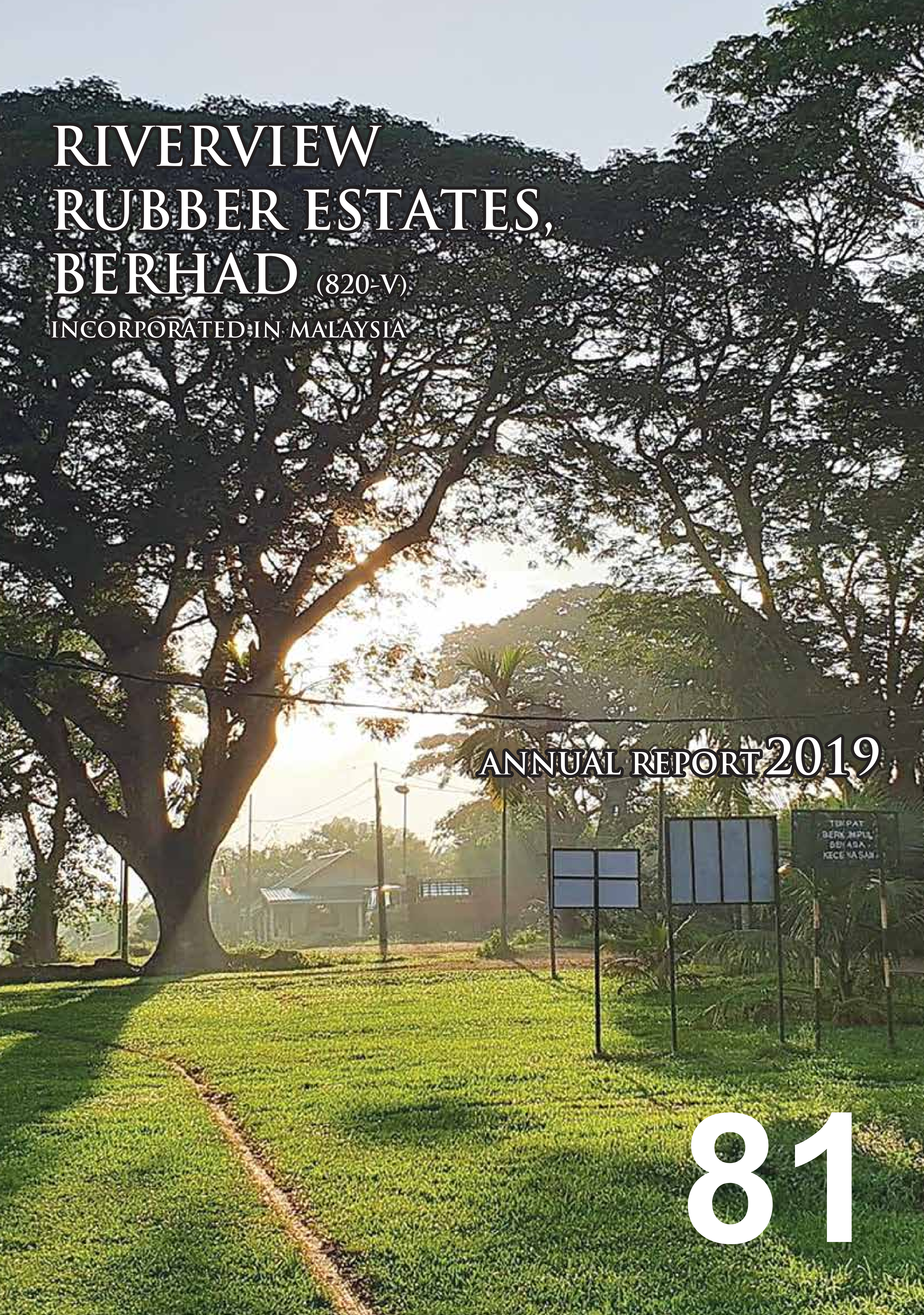
RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

INCORPORATED IN MALAYSIA



ANNUAL REPORT 2019

81

2019 Annual Report

81st Annual General Meeting

Riverview Rubber Estates, Berhad

Company No. 820-V — Incorporated In Malaysia

Contents

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighty First Annual General Meeting of Riverview Rubber Estates, Berhad will be held at Comminuty Hall, Ladang Teja, Riverview Estate, 8th Mile, 31800 Tg. Tualang on ***Monday, 29th June 2020 at 11.30 am*** for the purpose of considering and, if thought fit, passing the following resolutions:

AGENDA **ORDINARY BUSINESS**	**Ordinary Resolution**
1. To receive and consider the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' and Auditors' reports thereon.	**Please refer to Note 7**
2. To approve the payment of Directors fees of RM72,500 per annum for each Director, and an additional RM5,000 for the Chairman for the financial year ended 31 December 2020.	**1**
3. To approve the following allowances claimable by the Directors: - Estate visit allowance of RM1,250 per visit made; and - Meeting and travelling allowance of RM4,000 per meeting attended.	**2**
4. To re-elect Oliver John Harold Huntsman who retires by rotation in accordance with Article 96 of the Company's Constitution and being eligible, offers himself for re-election.	**3**
5. To re-appoint Messrs. Folks DFK & CO as Auditors' of the Company for the ensuing year and to authorize the Directors to fix the Auditors' remuneration.	**4**

By Order of the Board

Eugene Chow Jan Liang
MIA 23029
Company Secretary

29 May 2020

NOTES

1. *A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote in his stead other than exempt authorized nominees who may appoint multiple proxies in respect of each Omnibus account held. A proxy may but need not be a member of the Company.*
2. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 33 (1st Floor), Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time set for the meeting. The number of shares to be represented by proxy should be stated in the proxy form.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *A proxy may vote or abstain from voting as he thinks fit on a specified resolution if no indication is given on the proxy form by the member appointing the proxy.*
5. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy*
6. *In the case of joint shareholders, the proxy form signed by the first named registered shareholder on the registered shall be accepted to the exclusion of the other registered shareholder(s). If voting is in person(s) the vote of the first shareholder who tenders the vote shall be taken.*
7. *Item 1 of the Agenda is meant for discussion only, as the provision of Section 251 of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
8. *For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 22 June, 2020 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.*

Statement Accompanying Notice Of Annual General Meeting

Five (5) Board Meetings were held during the year.

Date of Meeting	*Hour*	*Place*
21 February 2019	1.40 pm	Ipoh, Perak
24 April 2019	12.45 pm	Ipoh, Perak
15 August 2019	12.00 pm	Ipoh, Perak
24 October 2019	1.00 pm	Ipoh, Perak
5 December, 2019	1.00 pm	Ipoh, Perak

Details of Directors' attendance at Board Meetings are as follows:

Names of Directors	*Number of meetings held*	*Number of meetings attended*
Dr. Leong Tat Thim	5	5
Mohd. Razali bin Mohd. Amin	5	5
Timothy John Huntsman	5	5
Oliver John Harold Huntsman	5	5

Details of the Director seeking re-election is as follows:

Oliver John Harold Huntsman

Age 64, Male, British. Non Independent Non Executive Director. Appointed to the Board on 25 April 2014. Attended all 5 Board Meetings in the financial year. Obtained a Diploma in Accountancy from the City of London Polytechnic. He then worked for Binder Hamlyn for six years before joining in 1982, Electra Partners, who are the managers of Electra Private Equity , an Investment Trust listed on the London Stock Exchange, specialising in Private Equity transactions. He spent five years doing Venture Capital deals before spending eight years specialising in management buyouts, secondary financings and development capital. He then specialised in portfolio management and has been involved in the refinancing, secondary buyouts, trade sales and floatations across a broad range of industries. He retired from Electra Partners in 2017. He was regulated by the UK Financial Conduct Authority. He was until recently, treasurer of the local church for four years. No conflict of interest with the Company, a substantial shareholder of the Company and is the cousin of Timothy John Huntsman. Has not been convicted for any offences within the past five years.

Board Charter

INTRODUCTION

The Board of Directors ("Board") of Riverview Rubber Estates, Berhad ("Riverview") recognises Corporate Governance as being vital and important to the success of Riverview and its Group of Companies ("Group") businesses.

As a plantation company with a history of more than 80 years, Riverview ensures that it manages its business, operations and affairs in accordance with the laws and regulations of the jurisdictions in which it operates.

The Board is accountable and responsible for the performance and affairs of the Group and is also responsible to oversee its corporate governance framework. All Board members are expected to act in a professional manner, to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board Charter provides references for Directors in relation to the Board's role, powers, duties and functions. It also outlines the Board's rights to establish committees to assist in the discharge of its duties and its meetings' requirements.

OBJECTIVES

The Board Charter sets out the roles and responsibilities of the Board in accordance with the principles outlined in the Code of Corporate Governance and ensures that all Board members are aware of their duties and responsibilities as well as the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings.

This Charter is not an all-encompassing document and should not be seen as such but considered a broad expression of principles.

COMPOSITION AND BOARD BALANCE

The size and composition of the Board is appropriate given the nature and geographical spread of the Group's business, and the significant time demands placed on the Non-Executive Directors who also serve as Members of Board Committees.

The Board comprise individuals of ability and integrity who possess the necessary skills, knowledge, experience and expertise competencies to address the risks and issues of the Group with the requisite depth and quality in its deliberation and decision making.

The Constitution of the Company provides for a minimum of 3 Directors and maximum 8 Directors.

The Company must ensure that at least 2 Directors or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors and if the number of Directors is not 3 or a multiple of 3, then the number nearest 1/3 must be used as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa LR").

The Board promotes and welcomes diversity and gender mix in its composition and give due recognition to the financial, technical and business experience of the Directors, and; its composition and size are reviewed from time to time to ensure its appropriateness.

NOMINATION, APPOINTMENTS AND RE-ELECTION

The Nomination Committee established by the Board is responsible for assessing nominees for appointment and thereafter making its recommendations to the Board.

The Nomination Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director brings to the Board.

The Company Secretary shall have the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

In accordance with the Constitution of the Company, any Director appointed shall retain office only until the next General Meeting and shall then be eligible for re¬election.

Re-appointments of an Independent Director who has served for a cumulative term of more than nine years to continue serving in the same capacity requires the Board of Directors to justify, recommend and seek shareholders' approval in order for that individual to continue as such.

The Constitution provides that at each Annual General Meeting, at least one Director shall retire from office, the Director to retire shall be the Director who has been longest in office provided always that all Directors retire once every three years.

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement and who otherwise meets the definition of independence as prescribed by the Bursa LR.

Every Independent Director shall provide a written declaration to the Nomination Committee and the Board confirming that he/she continues to fulfil the criteria of independence as set out in the Bursa LR during the annual assessment carried out by the Company.

The Board, together with the Nomination Committee shall undertake an assessment of the Director's independence annually and as and when new interest or relationship develops.

ROLES AND RESPONSIBILITIES

The Board of Directors is responsible for the long- term success of the Group and must ensure that there is a framework of effective controls, which enables risks to be assessed and managed. While it is responsible for creating a framework within which the Group should be operating, Management is responsible for instituting compliance with laws and regulations including the achievement of the Group's corporate and social objectives. This demarcation of roles complements and reinforces the supervisory role of the Board.

The Board is specifically responsible for:
- approval of the Group's strategy and it budgetary and business plans;
- approval of significant investments and capital expenditure;
- approval of annual and interim results, accounting policies and subject to shareholder approval, the appointment and remuneration of the external auditors;
- declaration and payment of dividends;
- changes to the Group structure and the issue of any securities;
- establishing and maintaining the Group's risk appetite, system of internal control, governance and approval authorities;

Board Charter (continued)

- provide assurance to its internal and external stakeholders that the Group is operating in compliance with its policies and any other applicable regulatory requirements. This includes establishing a “tone from the top” and spearheading the Group’s efforts to improve on its corruption risk management framework, internal control system, review and monitoring as well as training and communication;
- monitoring executive performance and succession planning;
- reviewing standards of ethics and policy in relation to health, safety, environment and community responsibilities which include managing conflicts of interest, preventing the abuse of power, fraud, bribe and corruption, insider trading and money laundering;
- direct and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately addresses corruption risk;
- to review the development and dissemination of internal and external trainings relevant to its anti-corruption management system, covering areas such as policy, training, reporting channel and consequences of non-compliance;
- continuous education programmes for the Directors, management and employees;
- to approve the Whistleblowing Policy and Procedure to encourage employees to report any legitimate concerns over any wrongdoing the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment within as well as any suspected and/ or real corruption incidents; and
- to review and/ or acknowledge on the investigation outcome of whistleblowing issues, results of fraud, illegal acts or suspected violations of Group policies involving all employees, Management and Directors.

The Board entrusts and grants some of it authority to the Principal Officer as well recognized Committees comprising Non-Executive Directors.

There is clear segregation of responsibilities between the Chairman, who is an Independent Non-Executive Director, and the Principal Officer to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion and relevant opinions amongst Board members are presented. The Principal Officer is supported by the Management team, is responsible for day-to-day Management of the business as well as effective implementation of the strategic plan and policies established by the Board.

The Non-Executive Directors are independent of the Management. Their function is to constructively question the Management and monitor its ability to deliver on targets and business plans within the risk appetite set by the Board. They have free and open interaction with the Management at all levels, and they engage with the external and internal auditors on matters regarding the overseeing of the business and operations.

The roles and responsibilities of Non-Executive Directors include the following:
- providing impartial (where the Director is also Independent) and objective views, appraisals and opinions in deliberations of the Board;
- safeguarding the principle of check and balance in proceedings of the Board;
- mitigating occurrences of conflict in interest in policy making and daily operations of the Group; and
- constructively challenging and contributing to the development of the Group.

Board Charter (continued)

ETHICS

The Companies Act, 2016 and Bursa LR subject the Directors to disclosure requirements. Directors shall comply with the Companies Act, 2016 in connection with disclosure of shareholding and interests in the Group and interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly duties or interests that might be created in conflict with his/her duty or interest as a Director of the Company. General notice given by a Director is tabled at the Board Meetings and the declarations made are recorded in the minutes of the Board Meeting, in line with the Companies Act, 2016.

The guiding principles adopted by the Directors are based on moral duty, sincerity, integrity and responsibility. The Directors observe a code of ethics in accordance with that expected from each of their respective professional bodies and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

These principles include:
- prohibitions on using their position for personal gain;
- prohibitions on improper business practices;
- a requirement for compliance with all internal approval and authorisation procedures and legal requirements; and
- a requirement to disclose potential conflicts of interest and potential related party contracts.

The Company Secretary is available for advice on any matter which may give rise to cause for concern in relation to the ethics.

