risk management and internal control system are set out in the Statement on Risk Management and Internal Control of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

Communication with stakeholders

The Company has put in place a Corporate Disclosure Policy, setting out the policies and standard operating procedures in disseminating corporate information to, and in dealing with shareholders, stakeholders, analysts, media, regulators and the investing public. Clear roles and responsibilities of Directors, management and employees are provided together with levels of authority, to be accorded to 'designated person(s)', spokespersons and committees in the handling and disclosure of material information. In formulating such document, the Board took into consideration of the best practices and disclosure requirements provided for in the Main LR.

Leveraging on Information Technology for effective dissemination of Information

The Board recognises the importance of information technology for effective dissemination of information. To this end, the Group maintains a corporate website (www.pinepac.com.my) which allows all shareholders and investors access to information about the Group. The said website also provides a dedicated section for corporate governance, which provides information such as the Board Charter, annual reports and all announcements made by the company and is accessible by public.

The Board recognizes the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. Towards this end, the Company adheres strictly to the disclosure requirements of Bursa Malaysia Securities Berhad.

The Company reaches out to its shareholders through:

- the distribution of its annual report;
- quarterly financial results announcements;
- various disclosures and announcements made to Bursa Malaysia Securities Berhad; and
- the Company's website at www.pinepac.com.my which shareholders can access for information.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER (CONT'D)

Leveraging on Information Technology for effective dissemination of Information (Cont'd)

Contacts for investors relation matters:

1. Tang Yow San
   Executive Vice President - Group Finance & Corporate
   Tel : 03-8939 9830
   Fax : 03-8047 0333

2. Muhammad Hafidzi Bin Abu Bakar
   Group Financial Controller
   Tel : 03-8939 9830
   Fax : 03-8947 0333

Conduct of General Meeting

Annual General Meeting of the Company provides the principal forum for dialogue and interaction with shareholders. The Annual Report together with the Notice of AGM are sent to shareholders at 28 days before the date of the meeting.

At the AGM, shareholders are at liberty to raise questions pertaining to the agenda for discussion at the meeting. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Statement on Risk Management and Internal Control

This statement on risk management and internal control by the Board is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITIES

The Board of Directors ("Board") of PINEHILL PACIFIC BERHAD acknowledges its overall responsibility in maintaining a sound system of internal control and risk management practices of the Group and for reviewing the adequacy and integrity of the system periodically to safeguard the interest of the Company's shareholders and the Group's assets.

The system of risk management and internal control is designed to manage rather than eliminate the risk of failure in achieving the Group's corporate objectives and can only provide reasonable but not absolute assurance against any material misstatement or loss.

THE RISK MANAGEMENT PROCESS

The group has a risk management committee through which an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies is in place throughout the financial year under review and up to the date of approval of this statement. This is further assured by the implementation of an internal control system that has been integrated in the Group's operations and working culture. Therefore, any significant risk arising from factors within the Group and from the changes in business environment can be addressed on a timely basis.

THE INTERNAL CONTROL PROCESS

The other key features of the Group's internal control system include the following:

- The Group has an appropriate organisational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group;

- Internal policies and procedures are documented through a series of manuals for all major operations of the Group;

- The Audit Committee reviews and scrutinizes the audit report by the Internal Auditor; and

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Executive Director provides explanation to the board on pertinent issues. In addition, the Board is kept updated on the Group's activities and its operation on quarterly basis.

The internal audit function of the Group is carried out by outsourced Internal Auditor, RTMA & Associates PLT, which reports directly to the Audit Committee of the Company. The role of the internal auditor is to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls to mitigate the risks of the Group including financial, operational and compliance risks.

MONITORING PROCESS

The Audit Committee has full and direct access to the Internal Auditor and receives reports on all internal audits performed. The Internal Auditor continues to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvements are highlighted to the Management and the Audit Committee, with follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the reports from the Internal Auditor for the financial year ended 30 June 2020, some weaknesses in internal control were identified and measures have been or are being taken to address these weaknesses. None of these weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

CONCLUSION

The Board has undertaken a review on the adequacy and effectiveness of the risk management and internal control system which comprise the respective framework, management processes, monitoring processes described in this statement and considered them adequate and effective. While the Board acknowledges that the system of risk management and internal control does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that result in poor judgment, it has nonetheless receive assurance from the Executive Director and Executive Vice President of Group Finance & Corporate that the Company's risk management and internal control system is operating adequately and effectively, in all material respects, for the financial year ended 30 June 2020. The Group continues to take measures to enhance and strengthen the internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have conducted limited assurance engagement on this Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement on Risk Management and Internal Control had been approved by the Board of PINEHILL PACIFIC BERHAD on 14 October 2020.

Sustainability Statement

The Group recognises the values of Sustainability and Corporate Social Responsibility ("CSR"), both of which are integral to generate and sustain short and long term values for the Group and its stakeholders. Our commitment on sustainability encompasses on-going efforts to maintain a healthy balance between economic, social and environmental responsibilities, and interests towards our stakeholders for a better future. Our CSR activities emphasises on creating positive impact in the society we operate.

These include working within the law, in particular with regard to the principles and criteria of the requirements under Indonesian Sustainable Palm Oil ("ISPO"), which is to promote the growth and use of sustainable oil palm produce through credible global standard and engagement of stakeholders.

Our sustainability statement for the year ended 30 June 2020 focuses on the Environment, Workplace, Marketplace and Community.

ENVIRONMENT

As a responsible eco-friendly company, the Group is conscious of the environmental effects of our business, particularly in the plantation sector of the Group's business. Conscious efforts are put in place to meet Government guidelines in preserving and safeguarding the environment, and this helps the Group to meet its goals of reducing waste and energy consumption.

WORKPLACE

The Group continuously focuses on the development of its human capital by enhancing its core competencies. The employees are always given the proper support in order to acquire relevant skills to achieve a higher productivity.

The Group understands that healthy relationships within its community will help build a better environment for everyone. With that, employees are encouraged to get involved in various social gatherings such as sporting events, 'buka puasa' and recreational activities.

As a means to contribute to a wider society, Young Achiever's awards are given to all outstanding students in primary and upper secondary school levels. These awards are based on a student's achievements in both academic studies and extra-curriculum activities.

MARKETPLACE

The Group is committed to high standards of corporate governance and is mindful of the social and environment impact of its business practices and policies. Customers reply on the Group for quality and the assurance that the products that the Group supplies are responsibly managed and harvested. We aim for continuous improvement and work towards building long-term relationships with all stakeholders.

COMMUNITY

The Group acknowledges its duties as part of a wide community and always endeavours to lend a hand to those in need. The Group's Non-Independent Non-Executive Director, Tan Sri (Dr.) Ketheeswaran has been actively making contributions and providing financial support to various causes which include non-profit organisations.

To further boost this venture into helping the community at large, the Group has arranged for contributions to be made to the underprivileged such as orphanages, hospices and homes for senior citizens. One such contribution was during the Deepavali festive season, where the Group makes it a point to share some joy with underprivileged from a number of homes by contributing food and festive delicacies.

Additional Compliance Information

In order to comply with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the following additional information is provided:-

1. Audit and Non-audit fees

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

	Group RM	Company RM
Audit services rendered	104,500	40,000
Non-audit services rendered	5,000	5,000

2. Material contracts

   Since the end of the previous financial year, the Company and its subsidiaries have not entered into any material contract involving Directors and major shareholders.

3. Recurrent related party transactions of revenue nature

   During the financial year, the Company did not enter into any recurrent related party transactions of revenue/trading nature.

4. Utilisation of proceeds

   The status of the utilisation of proceed from the Disposal of RM413.574 million as at 30 June 2020 was as follows:

	Proposed utilisation as per circular to shareholder dated 27/12/2018 RM'000	Actual utilisation as at 30/6/2020 RM'000	Proceeds balance as at 30/6/2020 RM'000
Repayment of bank borrowings	126,700	(126,700)	-
Payment to creditors	111,700	(103,223)	8,477
Funding of oil palm business in Indonesia	95,000	(2,850)	92,150
Dividend to minority shareholders of a subsidiary	2,400	(2,400)	-
Working capital	19,274	-	19,274
Supplementary agreements as announced on 11 June 2019	12,500	(12,500)	-
Estimated expenses in relation to proposed disposal	46,000	(45,940)	60
	413,574	**(293,613)**	**119,961**

Directors' Resposibility Statement

The Board of Directors is responsible for ensuring that the financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards, the provisions of the Companies Act 2016 and Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board is committed to ensure that the financial statements of the Group and of the Company give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for that financial year.

In preparing the financial statements of the Group and of the Company, the Directors have adopted appropriate accounting policies and applied them consistently and prudently. The Directors have also ensured that those applicable accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which discloses with reasonable accuracy the financial position and performance of the Group and of the Company at any given time.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

The Board of Directors has general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 14 October 2020.

Financial Statements

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax		
- Continuing operations	(1,900,332)	39,676,027
- Discontinued operation	103,029,244	-
	101,128,912	39,676,027
Attributable to:-		
Owners of the Company	96,122,514	39,676,027
Non-controlling interests	5,006,398	-
	101,128,912	39,676,027

DIVIDENDS

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

The Directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off for bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

Directors' Report
(Cont'd)

DIRECTORS

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

Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam *
Dato' Ong Kim Hoay *
Dato' Nik Mohd Amin Bin Nik Abu Bakar *
Dato' Shahrom Bin Abdul Majid *
K. Selveswaran A/L Kanagaratnam * (Appointed on 23 October 2019)
Bala Krishnan A/L Ponniah (Appointed on 23 October 2019)

* Directors of the Company and certain subsidiaries

Other than as stated above, the name of the Director of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:-

Tuan Haji Abdul Latip Bin Mohd Zain
Amarution A/L Nadaraja (Appointed on 24 January 2020)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:-

(a) Interests in the Company

	Number of ordinary shares			
	At 1.7.2019	**Bought**	**Sold**	**At 30.6.2020**
Direct interests				
Dato' Ong Kim Hoay	21,000	-	-	21,000
Indirect/deemed interests				(1) (2)
Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam	48,432,524	-	-	48,432,524

(1) Deemed interested by virtue of the spouse's interest in Allgrow Capital Holdings Sdn. Bhd. (formerly known as Southgate Quays Holdings Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016 in Malaysia – 34,132,524 ordinary shares

(2) Indirect interest by virtue of the spouse's interest – 14,300,000 ordinary shares

DIRECTORS' INTERESTS (CONT'D)

(b) Interests in non-wholly owned subsidiaries

(i) Pinehill Plantations (Malaysia) Sdn. Bhd.

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Indirect interests				
K. Selveswaran A/L Kanagaratnam	1	-	-	1
Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam	47,627,175	-	-	47,627,175

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows (Cont'd):-

(ii) Tahir, Rozlan and Tasariff Sdn. Bhd.

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Indirect interests				
K. Selveswaran A/L Kanagaratnam	1	-	-	1
Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam	2,191,990	-	-	2,191,990

(iii) PT Makmur Jaya Malindo

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Indirect interests				
Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam	8,000	-	-	8,000

(iv) PT Inma Jaya Group

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Indirect interests				
Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam	760	-	-	760

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri (Dr.) Ketheeswaran A/L M. Kanagaratnam is deemed to have an interest in the ordinary shares of the related corporations to the extent that the Company has an interest.

Other than as stated above, none of the other Directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

Directors' Report
(Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the Directors as disclosed in Notes 14 and 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for, any Director and Officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 36 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Notes 14 and 27 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the Auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT (converted from a conventional partnership, Grant Thornton Malaysia on 1 January 2020), have indicated their willingness to accept re-appointment.

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

DATO' ONG KIM HOAY
Director

K. SELVESWARAN A/L KANAGARATNAM
Director

Date: 14 October 2020

Statements of Financial Position

As at 30 June 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**70,959,332**	73,734,884	**-**	-
Land use rights	6	**-**	19,875,212	**-**	-
Right-of-use assets	7	**19,969,454**	-	**-**	-
Investment in subsidiaries	8	**-**	-	**68,608,456**	68,608,456
Total non-current assets		**90,928,786**	93,610,096	**68,608,456**	68,608,456
Current assets					
Biological assets	9	**3,879**	296,128	**-**	-
Inventories	10	**257,555**	585,178	**-**	-
Trade and other receivables	11	**610,498**	933,786	**17,041**	18,271
Amount owing by subsidiaries	12	**-**	-	**22,813**	17,659
Cash and short-term deposits	13	**126,861,067**	231,790	**2,479**	1,224
		127,732,999	2,046,882	**42,333**	37,154
Assets classified as held for sale	14(a)	**-**	252,032,153	**-**	-
Total current assets		**127,732,999**	254,079,035	**42,333**	37,154
TOTAL ASSETS		**218,661,785**	347,689,131	**68,650,789**	68,645,610
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	**74,902,067**	74,902,067	**74,902,067**	74,902,067
Other reserves	16	**9,717,858**	265,878,555	**-**	-
Retained earnings/(Accumulated losses)		**129,200,691**	(276,629,432)	**(7,073,781)**	(46,749,808)
		213,820,616	64,151,190	**67,828,286**	28,152,259
Non-controlling interests		**(4,866,752)**	(10,418,139)	**-**	-
TOTAL EQUITY		**208,953,864**	53,733,051	**67,828,286**	28,152,259