CODE OF CONDUCT

The Board shall maintain the highest degree of integrity and professionalism while at the same time promoting transparency and accountability in their actions. The Company has in place "Code of Conduct and Ethics" to enhance the standard of corporate governance and behaviour.

The Board observes the Code of Conduct and Ethics and it comprises the guidelines such as handling of conflict of interest. It further provides that a Director with any interest, direct or indirect, must declare the related party transaction.

WHISTLEBLOWING

The Company has in place Whistleblowing Policy to manage improper conduct on the part of the Directors, if any. This policy covers areas from lodging of reports to investigation and corrective actions that are required to be taken.

The Board has overall responsibility for this policy and shall oversee the implementation of this policy.

The Board appoints an Independent Director to whom concerns may be conveyed. The Independent Director is also responsible to receive reports from employees or third parties for the purpose of whistleblowing.

Board Charter (continued)

ROLE OF COMMITTEES

The Board decides on all major aspects of the activities of the Company and in common with other listed companies of similar size and organization, it decides upon most such matters as full Board. The Board in discharging its duties is assisted by four Board committees, namely the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee with written terms of reference which define their membership, authorities and responsibilities.

All deliberation, findings and recommendation made by these Committees will be brought to the attention of the Board who is collectively responsible for the Group's business, strategy, risk management, operational and financial performance.

Audit Committee and Risk Management Committee

The Board has delegated to these Committees the responsibilities for overseeing the financial reporting, internal risk management and control functions for making recommendations to the Board including the appointment of the Group's internal and external auditors.

Remuneration Committee

The Committee is responsible for developing the remuneration policy for the Directors, Principal Officer, Management Officers and Staff, in doing so, the Committee carries out the annual review of the overall remuneration policy and recommends this to the Board for approval.

Nomination Committee

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or the Board Committees. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for the annual evaluation of the Board, its commitments and its Directors.

MEETINGS

The Board meets a minimum of four (4) times a year and these meetings are scheduled in advance before the end of the current financial year in order to enable the Directors to have ample time to plan ahead; supplementary meetings are held as and when necessary.

Due notice is given of scheduled meetings, all meetings are minuted, including issues discussed and conclusions made. All proceedings are minuted and signed by the Chairman of the meetings.

The agenda for each Board meeting and papers relating to the agenda are disseminated to all Directors at least seven (7) days before the meeting, this is to ensure that meetings are properly structured and to provide the Directors sufficient review time, and seek clarifications, if any.

PERFORMANCE

The Board recognises the importance of assessing the effectiveness of the Board as a whole and its Committees. The Board reviews and evaluates the performance of the Board as a whole and its Committees on an annual basis.

The Company Secretary shall distribute the evaluation form to the Board and Board Committees for completion on an annual basis. The information obtained or disclosed during the evaluation process shall be kept confidential and will not be used or disclosed except as defined herein.

The Nomination Committee shall oversee the implementation of the evaluation process and at the conclusion of this process, the Chairman of the Nomination Committee shall report the outcome to the Board of Directors identifying the issues and making appropriate recommendations. The Board of Directors shall then deliberate on the report and decide/agree on any action plans, where relevant.

As part of the Board self-evaluation process, an annual written confirmation shall be obtained from each of the Company's Independent Non-Executive Directors stating to the effect that each of them continues to fulfil the definition of independence as set out in the Bursa LR.

TRAINING AND INDUCTION

The Board, through the Committees, ensure a structured orientation and continuous education programme is in place for new and existing members of the Board. This includes, briefings, seminars and updates on issues relevant to the Group and the environment in which it operates.

The Director who is appointed for the first time as a Director of listed company must complete the Mandatory Accreditation Programme ("MAP") within the time set as defined in the Bursa LR.

For new Directors, in addition to the MAP, an induction programme is provided. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations, time commitment required and its governance agreements. Such inductions typically include meetings with senior management, visits to the Group's business segments where they receive a thorough briefing on the business. Such inductions are monitored by the Chairman and supported by the Company Secretary, to ensure that new and recently appointed Directors gain sufficient knowledge about the Group to enable them to contribute to deliberations as soon as possible as well as be aware of the expectations required from them.

The Board shall disclose in the Annual Report the trainings attended by the Directors and to provide reasons for the non-attendance for each Director.

REMUNERATION POLICIES

- Determining the policy for the remuneration of the Principal Officer, Chairman, Management Officers and such members of the staff that it chooses to consider;
- Reviewing remuneration trends across the Group including the salary increases proposed annually for all Group employees;
- Appointment and termination agreements for senior management;
- Determining targets for bonuses;
- Executive remuneration packages should take into account the linkage between pay, performance and nature of work by rewarding both effective management and by making the enhancement of shareholder value a critical success factor in setting of incentives, both short and long term; and
- The overall level of salary, incentives pension and other benefits should be competitive when compared with other companies of similar size and within the industry.

The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a General Meeting.

There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

Board Charter (continued)

SUPPLY OF INFORMATION

All Directors have unrestricted access to advice and services of the Company Secretary who ensures that the Board receives appropriate and timely information for its decision making, that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained.

All Directors have full and immediate access to information relating to the Group's business and affairs in the discharge of their duties, there is nevertheless a formal procedure sanctioned by the Board in this regard. There is also a formal procedure, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in furtherance of the duties at the Group's expense.

FINANCIAL REPORTING

The Company aims to present clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act, 2016 and the applicable approved accounting standards so as to present a true and fair view of the state of affairs of the Group.

REVIEW OF BOARD CHARTER

This Board Charter was updated and adopted by the Board on 25 February 2020. The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objective, current law and practices.

Corporate Information

BOARD OF DIRECTORS

Dr. Leong Tat Thim *Ph. D, M. Sc. Agri., B. Sc. Agri. Hons, Dip. Agri.* ***Chairman***
Mohd Razali bin Mohd Amin *FCMA, CA (M'sia)*
Timothy John Huntsman *B.Eng, LLB*
Oliver John Harold Huntsman *DPA (UK)*

COMPANY SECRETARY

Eugene Chow Jan Liang
MIA 23029

Telephone : 1 700 81 9012
Fax : 006 05 255 9016
Email : eugene.chow@bpo.net.my

REGISTERED OFFICE

33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh, Perak Darul Ridzuan
Malaysia

Telephone : 1 700 81 9012
Fax : 006 05 255 9016

PRINCIPAL PLACE OF BUSINESS

Riverview Estate
31800 Tanjung Tualang
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 360 9201
Fax : 006 05 360 8426

SHARE REGISTRAR

Business Process Outsourcing Sdn. Bhd.
33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh,Perak Darul Ridzuan
Malaysia

Telephone : 1 700 81 9012
Fax : 006 05 255 9016

Corporate Information (continued)

AUDITORS
Folks DFK & Co.
Chartered Accountants
12th Floor Wisma Tun Sambanthan
2 Jalan Sultan Sulaiman
50000 Kuala Lumpur

Telephone : 006 03 2273 2688
Fax : 006 03 2274 2688

AUDIT COMMITTEE
Mohd Razali bin Mohd Amin *FCMA, CA (M'sia)* ***Chairman***
Dr. Leong Tat Thim *Ph. D, M. Sc. Agri., B. Sc. Agri. Hons, Dip. Agri.*
Oliver John Harold Huntsman *DPA (UK)*

RISK MANAGEMENT COMMITTEE
Mohd Razali bin Mohd Amin *FCMA, CA (M'sia)* ***Chairman***
Dr. Leong Tat Thim *Ph. D, M. Sc. Agri., B. Sc. Agri. Hons, Dip. Agri.*
Timothy John Huntsman *B.Eng, LLB*

REMUNERATION COMMITTEE & NOMINATION COMMITTEE
Dr. Leong Tat Thim *Ph. D, M. Sc. Agri., B. Sc. Agri. Hons, Dip. Agri.* ***Chairman***
Mohd Razali bin Mohd Amin *FCMA, CA (M'sia)*
Oliver John Harold Huntsman *DPA (UK)*

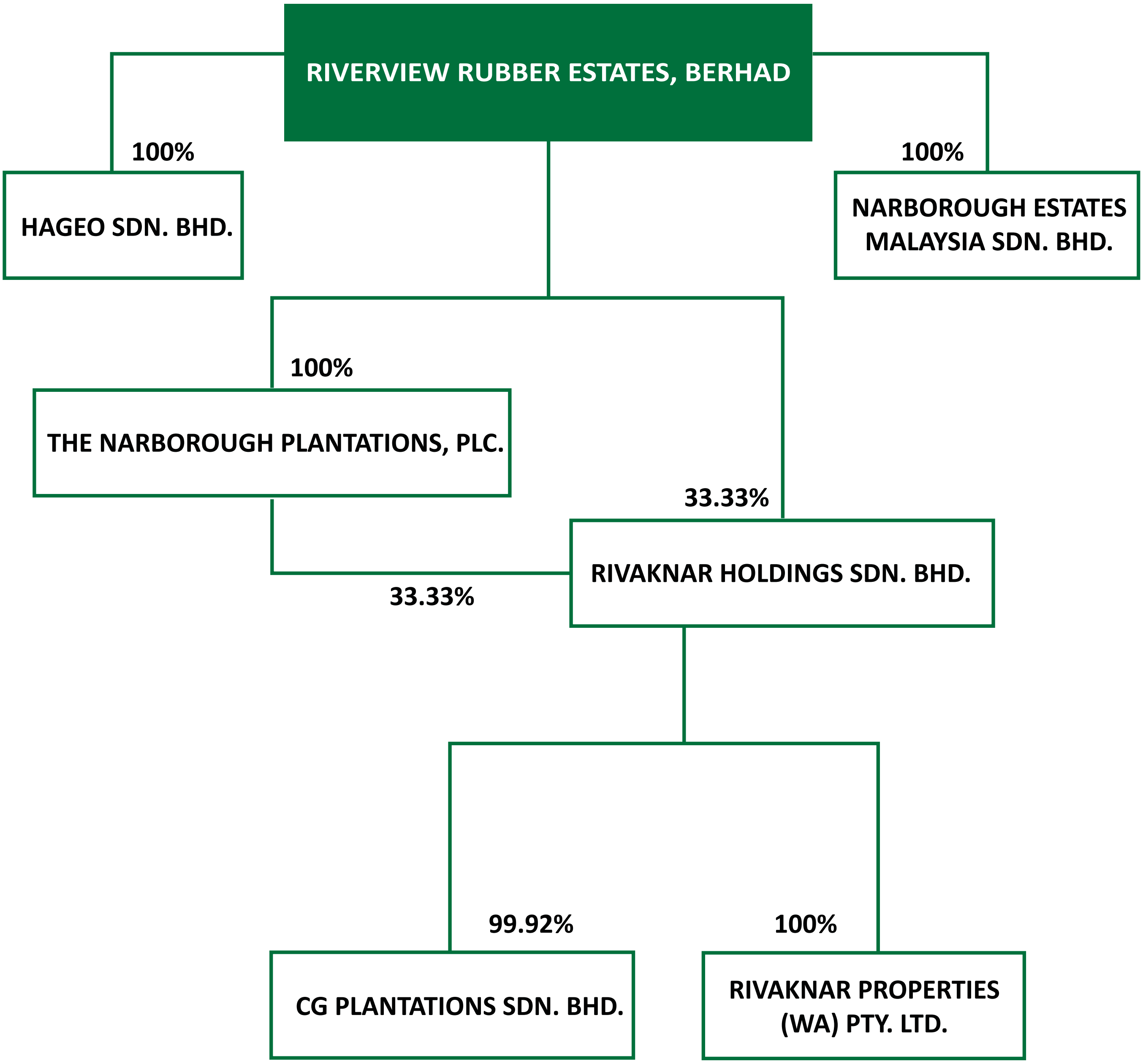
SENIOR INDEPENDENT DIRECTOR
Mohd Razali bin Mohd Amin *FCMA, CA (M'sia)*
Email : ac.chairman@riverview.com.my

BANKERS
HSBC Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Code : 2542
Stock Name : RVIEW

WEBSITE
www.riverview.com.my

Group Structure



Group Plantation Statistics

OIL PALM	2019	2018	2017	2016	2015
Average area in production (hectares)	2,544	2,544	2,544	2,544	2,544
Crop (tonnes FFB)	58,623	58,217	66,732	48,200	62,596
Yield per mature hectare (tonnes FFB)	23.63	23.90	27.81	21.35	28.36
Average price realised (RM per tonne of FFB)	420.96	473.74	630.79	618.86	471.27
Gross profit per mature hectare	3,482	4,855	11,147	7,431	7,235
AREA STATEMENT as at 31 December					
Oil palm - mature	2,481	2,436	2,400	2,258	2,207
- immature	63	108	144	286	337
Total planted hectarage	2,544	2,544	2,544	2,544	2,544
Nursery	4	4	4	4	4
Buildings, sites, gardens, etc	30	30	30	30	30
Ravines and swamps	5	5	5	5	5
Total area (hectares)	2,583	2,583	2,583	2,583	2,583

AGE PROFILE as at 31 December

Age in Years	2019 Hectares	2018 Hectares	2017 Hectares	2016 Hectares	2015 Hectares
Above 25	470	175	135	82	76
21 - 25	624	595	816	625	420
16 - 20	709	764	731	646	776
8 - 15	249	480	310	607	731
3 - 7	429	422	408	298	203
	2,481	2,436	2,400	2,258	2,207
less than 3	63	108	144	286	337
	2,544	2,544	2,544	2,544	2,544

Financial Calendar

FINANCIAL YEAR END	**31 December 2019**

ANNOUNCEMENT OF QUARTERLY RESULTS

First Quarter	24 April 2019
Second Quarter	15 August 2019
Third Quarter	24 October 2019
Fourth Quarter	25 February 2020

PUBLISHED ANNUAL REPORT

Despatch Date	29 May 2020

GENERAL MEETING

Eighty First Annual General Meeting	29 June 2020

DIVIDEND

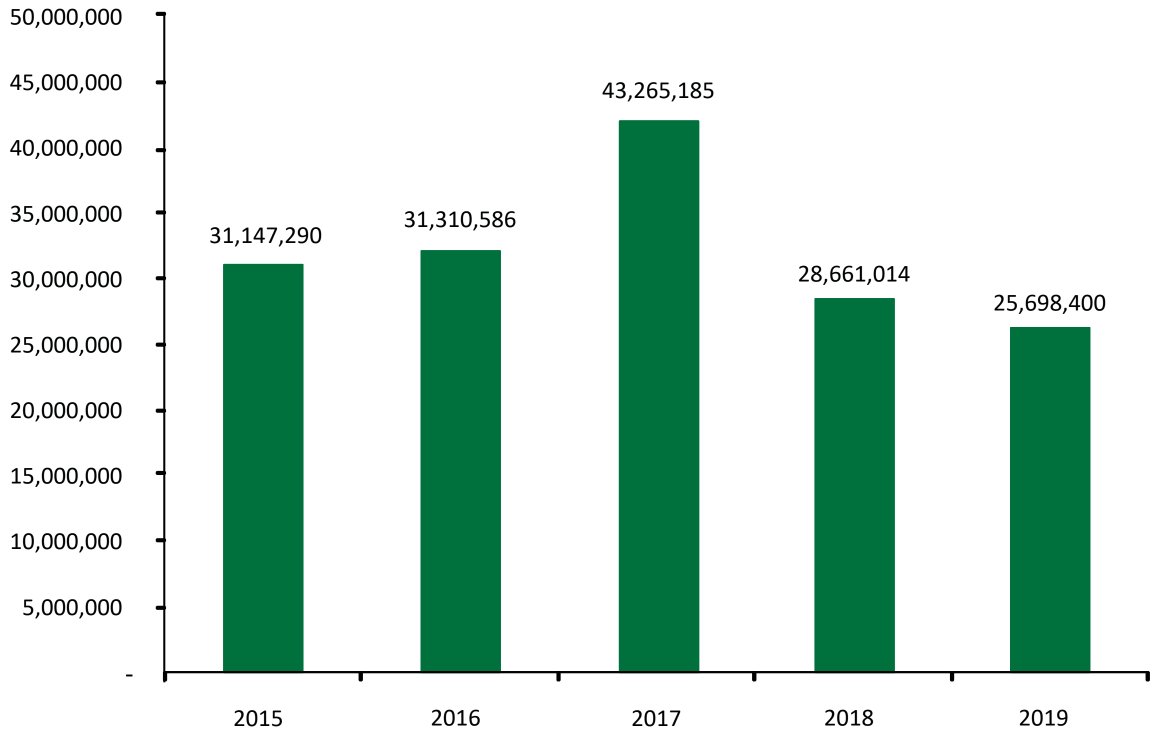
First Interim : RM0.02 under the Single Tier System	Declaration date -	17 May 2019
	Entitlement date -	7 June 2019
	Payment date -	28 June 2019
Second Interim : RM0.01 under the Single Tier System	Declaration date -	9 December 2019
	Entitlement date -	3 January 2020
	Payment date -	24 January 2020

Group Financial Performance

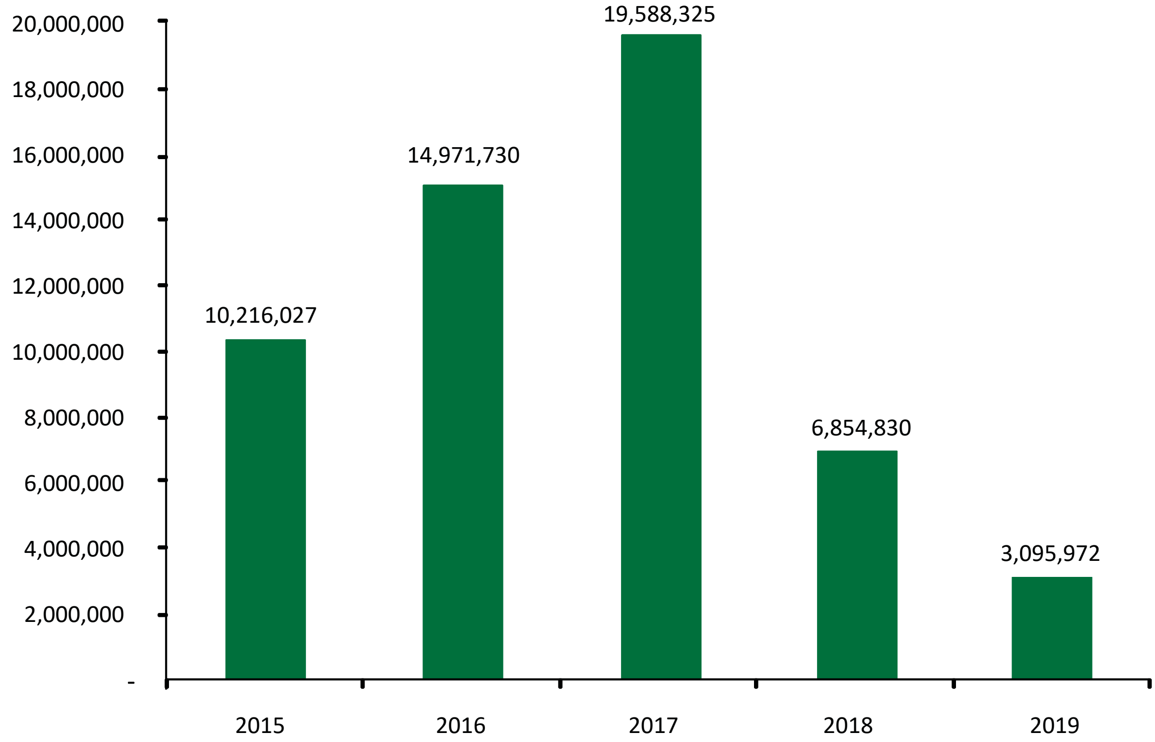
	1st Quarter RM '000	2nd Quarter RM '000	3rd Quarter RM '000	4th Quarter RM '000	2019 RM '000
Revenue	6,289	6,284	6,629	6,496	25,698
Gross profit	1,749	1,970	2,486	2,782	8,987
Profit before tax	650	(362)	2,385	423	2,949
Profit attributable to shareholders	379	(671)	1,798	676	1,750
Earnings per share (sen)	0.58	(1.03)	2.77	1.04	2,182
Dividend per share (sen)	-	0.02	-	0.01	3.36
Net assets per share (RM)	4.10	4.07	4.09	4.10	4.10

Group Financial Highlights

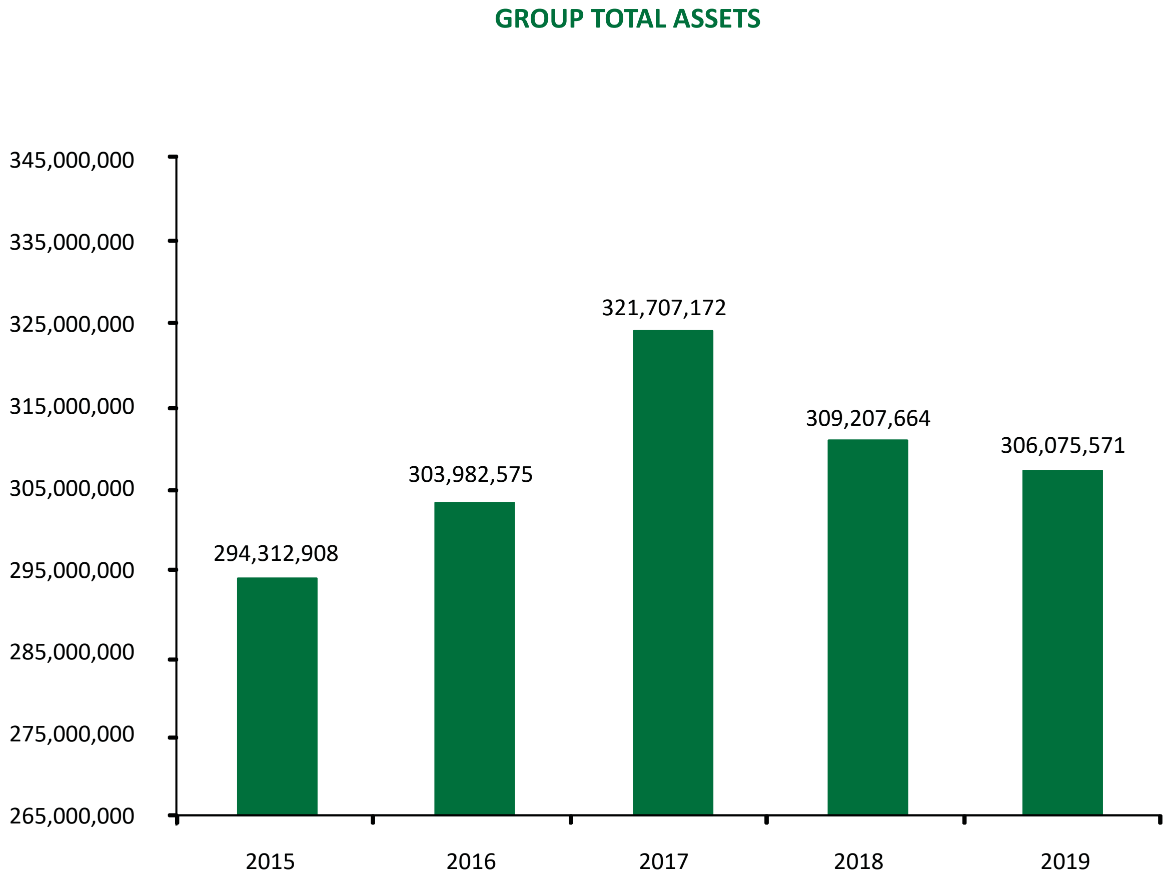
GROUP REVENUE

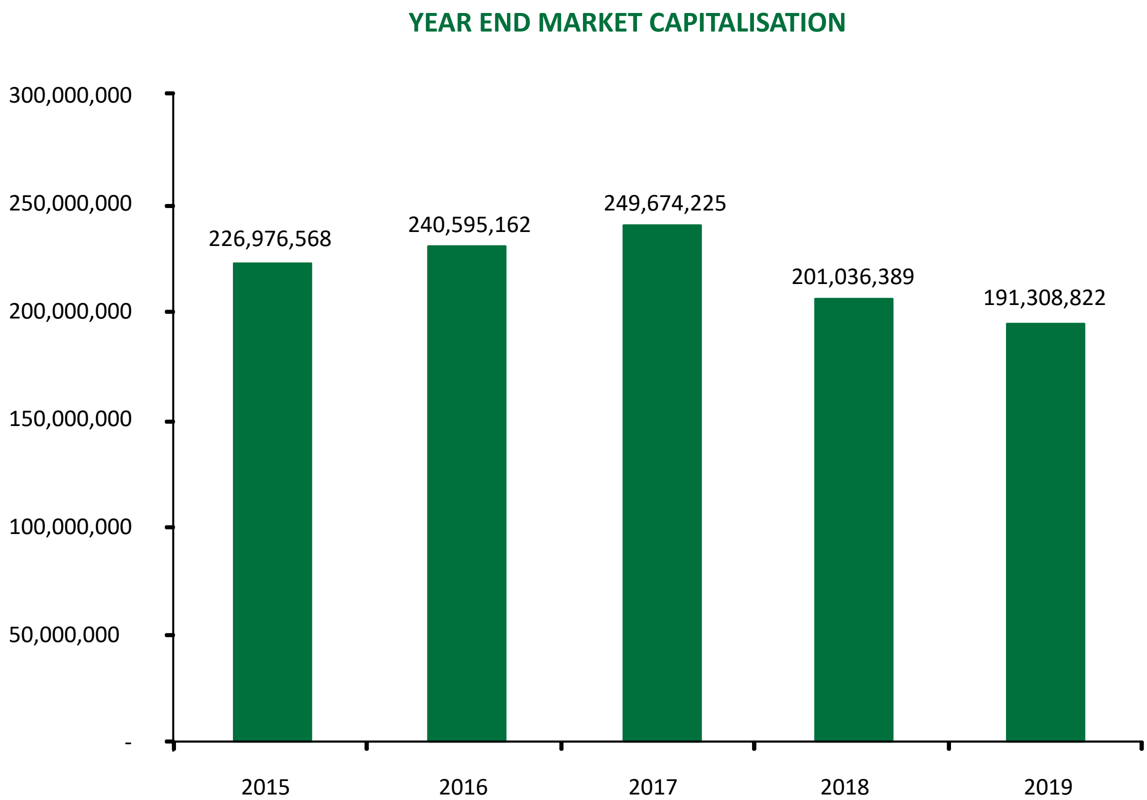


GROUP PROFIT BEFORE TAX



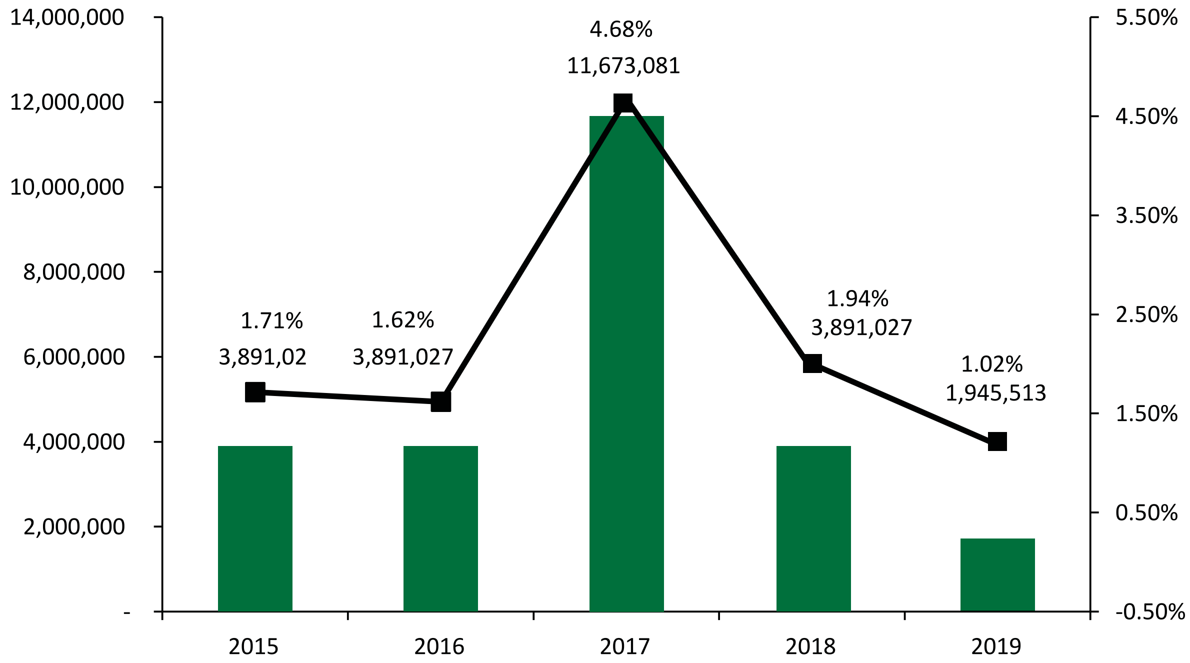
Financial Highlights (continued)