Statements of Financial Position

As at 30 June 2020 (Cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current liabilities					
Loans and borrowings	17	**-**	131,164	**-**	-
Deferred tax liabilities	18	**1,567,839**	56,814,385	**-**	-
Amount owing to a former corporate shareholder	19	**-**	26,659,795	**-**	-
Amount owing to a Director	20	**-**	7,631,649	**-**	270,000
Total non-current liabilities		**1,567,839**	91,236,993	**-**	270,000
Current liabilities					
Loans and borrowings	17	**-**	126,798,175	**-**	-
Trade and other payables	21	**8,135,631**	51,096,657	**281,331**	526,601
Amounts owing to a subsidiary	12	**-**	-	**541,172**	38,996,750
Amounts owing to Directors	20	**-**	700,000	**-**	700,000
Tax payable		**4,451**	24,124,255	**-**	-
Total current liabilities		**8,140,082**	202,719,087	**822,503**	40,223,351
TOTAL LIABILITIES		**9,707,921**	293,956,080	**822,503**	40,493,351
TOTAL EQUITY AND LIABILITIES		**218,661,785**	347,689,131	**68,650,789**	68,645,610

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 30 June 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Continuing operations					
Revenue	22	**813,820**	505,450	**40,483,099**	-
Cost of sales	23	**(7,059,111)**	(7,087,985)	**-**	-
Gross (loss)/profit		**(6,245,291)**	(6,582,535)	**40,483,099**	-
Other income	24	**6,754,325**	49,268	**-**	-
Administrative expenses		**(6,790,750)**	(3,221,509)	**(807,501)**	(1,035,894)
Net impairment losses on financial instruments		**-**	(18,372)	**-**	-
Operating (loss)/profit before tax		**(6,281,716)**	(9,773,148)	**39,675,598**	(1,035,894)
Finance income	25	**4,739,338**	3,105	**429**	-
Finance costs	26	**(482)**	-	**-**	-
(Loss)/Profit before tax	27	**(1,542,860)**	(9,770,043)	**39,676,027**	(1,035,894)
Income tax expense	29	**(357,472)**	-	**-**	-
(Loss)/Profit for the financial year from continuing operations		**(1,900,332)**	(9,770,043)	**39,676,027**	(1,035,894)
Profit/(Loss) for the financial year from discontinued operation, net of tax	14(b)	**103,029,244**	(22,647,362)	**-**	-
Profit/(Loss) for the financial year		**101,128,912**	(32,417,405)	**39,676,027**	(1,035,894)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		**1,254,759**	2,560,193	**-**	-
Other comprehensive income for the financial year		**1,254,759**	2,560,193	**-**	-
Total comprehensive income/(loss) for the financial year		**102,383,671**	(29,857,212)	**39,676,027**	(1,035,894)

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 30 June 2020 (Cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Profit/(Loss) attributable to:-					
Owners of the Company		**96,122,514**	(29,042,088)	**39,676,027**	(1,035,894)
- From continuing operations		**(874,054)**	(6,354,703)	**39,676,027**	(1,035,894)
- From discontinued operation		**96,996,568**	(22,687,385)	**-**	-
Non-controlling interests		**5,006,398**	(3,375,317)	**-**	-
- From continuing operations		**(1,026,278)**	(3,415,340)	**-**	-
- From discontinued operation		**6,032,676**	40,023	**-**	-
		101,128,912	(32,417,405)	**39,676,027**	(1,035,894)
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		**97,732,530**	(25,997,344)	**39,676,027**	(1,035,894)
- From continuing operations		**735,962**	(3,309,959)	**39,676,027**	(1,035,894)
- From discontinued operation		**96,996,568**	(22,687,385)	**-**	-
Non-controlling interests		**4,651,141**	(3,859,868)	**-**	-
- From continuing operations		**(1,381,535)**	(3,899,891)	**-**	-
- From discontinued operation		**6,032,676**	40,023	**-**	-
		102,383,671	(29,857,212)	**39,676,027**	(1,035,894)
Basic earnings/(loss) per share (sen):-	30				
- From continuing operations		**(0.58)**	(4.24)		
- From discontinued operation		**64.75**	(15.14)		
		64.17	(19.38)		
Diluted earnings/(loss) per share (sen):-	30				
- From continuing operations		**(0.58)**	(4.24)		
- From discontinued operation		**64.75**	(15.14)		
		64.17	(19.38)		

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

Statements of Changes in Equity

For the Financial Year ended 30 June 2020

Group	Share capital RM	Revaluation reserve RM	Translation reserve RM	Accumulated losses RM	Sub-total RM	Non-controlling interests RM	Total equity RM
	← Attributable to owners of the Company				→		
At 1 July 2018	**74,902,067**	**257,770,713**	**5,063,098**	**(247,587,344)**	**90,148,534**	**(6,558,271)**	**83,590,263**
Total comprehensive income/(loss) for the financial year							
Loss for the financial year	-	-	-	(29,042,088)	(29,042,088)	(3,375,317)	(32,417,405)
Other comprehensive income/(loss) for the financial year	-	-	3,044,744	-	3,044,744	(484,551)	2,560,193
Total comprehensive income/(loss)	-	-	3,044,744	(29,042,088)	(25,997,344)	(3,859,868)	(29,857,212)
At 30 June 2019	74,902,067	257,770,713	8,107,842	(276,629,432)	64,151,190	(10,418,139)	53,733,051

Statements of Changes in Equity

For the Financial Year ended 30 June 2020 (Cont'd)

Group (cont'd)	Attributable to owners of the Company						
	Share capital RM	Revaluation reserve RM	Translation reserve RM	(Accumulated losses)/ Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 July 2019	74,902,067	257,770,713	8,107,842	(276,629,432)	64,151,190	(10,418,139)	53,733,051
Total comprehensive income/(loss) for the financial year							
Profit for the financial year	-	-	-	96,122,514	96,122,514	5,006,398	101,128,912
Other comprehensive income/(loss) for the financial year	-	-	1,610,016	-	1,610,016	(355,257)	1,254,759
Total comprehensive income	-	-	1,610,016	96,122,514	97,732,530	4,651,141	102,383,671
Realisation in revaluation due to disposal of assets	-	(257,770,713)	-	257,770,713	-	-	-
Realisation in deferred taxation previously recognised on revaluation	-	-	-	51,936,896	51,936,896	3,257,147	55,194,043
Transactions with owners of the Company:-							
Dividend paid to non-controlling interests	-	-	-	-	-	(2,356,901)	(2,356,901)
At 30 June 2020	**74,902,067**	**-**	**9,717,858**	**129,200,691**	**213,820,616**	**(4,866,752)**	**208,953,864**

Statements of
Changes in Equity

For the Financial Year ended 30 June 2020 (Cont'd)

Company	Share capital RM	Accumulated losses RM	Total equity RM
At 1 July 2018	74,902,067	(45,713,914)	29,188,153
Loss for the financial year, representing total comprehensive loss for the financial year	-	(1,035,894)	(1,035,894)
At 30 June 2019	74,902,067	(46,749,808)	28,152,259
Profit for the financial year, representing total comprehensive income for the financial year	-	39,676,027	39,676,027
At 30 June 2020	**74,902,067**	**(7,073,781)**	**67,828,286**

Statements of Cash Flows

For the Financial Year ended 30 June 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
Profit/(Loss) before tax:-					
- Continuing operations		**(1,542,860)**	(9,770,043)	**39,676,027**	(1,035,894)
- Discontinued operation	14(b)	**103,029,244**	(24,052,020)	**-**	-
		101,486,384	(33,822,063)	**39,676,027**	(1,035,894)
Adjustments for:-					
Amortisation of land use rights		**-**	239,980	**-**	-
Depreciation of right-of-use assets		**246,590**	-	**-**	-
Depreciation of property, plant and equipment		**3,670,496**	23,383,948	**-**	-
Fair value loss on biological assets		**292,341**	332,510	**-**	-
Impairment loss on trade and other receivables		**-**	21,866	**-**	-
Inventories written off		**-**	15,455	**-**	-
Interest expense:-					
- Continuing operations		**482**	-	**-**	-
- Discontinued operation		**2,751**	6,691,487	**-**	-
Impairment losses on property, plant and equipment		**-**	508,769	**-**	-
Property, plant and equipment written off		**136,932**	422,716	**-**	-
Gain on disposal of assets held for sale		**(141,949,144)**	-	**-**	-
Gain on disposal of property, plant and equipment		**(52,169)**	(54,307)	**-**	-
Interest income:-					
- Continuing operations		**(4,739,338)**	(3,105)	**(429)**	-
- Discontinued operation		**(365,717)**	(7)	**-**	-
Net unrealised foreign exchange loss/(gain)		**49,950**	(3,520)	**-**	-
Reversal of impairment loss on other receivables		**-**	(3,494)	**-**	-
Reversal of impairment loss on property, plant and equipment		**(66,869)**	-	**-**	-
Waiver of tax penalty		**(5,005,575)**	-	**-**	-
Waiver of debts		**(144,084)**	-	**-**	-
Overprovision of accruals in prior years		**(1,359,360)**	-	**-**	-
Operating (loss)/profit before changes in working capital		**(47,796,330)**	(2,269,765)	**39,675,598**	(1,035,894)
Changes in working capital:-					
Inventories		**327,623**	243,022	**-**	-
Trade and other receivables		**323,288**	12,979	**1,230**	(195)
Trade and other payables		**(36,452,007)**	7,524,613	**(1,215,270)**	364,281
Net cash (used in)/from operations, carried forward		**(83,597,426)**	5,510,849	**38,461,558**	(671,808)

Statements of Cash Flows

For the Financial Year ended 30 June 2020 (Cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Net cash (used in)/from operations, brought forward		**(83,597,426)**	5,510,849	**38,461,558**	(671,808)
Income tax paid		**(24,529,779)**	(350,000)	**-**	-
Interest paid		**(3,233)**	(6,691,487)	**429**	-
Interest received		**5,105,055**	3,112	**-**	-
Net cash (used in)/from operating activities		**(103,025,383)**	(1,527,526)	**38,461,987**	(671,808)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**509,313**	153,948	**-**	-
Proceeds from disposal of assets held for sale	14(a)	**393,981,297**	-	**-**	-
Purchase of property, plant and equipment		**(113,181)**	(198,533)	**-**	-
Withdrawal of fixed deposits with a licensed bank		**34,500**	-	**-**	-
Advances to a subsidiary		**-**	-	**(5,154)**	(1,454)
Net cash from/(used in) investing activities		**394,411,929**	(44,585)	**(5,154)**	(1,454)
Cash flows from financing activities	(a)				
(Repayment to)/Advances from a subsidiary		**-**	-	**(38,455,578)**	673,297
Repayment of lease liabilities/finance lease liabilities		**(246,641)**	(113,723)	**-**	-
Repayment of term loan		**(126,682,698)**	-	**-**	-
Repayment to a former corporate shareholder		**(26,659,795)**	-	**-**	-
Repayment to Directors		**(8,331,649)**	-	**-**	
Dividend paid		**(2,356,901)**	-	**-**	-
Net cash (used in)/from financing activities		**(164,277,684)**	(113,723)	**(38,455,578)**	673,297
Net increase/(decrease) in cash and cash equivalents		**127,108,862**	(1,685,834)	**1,255**	35
Cash and cash equivalents at the beginning of the financial year		**197,290**	1,875,868	**1,224**	1,189
Effect of exchange rate changes on cash and cash equivalents		**(445,085)**	7,256	**-**	-
Cash and cash equivalents at the end	13	**126,861,067**	197,290	**2,479**	1,224

(a) Reconciliation of liabilities arising from financing activities:-

Group	**1 July 2019 RM**	**Cash flows RM**	**Others RM**	**30 June 2020 RM**
Former corporate shareholder	26,659,795	(26,659,795)	-	-
Directors	8,331,649	(8,331,649)	-	-
Term loans	126,682,698	(126,682,698)	-	-
Lease liabilities/Finance lease liabilities	246,641	(246,641)	-	-
	161,920,783	(161,920,783)	-	-

	1 July 2018 RM	**Cash flows RM**	**Others RM**	**30 June 2019 RM**
Former corporate shareholder	26,659,795	-	-	26,659,795
Directors	8,277,649	-	54,000[(i)]	8,331,649
Term loans	126,167,560	-	515,138[(ii)]	126,682,698
Finance lease liabilities	360,364	(113,723)	-	246,641
	161,465,368	(113,723)	569,138	161,920,783

(i) Others include provision of Director's fees during the financial year.
(ii) Others include additions of term loan incremental cost during the financial year.

Company

Changes in liabilities arising from financing activity are changes arising from cash flows.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Pinehill Pacific Berhad ("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 and the principle place of business of the Company is located at No. 2-3, Third Floor, Jalan Suria Puchong 6, Pusat Perniagaan Suria Puchong, 47110 Puchong, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 14 October 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/ amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 July 2019.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for:-

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC interpretation 4 Determine whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease – Incentives and IC Interpretation 127 Evaluating the Substance of Transaction Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

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

The Group adopted MFRS 16 using the modified retrospective method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new standards/amendments/improvements to MFRSs (Cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for (Cont'd):-

MFRS 16 Leases (Cont'd)

Upon the adoption of MFRS 16, the Group has reclassified the carrying amount of leasehold land to right-of-use assets, which had previously been classified as 'land use rights' under the principles of MFRS 117 Leases.

The effect of adoption MFRS 16 as at 1 July 2019 are, as follows:-

		Impact of change in accounting policy		
Group	**Note**	**30 June 2019 RM**	**MFRS 16 adjustments RM**	**1 July 2019 RM**
Non-current assets				
Land use rights	6	19,875,212	(19,875,212)	-
Right-of-use assets	7	-	19,875,212	19,875,212
Non-current liabilities				
Finance lease liabilities	17	131,164	(131,164)	-
Lease liabilities	17	-	131,164	131,164
Current liabilities				
Finance lease liabilities	17	115,477	(115,477)	-
Lease liabilities	17	-	115,477	115,477

Leases previously classified as finance lease

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 July 2019.