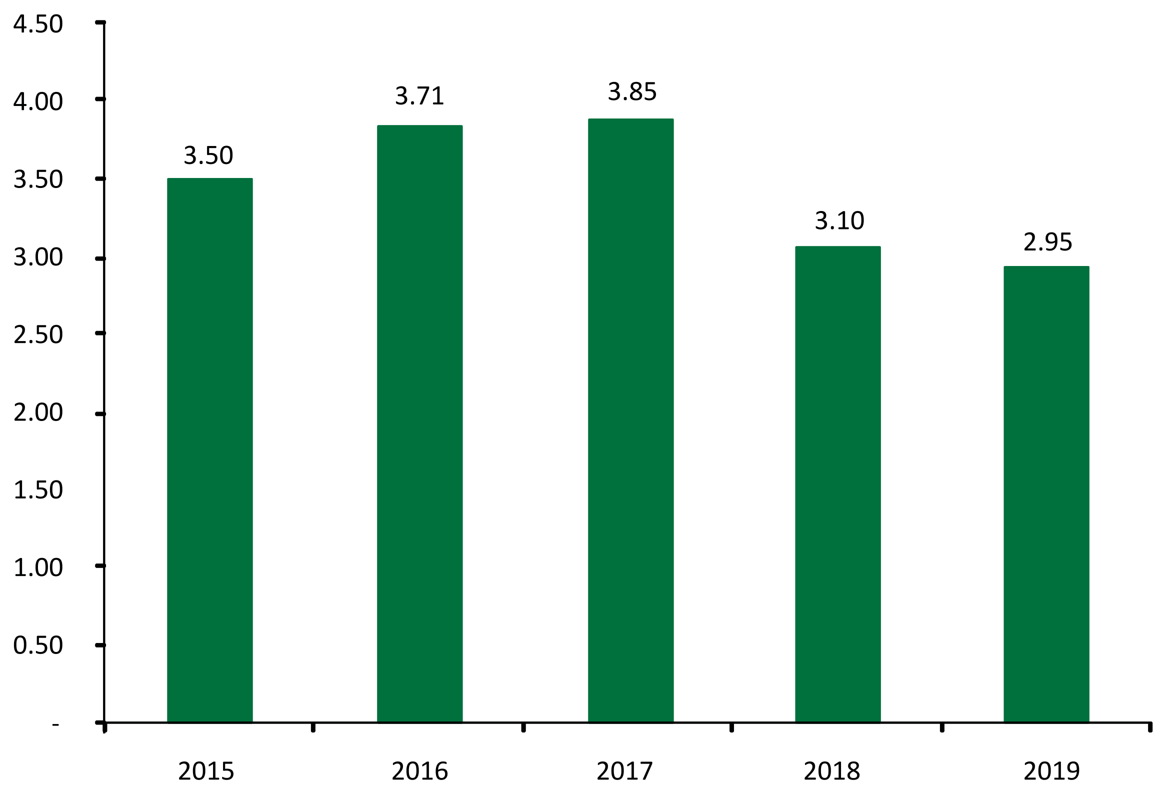
Financial Highlights (continued)

GROSS DIVIDEND YIELD & AMOUNT*



* Yield is based on the year end share price.

YEAR END SHARE PRICE



Analysis of Shareholdings

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid	:	RM64,850,448
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDINGS as at 18.05.2020

No. of Holders	Holdings	Holdings	Total %
39	less than 100	1,296	*
423	100 to 1,000	352,839	0.54%
1,230	1,001 to 10,000	5,196,955	8.01%
300	10,001 to 100,000	7,967,066	12.29%
33	100,001 to less than 5% of issued shares	10,472,200	16.15%
1	5% and above of issued shares	40,860,092	63.01%
2,026		64,850,448	100.00%

SUBSTANTIAL SHAREHOLDERS IN THE COMPANY as at 18.05.2020

	No. of shares held			
	Direct	%	Deemed	%
Sungei Ream Holdings Sdn. Bhd. ("SRHSB")	40,860,092	63.01%	-	-
Buloh Akar Holdings Sdn. Bhd. ("BAHSB")	-	-	40,860,092[1]	63.01%
Elizabeth Mary Sheriff	-	-	40,860,092[2]	63.01%
Timothy John Huntsman	1,000	-	40,860,092[3]	63.01%
Oliver John Harold Huntsman	1,000	-	40,860,092[4]	63.01%
Stephen William Huntsman	67,300	0.10%	40,860,092[4]	63.01%
Bamboo Root Sdn. Bhd. ("BRSB")	-	-	40,860,092[5]	63.01%
Susannah Bt. Abdullah @ Tan Swee Lai	21,200	0.03%	40,860,092[6]	63.01%
Melissa Bt. Abdul Aziz	-	-	40,860,092[6]	63.01%
Suria Bt. Abdul Aziz	-	-	40,860,092[6]	63.01%
Fariz Bin Abdul Aziz	-	-	40,860,092[6]	63.01%

DIRECTORS' SHAREHOLDINGS IN THE COMPANY as at 18.05.2020

	No. of shares held			
	Direct	%	Deemed	%
Dr. Leong Tat Thim	1,000	*	-	-
Mohd. Razali bin Mohd. Amin	1,000	*	-	-
Timothy John Huntsman	1,000	*	40,860,092[3]	63.01%
Oliver John Harold Huntsman	1,000	*	40,860,092[4]	63.01%

Notes :

1 Deemed interested by virtue of its substantial shareholdings in SRHSB. Elizabeth Mary Sheriff and Timothy John Huntsman are deemed to be substantial
shareholders of BAHSB by virtue of the shares held by Rockwill Trustees Berhad ("Rockwill") as custodian trustees. The shares held by custodian trustees are in the following proportions:
"Elizabeth's Share" : 458,013 shares in BAHSB held by Rockwill
"Timothy's Share" : 457,914 shares in BAHSB held by Rockwill
2 Deemed interested by virtue of her interest in Elizabeth's Share
3 Deemed interested by virtue of his interest in Timothy's Share
4 Deemed interested by virtue of his interest in BAHSB
5 Deemend interested by virtue of its interest in BAHSB
6 Deemend interested by virtue of her/his interest in BRSB
* Negligible

Analysis of Shareholdings (continued)

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATIONS as at 18.05.2020

The Directors' shareholdings in related corporations are as diclosed in the Directors' Report on page 86.

THIRTY LARGEST REGISTERED SHAREHOLDERS as at 18.05.2020

	Name	Holdings	%
1	SUNGEI REAM HOLDINGS SENDIRIAN BERHAD	40,860,092	63.01%
2	MAXIMUM VISTA SDN BHD	1,757,500	2.71%
3	TAN TZE LIM	1,402,100	2.16%
4	YEO KHEE BEE	619,100	0.95%
5	TAN KEE LOCK SDN BHD	590,000	0.91%
6	KAF NOMINEES (TEMPATAN) SDN.BHD.		
	- BERNAM NOMINEES (TEMPATAN) SDN BHD FOR JENDARATA BERNAM PROVIDENT FUND	547,000	0.84%
7	YEOH CHIN HIN INVESTMENTS SDN BERHAD	492,600	0.76%
8	MONICA O-LAN @ MONICA NG O-LAN	474,000	0.73%
9	NG KIAT LAN	472,000	0.73%
9	NG SWAT LAN	472,000	0.73%
10	UOB KAY HIAN NOMINEES (ASING) SDN BHD		
	- EXEMPT AN FOR UOB KAY HIAN PTE LTD	327,800	0.51%
11	TAN SEE TONG	302,000	0.47%
12	AFFIN HWANG NOMINEES (ASING) SDN BHD		
	- PHILLIP SECURITIES PTE LTD FOR WALKER, CRIPS, WEDDLE, BECK PLC	282,000	0.43%
13	CHONG YEAN FONG	254,600	0.39%
14	LEE SIEW PENG	170,000	0.26%
15	CHUAH LEE SHYUN	163,400	0.25%
16	GEMAS BAHRU ESTATES SDN. BHD.	153,000	0.24%
17	LEE NYIT FEE	143,600	0.22%
18	CGS-CIMB NOMINEES (ASING) SDN BHD		
	- EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	141,000	0.22%
19	KARTAR SINGH A/L SANTA SINGH	140,000	0.22%
20	NG POH CHENG	137,100	0.21%
21	HSBC NOMINEES (ASING) SDN BHD		
	- EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	120,000	0.19%
21	KWOK CHEE YAN	120,000	0.19%
22	TAN TONG CHAIT	117,000	0.18%
23	SAI DEZHAO	115,000	0.18%
24	TAN SHU AYAN	111,100	0.17%
25	JASPREET KAUR GILL	111,000	0.17%

Analysis of Shareholdings (continued)

THIRTY LARGEST REGISTERED SHAREHOLDERS as at 18.05.2020 (Cont'd)

	Name	Holdings	%
26	HSBC NOMINEES (ASING) SDN BHD - BNP PARIBAS SECS SVS JERSEY FOR BROOKS MACDONALD ASSET MANAGEMENT (INTERNATIONAL) LIMITED	110,000	0.17%
27	LIM KEAN MENG	108,000	0.17%
27	LIM WEI LI	108,000	0.17%
27	ONG ENG HOE	108,000	0.17%
28	CHEW POH MIN	107,000	0.16%
29	TEH LIAN KIM	102,000	0.16%
30	MIKDAVID SDN BHD	100,300	0.15%
		51,338,292	79.16%

Profile of Directors

Dr Leong Tat Thim

Age 76, Male, Malaysian. Independent Non Executive Director and Chairman. Appointed to the Board on 20 June 2014 and elected Chairman on 24 June 2014. Attended all 5 Board Meetings in the financial year. Was a Guthrie Scholar, obtained his Diploma in Agriculture from Serdang College (now known as University Putra Malaysia) in 1968, and obtained his Bachelor of Agriculture Science (Honours) in 1972 and Master of Agriculture Science and Ph.D. in 1982, all from University Malaya. He started as a planting assistant in Kumpulan Guthrie, and was promoted to Head of Rubber Research. Specialised in rubber exploitation and agronomy, developed "Puncture Tapping" technique for rubber tapping. In 1995, joined IOI as Research Controller, overseeing the IOI Research Station, was actively involved in oil palm breeding, DxP seed production, sale of elite DxP planting material, tissue culture, clonal trials, oil palm advisory, leaf sampling, fertiliser recommendation and laboratory services. Was a council member in the Malaysian Palm Oil Association and the Malaysia Estate Owners Association, was Chairman of the Malaysian Rubber Producers Council (1998/99). Retired as Chief Executive Officer of United Malacca Berhad in April 2014 after having been in the plantation industry for 42 years. In 2016, he was appointed to the Council of the Malaysian Agricultural Producers Association. No conflict of interest with Company and is the father of Mr. Leong Yeng Kit who is an Independent Director of Buloh Akar Holdings Sdn Bhd and Sungei Ream Holdings Sdn Bhd. Has not been convicted for any offences within the past five years.

Dr. Leong Tat Thim is the Chairman of the Remuneration and Nomination Committee and sits on the Audit Committee.

Mohd. Razali bin Mohd. Amin

Age 71, Male, Malaysian. Independent Non Executive Director. Appointed to the Board on 25 April 2014. Attended all 5 Board Meetings in the financial year. A Fellow of the Chartered Institute of Management Accountants and a Chartered Accountant under the Malaysian Institute of Accountants. Started his career in Behn Meyer as Accounts Executive in 1973 and subsequently promoted to Area Manager, Branch Manager and General Manager in 1975, 1978 and 1983 respectively, promoted to Finance and Admin. Director in 1990 and appointed as Managing Director of Behn Meyer Agricare (M) Sdn. Bhd. from 1996 to 2010. Was re-designated in 2011 as Regional Finance Director for finance, major corporate and administration matters as well as IT for companies in the region until his retirement in December 2013. Currently serves on the Board of Interpac (M) Sdn. Bhd. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for any offences within the past five years.

Mohd Razali bin Mohd Amin is the Chairman of the Audit Committee and sits on the Remuneration and Nomination Committee.

Profile of Directors (continued)

Timothy John Huntsman

Age 52, Male, Canadian. Non Independent Non Executive Director. Appointed to the Board on 20 June 2014. Attended all 5 Board Meetings in the financial year. Obtained his first degree in Engineering from Memorial University of Newfoundland in Naval Architecture and Ocean Engineering in 1996 and his second degree in Law from the University of New Brunswick in 2002. After being called to the bar in May of 2003 Timothy has practised law in Nanaimo, British Columbia, Canada. He runs his own law practice called Huntsman Law with a current focus on corporate and estate litigation. No conflict of interest with the Company, a substantial shareholder of the Company and is the cousin of Oliver John Harold Huntsman. Has not been convicted for any offences within the past five years.

Oliver John Harold Huntsman

Age 64, Male, British. Non Independent Non Executive Director. Appointed to the Board on 25 April 2014. Attended all 5 Board Meetings in the financial year. Obtained a Diploma in Accountancy from the City of London Polytechnic. He then worked for Binder Hamlyn for six years before joining in 1982, Electra Partners, who are the managers of Electra Private Equity , an Investment Trust listed on the London Stock Exchange, specialising in Private Equity transactions. He spent five years doing Venture Capital deals before spending eight years specialising in management buyouts, secondary financings and development capital. He then specialised in portfolio management and has been involved in the refinancing, secondary buyouts, trade sales and floatations across a broad range of industries. He retired from Electra Partners in 2017. He was regulated by the UK Financial Conduct Authority. He was until recently, treasurer of the local church for four years. No conflict of interest with the Company, a substantial shareholder of the Company and is the cousin of Timothy John Huntsman. Has not been convicted for any offences within the past five years.

Oliver John Harold Huntsman sits on both the Audit Committee and the Remuneration and Nomination Committee.

Profile of Management

Eugene Chow Jan Liang
Company Secretary / Accountant

Age 46, Male, Malaysian. Member of The Malaysian Institute of Accountants, The Malaysian Institute of Certified Public Accountants and a Fellow of The Association of Chartered Certified Accountants, UK. Started his career as an Auditor with Arthur Andersen from 1995 to 2002. He then joined Ernst & Young from 2002 until 2006. Currently based in Ipoh, Perak. Not a shareholder of the Company and is not related to any Director or substantial shareholder of the Company. Does not sit on the board of any public listed companies. No conflict of interest with the Company. Has not been convicted for any offences within the past five years.