The Group's leasehold land which in substance were a finance lease previously classified as land use rights meets the definition of rights-of-use asset separately. Instead, they are included in the same item when the corresponding underlying assets would be presented if they were owned.

Leases previously accounted for as operating leases

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

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new standards/amendments/improvements to MFRSs (Cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements, except for (Cont'd):-

MFRS 16 Leases (Cont'd)

Leases previously accounted for as operating leases (Cont'd)

The Group also applied the available practical expedients wherein it:-

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group and the Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to MFRS 3	Business Combinations - Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Financial Instruments, Financial Instruments: Recognition and Measurement, and Financial Instruments: Disclosures - Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to MFRS 16	Leases - Covid-19-Related Rent Concessions
MFRS 17	Insurance Contracts
Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract-Cost of Fulfilling a Contract
Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Revised Conceptual Framework for Financial Reporting	
Annual Improvements to MFRS Standards 2018-2020	

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group and of the Company in future periods.

2. BASIS OF PREPARATION (CONT'D)

2.4 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"), which includes Ringgit Malaysia ("RM") and Indonesian Rupiah ("IDR"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3 and on the assumption that the Group will continue as going concerns.

The Company announced on 3 September 2019 that the Company becomes an affected listed issuer pursuant to Paragraphs 8.03A 2(a)(bb) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The Company will be required to submit a regularisation plan to Bursa Malaysia Securities Berhad within 12 months from the announcement date that the regularisation plan does not result in a significant change in the business direction or policy of the Company. In the event that the Company undertakes a regularisation plan which will result in a significant change in its business direction or policy, the Company is required to submit the regularisation plan to Securities Commission ("SC") for approval. Thereafter, the Company is required to implement the plan within the timeline stipulated by either Bursa Malaysia or SC, as the case may be.

Pursuant to the circular dated 26 March 2020 issued by Bursa Malaysia Securities Berhad on the additional relief measures to alleviate the impact of Coronavirus Disease 2019 ("COVID-19") the requisite time for submission of a regularisation plan by listed issuers which trigger the criteria under Paragraph 8.03A or 8.04 (Practice Note 17) of the MMLR has been extended from 12 months to 24 months from the date of the First Announcement.

The Company has extension until 3 September 2021 to submit a regularisation plan to the relevant authorities for approval and will make further announcements in relation to any latest development in accordance with the requirements under Paragraph 8.03A of the MMLR.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 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 to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity. Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b) below.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is 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 as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

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.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:-

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

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

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):-

(i) Financial assets (Cont'd)

For the purposes of subsequent measurement, financial assets are classified in four categories (Cont'd):-

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:-

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in 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 other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss ("FVPL")**
  Financial assets at FVPL 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 FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):-

(i) Financial assets (Cont'd)

For the purposes of subsequent measurement, financial assets are classified in four categories (Cont'd):-

<u>Equity instruments</u>

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the 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 other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and 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.

<u>Financial liabilities at amortised cost</u>

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:-

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:-

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; 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.

The Group and the Company 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

A financial asset or a part of it is derecognised when, and only when (Cont'd):-

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.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets, other than bearer plants, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

Leasehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued assets does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

Cost of bearer plants consists of plantation development costs incurred from the commencement of planting of oil palm seedlings up to the maturity of the crop cultivated. Capitalisation of plantation development and other operating costs ceases upon the commencement of commercial harvesting of the agricultural produce. Estate overhead expenditure is apportioned on the basis of the proportion of matured and immatured areas and expenditure incurred after maturing of crops are recognised in profit or loss.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, other than bearer plants, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Leasehold land is amortised over the period of the respective leases.

Bearer plants are amortised on a straight-line basis over a period of 25 years upon the respective oil palm plantings having reached maturity.

All other property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:-

Estate buildings	2% - 10%
Furniture and fittings, office renovation, office equipment and computer equipment	5% - 20%
Plant, machinery, electrical installation and agricultural equipment	10%
Motor vehicles	20%
Road and bridges	20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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 arising on derecognition of the asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

Accounting policies applied from 1 July 2019

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

Group as lessee

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

(a) Right-of-use assets

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

Leasehold land	70 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 3.13 Impairment of non-financial assets.

The right-of-use assets are amortised over their expected lease period of 70 years which includes the extendable term of up to 25 years that is subject to the approval of the relevant authorities and payment of additional premium for the renewal. The estimation of the expected lease period is based on internal operational experiences in the business, expected date of approval of Sertifikat Hak Guna Usaha ("HGU"), extension of the lease and related laws and regulations in the Republic of Indonesia.

In respect of the subsidiaries in Indonesia, land use rights include land rights which represent the actual costs associated with the issuance of land titles, area survey and land remeasurement fees, notarial fees, taxes and other expenses.

(b) Lease liabilities

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

Accounting policies applied from 1 July 2019 (Cont'd)

Group as lessee (Cont'd)

(b) Lease liabilities (Cont'd)

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

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

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

Group as lessor

The accounting policy under MFRS 16 has not changed from the previous accounting policy under MFRS 117 for lessor accounting.

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

Accounting policies applied until 30 June 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

Accounting policies applied until 30 June 2019 (Cont'd)

(a) Lessee accounting (Cont'd)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 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, if any. The land use rights are amortised over their expected lease period of 70 years which includes the extendable term of up to 25 years that is subject to the approval of the relevant authorities and payment of additional premium for the renewal. The estimation of the expected lease period is based on internal operational experiences in the business, expected date of approval of Sertifikat Hak Guna Usaha ("HGU"), extension of the lease and related laws and regulations in the Republic of Indonesia.

In respect of the subsidiaries in Indonesia, land use rights include land rights which represent the actual costs associated with the issuance of land titles, area survey and land remeasurement fees, notarial fees, taxes and other expenses.

3.8 Biological assets

The biological assets of the Group include produce growing on bearer plants, which are the fresh fruit bunches of the oil palm trees, are measured at fair value less costs to sell and changes in fair value less costs to sell are recognised as gain and loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined using the weighted average basis. The costs of crude palm oil and palm kernel comprise costs of raw material, direct labour and appropriate proportions manufacturing overheads based on normal operating capacity. The costs of consumable inventories comprise actual cost of materials and incidentals in bringing the inventories to their present location and condition.

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

3.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:-

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.11 Discontinued operation

A disposal group qualified as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:-

- represents a separate major line of business or geographical areas of operations;
- is part of a single co-ordinated plant to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative period.

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:-

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:-

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

(a) Impairment of financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax liabilities) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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 were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, 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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

3.14 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, companies in Malaysia contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group assesses the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

<u>Financing components</u>

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods

Revenue from sale of fresh fruit bunches ("FFB"), crude palm oil and palm kernel are recognised at a point in time when control of the produce has been transferred, being when the customer accepts the delivery of goods.

Sales are made within a credit term of ranging from 3 to 15 days. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(b) Interest income

Interest income is recognised using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

Financing components (Cont'd)

(c) Dividend income

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

(d) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 the benefit of part or all of that 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 is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on 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.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:-

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

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

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(d) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:-

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

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

3.19 Earnings/(Loss) per share

The Group presents basic and diluted earnings/(loss) per share ("EPS/LPS") data for its ordinary shares. Basic EPS/LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS/LPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

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 manager reports directly to the Board of Directors of the Company who periodically review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.21 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Fair value measurements (Cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.22 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 event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:-

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.23 Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

  (i) has control or joint control over the Group and the Company;
  (ii) has significant influence over the Group and the Company; or
  (iii) is a member of the key management personnel of the parent of the Group and of the Company, or the Group.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

  (i) the entity and the Group and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity;
  (iii) both entities are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group and the Company or an entity related to the Group and the Company;
  (vi) the entity is controlled or jointly-controlled by a person identified in (a) above;
  (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity or of the parent of the entity; or
  (viii) the entity, or any member of a company of which it is a part, provides key management personnel services to the parent of the Group and of the Company or the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:-

(a) Useful lives of depreciable assets

Property, plant and equipment, right-of-use assets and land use rights are depreciated on a straight-line basis over their useful life. Management estimates the useful lives of the property, plant and equipment, right-of-use assets and land use rights to be within 5 to 50 years and reviews the useful lives of depreciable assets at each end of the reporting period. As at 30 June 2020, management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Notes 5, 6 and 7 to the financial statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's assets.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's profit for the financial year.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 10 to the Financial Statements.

The management expects that the expected net realisable value of the inventories would not have material difference from the management's estimates and hence it would not result in material variance in the Group's loss for the financial year.

(c) Impairment of property, plant and equipment, right-of-use assets and land use rights

The Group reviews the carrying amounts of the property, plant and equipment, right-of-use assets and land use rights as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount of these assets are determined using fair value less cost of disposal determined by external independent property valuer. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

The carrying amounts of the Group's property, plant and equipment, right-of-use assets and land use rights are disclosed in Notes 5, 6 and 7.

(d) Amortisation of bearer plants

Bearer plants are amortised on a straight-line basis upon maturity of the crops over the estimated useful life of oil palms. Management estimates the useful life of oil palm to be 25 years, which is within the range of life expectancy of palm used in the industry. Changes in the future environmental conditions, potential natural disasters, and agricultural advancements could impact the useful life and residual values of the oil palms, therefore amortisation charges could be revised.

The carrying amount of the Group's bearer plants is disclosed in Note 5.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following (Cont'd):-

(e) Expected credit loss ("ECL")

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime ECL allowance for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on the days past due. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

(f) Income taxes and deferred tax liabilities

Significant judgement is involved in determining the Group-wide and Company-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	* Estate buildings RM	** Plant and machinery RM	*** Other assets RM	Motor vehicles RM	Road and bridges RM	Bearer plants RM	Total RM
2020								
Cost								
At 1 July 2019	-	1,190,208	1,324,752	1,193,129	4,020,601	5,481,151	87,088,354	100,298,195
Additions	-	3,857	-	48,926	6,656	-	53,742	113,181
Disposals	-	-	(86,000)	-	(294,908)	-	(449,439)	(830,347)
Written off	-	-	(576,014)	(651,413)	(591,204)	-	-	(1,818,631)
Exchange differences	-	29,703	16,722	13,358	117,827	138,305	1,794,706	2,110,621
At 30 June 2020	-	1,223,768	679,460	604,000	3,258,972	5,619,456	88,487,363	99,873,019
Accumulated depreciation and impairment losses								
At 1 July 2019	-	820,533	1,238,515	1,095,460	3,950,447	5,301,789	14,156,567	26,563,311
Depreciation charge for the financial year	-	85,379	29,595	7,835	16,258	178,906	3,352,523	3,670,496
Disposals	-	-	(86,000)	-	(287,203)	-	-	(373,203)
Written off	-	-	(574,379)	(588,052)	(519,268)	-	-	(1,681,699)
Reversal of impairment loss for the financial year	-	-	-	-	-	-	(66,869)	(66,869)
Exchange differences	-	23,274	15,103	12,981	75,350	138,079	536,864	801,651
At 30 June 2020	-	929,186	622,834	528,224	3,235,584	5,618,774	17,979,085	28,913,687

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

Group (Cont'd)	Leasehold land RM	* Estate buildings RM	** Plant and machinery RM	*** Other assets RM	Motor vehicles RM	Road and bridges RM	Bearer plants RM	Total RM
2020 (Cont'd)								
Analysed as:-								
At 30 June 2020								
- Accumulated depreciation	-	929,186	622,834	528,224	3,235,584	5,618,774	17,403,225	28,337,827
- Accumulated impairment losses	-	-	-	-	-	-	575,860	575,860
	-	929,186	622,834	528,224	3,235,584	5,618,774	17,979,085	28,913,687
Carrying amount								
At 30 June 2020	-	294,582	56,626	75,776	23,388	682	70,508,278	70,959,332
2019								
Cost								
At 1 July 2018	269,600,000	5,816,904	12,650,445	3,170,402	4,351,991	5,256,299	173,937,491	474,783,532
Additions	-	34	59,219	4,332	-	-	134,948	198,533
Disposals	-	-	(517,999)	-	(320,909)	-	(99,621)	(938,529)
Written off	-	-	(3,198,045)	(1,967,609)	(133,705)	-	(373,078)	(5,672,437)
Transfer to assets classified as held for sale (Note 14)	(269,600,000)	(4,674,868)	(7,695,947)	(35,166)	-	-	(89,366,685)	(371,372,666)
Exchange differences	-	48,138	27,079	21,170	123,224	224,852	2,855,299	3,299,762
At 30 June 2019	-	1,190,208	1,324,752	1,193,129	4,020,601	5,481,151	87,088,354	100,298,195

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

Group (Cont'd)	Leasehold land RM	* Estate buildings RM	** Plant and machinery RM	*** Other assets RM	Motor vehicles RM	Road and bridges RM	Bearer plants RM	Total RM
2019 (Cont'd)								
Accumulated depreciation and impairment losses								
At 1 July 2018	29,593,544	5,311,602	11,640,761	3,045,941	4,259,240	4,661,718	68,661,936	127,174,742
Depreciation charge for the financial year	14,796,773	110,773	219,371	23,298	24,225	430,726	7,778,782	23,383,948
Disposals	-	-	(517,987)	-	(320,901)	-	-	(838,888)
Written off	-	-	(3,153,035)	(1,962,999)	(133,687)	-	-	(5,249,721)
Impairment loss for the financial year	-	-	-	-	-	-	508,769	508,769
Transfer to assets classified as held for sale (Note 14)	(44,390,317)	(4,634,892)	(6,973,423)	(31,571)	-	-	(63,310,310)	(119,340,513)
Exchange differences	-	33,050	22,828	20,791	121,570	209,345	517,390	924,974
At 30 June 2019	-	820,533	1,238,515	1,095,460	3,950,447	5,301,789	14,156,567	26,563,311
Analysed as:-								
At 30 June 2019								
- Accumulated depreciation	-	820,533	1,238,515	1,095,460	3,950,447	5,301,789	13,513,838	25,920,582
- Accumulated impairment losses	-	-	-	-	-	-	642,729	642,729
	-	820,533	1,238,515	1,095,460	3,950,447	5,301,789	14,156,567	26,563,311
Carrying amount								
At 30 June 2019	-	369,675	86,237	97,669	70,154	179,362	72,931,787	73,734,884

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

	Office renovation and electrical installation RM	*** Other assets RM	Total RM
Company			
Cost			
At 1 July 2018	665,121	684,229	1,349,350
Written off	(665,121)	(684,229)	(1,349,350)
At 30 June 2019/2020	-	-	-
Accumulated depreciation			
At 1 July 2018	665,121	684,229	1,349,350
Written off	(665,121)	(684,229)	(1,349,350)
At 30 June 2019/2020	-	-	-
Carrying amount			
At 30 June 2019/2020	-	-	-

* Estate buildings consist of factory building, staff quarters and a freehold property.
** Plant and machinery consist of plant, machinery, electrical installation and agricultural equipment.
*** Other assets consist of furniture, fittings, office equipment and computer equipment.

(a) Bearer plants

(i) Bearer plants represent plantation development expenditure and replanting expenditure which consist of expenses incurred in connection with the development of the oil palm plantation in the District of Hilir Perak, Teluk Intan, Perak, Malaysia and its Indonesian subsidiaries located at Kabupaten Sintang, Kalimantan Barat in the Republic of Indonesia.

(ii) The additions of bearer plants include expenses incurred on plantation development expenditure and replanting expenditure, and capitalisation of borrowing costs. Included in additions during the financial year are employee benefit expenses amounting to RMNil (2019: RM3,369).

(iii) In the previous financial year, the Group carried out a review of the recoverable amount of its bearer plants. The review led to an impairment loss of RM508,769. During the financial year, the impairment loss of RM66,869 was reversed due to disposal of bearer plant.

(b) Assets held under finance leases

As at 30 June 2019, the motor vehicle of the Group with net carrying value of RM1 were acquired under finance lease arrangement.

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

(c) Assets pledged as security

The estate buildings and plant and machinery of the Group are pledged as security to secure term loans and borrowings of the Group as disclosed in Note 17 are as follows.

	Group	
	2020 **RM**	**2019** **RM**
Estate buildings	-	369,675
Plant and machinery	-	86,237
Motor vehicles	-	33,052
	-	488,964

6. LAND USE RIGHTS

	Group	
	2020 **RM**	**2019** **RM**
Cost		
At 1 July 2019, as previously stated/At 1 July 2018	**23,722,826**	23,001,236
Adjustment on initial application of MFRS 16	**(23,722,826)**	-
At 1 July 2019, restated/At 1 July 2018	-	23,001,236
Exchange differences	-	721,590
At 30 June	-	23,722,826
Accumulated amortisation		
At 1 July 2019, as previously stated/At 1 July 2018	**3,847,614**	3,454,334
Adjustment on initial application of MFRS 16	**(3,847,614)**	-
At 1 July 2019, restated/At 1 July 2018	-	3,454,334
Charge for the financial year	-	239,980
Exchange differences	-	153,300
At 30 June	-	3,847,614
Carrying amount		
At 1 July 2019/2018	**19,875,212**	19,546,902
At 30 June	-	19,875,212

The details of land use rights ("LUR") of the Group are disclosed in Note 7.

As at 30 June 2019, LUR of the Group have been pledged as security to secure term loans of the Group as disclosed in Note 17.

7. RIGHT-OF-USE ASSETS

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

	Leasehold land RM
Group	
Cost	
At 1 July 2019	23,722,826
Exchange differences	443,845
At 30 June 2020	24,166,671
Accumulated depreciation	
At 1 July 2019	3,847,614
Charge for the financial year	246,590
Exchange differences	103,013
At 30 June 2020	4,197,217
Carrying amount	
At 30 June 2020	19,969,454

Right-of-use assets ("ROU") represent the short-term leasehold land in the Republic of Indonesia acquired through the acquisition of Pinehill Ventures Limited and its subsidiaries.

ROU had been approved for the development of oil palm plantation and the approval was extended to the subsidiaries incorporated in the Republic of Indonesia, namely, PT. Makmur Jaya Malindo, PT. Inma Jaya Group, PT. Indomal Sawit Jaya, and PT. Inma Makmur Lestari (collectively referred to herein as the "Indonesian subsidiaries") in the form of Izin Lokasi in 2005. With the Izin Lokasi, the Indonesian subsidiaries are allowed to do land clearing and planting of oil palm.

All Indonesian subsidiaries had obtained the Izin Usaha Perkebunan ("IUP") in 2016 declaring the final width of lands that have been successfully acquired and completed with physical activities as the basis for the Indonesian subsidiaries to apply for the cadastral for the application of Sertifikat Hak Guna Usaha ("HGU").

The Indonesian subsidiaries are in the process of applying to Badan Pertanahan Nasional Indonesia for the HGU. It will be granted for a lease period up to 70 years with a renewable term up to 25 years which is as per the relevant laws and regulations made to HGU in the Republic of Indonesia.

8. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM	Company 2019 RM
At cost		
Unquoted shares	**68,608,556**	68,608,556
Less: Accumulated impairment losses	**(100)**	(100)
	68,608,456	68,608,456

Details of the subsidiaries are as follows:-

Name of company	Principal activities	Principal place of business/Country of incorporation	Proportion of ownership interest/ voting rights 2020 %	2019 %
Held by the Company				
Pinehill Plantations (Malaysia) Sdn. Bhd. ("PPM")	Investment holding, oil palm cultivation and processing	Malaysia	**94.5%**	94.5%
Agri Business Advisory Services Sdn. Bhd.	Dormant	Malaysia	**100%**	100%
Held through PPM				
Syarikat Kaum Melayu Hilir Perak Sdn. Bhd.	Oil palm cultivation	Malaysia	**100%**	100%
Tahir, Rozlan and Tasariff Sdn. Bhd.	Oil palm cultivation	Malaysia	**91.33%**	91.33%
Pinehill Ventures Limited ^	Investment holding and plantation management service provider	Labuan, Malaysia	**100%**	100%
Held through Pinehill Ventures Limited				
PT. Makmur Jaya Malindo *^	Oil palm cultivation and processing	Republic of Indonesia	**80%**	80%
Held through PT. Makmur Jaya Malindo				
PT. Inma Jaya Group *^	Oil palm cultivation	Republic of Indonesia	**95%**	95%
PT. Inma Makmur Lestari *^	Oil palm cultivation	Republic of Indonesia	**99.88%**	99.88%
PT. Indomal Sawit Jaya *^	Oil palm cultivation	Republic of Indonesia	**99.88%**	99.88%
PT. Sintang Sawit Lestari *	Dormant	Republic of Indonesia	**99.88%**	99.88%

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Principal place of business/Country of incorporation	Proportion of ownership interest/ voting rights 2020 %	2019 %
Held through PT. Inma Makmur Lestari				
PT. Indomal Sawit Jaya *^	Oil palm cultivation	Republic of Indonesia	**0.12%**	0.12%
PT. Sintang Sawit Lestari *	Dormant	Republic of Indonesia	**0.12%**	0.12%
PT. Inma Makmur Lestari *^	Oil palm cultivation	Republic of Indonesia	**0.12%**	0.12%

* Audited by Grant Thornton Malaysia PLT for the purpose of consolidation in the financial statements of the Group.

^ As at 30 June 2019, all shares are pledged for borrowing facilities granted to PPM as disclosed in Note 17.

(a) Non-controlling interests in subsidiaries

The financial information of the Company's subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	PPM and its subsidiaries RM	Total RM
2020		
NCI proportion of ownership interest and voting rights	**5.50%**	
Carrying amount of NCI	**(4,866,752)**	**(4,866,752)**
Profit allocated to NCI	**5,006,398**	**5,006,398**
Total comprehensive income allocated to NCI	**4,651,141**	**4,651,141**
Dividend paid to NCI	**(2,356,901)**	**(2,356,901)**
2019		
NCI proportion of ownership interest and voting rights	**5.50%**	
Carrying amount of NCI	(10,418,139)	(10,418,139)
Loss allocated to NCI	(3,375,317)	(3,375,317)
Total comprehensive loss allocated to NCI	(3,859,868)	(3,859,868)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of material NCI

The summarised financial information (before intra-group elimination) of the Company's subsidiaries that have material NCI are as follows:-

	PPM and its subsidiaries	
	2020	**2019**
	RM	**RM**
Summarised statements of financial position		
Current assets	**128,254,647**	293,056,290
Non-current assets	**90,928,786**	93,610,096
Current liabilities	**(7,829,243)**	(256,667,215)
Non-current liabilities	**(1,567,839)**	(35,761,762)
Net assets	**209,786,351**	94,237,409
Non-controlling interests	**(17,359,792)**	(16,509,203)
Summarised statements of comprehensive income		
Revenue	**1,765,794**	16,483,027
Profit/(Loss) for the financial year	**101,940,138**	(31,379,257)
Total comprehensive income/(loss)	**103,194,074**	(28,819,065)
Summarised cash flows information		
Cash flows used in operating activities	**(101,969,119)**	(862,926)
Cash flows from/(used in) investing activities	**432,867,507**	(717,883)
Cash flows used in financing activities	**(203,789,958)**	(113,723)
Net increase/(decrease) in cash and cash equivalents	**127,108,430**	(1,694,532)

(c) Significant restriction

There is no restriction in the ability of the Group to assess or use the assets and settle liabilities of the subsidiaries.

(d) Impairment loss on investment in subsidiaries

The impairment loss was recognised for the investment in subsidiaries due to irrecoverable cost of investment.

9. BIOLOGICAL ASSETS

	Group 2020 RM	2019 RM
Produce growing on bearer plants		
At 1 July 2019/2018	**296,128**	628,638
Change in fair value less costs to sell	**(292,341)**	(332,510)
Exchange differences	**92**	-
At 30 June	**3,879**	296,128

(a) The biological assets represent the FFB of up to 15 days prior to harvest for use in company's palm product operations. During the financial year, the Group harvested approximately 3,108 metric tonnes ("MT") of FFB (2019: 35,274 MT). The quantity of unharvested FFB of the Group as at 30 June 2020 included in the fair valuation of FFB was 85 MT (2019: 1,028 MT).

(b) In determining the value of the biological assets, the management had aggregated the gross profit based on the market price of the FFB less the cost of harvesting, upkeep cultivation and transport for the next 15 days after the financial year.

10. INVENTORIES

	Group 2020 RM	2019 RM
At cost		
Palm oil products	**-**	400,515
Consumable inventories	**257,555**	184,663
At 30 June	**257,555**	585,178

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of continuing operations is RM7,059,111 (2019: RM7,087,985).

(b) The cost of inventories of the Group recognised as an expense in respect of discontinued operation during the financial year in respect of written off of inventories amounted to RMNil (2019: RM 15,455).

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade					
Third parties	(a)	**302,103**	506,676	**-**	-
Less: Impairment losses for trade receivables	(a)	**(134,568)**	(131,257)	**-**	-
		167,535	375,419	**-**	-
Non-trade					
Other receivables		**224,926**	824,748	**-**	-
Less: Impairment losses for other receivables	(b)	**(131,921)**	(802,667)	**-**	-
		93,005	22,081	**-**	-
Advances to suppliers and contractors		**123,146**	212,862	**-**	-
Deposits		**134,775**	69,675	**5,727**	5,727
Prepayments		**92,037**	253,749	**11,314**	12,544
		442,963	558,367	**17,041**	18,271
Total trade and other receivables		**610,498**	933,786	**17,041**	18,271

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 3 to 15 days (2019: 3 to 15 days) from the date of invoices.

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:-

	Group	
	2020 RM	2019 RM
At 1 July	**131,257**	108,233
Charge for the financial year (Note 27)	**-**	17,978
Exchange differences	**3,311**	5,046
At 30 June	**134,568**	131,257

Trade receivables that are individually determined to be impaired at the 30 June 2020 relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

The information about the credit exposures are disclosed in Note 31(b)(i).

11. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables is as follows:-

	Group	
	2020 RM	**2019 RM**
At 1 July	**802,667**	769,353
Charge for the financial year (Note 27)	**-**	3,888
Reversal of impairment losses (Note 27)	**-**	(3,494)
Written off	**(674,784)**	-
Exchange differences	**4,038**	32,920
At 30 June	**131,921**	802,667

Other 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 payment. These receivables are not secured by any collateral or credit enhancements.

12. AMOUNT OWING BY SUBSIDIARIES/(TO) A SUBSIDIARY

This amount is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash and bank balances	**828,541**	197,290	**2,479**	1,224
Short-term deposits	**126,032,526**	34,500	**-**	-
	126,861,067	231,790	**2,479**	1,224

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Short-term deposits	**126,032,526**	34,500	**-**	-
Less: Pledged deposits	**-**	(34,500)	**-**	-
	126,032,526	-	**-**	-
Cash and bank balances	**828,541**	197,290	**2,479**	1,224
	126,861,067	197,290	**2,479**	1,224

Included in the short-term deposits of the Group are unit trust, cash fund placements in financial institutions and fixed deposits with licensed bank amounting to RMNil (2019: RM34,500) pledged as security for a bank guarantee facility granted to a subsidiary and is not freely available for general use.