Sures Naidu
Senior Manager

Age 37, Male, Malaysian. Joined the Group on 1 February 2002. Executive Diploma in Plantation Management and Technology from University Malaysia Pahang. Has over 15 years' experience in the plantation industry starting with his employment as a Field Conductor in 2001. Currently based at Chendrong Estate in Tg. Tualang, Perak. Not a shareholder of the Company and is not related to any Director or substantial shareholder of the Company. Does not sit on the board of any public listed companies. No conflict of interest with the Company. Has not been convicted for any offences within the past five years.

Ang Chai Poa
Senior Manager

Age 75, Male, Malaysian. Joined the Group on 1 July 2011. Senior Cambridge Certificate. Has over 51 years' experience in the plantation industry having previously worked with Kuala Lumpur Kepong Berhad and TSH Resources Berhad. Currently based at Narborough Estate in Sungkai, Perak. Not a shareholder of the Company and is not related to any Director or substantial shareholder of the Company. Does not sit on the board of any public listed companies. No conflict of interest with the Company. Has not been convicted for any offences within the past five years.

Koh Say Ung
Manager

Age 38, Male, Malaysian. Joined the Group on 1 March 2015. Degree in Conservation Biology from University Malaysia Sabah and Masters in Business Administration from University Malaysia Sarawak. Has over 10 years' experience in the plantation industry having started as an Agronomist in 2005. Currently based at Buloh Akar Estate in Parit, Perak. Not a shareholder of the Company and is not related to any Director or substantial shareholder of the Company. Does not sit on the board of any public listed companies. No conflict of interest with the Company. Has not been convicted for any offences within the past five years.

Profile of Management (continued)

Omar Abdul Hamid
Assistant Manager

Age 40, Male, Malaysian. Joined the Group on 15 December 1998. Executive Diploma in Plantation Management from University Utara Malaysia. Has over 15 years' experience in the plantation industry starting with his employment as a Field Supervisor in 1998. Currently based at Narborough Estate in Sungkai, Perak. Not a shareholder of the Company and is not related to any Director or substantial shareholder of the Company. Does not sit on the board of any public listed companies. No conflict of interest with the Company. Has not been convicted for any offences within the past five years.

Wan Mohammad Hajidi
Assistant Manager

Age 28, Male, Malaysian. Joined the Group on 1 November 2016. Diploma in Plantation Industry Management from University Technology MARA Pahang and Bachelor of Science (Hons) (Plantation Technology And Management) from University Technology MARA Melaka. Has 3 years' experience in the plantation industry starting with his employment as a Field Supervisor in 2016. Currently based at Hibernia Estate in Selama, Perak. Not a shareholder of the Company and is not related to any Director or substantial shareholder of the Company. Does not sit on the board of any public listed companies. No conflict of interest with the Company. Has not been convicted for any offences within the past five years.

Chairman's Statement

DEAR SHAREHOLDERS,

I am pleased to present the Eighty First Annual Report of Riverview Rubber Estates, Berhad and for the financial year ended 31 December 2019.

GROUP FINANCIAL PERFORMANCE

Group revenue for the financial year ended 31 December 2019 was RM25.69 million, a 10% decrease of RM2.97 million from RM28.66 million for the financial year ended 31 December 2018. Profit before tax dropped to RM3.10 million from RM6.86 million compared to last year.

Production of FFB was slightly higher than the previous year by 406 metric tonnes. This is due to replanted fields coming into maturity which, however, could not off-set the weak FFB prices realised in 2019 compared to the previous year. The average FFB price realised dropped by RM53 per metric tonne from RM474 per metric tonne in 2018 to RM421 per metric tonne in 2019.

Property values in Perth, Australia, continued to drop as uncertainties arising from the US-China trade dispute badly affected the mining industry in Western Australia. This in turn had a negative effect on property prices. The changes in fair value in the Australia properties dropped by RM2.79 million.

Earnings per share and net assets per share stood at 3.36 sen and RM4.10 respectively, from 7.82 sen and RM4.10 respectively, as compared to the previous year.

A more detailed review of the results and performance is set out under Management's Discussion and Analysis of this Annual Report as set out from pages 33 to 40.

Chairman's Statement (continued)

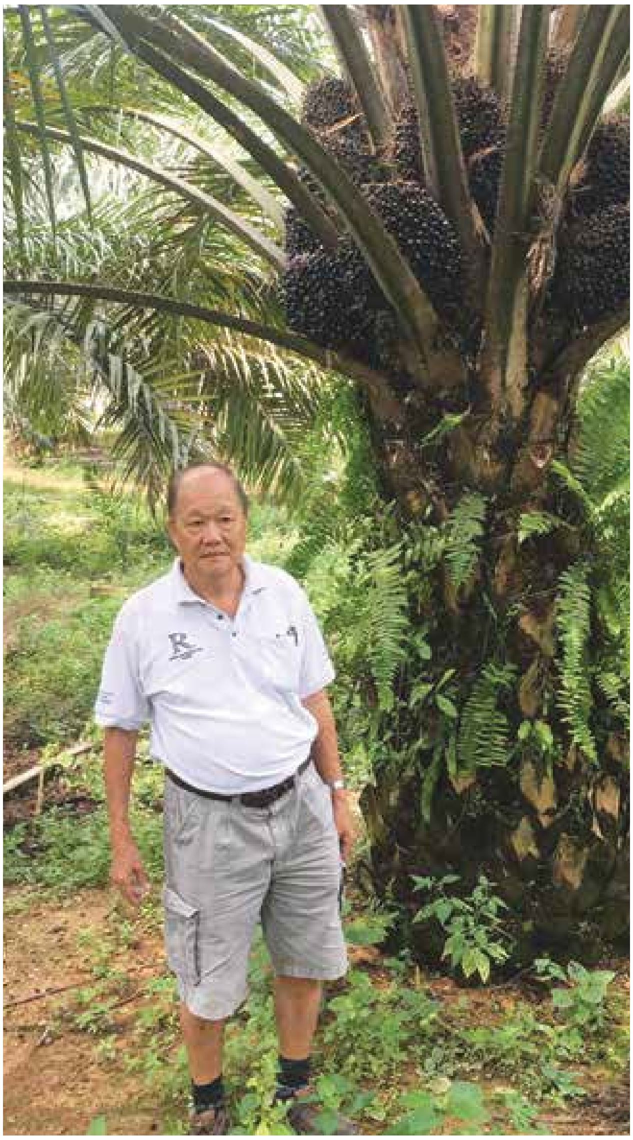
DIVIDEND

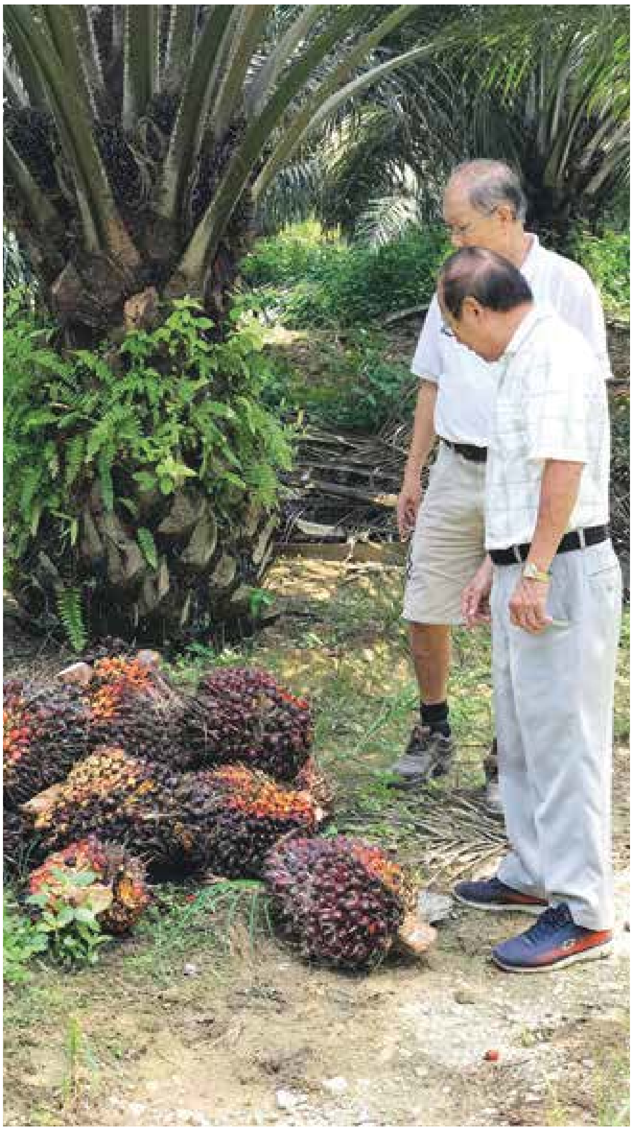
Dividend for 2019 was RM0.03 per ordinary share; lower than it was in 2018. The lower dividend is a reflection of the challenges faced by the industry and the company in 2019.

The Group will continue to practice a dividend policy that recognizes the need to achieve a balance between providing reasonable returns to shareholders while conserving funds that are required for new investment opportunities that are critical for long term growth.

SUSTAINANBILITY AND CORPORATE GOVERNANCE

We have been involved in the agriculture industry for more than 80 years. We recognize our obligation to our stakeholders. This encompasses our commitment to deliver profits, to enhance shareholder value and at the same time, make a positive contribution to our employees, stakeholders and to society in general.





Chairman's Statement (continued)

SUSTAINABILITY AND CORPORATE GOVERNANCE (continued)

We fully support the initiatives undertaken to ensure sustainable oil palm cultivation and the production of palm oil. We have a heritage of maintaining a high degree of commitment that is directed towards social well-being.

We are committed to build on practices which are sustainable and this pledge is exhibited in the execution of activities which assist our customers in reaching their goals, engage our employees, support the local community and preserve the environment; all this we do with integrity and ethics in mind.

SUSTAINABILITY AND CORPORATE GOVERNANCE (continued)

I am pleased to announce that we have obtained MSPO certification for all our estates ahead of the deadline. We will continue to review, update and improve our practices. We have also formalised, adopted and updated various policies including those on Whistleblowing and Anti Bribery & Corruption.

Key highlights of the measures taken as well as corporate responsibility initiatives are set out in the Sustainability Report of this Annual Report as set out from pages 69 to 80.

CURRENT YEAR PROSPECTS

2019 was a challenging year for us as we had to steer through volatile commodity prices and an uncertain global economy.

We have always operated efficiently and monitored our costs, and will continue to do so. Despite headwinds faced by the plantation segment in Malaysia, we expect commodity prices to improve from 2019. Notwithstanding the challenges faced, our business continues to generate positive cash flows which, together with a strong balance sheet will enable us to manage and remain profitable.

Chairman's Statement (continued)

APPRECIATION AND ACKNOWLDEGMENT

On behalf of the board, I would like to record our appreciation to the management and employees for their commitment, dedication and loyalty in achieving the results in the financial year under review.

I take this opportunity to thank our valued shareholders, business associates, customers, friends and authorities for their continued trust, confidence, support and guidance.

Finally, I also wish to put on record my sincere thanks to my fellow Directors for their deep sense of collective responsibility, commitment and professionalism.

DR. LEONG TAT THIM
Chairman

Management Discussion and Analysis

Business Model and Strategy

The Company was incorporated in the Malaysia on 26 March 1936 and listed on Bursa Malaysia Securities on 29 March 1961. The principal activities of the Group in the course of the financial year remained unchanged, these consist the cultivation of oil palm and investment property holding.

The cultivation of oil palm is spread over four locations in the state Perak, Malaysia. Oil palm is a perennial crop which starts yielding palm fruits about three years after planting and it has a continuous productive lifespan until felled.

The oil palm estate spans approximately 2,583 hectares with a planted area of 2,544 hectares. The oil palms are scheduled to be replanted approximately every 20 – 25 years to maintain a yield for sustainable revenue growth. Our strategy is to achieve higher profitability through disciplined allocation of resources towards achieving higher quality FFB yields with high oil extraction rates which increases the price that can be achieved.

The investment properties are held in two locations in Perth, Australia. These freehold residential properties are currently held for the generation of rental income. The properties are free from external borrowings and substantially tenanted. The properties have been contributing positive cash flow to Group, are financially independent and its operations are self-sustainable.

Management Discussion and Analysis (continued)

Income and Profit

Income is primarily derived from the sale of oil palm FFB, this is supplemented by rental income and other income such as interest received from fixed deposits.

	2019	2018	Variance MT/RM	Variance %
Production – FFB (MT)	58,623	58,217	406	1
Average price realised per MT of FFB (RM)	420.96	473.74	(53)	(11)
Revenue (RM)				
- Plantations	24,677,865	27,579,589	(2,901,724)	(11)
- Investment properties	1,020,535	1,081,425	(60,890)	(6)
	25,698,400	28,661,014	(2,962,614)	(10)
Profit/(Loss) before tax (RM)				
- Plantations	5,724,401	6,894,890	(1,170,489)	(17)
- Investment properties	(2,628,429)	(40,060)	(2,588,369)	(6,461)
	3,095,972	6,854,830	(3,758,858)	(55)

Financial Performance

	2019	2018	Variance MT/RM	Variance %
Revenue	25,698,400	28,661,014	(2,962,614)	(10)
Cost of sales	(16,710,666)	(16,361,392)	(349,274)	(2)
Gross profit	8,987,734	12,999,622	(4,011,888)	(31)
Changes in fair value of agriculture produce	1,022,874	102,902	919,972	894
Changes in fair value of investment properties	(2,786,770)	(365,000)	(2,421,770)	(663)
Operating profit	3,153,591	7,128,045	(3,974,454)	(56)
Profit before tax	3,095,972	6,854,830	(3,758,858)	(55)

Management Discussion and Analysis (continued)

Financial Performance (continued)

Production of FFB was slightly higher than the previous year, by 406 metric tonnes due to young fields coming into maturity.

We recorded an annual average FFB price of RM421 per MT in 2019 compared to RM474 per MT in 2018; the lowest since 2006. 2019 peak price was in December at RM553 per MT and the lowest in March at RM366 per MT.

FFB production for 2019 was 58,623 MT as compared to the previous year of 58,217 MT. The Group plantation revenue for 2019 was RM24.68 million as compared to RM27.58 million in 2018. This is reflected as follows:

			Variance	
	2019	2018	MT/RM	%
Production – FFB (MT)	58,623	58,217	406	1
Average price realised per MT of FFB (RM)	420.96	473.74	(53)	(11)

Operating profit decreased from RM7.13 million in 2018 to RM3.15 million is 2019, a drop of RM3.98 million this is primarily a result of weaker revenue and negative change in fair value of investment properties; these were off set by a positive swing in the change in fair value of agriculture properties.