The fixed deposits with licensed bank of the Group bear interest at a rate of at Nil% (2019: 3.25%) per annum.

14. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Assets classified as held for sale

On 21 September 2018, certain subsidiaries of the Company entered into three separate conditional sale and purchase agreements ("SPAs") with United Plantations Berhad to dispose the plantation assets located in the District of Hilir Perak, Teluk Intan, Perak, Malaysia measuring approximately 8,999.13 acres, for a total cash consideration of RM413,574,302 as detailed out below:-

(i) 5 parcels of land measuring approximately 7,615.42 acres together with all structures attached to the land including a palm oil mill, workers' living quarters and site office owned by Pinehill Plantations (Malaysia) Sdn. Bhd. ("PPM"), a 94.5% owned subsidiary of the Company for a cash consideration of RM350,301,630;

(ii) a parcel of land measuring approximately 954.42 acres owned by Syarikat Kaum Melayu Hilir Perak Sdn. Bhd., a wholly-owned subsidiary of PPM for a cash consideration of RM43,525,933; and

(iii) a parcel of land measuring approximately 429.29 acres owned by Tahir, Rozlan and Tasariff Sdn. Bhd., a 91.33% owned subsidiary of PPM for a cash consideration of RM19,746,739.

The net proceeds for disposal of assets held for sale for the Group are RM393,981,297 after deducting professional fee of RM7,093,005 and retention sum of RM12,500,000.

The above collectively referred to as "Disposal". On 10 June 2019, all conditions precedent of the SPAs was fulfilled and subject to the approval of the related authority. Accordingly, the plantation assets have been classified as assets held for sale. The disposal was subsequently completed on 3 September 2019.

The assets classified as held for sale of the Group's statement of financial position as at 30 June 2019 are as follows:-

	Group	
	2020 RM	**2019 RM**
Asset:-		
Property, plant and equipment	-	252,032,153

(i) Assets pledged as security

Assets held for sale amounting to RMNil (2019: RM225,972,183) are pledged to licensed bank to secure borrowing facilities granted to the Group as disclosed in Note 17.

(ii) Assets held under finance leases

Included in the assets classified as held for sale are plant and machinery with carrying amount of RMNil (2019: RM297,822) held under finance lease agreements.

14. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONT'D)

(b) Discontinued operation

As disclosed in Note (a) above, the Group has discontinued its plantation business in Malaysia.

(i) Analysis of the results of discontinued operation is as follows:-

	Group	
	2020	**2019**
	RM	**RM**
Revenue	**951,974**	15,977,578
Cost of sales	**(2,413,331)**	(25,913,882)
Gross loss	**(1,461,357)**	(9,936,304)
Other income	**141,949,992**	186,990
Distribution expenses	**(34,599)**	(354,753)
Administrative expenses	**(918,099)**	(7,256,473)
Real property gain tax	**(36,869,659)**	-
Operating profit/(loss)	**102,666,278**	(17,360,540)
Finance income	**365,717**	7
Finance costs	**(2,751)**	(6,691,487)
Profit/(Loss) before tax of discontinued operation	**103,029,244**	(24,052,020)
Income tax credit (Note 29)	**-**	1,404,658
Profit/(Loss) for the financial year from discontinued operation, net of tax	**103,029,244**	(22,647,362)
Loss attributable to:-		
Owners of the Company	**96,996,568**	(22,687,385)
Non-controlling interests	**6,032,676**	40,023
	103,029,244	(22,647,362)

14. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONT'D)

(b) Discontinued operation (Cont'd)

(ii) The following items have been (credited)/charged in arriving at profit/(loss) before tax:-

	Group	
	2020	**2019**
	RM	**RM**
Auditors' remuneration:-		
- current year	**18,167**	81,000
Depreciation of property, plant and equipment	**16,660**	19,558,636
Interest expense on:-		
- term loans	**-**	6,669,898
- lease liabilities/finance lease liabilities	**2,751**	21,589
Inventories written off	**-**	15,455
Penalty	**249,901**	3,169,730
Rental expenses	**-**	32,722
Expenses relating to low-value assets lease:-		
- photocopier machine	**960**	-
Expenses relating to short-term lease:-		
- buildings	**2,524**	-
Gain on disposal of property, plant and equipment	**-**	(76,601)
Gain on disposal of assets held for sale	**(141,949,144)**	-
Interest income	**(365,717)**	(3,105)
Rental income	**-**	(1,200)

(iii) Employee benefits expense

	Group	
	2020	**2019**
	RM	**RM**
Wages, salaries and allowance	**515,144**	4,354,894
Defined contibution plans	**39,728**	694,729
Other employee benefits	**1,474,917**	352,191
	2,029,789	5,401,814

Included in employee benefits expenses are:-

	Group	
	2020	**2019**
	RM	**RM**
Directors of the Company		
Executive Directors		
- Salaries and other emoluments	**154,000**	868,000
- Defined contribution plans	**18,480**	103,760
- Other benefits	**-**	125,000
	172,480	1,096,760

14. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONT'D)

(b) Discontinued operation (Cont'd)

(iii) Employee benefits expense (Cont'd)

Included in employee benefits expenses are (Cont'd):-

	Group 2020 RM	Group 2019 RM
Directors of a subsidiary		
Executive Director		
- Salaries and other emoluments	-	349,200
- Defined contribution plans	-	41,904
	-	391,104
Total Directors' remuneration	**172,480**	1,487,864

(iv) Cash flows from/(used in) discontinued operation:-

	Group 2020 RM	Group 2019 RM
Net cash flows from operating activities	**148,984,244**	2,313,677
Net cash flows from/(used in) investing activities	**393,700,509**	(3,263,474)
Net cash flows used in financing activities	**(160,905,804)**	(787,020)
	381,778,949	(1,736,817)

15. SHARE CAPITAL

	Group and Company: Number of ordinary shares 2020 Units	Number of ordinary shares 2019 Units	Amount 2020 RM	Amount 2019 RM
Issued and fully paid up with no par value:-				
At 1 July 2018/2019 and 30 June	**149,804,135**	149,804,135	**74,902,067**	74,902,067

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. OTHER RESERVES

	Note	Group 2020 RM	Group 2019 RM
Revaluation reserve	(a)	-	257,770,713
Translation reserve	(b)	**9,717,858**	8,107,842
		9,717,858	265,878,555

(a) Revaluation reserve

The revaluation reserve arose from the revaluation surplus from Mukim Changkat Jong, District of Hilir Perak land net of deferred taxation.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the entities within the Group with functional currencies other than RM (foreign operations) as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

17. LOANS AND BORROWINGS

	Note	Group 2020 RM	Group 2019 RM
Non-current:-			
Lease liabilities/Finance lease liabilities	(a)	-	131,164
Current:-			
Lease liabilities/Finance lease liabilities	(a)	-	115,477
Term loans	(b)	-	126,682,698
		-	126,798,175
		-	126,929,339
Total loans and borrowings:-			
Lease liabilities/Finance lease liabilities	(a)	-	246,641
Term loans	(b)	-	126,682,698
		-	126,929,339

17. LOANS AND BORROWINGS (CONT'D)

(a) Lease liabilities/Finance lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the year:-

	Group 2020 RM
Effect of adoption MFRS 16, at 1 July, restated	**246,641**
Accretion of interest	**3,233**
Payment	**(249,874)**
At 30 June	**-**

The following are the amounts recognised in profit or loss:-

	Group 2020 RM
Depreciation expense of right-of-use assets	**246,590**
Interest expense on lease liabilities:-	
- Continuing operations	**482**
- Discontinued operation	**2,751**
Expenses relating to low-value assets lease:-	
- Continuing operations	**4,800**
- Discontinued operation	**960**
Expenses relating to short-term lease:-	
- Continuing operations	**189,718**
- Discontinued operation	**2,524**
Total amount recognised in profit or loss	**447,825**

The average interest rate implicit in the leases is ranging from 4.53% to 7.95% for the financial year ended 2019.

17. LOANS AND BORROWINGS (CONT'D)

(a) Lease liabilities/Finance lease liabilities (Cont'd)

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

	Group 2019 RM
Minimum lease payments:-	
Not later than one year	128,470
Later than one year and not later than 5 years	136,170
	264,640
Less: Future finance charges	(17,999)
Present value of minimum lease payments	246,641
Present value of minimum lease payments payable	
Not later than one year	115,477
Later than one year and not later than 5 years	131,164
	246,641
Less: Amount due within 12 months	(115,477)
Amount due after 12 months	131,164

As at 30 June 2020, the Group has fully settled the lease liabilities.

(b) Term loans

The term loans bear effective interest at rates ranging from 6.99% to 7.24% for the financial year ended 2019.

Term loan TF-i 1

Term loan TF-i 1 was repayable by 28 quarterly principal instalments over 7 years commencing from the third month from the day of first drawdown in the previous financial year and is secured by the following:-

(i) First legal charge over the leasehold land, estate buildings and certain plant and machinery of the subsidiaries of the Company as disclosed in Notes 5 and 14;
(ii) Debenture creating fixed and floating legal charge over all present and future assets of Pinehill Plantations (Malaysia) Sdn. Bhd. ("PPM");
(iii) Corporate guarantee by the Company in favour of the bank;
(iv) Assignment of revenue proceeds from PPM and charge over the bank account;
(v) Assignment of receivable from PPM; and
(vi) Pledge of 70% shares in a subsidiary, Pinehill Ventures Limited ("PVL").

Term loan TF-i 2

The term loan TF-i 2 was repayable over 20 quarterly instalments over 5 years commencing from the third month from the day of first drawdown in the previous financial year and is secured by pledge of the remaining 30% shares in a subsidiary, PVL.

17. LOANS AND BORROWINGS (CONT'D)

(b) Term loans (Cont'd)

Term loan TF-i 3

The term loan TF-i 3 was repayable over 28 quarterly instalments over 7 years commencing from 3 months after the expiry of the grace period, which is 36 months from the date of the first drawdown in the previous financial year. This term loan is secured by the following:-

(i) Pledge of all shares held by Pinehill Ventures Limited in certain Indonesian subsidiaries as disclosed in Note 8;
(ii) Assignment of revenue proceeds from Indonesian subsidiaries and charge over the bank account; and
(iii) Mortgage over the land use rights or its equivalent under the law of the Republic of Indonesia.

In the previous financial years, the Group received a supplementary letter of offer from the financier which consented to the Group's intended disposal of the plantation land in Indonesia ("Intended Disposal") with a bullet repayment of the above term loans by 30 September 2016 or upon completion of the Intended Disposal whichever is earlier. The financier has on 2 September 2016 further agreed to extend the bullet repayment of the term loans to 31 March 2017 or upon completion of the Intended Disposal, whichever is earlier.

The Group further received a supplementary letter of offer from the financier on 16 May 2017 agreed to extend the repayment of the term loans to 31 March 2019 upon fulfilment of the conditions precedents.

The financier has on 2 May 2019 further agreed to extend the bullet repayment of the term loans to 31 August 2019 or upon the Group receiving the settlement amount under the Sale and Purchase Agreement executed between United Plantation Berhad and PPM to dispose the plantation assets located in the District of Hilir Perak, Teluk Intan, Perak, Malaysia, whichever is earlier.

As at 30 June 2020, the Group has fully settled the term loan TF-i 1, TF-i 2 and TF-i 3.

18. DEFERRED TAX LIABILITIES

	Group	
	2020	**2019**
	RM	**RM**
At 1 July 2019/2018	**56,814,385**	59,695,679
Recognised in profit or loss (Note 29)	**(52,503)**	(2,881,294)
Deferred tax realised on disposal of land	**(55,194,043)**	-
At 30 June	**1,567,839**	56,814,385

18. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities relate to the following:-

	At 1 July 2018 RM	Recognised in profit or loss (Note 29) RM	At 30 June 2019 RM	Recognised in profit or loss (Note 29) RM	Deferred tax realised on disposal of land RM	At 30 June 2020 RM
Group						
Accelerated capital allowances	19,727	23,725	43,452	(41,315)	-	**2,137**
Surplus arising from revaluation of leasehold land	56,111,383	(2,838,270)	53,273,113	-	(53,273,113)	**-**
Difference between the carrying amount of bearer plants and its tax base	1,998,867	(137,820)	1,861,047	-	(1,861,047)	**-**
Deductible temporary differences in respect of expenses	-	71,071	71,071	(11,188)	(59,883)	**-**
Fair value adjustment in respect of subsidiaries acquired	1,565,702	-	1,565,702	-	-	**1,565,702**
	59,695,679	(2,881,294)	56,814,385	(52,503)	(55,194,043)	**1,567,839**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):-

	Group 2020 RM	Group 2019 RM
Unutilised capital allowances	**804,451**	-
Unutilised tax losses	**56,429,780**	49,570,760
	57,234,231	49,570,760

The unutilised tax losses are available to be carried forward for a maximum of seven year for Malaysia subsidiaries and five years for Indonesia subsidiaries. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

19. AMOUNT OWING TO A FORMER CORPORATE SHAREHOLDER

The amount is subordinated to the repayment of term loans and is non-trade in nature, unsecured, non-interest bearing and not repayable within the twelve months after the reporting date. The former corporate shareholder is a company in which a person related to a Director of the Company has substantial financial interest during the financial year.

As at 30 June 2020, the Group has fully settled the amount owing to a former corporate shareholder.

20. AMOUNTS OWING TO DIRECTORS

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current					
Amount owing to a Director	(a)	-	7,631,649	-	270,000
Current					
Amounts owing to Directors	(b)	-	700,000	-	700,000
		-	8,331,649	-	970,000

(a) This amount is non-trade in nature, unsecured, non-interest bearing and is not repayable within the twelve months after the reporting date.

(b) These amounts are accrued director fees, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

(c) As at 30 June 2020, the Group and the Company have fully settled the amounts owing to Directors.

21. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade					
Trade payables	(a)	**2,722,620**	9,033,118	-	-
Non-trade					
Other payables	(b)	**756,386**	15,452,595	**6,463**	326,413
GST payable		-	281,945	-	-
Accruals	(c)	**4,617,624**	26,246,611	**274,868**	200,188
Dividend payables		**39,001**	82,388	-	-
		5,413,011	42,063,539	**281,331**	526,601
Total trade and other payables		**8,135,631**	51,096,657	**281,331**	526,601

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2019: 30 to 90 days).

Included in trade payables of the Group is an amount of RMNil (2019: RM2,499,098) which bear interest at rate of Nil% (2019: 4%) per annum.

(b) Other payables

Included in other payables of the Group is an amount of RM27,502 (2019: RM30,432) owing to a director of a subsidiary.

(c) Accruals

Included in accruals of the Group are accrued term loan interest amounting to RMNil (2019: RM4,017,573) and tax penalty amounting to RMNil (2019: RM9,064,928).

22. REVENUE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Revenue from contract customers:-				
Sales of other oil palm products	**813,820**	505,450	**-**	-
Dividend income	**-**	-	**40,483,099**	-
	813,820	505,450	**40,483,099**	-

(a) Disaggregation of revenue

The Group reports the plantation segment in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into primary geographical markets and timing of revenue recognition (i.e. goods transferred at a point in time).

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Revenue by segment:-				
Plantation	**813,820**	505,450	**-**	-
Others	**-**	-	**40,483,099**	-
Timing of revenue recognition:-				
At a point in time	**813,820**	505,450	**40,483,099**	-
Primary geographical market:-				
Malaysia	**-**	-	**40,483,099**	-
Indonesia	**813,821**	505,450	**-**	-
	813,821	505,450	**40,483,099**	-

(b) Transaction price allocated to the remaining performance obligations

The Group does not have performance obligation that are unsatisfied for contracts that have an original duration of more than one year at the reporting date.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and accordingly, do not disclose information about remaining performance obligations that have original expected durations of one year or less.

23. COST OF SALES

	Group 2020 RM	Group 2019 RM
Plantation operations	**7,059,111**	7,087,985

24. OTHER INCOME

	Group 2020 RM	Group 2019 RM
Rental income	**3,000**	-
Gain on disposal of property, plant and equipment	**52,169**	-
Net unrealised foreign exchange gain	**-**	3,520
Miscellaneous income	**190,137**	45,748
Waiver of tax penalty	**5,005,575**	-
Waiver of debts	**144,084**	-
Overprovision of accruals in prior years	**1,359,360**	-
	6,754,325	49,268

25. FINANCE INCOME

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income	**4,739,338**	3,105	**429**	-

26. FINANCE COSTS

	Group 2020 RM	Group 2019 RM
Interest expense on:-		
- Lease liabilities/Finance lease liabilities	**482**	-

27. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax from continuing operations:-

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Auditors' remuneration:-				
- Statutory audit				
- current year	**86,333**	68,500	**40,000**	63,000
- prior year	**(3,612)**	-	**(1,400)**	-
- Non-statutory audit	**5,000**	3,000	**5,000**	3,000
Expenses relating to low-value assets lease				
- photocopier machine	**4,800**	-	**-**	-
Expenses relating to short-term leases				
- buildings	**189,718**	-	**-**	-
Impairment losses on:-				
- property, plant and equipment	**-**	508,769	**-**	-
- trade receivables	**-**	17,978	**-**	-
- other receivables	**-**	3,888	**-**	-
Loss on disposal of property, plant and equipment	**-**	22,294	**-**	-
Net realised foreign exchange loss	**-**	25,245	**-**	-
Net unrealised foreign exchange loss/(gain)	**49,950**	(3,520)	**-**	-
Reversal of impairment losses on:-				
- other receivables	**-**	(3,494)	**-**	-
- property, plant and equipment	**(66,869)**	-	**-**	-

28. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries and allowance	**3,218,188**	1,399,288	**-**	-
Defined contribution plans	**316,496**	55,950	**-**	-
Other employee benefits	**1,101,499**	270,768	**113,000**	97,500
	4,636,183	1,726,006	**113,000**	97,500

Included in employee benefits expenses are:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company				
Executive Directors				
- Salaries and other emoluments	**1,006,538**	-	**-**	-
- Defined contribution plans	**120,492**	-	**-**	-
- Other benefits	**127,568**	20,277	**-**	20,277
	1,254,598	20,277	**-**	20,277
Non-executive Directors				
- Fees	**73,500**	54,000	**73,500**	54,000
- Allowances	**39,500**	43,500	**39,500**	43,500
	113,000	97,500	**113,000**	97,500
Total Directors' remuneration	**1,367,598**	117,777	**113,000**	117,777

29. INCOME TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Continuing operation				
Current income tax:-				
- Current income tax charge	**71,651**	-	-	-
- Adjustment in respect of prior year	**338,324**	-	-	-
	409,975	-	-	-
Deferred tax (Note 18):-				
- Reversal of temporary differences	**(52,503)**	-	-	-
Discontinued operation				
Current income tax:-				
- Current income tax charge	-	1,531,086	-	-
- Adjustment in respect of prior year	-	(54,450)	-	-
	-	1,476,636	-	-
Deferred tax (Note 18):-				
- Origination and reversal of temporary differences	-	(4,225,784)	-	-
- Adjustment in respect of prior year	-	1,344,490	-	-
	-	(2,881,294)	-	-
Income tax benefit attributable to discontinued operation (Note 14(b))	-	(1,404,658)	-	-
Income tax expense/(credit) recognised in profit or loss	**357,472**	(1,404,658)	-	-

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

29. INCOME TAX EXPENSE (CONT'D)

The reconciliations of the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:-

Reconciliation of effective tax expense

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
(Loss)/Profit before tax from continuing operations	**(1,542,860)**	(9,770,043)	**39,676,027**	(1,035,894)
Profit/(Loss) before tax from discontinued operation	**103,029,244**	(24,052,020)	**-**	-
Accounting profit/(loss) before tax	**101,486,384**	(33,822,063)	**39,676,027**	(1,035,894)
Tax at the Malaysian statutory income tax rate of 24% (2019:- 24%)	**24,356,700**	(8,117,300)	**9,522,200**	(248,600)
Tax effect on non-deductible expenses	**9,258,966**	3,520,939	**193,744**	248,600
Effect of different tax rate in foreign jurisdiction	**(141,202)**	(79,749)	**-**	-
Income not subject to tax	**(35,294,549)**	(12,324)	**(9,715,944)**	-
Deferred tax assets not recognised during the financial year	**1,839,233**	1,993,736	**-**	-
Adjustment in respect of prior years			**-**	
- current income tax	**338,324**	(54,450)	**-**	-
- deferred tax	**-**	1,344,490	**-**	-
Income tax expense/(credit)	**357,472**	(1,404,658)	**-**	-

30. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:-

	Group	
	2020 **RM**	**2019** RM
Profit/(Loss) attributable to owners of the Company:-		
- Continuing operations	**(874,054)**	(6,354,703)
- Discontinued operation	**96,996,568**	(22,687,385)
	96,122,514	(29,042,088)
Weighted average number of ordinary shares for basic earnings/(loss) per share (units)	**149,804,135**	149,804,135
Basic earnings/(loss) per ordinary share (sen per share)		
- Continuing operations	**(0.58)**	(4.24)
- Discontinued operation	**64.75**	(15.14)
	64.17	(19.38)

The Group has no dilutive potential ordinary shares. As such, the diluted earnings per share is the same as the basic earnings per shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

Financial assets and financial liabilities are measured at amortised cost ("AC").

	Carrying amount RM	Amortised cost RM
2020		
Financial assets		
Group		
Trade and other receivables #	**395,315**	**395,315**
Cash and short-term deposits	**126,861,067**	**126,861,067**
	127,256,382	**127,256,382**

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows (Cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC") (Cont'd).

	Carrying amount RM	Amortised cost RM
2020 (Cont'd)		
Financial assets (Cont'd)		
Company		
Trade and other receivables #	**5,727**	**5,727**
Amount owing by a subsidiary	**22,813**	**22,813**
Cash and short-term deposits	**2,479**	**2,479**
	31,019	**31,019**
Financial liabilities		
Group		
Trade and other payables*	**8,135,631**	**8,135,631**
Company		
Trade and other payables*	**281,331**	**281,331**
Amount owing to a subsidiary	**541,172**	**541,172**
	822,503	**822,503**
2019		
Financial assets		
Group		
Trade and other receivables #	467,175	467,175
Cash and short-term deposits	231,790	231,790
	698,965	698,965
Company		
Trade and other receivables #	5,727	5,727
Amount owing by a subsidiary	17,659	17,659
Cash and short-term deposits	1,224	1,224
	24,610	24,610

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows (Cont'd):-

Financial assets and financial liabilities are measured at amortised cost ("AC") (Cont'd).

	Carrying amount RM	Amortised cost RM
2019 (Cont'd)		
Financial liabilities		
Group		
Trade and other payables*	50,814,712	50,814,712
Loans and borrowings	126,929,339	126,929,339
Amount owing to a former corporate shareholder	26,659,795	26,659,795
Amounts owing to Directors	8,331,649	8,331,649
	212,735,495	212,735,495
Company		
Trade and other payables	526,601	526,601
Amount owing to a subsidiary	38,996,750	38,996,750
Amounts owing to Directors	970,000	970,000
	40,493,351	40,493,351

\# *excluding prepayments and advances to suppliers and contractors*
* *excluding GST payable*

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Executive Vice President of Group Finance and Corporate. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from its trade and other receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determines concentrations 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:-

	2020		**2019**	
	RM	**% of total**	**RM**	**% of total**
By country:-				
Malaysia	**-**	**0%**	283,755	76%
Republic of Indonesia	**167,535**	**100%**	91,664	24%
	167,535	**100%**	375,419	100%

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on the days past due. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

Trade receivables that are past due at the reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or credit enhancements over these balances.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

The information about the credit risk exposure on the Group's trade receivables as at 30 June 2020 are as follows:-

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
2020			
Current (not past due)	**93,597**	**-**	**93,597**
More than 1 day past due	**12,506**	**-**	**12,506**
31 to 60 days past due	**3,652**	**-**	**3,652**
More than 121 days past due	**57,780**	**-**	**57,780**
Credit impaired:-			
- Individually assessed	**134,568**	**(134,568)**	**-**
	302,103	**(134,568)**	**167,535**

The information about the credit risk exposure on the Group's trade receivables as at 30 June 2019 are as follows:-

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
2019			
Current (not past due)	316,250	-	316,250
31 to 60 days past due	7,112	-	7,112
More than 121 days past due	52,057	-	52,057
Credit impaired:-			
- Individually assessed	131,257	(131,257)	-
	506,676	(131,257)	375,419

The significant changes in the gross carrying amounts of trade receivables do not contribute to changes in the impairment loss allowance during the financial year.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits, and amount owing by subsidiaries), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary does not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk and the expected credit loss is negligible. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 11.

Refer to Note 3.13(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to a licensed bank in respect of banking facilities granted to a subsidiary. The Company monitors the results of the subsidiary and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RMNil (2019: RM126,682,698) representing the maximum amount the Company could pay if the guarantee is called on. Generally, the Company considers the financial guarantee has low credit risk. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to the subsidiary's secured borrowings.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings, amount owing to a former corporate shareholder and amounts owing to Directors.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:-

		Contractual cash flows		
	Carrying amount RM	On demand or within one year RM	Between one to five years RM	Total RM
Group				
2020				
Trade and other payables	**8,135,631**	**8,135,631**	**-**	**8,135,631**
2019				
Trade and other payables	50,814,712	50,814,712	-	50,814,712
Loans and borrowings	126,929,339	129,341,849	136,170	129,478,019
Amount owing to a former corporate shareholder	26,659,795	-	26,659,795	26,659,795
Amounts owing to Directors	8,331,649	700,000	7,631,649	8,331,649
	212,735,495	180,856,561	34,427,614	215,284,175

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (Cont'd):-

		Contractual cash flows		
	Carrying amount RM	On demand or within one year RM	Between one to five years RM	Total RM
Company				
2020				
Trade and other payables	**281,331**	**281,331**	**-**	**281,331**
Amount owing to a subsidiary	**541,172**	**541,172**	**-**	**541,172**
	822,503	**822,503**	**-**	**822,503**
2019				
Trade and other payables	526,601	526,601	-	526,601
Amount owing to a subsidiary	38,996,750	38,996,750	-	38,996,750
Amounts owing to Directors	970,000	700,000	270,000	970,000
Financial guarantee contracts*	-	126,682,698	-	126,682,698
	40,493,351	166,906,049	270,000	167,176,049

* The Company had given corporate guarantee to bank on behalf of a subsidiary for banking facilities. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities utilised by the said subsidiary.

(iii) Foreign currency risk

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

The Group has transactional currency exposures arising from cash and cash equivalents that are denominated in a currency other than the functional currency of respective entity of the Group, primarily RM and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and IDR.

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.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The Group has transactional currency exposures arising from cash and cash equivalents that are denominated in a currency other than the functional currency of respective entity of the Group, primarily RM and Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and IDR.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposure are hedged mainly by derivative financial instruments such as forward foreign exchange contracts, if necessary.

As at reporting date, the Group had not entered into any forward foreign exchange contracts.