Agriculture produce comprise FFB prior to harvest and is valued at fair value less cost to sell at the point of harvest. Fair value of the agricultural produce is determined by aggregating the forecasted gross profit before depreciation for the next two months after the financial year end.

The fair value changes in agriculture produce saw a positive swing of approximately RM0.92 million. In the previous year, CPO price started declining after the financial year end, whereas the opposite is happening for the current financial year. While positive, changes in fair value remained conservative as the production trend is anticipated to slow down in the first half of 2020, prices are expected to remain under pressure from of the COVID-19 pandemic and weak crude oil prices.

We had expected the property prices in Perth, Australia to stabilise, however the US-China trade dispute negatively affected the mining industry in Western Australia, this in turn adversely affected property prices. Despite a drop in property prices, the market value remains above our costs. Operations in Perth generate positive cash flow and the loss recorded is due to changes in fair value of the properties, such changes do not affect the cash flow.

Consequently, Earnings per Share for the year dropped from 7.82 sen to 3.36 sen. Net Asset Value per share as at 31 December remained unchanged at RM4.10.

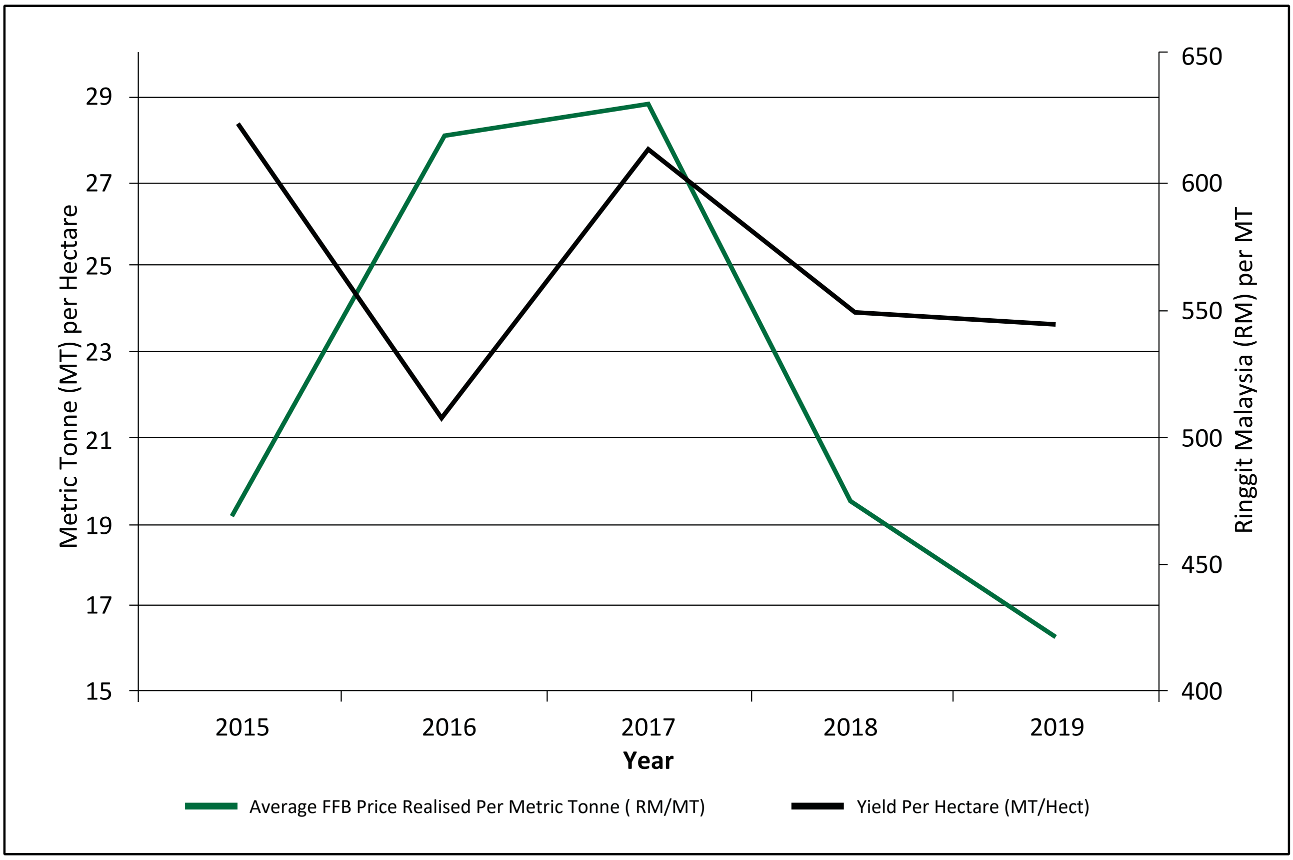
Return on Capital Employed also dropped to 0.68% from 1.92% on the back of lower profits.

Management Discussion and Analysis (continued)

Financial Performance (continued)

A graphical presentation of the movement of our 5 year yield per hectare and average price of FFB realised is shown below.

Graph - 5 Year Yield Per Hectare and Average Fresh Fruit Bunches Price Realised



Our average yield per hectare of 23.63 MT decreased from 23.90 MT in 2018, it continues to be higher by 31.64% and 21.80% respectively than that of the Peninsular and the Perak state average of 17.95 MT and 19.40 MT respectively.

Management Discussion and Analysis (continued)

Fundamental Key Performance Ratios

	2019	2018
Earnings per Share (sen)	3.36	7.82
PE Ratio (times)	87.68	39.62
Net Asset per Share (RM)	4.10	4.10
Operating Margin (%)	12.27	24.87
Return on Capital Employed (%)	0.68	1.92
Dividend Cover (times)	1.12	1.30
Dividend Yield (%)	1.02	1.94

Overall, the Price to Earnings ratio has increased from 39.62 at a market price of RM3.10 for 2018 to 87.68 at a market price of RM2.95 in 2019. This is due to a higher percentage of decrease in the Earnings per Share as compared to the market price of the shares.

The net assets per share remained unchanged despite lower profitability.

Operating profit decreased as a result of the lower revenue as well as a negative fair value changes as follows:

	2019	2018	Variance MT/RM
Operating profit	3,153,591	7,128,045	(3,974,454)
Revenue	25,698,400	28,661,014	(2,962,614)
Fair value changes			
- Investment properties	(2,786,770)	(365,000)	(2,421,770)

Dividend for 2019 was RM0.03 per ordinary share; lower than it was in 2018, the lower dividend is a reflection of the challenges faced by the industry and the company in 2019. As a result of the low earnings, dividend cover dropped to 1.12.

Dividend Yield of 1.02% in 2019 decreased from 1.94% in 2017 due to a higher percentage of decrease in the dividend per share as compared to the market price of the shares.

Management Discussion and Analysis (continued)

Operations review

Despite a significant drop in the operating profit, results from the operations for the financial year under review remain encouraging given the industry wide challenges faced this year and that cash flow remained positive. We will continue practising a prudent approach in the operations and will remain guarded against the uncertain world economy.

The implementation of the “under planting” methodology has been successful and will be reflected in years to come.

A continuous review of manuring practices and FFB collection methods is conducted. Measures have been implemented to improve field conditions and to tighten security, both of which have been successful. All these are expected to bring about better efficiencies in field management and increase future yields.

We have continued to maintain and scout our boundaries to ensure that security is maintained; closed up exits along fields boundaries; and engaged more security guards to tighten security and to reduce the risk of lost fruits. We believe that our efforts in security also contributed to the improved production.

Last year, we reported our progress towards MSPO certification, we are pleased to announce that we have obtained MSPO certification for all our estates ahead of the deadline. We will continue to review, update and improve our practices.

In addition, we have embarked on a process to review our governance structure, this includes reviewing, updating and improving all terms of references, policies and codes pertaining to how we operate. To that effect, we have to-date updated, adopted and approved the following:

- Board Charter;
- Terms of Reference - Audit Committee;
- Terms of Reference – Nomination Committee;
- Terms of Reference – Remuneration Committee;
- Terms of Reference – Risk Management Committee;
- Whistleblowing Policy;
- Anti Bribery & Corruption Policy; and
- Code of Ethics.

These are available to the public on the company's website at *www.riverview.com.my*.

Capital Expenditure

For the financial year 2019, the Group spent a total of RM0.52 million for Capital Expenditure. The Group continues to retain a disciplined approached in this respect, such expenditure are reviewed and spent appropriately to commensurate with the requirements of the Group.

Principal Risk and Uncertainties

The principal risks and uncertainties of the business are:
- Unexpected variations in crop, principally caused by unusual weather and pest infestation;
- Variations in commodity prices;
- Input cost inflation;
- Funding risk; and
- Shortage of labour

Some of these risks and uncertainties are beyond our control. However, the following measures are taken to lessen the impact of these risks and uncertainties:

- Unusual variations in crops
  These are mostly due to excessive rainfall arising from the La Nina effect or low rain fall due to the El Nino effect and sudden pest outbreak, such as, infestation of rats, bagworms and rhinoceros beetles. Drains and water retention ponds have been constructed strategically around the estate to ensure sufficient supply of water to the trees in the event of drought brought on by the El Nino effect. The drains are also to ensure sufficient drainage to avoid flooding.

- Pest control measures
  Pest control through natural means are given priority such as the building of barn owl boxes to attract owls for rat control, planting of Turnera Subulata plants as a habitat for wasp which is a predator of bagworms, and pheromone bait for rhinoceros beetles. Spraying of pesticides are applied under stringent controls according to professional agronomic recommendations and occupational health and safety standards in Malaysia.

- Variations in commodity prices
  Commodity prices are governed by market forces. Hence, to ensure stable revenue in the event of a fall in palm oil futures, measures such as improving harvesting rounds and strict adherence to manuring programmes based on Agronomic requirements, have been taken to optimise the production level of the trees. We also places emphasis on producing quality FFB that will command a better Oil Extraction Rate ("OER") from the mills, which in turn will affect the price of our FFB.

- Input cost inflation
  The mitigation of input cost inflation is done through proper planning of major resource usage such as, the purchase of fertilisers to fix the best possible fertilisers prices based on the our agronomic requirements by way of tender to lessen the effect of fluctuating fertiliser prices. Transportation contractors are re-evaluated periodically to ensure efficiency is maintained to avoid additional transport costs. The extensive usage of organic fertiliser such as empty fruit bunches help reduce manuring costs.

- Funding and Credit
  Oil mills are selected based on the best oil extraction rates and payment terms offered as well as the ability to take all production. The risk of dependence on a single customer is mitigated by the readily available market of FFB purchasers in Malaysia especially from palm oil mills located within the vicinity of the estate in the state of Perak, Malaysia. Payment for FFB is made in advance by the oil mill based on the FFB supplied to the 15th of every month and the balance payable before the 10th of the next month. Purchases of fertiliser are selected through open tender to control the cost and quality. As a consequence, we are well placed to manage funding risks successfully.

- Labour Shortage
  This is an industry wide issue, we are addressing this by ensuring that there is constant two-way communication with our employees as well as ensuring that their remuneration packages are revised to ensure that it remains competitive. Other benefits such as housing amenities, places of worship, child care services, recreational facilities, transportation subsidies, utilities subsidies and subsidies for furniture and fittings for our employees provide a high degree of care towards the social well being of our employees.

Management Discussion and Analysis (continued)

Principal Risk and Uncertainties (continued)

We are a member of the Malayan Agricultural Producers Association ("MAPA"), and the Malaysian Palm Oil Association ("MPOA") which keeps its members updated on the latest developments of the Government of Malaysia's requirements for the industry. MAPA also advises on how best to comply with industrial relation requirements. MPOA provides updated information on regulatory requirements as well as on the latest technology available to protect against pest attacks and how to increase yield.

Other risks faced by are explained in the financial statements.

Funding review

We continued to maintain a strong financial position as at 31 December 2019, with net assets of RM282,802,005 as compared with the net assets as at 31 December 2018, with net assets of RM285,692,307. Cash and short-term deposits totalled RM40,315,823 as compared with RM37,821,846 of the previous financial year. There are no bank borrowings as at 31 December 2019.

Current Year Prospects

We have built and will continue to build a solid foundation over the years to ensure the sustainability of the oil palms' production potential. Notwithstanding unpredictable factors such as adverse weather conditions and pest attacks, the crop is expected to remain favourable in the foreseeable future with a slight drop in the intervening years of replanting. While we expect 2020 to be challenging, we are hopeful that we will remain profitable in the year ahead given the management of our fields and our ability to produce competitive FFB yields.

We are mindful of the challenges that 2020 may bring, and, focus will be given toward addressing areas for improvement identified on our sustainability journey.

Overall, the Group expects the upward trend to continue given the improving age profile resulting from the maturity of recent replants. The cyclical effects of commodity price changes will continue to affect the industry, however we are confident that CPO prices will remain positive.

Prospects for the palm oil industry continue to look promising, we are of the view that palm oil, because of its high yield and low production cost, is well placed to continue to benefit from increasing demand from a growing world population.

On 11 March 2020, the World Health Organisation declared COVID 19 a global pandemic. To contain the spread and flatten the curve, the Malaysian Government imposed a Movement Control Order ("MCO") from 18 March 2020 to 12 May 2020. The MCO necessitated that closure of non-essential business, the palm oil industry was deemed as essential and allowed to operate subject to state restrictions. The restriction in movement has not materially affected the Group's operations, in addition, the Group has implemented Standard Operating Procedures ("SOP") which is to be practised throughout the MCO.

The Group has considered the impact of COVID 19 and the MCO on its operations and financials and is of the opinion that the operating results are expected to remain satisfactory and that the cash flow position is adequate to meet the Group's requirements.

Management will continue to monitor developments and take the required remedial actions where necessary. The Group will continue its operations taking into cognisance the health and safety of its employees and stakeholders.

Corporate Governance Statement

The Board of Directors recognises the importance of ensuring high standards of corporate governance, as a public listed company, we are committed to corporate governance and comply with the principles and best practices of the Malaysian Code on Corporate Governance 2017 (the "Code"), and with the requirements of corporate governance set out on Bursa Malaysia Main Market Listing Requirements ("MMLR").

The Board has put in place a framework for corporate governance which is appropriate for the Group to enable the Directors to discharge their responsibilities to protect stakeholders' interests and to enhance shareholders' value and the long term financial duties of the Group.

In doing so, the Board strives to adopt the substance behind the Code and not merely its form. The Board is pleased to present a statement on the application of the principles and the extent of compliance with the best practices as set out in the Code.

I. DIRECTORS

Size and Composition

The size and composition of the Board is appropriate given the nature and geographical spread of the Group's business, and the significant time demands placed on the Non-Executive Directors who also serve as Members of Board Committees.

The 4 Members of the Board are individuals of ability and integrity who possess the necessary skills, knowledge, experience and expertise competencies to address the risks and issues of the Group with the requisite depth and quality in its deliberation and decision making.

The Directors are able to more than adequately deliberate and make decisions which involves reviewing and adopting a strategic plan for business performance, overseeing the proper conduct of the Group's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, reviewing the adequacy and integrity of the Internal control systems and Management information systems.

The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board. Should there be a vacancy on the Board, the Directors will take into consideration the gender diversity.

The Board is satisfied with the current Board size and composition and that it fairly reflects the interest of minority shareholders in the Group.

Balance

The Board consist four (4) members, all of whom are Non-Executive Directors, including the Chairman. Two (2) of the Directors on the Board are independent. A profile of each Director is presented on pages 23 and 24 .

The presence of Two (2) Independent Non-Executive Directors, which represents more than one-third of the Board, facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making and fulfills a central role in corporate accountability and serves to provide a check and balance in the Board.

Corporate Governance Statement (continued)

Independence

The concept of independence adopted by the Board is in line with the definition of an Independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and PN No. 13 (Revised January 2018). The main elements for fulfilling the criteria is the appointment of an Independent Director who is not a member of Management and free from any relationship which could interfere in the exercise of independent judgment or the ability to act in the best interest of the Company. The Board complies with paragraph 15.02 of MMLR which requires that at least two Directors or one-third of the Board, whichever is higher, are independent Directors.

The Independent Non-Executive Directors do not participate in the daily management activities and bring an external perspective to constructively challenge as well as assist in developing strategies, scrutinising management performance and monitoring the risk profile of the business and the reporting of monthly business performance.

The Nomination Committee and Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors had demonstrated conduct and behavior which indicate independence and each of them continue to fulfill the definition of independence as set out in the Code and MMLR.

The Code recommends that the tenure of an independent director should not exceed a cumulative term of nine years. The Company however, has not established term limits for the independent directors as it believes that term limits will not affect the individual's exercise of judgement and ability to act in the best interest of the Company. In instances where the individual's term has exceeded nine years, the Nomination Committee and the Board will assess and review if the individual has remained independent in character and judgement and if he/she is free from any business or relationship that could impair the exercise of his/her independent judgement. The Company would also seek the approval of the shareholders at its General Meeting to enable him/her to continue in office as an Independent Director.

Should a former audit partner of a firm involved in the audit of the Company be appointed to the Board, the consideration for independence will be in line with the definition of an Independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and PN No. 13 (Revised January 2018). This person will not be appointed to the Audit Committee for at least two years after the date of the initial appointment as a Director.

In any event, the Directors are required to keep the Board informed, on an ongoing basis, of any interest that could potentially conflict with the Group and where such material conflict exists, the Director must declare his/her interest in to the Board and not partake in decisions or discussion relating to them.

Mohd. Razali bin Mohd. Amin was the Senior Independent Director throughout the year, and as such, was available to shareholders should they have concerns that cannot be resolved through normal channels involving either the Principal Officer, Senior Management or the Chairman. He is also responsible to receive reports from employees or third parties for the purpose of whistleblowing in accordance with the Group's whistle blowing policy.

Mohd. Razali bin Mohd. Amin can be contacted via email at ac.chairman@riverview.com.my

Ethics

As the business environment and laws continue to become more complex, a greater demand for reasonable competence amongst company directors has become increasingly important and this has resulted in a need to establish a standard of competence for corporate accountability which include standards of professionalism, and trustworthiness in order to uphold good corporate integrity. These standards have been practiced long before the Code came to be.

The guiding principles adopted by the Directors are based on moral duty, sincerity, integrity and responsibility. The Directors observe a code of ethics in accordance with that expected from each of their respective professional bodies and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

These principles include:
- prohibitions on using their position for personal gain;
- prohibitions on improper business practices;
- a requirement for compliance with all internal approval and authorisation procedures and legal requirements; and
- a requirement to disclose potential conflicts of interest and potential related party contracts.

The Company Secretary is available for advice on any matter which may give rise to cause for concern in relation to the ethics.

The Code of Conduct and Ethics had been updated and adopted by the Board on 25 February 2020. The Board will review the Code from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objectives and practices. The Code is available to the public on the Company's website at *www.riverview.com.my*.

Duties and Responsibilities

The Board of Directors is responsible for the long-term success of the Group and must ensure that there is a framework of effective controls, which enables risk to be assessed and managed. While it is responsible for creating a framework within which the Group should be operating, Management is responsible for instituting compliance with laws and regulations including the achievement of the Group's corporate and social objectives. This demarcation of roles complements and reinforces the supervisory role of the Board.

The Board is specifically responsible for:
- approval of the Group's strategy and it budgetary and business plans;
- approval of significant investments and capital expenditure;
- approval of annual and interim results, accounting policies and subject to shareholder approval, the appointment and remuneration of the external auditors;
- declaration and payment of dividends;
- changes to the Group structure and the issue of any securities;
- establishing and maintaining the Group's risk appetite, system of internal control, governance and approval authorities;
- monitoring executive performance and succession planning;
- reviewing standards of ethics and policy in relation to health, safety, environment and community responsibilities; and
- continuous education programmes for the Directors, management and employees.

Corporate Governance Statement (continued)

Duties and Responsibilities (continued)

The main activities undertaken by the Board during the current financial year were as follows:

- reviewed and approved the Group's operational and capital budget as well as business strategies for the financial year ended 2019;
- reviewed and approved major contracts including fertiliser purchases and sale of fresh fruit bunches of palm oil for 2019;
- reviewed and approved the quarterly results and audited financial statements for the financial year ended 2019;
- reviewed and approved the remuneration, increment and bonus for management and staff for 2019;
- received the quarterly operational and financial report from the Principal Officer and Officer In-Charge of Finance on the business as well the external environment;
- reviewed and assessed the annual assessments of the effectiveness of the Board, Board Committees, External Auditors and Internal Auditors by the Audit Committee and Risk Management Committee;
- reviewed the current composition of the Board and Independent Directors and the commitment given by the Directors in fulfilling their responsibilities;
- considered the tenure of the Independent Directors;
- reviewed the Audit Planning Memorandum for the financial year ended 2019;
- reviewed and approved the statement for inclusion in the Annual Report for the financial year ended 2019;
- recommended both interim dividends for the financial year ended 2019;
- reviewed the monthly financial statements; and
- engaged KPMG to assist in the reviewing, updating and adoption of the following:
    - Board Charter;
    - Terms of Reference – Audit Committee;
    - Terms of Reference – Nomination Committee;
    - Terms of Reference – Remuneration Committee;
    - Terms of Reference – Risk Management Committee;
    - Whistleblowing Policy;
    - Anti Bribery & Corruption Policy; and
    - Code of Ethics.

The Board entrusts and grants some of it authority to the Principal Officer as well as recognized Committees comprising Non-Executive Directors.

There is clear segregation of responsibilities between the Chairman, who is an Independent Non-Executive Director, and the Principal Officer to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion and relevant opinions amongst Board members are presented. The Principal Officer is supported by the Management team, is responsible for day-to-day Management of the business as well as effective implementation of the strategic plan and policies established by the Board. The responsibilities and authorities between the Chairman and the Principal Officer are also clearly outlined in the Board Charter.

The Non-Executive Directors are independent of the Management. Their function is to constructively question the Management and monitor its ability to deliver on targets and business plans within the risk appetite set by the Board. They have free and open interaction with the Management at all levels, and they engage with the external and internal auditors on matters regarding the overseeing of the business and operations.

Duties and Responsibilities (continued)

The roles and responsibilities of Non-Executive Directors include the following:
- providing impartial (where the Director is also Independent) and objective views, appraisals and opinions in deliberations of the Board;
- safeguarding the principle of check and balance in proceedings of the Board;
- mitigating occurrences of conflict in interest in policy making and daily operations of the Group; and
- constructively challenging and contributing to the development of the Group.

Time Commitment

The Directors have complied with MMLR's requirements in that none of them hold more than five directorships in listed companies. The Directors are required to disclose their directorships and/or significant commitments outside the Company in order to ensure that these would not unduly affect their commitment towards the Company. In addition, all the Non-Executive Directors have confirmed that they will continue to devote sufficient time and attention towards fulfilling their obligations and responsibilities to the Company.

Meetings

The Board meets a minimum of four (4) times a year and these meetings are scheduled in advance before the end of the current financial year in order to enable the Directors to have ample time to plan ahead; supplementary meeting are held as and when necessary. Decisions can also be taken by way of Circular Resolutions between scheduled meetings, where appropriate.

Due notice is given of scheduled meetings, all meetings are minuted, including issues discussed and conclusions made. All proceedings are minuted and signed by the Chairman of the meetings.

During the financial year, the Board met on Five (5) occasions, where it deliberated upon and considered a variety of matters, these include overall strategy and direction, approval of capital expenditure, consideration of financial matters, monitoring the financial and operating performance as well as annual operating and capital budgets.

The agenda for each Board meeting and papers relating to the agenda are disseminated to all Directors at least seven (7) days before the meeting, this is to ensure that meetings are properly structured and to provide the Directors sufficient review time, and seek clarifications, if any.

Details of the meeting attendance of each Director are as follows:

Directors		Number of meetings attended
Dr. Leong Tat Thim	Chairman, Independent, Non-Executive	5
Mohd. Razali bin Mohd. Amin	Independent, Non-Executive	5
Timothy John Huntsman	Non Independent, Non-Executive	5
Oliver John Harold Huntsman	Non Independent, Non-Executive	5

The Board is satisfied that each Director has shown the commitment to the Board by having a good meeting attendance record for the current financial year.

Where required, senior management are invited to join in meetings to enable the making of informed decisions. All issues raised, deliberations, discussions and decisions made, including dissenting views along with the actions taken as well as parties responsible are recorded in minutes.

Corporate Governance Statement (continued)

Board Charter

In discharging its duties and responsibilities, the Board is guided by the Board Charter. This Charter which was first adopted in 2012 was developed based on the Code. The Board reviewed, updated and adopted the Charter, in its current form on 25 February 2020 taking cognizance of the relevant changes to policies, procedures and processes as well as to reflect changes in the regulatory environment.

The Board Charter is accessible and available to the public on the Company's website at *www.riverview.com.my.*

Supply of Information

The Chairman in conjunction with the Group Secretary draws up the agenda, which is circulated together with the relevant support papers, at least seven (7) days prior to each meeting to enable the Directors to have full and timely access to all relevant information to aid their decision-making and to obtain further information, if necessary.

All Directors have unrestricted access to advice and services of the Company Secretary who ensures that the Board receives appropriate and timely information for its decision making, that Board procedures are followed, and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained.

All Directors have full, immediate and unrestricted access to information relating to the Group's business and affairs in the discharge of their duties, there is nevertheless a formal procedure sanctioned by the Board in this regard. There is also a formal procedure, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in furtherance of the duties at the Group's expense.

Board Members also visit the various properties to enable them to gain a deeper awareness into the business and operational aspects of the Group. This approach is useful in assisting the Board to have a better understanding of the workings of the Group and will enable them to bring insight on matters affecting the Group during Board deliberations.

The Audit, Risk Management, Remuneration and Nomination Committees play an important role in channeling pertinent operational, financial and assurance related issues to the Board. The Committees partly function as a filter to ensure that only salient matters are tabled at Board level.

Training and Induction

The Board, through the Committees, ensure that a structured orientation and continuous education programme is in place for new and existing members of the Board. This includes, briefings, seminars and updates on issues relevant to the Group and the environment in which it operates.

All Directors have attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia Securities Berhad. The Directors continue to and are encouraged to attend Continuing Education Programme ("CEP") and seminars to keep abreast with regulatory development and other development on the marketplace. The Company Secretary circulates updates periodically for the Board's reference.

For new Directors, in addition to the MAP, an induction programme is provided. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations, time commitment required and its governance agreements. Such inductions typically include meetings with senior management, visits to the Group's business segments where they receive a thorough briefing on the business. Such inductions are monitored by the Chairman and supported by the Company Secretary, to ensure that new and recently appointed Directors gain sufficient knowledge about the Group to enable them to contribute to deliberations as soon as possible as well as be aware of the expectations required from them.

During the financial year, the seminars, courses and conferences attended by Directors are as follows:

Dr Leong Tat Thim
Corporate Liability Update : MACC (Amendment) Act 2019 : Section 17A – KPMG
Introduction to MACC (Amendment) Act 2019 : Section 17A – Bursa Malaysia/MACC
International Palm Oil Congress 2019 - MPOB

Mohd. Razali bin. Mohd. Amin
Corporate Liability Update : MACC (Amendment) Act 2019 : Section 17A - KPMG

Timothy John Huntsman
Corporate Liability Update : MACC (Amendment) Act 2019 : Section 17A - KPMG

Oliver John Harold Huntsman
Corporate Liability Update : MACC (Amendment) Act 2019 : Section 17A - KPMG

Appointments and Re-election

In accordance with Article 88 of the Constitution of the Company, any Director appointed shall retain office only until the next General Meeting and shall then be eligible for re-election.

Re-appointments of an Independent Director who has served for a cumulative term of more than nine years to continue serving in the same capacity requires the Board of Directors to justify, recommend and seek shareholders' approval in order for that individual to continue as such.

Article 96 of the Constitution provide that at each Annual General Meeting, at least one Director shall retire from office, the Director to retire shall be the Director who has been longest in office provided always that all Directors retire once every three years.

To assist shareholders in their decision, sufficient information such as a personal profile and meeting attendance of each Director standing for re-election is furnished in a separate statement accompanying the Notice of the Annual General Meeting.

Corporate Governance Statement (continued)

II. BOARD COMMITTEES

The Board decides on all major aspects of the activities of the Company; and in common with other listed companies of similar size and organization, it decides upon most such matters as full Board. The Board in discharging its duties is assisted by three Board committees, namely the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee with written terms of reference which define their membership, authorities and responsibilities.

Issues deliberated by the Board Committee are presented to the Board with the appropriate recommendations; the ultimate responsibility for the decisions made rests with the Board, it does not abdicate its responsibilities to these Committees. Each Board Committee has defined Terms of Reference which are available to the public on the Company's website at *www.riverview.com.my.*

The Board Committees and a summary of their respective Terms of Reference are as follows:

Audit Committee

The Audit and Risk Management Committee was renamed the Audit Committee on 5 December 2019. This came into effect with the formation of a separate Risk Management Committee on 5 December 2019. Prior to the formation of the Risk Management Committee, the oversight of the Group's risk management framework and policies were carried out by the Audit and Risk Management Committee.