Financial assets/liabilities denominated in USD, RM and IDR are as follows:-

	2020 RM	2019 RM
Group		
USD/RM		
Cash and short-term deposits	**119,426**	15,741
IDR/RM		
Cash and short-term deposits	**206,309**	101,859

Sensitivity analysis for foreign currency risk

A 0.27% strengthening/weakening of the RM against respective foreign currencies as at the end of the reporting period would have immaterial impact on profit/(loss) before tax.

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and loss for the financial year.

	Change in basis points %	Effect on loss for the financial year RM	Effect on equity RM
Group			
2019	50	481,394	481,394

There is no interest rate risk for the financial year ended 2020.

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings are reasonable approximation to their fair values due to the relatively short-term nature of these financial instruments. The carrying amounts of long-term floating rate loans are reasonable approximation of fair value as these loans will be re-priced to market interest rates.

32. RELATED PARTIES

(a) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group	
	2020 RM	2019 RM
Key management personnel		
Disposal of property, plant and equipment	**7,500**	46,620

Significant outstanding balances with related parties at the end of the reporting date are as disclosed in Notes 12, 19, 20 and 21.

32. RELATED PARTIES (CONT'D)

(b) Compensation of key management personnel

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors' remuneration:-				
- Continuing operations				
- short-term employee benefits	**1,089,871**	20,277	**-**	20,277
- post-employment benefits	**164,727**	-	**-**	-
	1,254,598	20,277	**-**	20,277
- Discontinued operation				
- short-term employee benefits	**154,000**	1,217,200	**-**	-
- post-employment benefits	**18,480**	270,664	**-**	-
	172,480	1,487,864	**-**	-
	1,427,078	1,508,141	**-**	20,277
Non-executive Directors' remuneration:-				
- fee and other emoluments	**113,000**	97,500	**113,000**	97,500
Total Directors' remunerations	**1,540,078**	1,605,641	**113,000**	117,777
Other key management personnel				
- Continuing operation				
- short-term employee benefits	**829,593**	-	**-**	-
- post-employment benefits	**54,526**	-	**-**	-
	884,119	-	**-**	-
- Discontinued operation				
- short-term employee benefits	**78,438**	452,383	**-**	-
- post-employment benefits	**4,173**	35,803	**-**	-
	82,611	488,186	**-**	-
	966,730	488,186	**-**	-
	2,506,808	2,093,827	**113,000**	117,777

33. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management are to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2020 and 30 June 2019.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at 30 June 2020 and 30 June 2019:-

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Loans and borrowings	**-**	126,929,339	**-**	-
Trade and other payables	**8,135,631**	51,096,657	**281,331**	526,601
Amount owing to a former corporate shareholder	**-**	26,659,795	**-**	-
Amounts owing to Directors	**-**	8,331,649	**-**	970,000
Amount owing to a subsidiary	**-**	-	**541,172**	38,996,750
Less: Cash and short-term deposits	**(126,861,067)**	(231,790)	**(2,479)**	(1,224)
Net debt	**(118,725,436)**	212,785,650	**820,024**	40,492,127
Equity attributable to the owners of the Company, representing total capital	**213,820,616**	64,151,190	**67,828,286**	28,152,259
Capital and net debt	**95,095,180**	276,936,840	**68,648,310**	68,644,386
Gearing ratio	**-125%**	77%	**1%**	59%

The Group and the Company are not subject to any externally imposed capital requirements.

34. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director ("MD") for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax. The Group's financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The two reportable operating segments are as follows:-

(i) The plantation segment is in the business of cultivation of oil palm and processing of palm oil. It offers crude palm oil, palm kernel and other oil palm products for sale.
(ii) The investment holding segment refers to the Company with investments in subsidiaries and providing management services to the subsidiaries.

34. SEGMENT INFORMATION (CONT'D)

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

	Note	Plantation RM	Investment holding RM	Discontinued operation RM	Adjustments and eliminations RM	Total RM
2020						
Revenue						
External customers		813,820	-	951,974	-	1,765,794
Inter-segment	A	-	40,483,099	-	(40,483,099)	-
Total revenue		813,820	40,483,099	951,974	(40,483,099)	1,765,794
Results						
Included in the measure of segment (loss)/profit are:-						
Depreciation of property, plant and equipment		3,653,836	-	16,660	-	3,670,496
Depreciation of right-of-use assets		246,590	-	-	-	246,590
Other non-cash expenses	B	136,932	-	-	-	136,932
Segment (loss)/profit	C	(5,470,061)	(811,655)	102,666,278	5,101,822	101,486,384
Assets:-						
Additions to non-current assets other than financial instruments and deferred tax asset	D	113,181	-	-	-	113,181
Segment assets	E	219,183,433	68,650,789	-	(69,172,437)	218,661,785
Liabilities:-						
Segment liabilities	F	9,397,082	874,818	-	(563,979)	9,707,921

34. SEGMENT INFORMATION (CONT'D)

	Note	Plantation RM	Investment holding RM	Discontinued operation RM	Adjustments and eliminations RM	Total RM
2019						
Revenue						
External customers		505,450	-	15,977,578	-	16,483,028
Inter-segment	A	-	-	-	-	-
Total revenue		505,450	-	15,977,578	-	16,483,028
Results						
Included in the measure of segment loss are:-						
Depreciation of property, plant and equipment		3,825,312	-	19,558,636	-	23,383,948
Amortisation of land use rights		239,980	-	-	-	239,980
Other non-cash expenses	B	903,713	-	65,093	-	968,806
Segment loss	C	(8,735,000)	(1,038,148)	(17,360,540)	(6,688,375)	(33,822,063)
Assets:-						
Additions to non-current assets other than financial instruments and deferred tax asset	D	28,712	-	169,821	-	198,533
Segment assets	E	93,968,648	19,495	292,697,738	(38,996,750)	347,689,131
Liabilities:-						
Segment liabilities	F	10,717,869	40,506,194	129,048,318	168,888,888	293,956,080

34. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment revenue, loss, assets, liabilities and other material items are as follows:-

A Inter-segment revenues are eliminated on consolidation.

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

	Plantation		Discontinued operation	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Impairment losses on:-				
- property, plant and equipment	**-**	508,769	**-**	-
- trade and other receivables	**-**	21,866	**-**	15,455
Property, plant and equipment written off	**136,932**	373,078	**-**	49,638
	136,932	903,713	**-**	65,093

C The following items are added/(deducted) from segment loss/(profit) to arrive at "Profit/(Loss) before tax from operations" presented in the consolidated statement of comprehensive income:-

	2020 RM	**2019 RM**
Finance income	**5,105,055**	3,112
Finance costs	**(3,233)**	(6,691,487)
	5,101,822	(6,688,375)

D Additions to non-current assets consist of:-

	2020 RM	**2019 RM**
Property, plant and equipment	**113,181**	198,533

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2020 RM	**2019 RM**
Inter-segment assets	**(69,172,437)**	(38,996,750)

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

	2020 RM	**2019 RM**
Deferred tax liabilities	**-**	56,814,385
Tax payable	**-**	24,124,255
Loans and borrowings	**-**	126,929,339
Inter-segment liabilities	**(563,979)**	(38,979,091)
	(563,979)	168,888,888

34. SEGMENT INFORMATION (CONT'D)

Reconciliation of reportable segment revenue, loss, assets, liabilities and other material items are as follows (Cont'd):-

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	Revenue		Non-current assets	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Malaysia				
- Continuing operation	**-**	-	**71,988**	185,598
- Discontinued operation	**951,974**	15,977,578	**-**	-
Republic of Indonesia	**813,820**	505,450	**90,856,798**	93,424,498
	1,765,794	16,483,028	**90,928,786**	93,610,096

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2020 RM	**2019 RM**
Property, plant and equipment	**70,959,332**	73,734,884
Right-of-use assets/Land use rights	**19,969,454**	19,875,212
	90,928,786	93,610,096

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2020 RM	**2019 RM**	
Customer A	**56,650**	190,383	Plantation
Customer B	**854,142**	161,022	Plantation
Customer C	**131,142**	105,867	Plantation
Customer D	**-**	33,878	Plantation
Customer E	**30,579**	-	Plantation

35. COMPARATIVE INFORMATION

Certain comparative figures in the financial statements have been reclassified on the face of the statement of profit or loss and other comprehensive income and statement of cash flows to confirm the current year presentation.

Statements of profit or loss and other comprehensive income for the financial year ended 30 June 2019

	As previously reported RM	As restated RM
Group		
Other income	239,370	236,258
Finance income	-	3,112

Statements of cash flows for the financial year ended 30 June 2019

	As previously reported RM	As restated RM
Group		
Cash flows from operating activities		
Changes in working capital:-		
Trade and other payables	5,796,136	7,524,613
Cash flows from financing activities		
Advances from other payable	1,728,477	-

36. SIGNIFICANT EVENTS

(a) On 3 September 2019, upon the completion of the Disposal as stated in Note 14, the Group is considered as an Affected Listed Issuer under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is in the midst of formulating a regularisation plan to be submitted for regulator's approval.

(b) The recent outbreak of COVID-19 since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020, Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 December 2020. Consequently, the MCO, CMCO and RMCO are expected to have material adverse effects on the Malaysia's economy for 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group in 2020.

As at the date of this report, the Management of the Group has assessed the overall impact of the situation on the Group's operations and financial position and concluded that there are no material effects on the financial statements for the financial year ended 30 June 2020. As at the date of this report, Management is unable to reliably estimate the financial impact of COVID-19 on the Group's financial results for the year ending 30 June 2021 as the pandemic has yet to run its full course and the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 30 June 2021.

Statement by Directors

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATO' ONG KIM HOAY** and **K. SELVESWARAN A/L KANAGARATNAM**, being two of the Directors of PINEHILL PACIFIC BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 44 to 125 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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

DATO' ONG KIM HOAY
Director

K. SELVESWARAN A/L KANAGARATNAM
Director

Date : 14 October 2020

Statutory Declaration

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **TANG YOW SAN**, being the Officer primarily responsible for the financial management of PINEHILL PACIFIC BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 44 to 125 are 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.

TANG YOW SAN
MIA Membership No.: 11019

Subscribed and solemnly declared
by the abovenamed at the
Federal Territory of Kuala Lumpur
on 14 October 2020

Before me,

PESURUHJAYA SUMPAH
No. W 661
TAN KIM CHOOI
1.1.2019-31.12.2021
MALAYSIA

LEVEL 25, MENARA HONG LEONG,
NO 6, JALAN DAMANLELA, BUKIT DAMANSARA
50490 KUALA LUMPUR

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Pinehill Pacific Berhad (Incorporated in Malaysia)
Registration No: 191701000026 (00022-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pinehill Pacific Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 44 to 125.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' 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.

Group

Impairment of property, plant and equipment and right-of-use assets

The Group has significant carrying value of property, plant and equipment and right-of-use assets. The losses incurred in the Group's plantation operations in the recent financial years is an indication that these non-financial assets may be impaired. We focused on this area because significant judgements and estimates are involved in determining the recoverable amount of these non-financial assets. The Group estimated the recoverable amount of these non-financial assets based on the market valuation performed by external independent valuer which requires significant judgement in determining the appropriate valuation methods and key assumptions.

Independent Auditors' Report

To the Members of Pinehill Pacific Berhad (Incorporated in Malaysia)
Registration No: 191701000026 (00022-D) (Cont'd)

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

Key Audit Matters (Cont'd)

Group (Cont'd)

Impairment of property, plant and equipment and right-of-use assets (Cont'd)

Our response:-

Our audit procedures included, among others:-

- performing site visit and physical inspection of property, plant and equipment on sampling basis and right-of-use assets to ensure proper conditions of assets in use;
- evaluating the competency, capabilities and objectivity of the external valuer;
- reading valuation reports and discussing with the independent valuer on their valuation approach and significant judgements they made;
- assessing the valuation methodology used and appropriateness of the key assumptions based on our knowledge of the plantation industry; and
- testing the mathematical accuracy of the impairment assessment.

Company

We have determined that there are no other key audit matters in the audit of the separate financial statements of the Company to be communicated in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- 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 Company or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the Director, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditors' Report

To the Members of Pinehill Pacific Berhad (Incorporated in Malaysia)
Registration No: 191701000026 (00022-D) (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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. The financial statements of the Group and of the Company for the financial year ended 30 June 2019 were audited by another firm of Chartered Accountants who issued an unmodified opinion in their report dated 16 October 2019.

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.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

ANTONY LEONG WEE LOK
(NO: 03381/06/2022 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

Date : 14 October 2020

List of Properties of the Group

Location	Description/ Land Area	Existing Use (Approx. age of Building & Right-Of-Use Assets)	Tenure	Net Book Value RM '000	Date of Last Revaluation ("DLR")/ Date of Acquisition ("DA")
PERAK, PENINSULAR MALAYSIA					
Pinehill Plantations (Malaysia) Sdn Bhd					
Lot 9365 Mukim of Durian Sebatang District of Hilir Perak, Perak	A freehold land with land area of 5,502 sq. ft. with a single storey semi-detached house	Rental (Age of Building:39 years)	Freehold	37	DLR: 18.05.2016
KABUPATEN SINTANG, KALIMANTAN BARAT, INDONESIA					
P.T. Inma Jaya Group					
Kecamatan Ketungau Hulu	A leasehold with land area of 5,057.78 hectares	Oil palm estate	60-year lease pending application of title	5,430	DA : 12.09.2005
P.T. Inma Makmur Lestari					
Kecamatan Ketungau Hulu	A leasehold with land area of 1,254.65 hectares	Oil palm estate	60-year lease pending application of title	2,216	DA : 12.09.2005
P.T. Indomal Sawit Jaya					
Kecamatan Ketungau Hulu	A leasehold with land area of 6,371.87 hectares	Oil palm estate	60-year lease pending application of title	6,156	DA : 12.09.2005
P.T. Makmur Jaya Malindo					
Kecamatan Ketungau Tengah	A leasehold with land area of 7,981.61 hectares	Oil palm estate	60-year lease pending application of title	6,167	DA : 12.09.2005

5 Years' Statistics

	2020 RM '000	2019 RM '000	2018 (restated) RM '000	2017 RM '000	2016 RM '000
FINANCIAL					
Turnover					
Plantation	**1,766**	16,483	24,188	27,320	23,562
	1,766	16,483	24,188	27,320	23,562
Earnings					
Profit/(Loss) Before Taxation	**101,486**	(33,822)	(33,117)	(26,240)	(20,748)
Profit/(Loss) After Taxation And Non-Controlling Interests	**96,123**	(29,042)	(26,417)	(21,716)	(17,555)
Assets Employed					
Fixed Assets	**20,421**	20,678	261,880	280,177	294,268
Replanting Expenditure	**-**	-	12,268	12,466	12,897
Plantation Development Expenditure	**70,508**	72,932	93,008	117,607	120,957
Long Term Borrowings	**-**	(131)	(247)	(359)	(111)
Deferred Taxation	**(1,568)**	(56,814)	(59,696)	(64,431)	(68,780)
Non-Controlling Interests	**4,867**	10,418	6,558	2,741	(1,448)
Amount due to a corporate shareholder	**-**	(26,660)	(26,660)	(26,660)	(26,660)
Advance from Director	**-**	(7,632)	(7,632)	(7,632)	(7,557)
Retirement Benefit Obligations	**-**	-	-	-	(726)
Net Current Liabilities	**119,593**	51,360	(189,331)	(185,489)	(178,744)
Net Assets	**213,821**	64,151	90,148	128,420	144,096
Financed By					
Issued Capital	**74,902**	74,902	74,902	74,902	74,902
Reserves	**138,919**	(10,751)	15,246	53,518	69,194
Shareholders' Funds	**213,821**	64,151	90,148	128,420	144,096

Per Share Unit Statistics

	2020 Sen	2019 Sen	2018 (restated) Sen	2017 Sen	2016 Sen
Market Price	**29**	31	16	24	22
Earnings/(Loss) Per Share	**64.17**	(19.38)	(17.63)	(14.50)	(11.72)
Net Tangible Assets	**143**	43	60	85	96

Notes:

1. Earnings per share unit are based on profit after taxation and non-controlling interest.
2. Net tangible assets comprise issued share capital and reserves less intangible assets, if any.
3. The market prices are based on the prices of the share units quoted on the last trading day of June.

Estate Status

			2020	2019	2018	2017	2016
AGRICULTURAL - OIL PALM							
Mature Area Harvested							
Peninsular Malaysia		('000 hectres)	**3.19**	3.19	3.19	3.19	3.08
Kalimantan Barat, Indonesia		('000 hectres)	**8.01**	8.01	7.97	8.95	4.22
			11.20	11.20	11.16	12.14	7.30
FFB Crop Harvested							
Peninsular Malaysia		('000 tonnes)	**2.2**	35.3	39.0	40.5	45.0
Kalimantan Barat, Indonesia		('000 tonnes)	**2.1**	1.6	1.4	0.2	0.2
			4.3	36.9	40.4	40.7	45.2
Yield per Mature Hectare							
Peninsular Malaysia		(tonnes)	**0.7**	11.1	12.2	12.7	14.6
Kalimantan Barat, Indonesia		(tonnes)	**0.3**	0.2	0.2	0.0	0.0
			1.0	11.3	12.4	12.7	14.6
Mill Production		('000 tonnes)					
Peninsular Malaysia		Palm Oil	**-**	7	7	8	9
Peninsular Malaysia		Palm Kernel	**-**	2	2	2	2
Average Selling Price		(RM/tonne)					
Peninsular Malaysia	Palm Oil	Net of Duty	**2,065**	2,018	2,558	2,814	2,222
Peninsular Malaysia	Palm Kernel	(Ex-Mill)	**1,312**	1,435	2,257	2,768	1,787
Peninsular Malaysia	FFB	(Ex-Estate)	**321**	407	556	632	465
Operating (Deficit)/Surplus							
Peninsular Malaysia		(RM/mature hectare)	**(444)**	3,391	5,212	6,486	5,313
AREA STATEMENT							
Peninsular Malaysia							
Mature Oil Palm			**-**	3,191	3,191	3,191	3,082
Immature Oil Palm			**-**	247	247	247	356
Planted area			**-**	3,438	3,438	3,438	3,438
Mill, Office, Housing, etc			**-**	149	149	149	149
			-	3,587	3,587	3,587	3,587
Kalimantan Barat, Indonesia							
Mature Oil Palm			**8,008**	8,008	7,970	8,947	4,223
Immature Oil Palm			**-**	-	38	38	4,762
Planted area			**8,008**	8,008	8,008	8,985	8,985

Analysis of Shareholdings

As at 30 September 2020

Issued and Paid-Up Share Capital	:	RM74,902,067.50
Class of Share	:	Ordinary Shares
No. of Shareholders	:	7,925 Shareholders
Voting Rights	:	One (1) vote per ordinary share on a poll

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	62	0.78	1,290	0.00
100 - 1,000	2,629	33.17	2,202,376	1.47
1,001 - 10,000	4,186	52.82	17,133,468	11.44
10,001 - 100,000	923	11.65	29,505,077	19.70
100,001 - 7,490,205 (*)	123	1.55	52,529,400	35.06
7,490,206 and above (**)	2	0.03	48,432,524	32.33
Total	**7,925**	**100.00**	**149,804,135**	**100.00**

REMARKS:

* Less Than 5% of Issued Holdings
** 5% and above of Issued Holdings

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Shareholder	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam	-	-	48,432,524[1]	32.33
Allgrow Capital Holdings Sdn Bhd	34,132,524	22.78	-	-
Puan Sri Datin Vivienne Ketheeswaran	14,300,000	9.55	34,132,524[2]	22.78

[1] Indirect interest by virtue of spouse and deemed interest by virtue of the spouse's interest in Allgrow Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

[2] Deemed interest by virtue of the interest in Allgrow Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDING ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDING

Director	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam	-	-	48,432,524[1]	32.33
Dato' Ong Kim Hoay	21,000	0.01	-	-

[1] Indirect interest by virtue of spouse and deemed interest by virtue of the spouse's interest in Allgrow Capital Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	% of Shares
1.	ALLGROW CAPITAL HOLDINGS SDN BHD	34,132,524	22.78
2.	VIVIENNE KETHEESWARAN	14,300,000	9.55
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR SEOW LUN HOO @ SEOW WAH CHONG (PW-M00399) (410080)	4,224,400	2.82
4.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	3,702,300	2.47
5.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	3,300,000	2.20
6.	S'NG HOOI SEAH	2,984,800	1.99
7.	RESCOM INTERNATIONAL LIMITED	2,800,000	1.87
8.	NICAN ASIA LIMITED	2,630,000	1.76
9.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,468,900	1.65
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR SEOW VOON PING (PW-M0400) (410083)	1,500,000	1.00
11.	AFFIN HWANG NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR NG YEW CHUAN	1,000,000	0.67
12.	LEE WERN CHIAN	915,000	0.61
13.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR TAN AH SENG	827,300	0.55
14.	LEE FUAN PEAN	807,900	0.54
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD CHONG MEI	775,000	0.52
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIEN WI (E-KPT)	690,000	0.46
17.	LOW GUAN HONG	651,200	0.43
18.	TONG FONG REALTY SDN. BERHAD	561,400	0.37
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO KEAN SENG	508,000	0.34
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KON HING (E-KPG)	501,400	0.33

Analysis of Shareholdings

As at 30 September 2020 (Cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Shares	% of Shares
21.	LOW GUAN HONG	450,000	0.30
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN PET HUAN (E-PKG)	406,000	0.27
23.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO TEW CHOON	400,000	0.27
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR NICHOLAS FANG CHERN LEE	400,000	0.27
25.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KON HING (AY0036)	396,700	0.26
26.	WONG LUP MUN @ WONG CHENG HOH	390,700	0.26
27.	BONG LEE HUEY	370,000	0.25
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG WEI CHUAN (E-BPT)	370,000	0.25
29.	KHOO TEW CHOON	363,500	0.24
30.	CHUN LAY KWANG @ CHENG TECK KWANG	359,900	0.24

Pinehill Pacific
Berhad

PINEHILL PACIFIC BERHAD
191701000026 (000222-D)

Form of **Proxy**

No. of Shares Held	CDS Account No.

*I/We ______________________________ NRIC/Passport/Company No. ______________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

Telephone No. ______________ Email Address ______________________ being a Member

of **PINEHILL PACIFIC BERHAD** hereby appoint ______________________________
(FULL NAME IN BLOCK LETTERS)

NRIC/Passport/Company No. ______________________ of ______________________
(FULL ADDRESS)

____
(FULL ADDRESS)

Telephone No. ______________ Email Address: ______________________ or failing whom

______________________________ NRIC/Passport/Company No. ______________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

Telephone No. ______________ Email Address ______________________

or failing *him/her, the *Chairman of the Meeting, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Ninety-Eighth Annual General Meeting of the Company to be conducted FULLY VIRTUAL through live streaming via an online platform using remote facilities at the Broadcast Venue at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, on Monday, 30 November 2020 at 10.15 a.m. and at any adjournment thereof, in respect of my/our shareholdings in the manner indicated below:-

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.			
Resolutions		**For**	**Against**
2. To approve the payment of Directors' Fees of RM73,500 for the financial year ended 30 June 2020.	(Resolution 1)		
3. To approve the payment of benefits payable to the Non-Executive Directors of up to an amount of RM67,500 from 1 July 2020 until the conclusion of the next Annual General Meeting of the Company	(Resolution 2)		
4. To re-elect Dato' Ong Kim Hoay who retires pursuant to Clause 100 of the Company's Constitution.	(Resolution 3)		
5. To re-elect Tan Sri (Dr.) Ketheeswaran M. Kanagaratnam who retires pursuant to Clause 100 of the Company's Constitution.	(Resolution 4)		
6. Re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2021 and to authorize the Directors to fix their remuneration.	(Resolution 5)		
7. Authority for the following Directors to Continue in Office as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance 2017:			
(a) Dato' Ong Kim Hoay	(Resolution 6)		
(b) Dato' Nik Mohd Amin Bin Nik Abu Bakar	(Resolution 7)		
8. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	(Resolution 8)		

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

* Strike out whichever not applicable.

Signed this __________ day of __________ 2020.

____
Signature of Member/Common Seal of Shareholder

In the event that more than one proxy are appointed, the percentage of shareholdings to be represented by each proxy is as follows:

Name of Proxies	%

Notes:

1. The Ninety-Eighth Annual General Meeting of the Company ("AGM") will be conducted on a **fully virtual** basis through live streaming via the remote participation and voting (RPV) facilities provided by the SS E Solutions at **https://sshsb.net.my/login.aspx**
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson of the Meeting to be present at the main venue of the AGM. **No members or proxies/corporate representatives/attorneys appointed/authorised shall be physically present at the AGM (in the Broadcast Venue)**.
3. Members of the Company whose names appear in the Record of Depositors as at 23 November 2020 shall be entitled to participate and vote remotely at the AGM through **https://sshsb.net.my/login.aspx**. In this context, the terms participate aforesaid shall include the right to raise questions to the Board via real time submission of typed texts at the portal specified above.
4. Members and all proxies/corporate representatives/attorneys duly appointed/authorised who wish to participate and vote remotely at the AGM shall firstly register at **https://sshsb.net.my/login.aspx** **no later than cut-off date/time** as per the **AGM Administrative Guide** in accordance with the relevant procedures therein.
5. Each member is entitled to appoint not more than 2 proxies to participate and vote remotely on their behalf. A proxy may but need not be a member of the Company. Any member who appoints more than 1 proxy without specifying in the Proxy Form the proportion of the shareholdings by each proxy, such appointment shall be invalid.
6. A member who is an authorised nominee, may appoint not more than 2 proxies in respect of each securities account held. A member who is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in a securities account ("Omnibus Account"), there is no limit to the number of proxies such member may appoint in respect of each Omnibus Account held.
7. Appointment of proxy (ies) may be made **no later than 10.15 a.m. on Saturday, 28 November 2020,** as more particularly described in **the AGM Administrative Guide**:-
   (i) **Appointment of proxy electronically**
   Individual members may appoint a proxy electronically through **https://sshsb.net.my/login.aspx**; or
   (ii) **Hard copy Proxy Form**
   Members may also appoint a proxy by way of a duly executed hard copy Proxy Form which must be deposited at Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

   The Proxy Form shall be completed with all the appropriate information required and signed with a date inserted thereon. Appointment of proxy by any corporate member, its Proxy Form must be executed under its common seal or under the hand of its attorney duly authorised in writing or in accordance with the applicable laws for the time being in force.
8. Any authority to appoint a proxy which is made by way of power of attorney and for any corporate members who appoint representatives to participate and vote remotely, shall adhere to the documents submission requirement no later than the cut-off date/time as per the AGM Administrative Guide in accordance with the relevant procedures therein.
9. The aforesaid **AGM Administrative Guide** is available via the Company's website at **www.pinepac.com.my.**
10. You are advised to read and understand the contents of the Personal Data Protection Statement which is annexed with the Notice of AGM before providing any relevant personal data for the appointment of proxy (ies).
11. All resolutions as set out herein will be put to vote by way of poll pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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AFFIX
STAMP
HERE

Securities Services (Holdings) Sdn Bhd 197701005827 (36869-T)

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

fold here

PINEHILL PACIFIC BERHAD
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