The Audit Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of whom are Independent, as follows:

Mohd. Razali bin Mohd. Amin ***Chairman***
Dr. Leong Tat Thim
Oliver John Harold Huntsman

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal control functions and for making recommendations to the Board in relation to the appointment of the Group's internal and external auditors.

In order to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business.

The Audit Committee Report and the Risk Management Committee Report is presented from pages 58 to 60.

The Board reviewed, updated and adopted the Terms of Reference in its current form, on 25 February 2020, taking cognizance of the relevant changes to policies, procedures and processes as well as to reflect changes in the regulatory environment.

The Board will review these terms from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objectives and practices. The Terms of Reference are available to the public on the Company's website at *www.riverview.com.my*.

The Statement on Risk Management and Internal Control is presented from pages 61 to 67.

Corporate Governance Statement (continued)

Audit Committee (continued)

The Audit Committee meets at least five (5) times a year and meets with the External and Internal Auditor without the presence of the Principal Officer and Officer In-Charge of Finance at least once (1) a year.

The Audit Committee has met five (5) times for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Mohd. Razali bin Mohd. Amin	5	5
Dr. Leong Tat Thim	5	5
Oliver John Harold Huntsman	5	5

Risk Management Committee

The Risk Management Committee which was formed on 5 December 2019 comprise exclusively of three (3) Non-Executive Directors, two (2) of whom are Independent, as follows:

Mohd. Razali bin Mohd. Amin ***Chairman***
Dr. Leong Tat Thim
Timothy John Huntsman

The Board has delegated to the Committee responsibility for overseeing the risk management functions. This Committee is to provide the Board with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Group's objectives is mitigated and managed.

In order to carry out its duties and responsibilities effectively, the Committee relies on information and support from the Risk Management Unit comprising executives and is responsible for managing, mitigating and monitoring strategic and operational risks at the operational level.

The Audit Committee Report and Risk Management Committee Report is presented from pages 58 to 60.

The Board adopted the terms of reference, in its current form, on 25 February 2020, taking cognizance of the relevant changes to policies, procedures and processes as well as to reflect changes in the regulatory environment.

The Board will review these terms from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objectives and practices. The Terms of Reference are available to the public on the Company's website at *www.riverview.com.my*.

The Statement on Risk Management and Internal Control is presented from pages 61 to 67.

The Risk Management Committee meets at least one (1) time a year or more frequently as deemed necessary.

Corporate Governance Statement (continued)

Risk Management Committee (continued)

The Risk Management Committee has met once (1) time for the financial year under review (committee was formed on 5 December 2019), other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Mohd. Razali bin Mohd. Amin	1	1
Dr. Leong Tat Thim	1	1
Timothy John Huntsman	1	1

Remuneration Committee

The Remuneration Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of whom are Independent, as follows:

Dr. Leong Tat Thim ***Chairman***
Mohd. Razali bin Mohd. Amin
Oliver John Harold Huntsman

The Committee is responsible for developing the remuneration policy for the Principal Officer, Management Officers and Staff, in doing so, the Committee carries out the annual review of the overall remuneration policy and recommends this to the Board for approval.

The Remuneration Committee carries out the annual review of the overall remuneration in determining the remuneration packages and terms of service, the Remuneration Committee has had regard to the size and operations of the Group, the recruitment, retention and incentivisation of high quality Directors and Management. It must offer rewards which, on the basis of above average performance, offer rewards that are comparable to the industry.

The terms of reference of the Remuneration Committee include:

- Determining and agreeing with the Board the policy for the remuneration of the Principal Officer, Chairman, Management Officers and such members of the staff that it chooses to consider;
- Reviewing remuneration trends across the Group including the salary increases proposed annually for all Group employees;
- Appointment and termination agreements for senior management; and
- Determining targets for bonuses;

The Committee's aim is to ensure that the structure of executive remuneration supports the achievement of the Company's performance objectives and, in turn increases shareholder value. The Company's guiding policy on executive remuneration is as follows:

- Executive remuneration packages should take into account the linkage between pay, performance and nature of work by rewarding both effective management and by making the enhancement of shareholder value a critical success factor in setting of incentives, both short and long term; and
- The overall level of salary, incentives pension and other benefits should be competitive when compared with other companies of similar size and within the industry.

Remuneration Committee (continued)

Key remuneration elements are as follows:

Type	Description	Purpose
Base Salary	Cash salary based on individual contribution which is reviewed annually. Members of unions are paid in accordance with the respective Collective Agreements. The Base Salary adopted by the Group is higher than the minimum wage of RM1,000 which became effective for the Malaysia on 1st July 2016. The minimum wage was revised to RM1,200 effective 1st February 2020.	Reflects the competitive market salary level for the role and takes account of personal performance and contribution to corporate performance.
Pension	15% of employee remuneration is contributed by the Company to the Employees Provident Fund. The prescribed statutory rate is 12%.	Provides funds to be saved for retirement.
Annual Bonus	Paid in cash based on the Company's annual financial performance and the individuals personal performance.	Rewards the achievement of meeting annual financial targets.

In setting salary level, the Committee considers experience, responsibilities and individual performance during the previous year; and takes account of salary levels with other companies of similar size, within the industry and the rates of increases of other employees.

The Committee operates within agreed terms of reference and in respect of directors' remuneration, is responsible for making recommendations to the Board on the performance related packages for the Principal Officer and Senior Management as well as directors.

Corporate Governance Statement (continued)

Remuneration Committee (continued)

Directors' fees are tabled to the shareholders for approval at the Annual General Meeting prior to payment to the Director. The aggregate remuneration for the year under review is as follows:

	Non-Executive Directors			
	Dr. Leong Tat Thim	Mohd. Razali bin Mohd. Amin	Oliver John Harold Huntsman	Timothy John Huntsman
Company				
Fees	77,500	72,500	72,500	72,500
Meeting and travelling allowance	52,000	52,000	52,000	52,000
Estate visit allowance	118,750	-	55,000	50,000
Total	248,250	124,500	179,500	174,500
Subsidiaries				
Fees	196,245	72,495	163,245	163,245
Meeting and travelling allowance	48,000	24,000	48,000	48,000
Estate visit allowance	35,000	-	18,750	16,250
Total	269,245	96,495	229,995	227,495
	527,495	220,995	409,495	401,995

The disclosure of the Directors' remuneration within the respective bands is as follows:

	Non -Executive
RM200,000 – RM250,000	1
RM400,000 – RM450,000	2
RM500,000 – RM550,000	1

The Remuneration Committee meets at least once (1) a year.

The Committee has met once (1) for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Remuneration Committee (continued)

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Dr. Leong Tat Thim	1	1
Mohd. Razali bin Mohd. Amin	1	1
Oliver John Harold Huntsman	1	1

The Board adopted the terms of reference, in its current form, on 25 February 2020, taking cognizance of the relevant changes to policies, procedures and processes as well as to reflect changes in the regulatory environment.

The Board will review these terms from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objectives and practices. The Terms of Reference are available to the public on the Company's website at *www.riverview.com.my.*

Nomination Committee

The Nomination Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of whom are Independent, as follows:

Dr. Leong Tat Thim ***Chairman***
Mohd. Razali bin Mohd. Amin
Oliver John Harold Huntsman

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or the Board Committees. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for the annual evaluation of the Board, its commitments and its Directors.

Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, knowledge and experience of each Director, makes recommendations to the Board. The Board's appointments reinforce the Board's principle that appointments are made on merit, in line with its current and future requirements, and reflect the size of the Group.

An internal performance assessment was undertaken by the Board during the year, as the Board believes that it has the appropriate resources and experience to undertake such reviews. The Chairman acted as the sponsor of the evaluation process and each Director was required to score a detailed questionnaire for review by the Committee and the Board, feedback and suggestions can be made through the comments section. The results of the assessment are discussed and reviewed by the Committee and presented to the Board together with recommendations, if any.

The purpose of the assessment is to evaluate the performance of the Board and its Committees as well as to address the areas for improvement. The Company Secretary acted as facilitator to the Board and issues arising from the process were evaluated and acted upon.

Corporate Governance Statement (continued)

Nomination Committee (continued)

The assessment was designed to evaluate the quality of the Board's structure, working dynamics and succession planning and the Board is satisfied about the balance, and effectiveness and commitment of each Director and that the Board is able to operate effectively. In particular the Board contributes valuably to strategy, has appropriate matters reserved to it for its decision and commits the necessary time to be effective.

The Nomination Committee meets at least once (1) a year.

The Committee has met once (1) for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Dr. Leong Tat Thim	1	1
Mohd. Razali bin Mohd. Amin	1	1
Oliver John Harold Huntsman	1	1

The activities carried out by the Nomination Committee during the current financial year include:

- Reviewed the size and composition of the Board and its committees;
- Reviewed and assessed the effectiveness of the Board individually and as a whole;
- Reviewed and recommended for re-election and re-appointment the Directors who retire by rotation pursuant to the Articles of Association; and
- Reviewed the attendance records, commitment and training of each Director.

The Board adopted the terms of reference, in its current form, on 25 February 2020, taking cognizance of the relevant changes to policies, procedures and processes as well as to reflect changes in the regulatory environment.

The Board will review these terms from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objectives and practices. The Terms of Reference are available to the public on the Company's website at *www.riverview.com.my*.

III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board maintains a policy of keeping its shareholders and investors, irrespective of size, informed about the Group's activities and progress as the Directors value a constructive relationship with its shareholders and investors. Communication with shareholders and investors through timely announcements to Bursa Malaysia Securities Berhad are given high priority. In addition, quarterly report announcements, the financial statements and other required announcements are available at Bursa Malaysia's website or at the Company's own website at *www.riverview.com.my*. The Company's website contains vital information concerning the Company and is updated on a regular basis.

All members of the Board receive copies of reports of the Company which it is aware of. The Non-Executive Directors, having considered the Code with regard to relations with shareholders, are of the view that it is most appropriate for the stakeholders to have dialogue with the Chairman. However, should shareholders have concerns, which they feel cannot be resolved through normal dialogue, Senior Independent Director and remaining Non-Executive Directors may be contacted upon request.

The principal forum for dialogue with shareholders remains at the Annual General Meeting ("AGM"). Notice of the AGM and the Annual Report are sent to shareholders at least 30 days before the date of the meeting.

The presence of Board members, representatives of the External Auditors at each AGM demonstrates a high level of accountability and transparency as it enables an available response to queries regarding business operations and financial statements of the Company.

IV. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Group's performance, this is done primarily through the annual financial statements and quarterly announcement of results to Bursa Malaysia and on the Company's website.

A detailed formal budgeting process for the Group's business culminates in an annual budget which is approved by the Board. Results for the Group are reported monthly against the budget to the Board, and revised forecasts are reviewed and amended half yearly.

Financial controls and accounting policies are set by the Board so as to meet appropriate levels of effective financial control. Compliance with these policies and controls is reviewed where necessary by external auditors.

The Chairman's Statement, and the Management Discussion and Analysis also highlight the financial and operational performance as well as the Group's prospects.

Corporate Governance Statement (continued)

Financial Reporting (continued)

Directors' Responsibility Statements In Respect Of The Preparation Of The Audited Financial Statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2016 and accounting standards adopted by the Malaysian Accounting Standards Board. The Board is responsible to ensure that the accounting policies are consistently applied, and the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. In addition, the Board is also assisted by the Audit Committee and Risk Management Committee to oversee the Company's financial reporting process and the quality of its financial reporting.

A statement of the Directors pursuant to Section 251 of the Companies Act, 2016 is set out on page 89.

A statement of the Directors' responsibility in relation to the financial statements is set out on page 68.

Internal Control and Risk Management

The Board is aware of its responsibilities for the Group's system of Internal control covering not only financial but also operational and compliance controls as well as risk management.

A statement on Risk Management and Internal Control of the Group is set out on pages 61 to 67.

Relationship with Auditors

The Company has established a transparent, active and formal relationship with the Auditors, both External and Internal, through the Audit Committee and Risk Management Committee.

- External Auditors
  The Audit Committee met with the External Auditors twice without the presence of the Principal Officer and Officer In-Charge of Finance. They also presented their written assurance on their independence through their Audit Plan and Report to the Audit Committee and Risk Management Committee for the audit of financial statement for the financial year ended 31st December 2019.

  The amount of audit and non-audit fees (excluding GST and expenses) paid to the External Auditors during the financial year under review are as follows:

	Audit Fees (RM)		Non Audit Fees (RM)	
	2019	2018	2019	2018
Company	59,000	63,000	20,000	7,500
Subsidiaries	292,809	301,910	-	-
	351,809	364,910	20,000	7,500

Relationship with Auditors (continued)

- Internal Auditors
  The Group's internal audit supported by outsourced internal audit service providers who are independent of the activities their audit, they carry out they audit impartially, proficiently and with due professional care.

  The Internal Auditors function differently from External Auditors, however their work complements those carried out by the External Auditor. The Internal Auditors provide independent assurance on the adequacy and integrity of the risk management, internal control and governance processes. The internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements.

The role of the Audit Committee and Risk Management Committee in relation to the Auditors is set out in the Audit Committee and Risk Management Committee Report on pages 58 to 60.

V. COMPANY SECRETARIES

The Board believes that the Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board and have the required qualifications and experience. Their removal from post, if contemplated, is a matter for consideration by the Board as a whole.

The Company Secretaries oversee the corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates. They also serve and advise the Board on matters relating to compliance with relevant laws, rules and regulation, governance best practices and Directors' duties and responsibilities. These include the obligations on disclosure of interests, conflicts of interest, prohibition on dealing in securities as well as restrictions on disclosure on price sensitive information; these are in line with the recommendations of the Code. They also facilitate the timely communication of decisions and policies set by the Board to the Management, with stock exchange and other regulatory bodies, management of dividend payments and overseeing the relationship with the share registrar.

The Company Secretary profile is available on page 25.

STATEMENT OF COMPLIANCE

The Board considers that the Company has complied with relevant principles and recommendations of the Code.

This statement has been reviewed and approved by the Board of Directors on 25 February 2020.

Audit Committee and Risk Management Committee Report

The Board of Directors is pleased to present the Audit Committee and Risk Management Committee ("the Committees") Report for the financial year ended 31 December 2019.

Membership

Both Committees comprise exclusively of three (3) Non-Executive Directors, two (2) of whom are Independent, as follows:

Audit Committee

Mohd. Razali bin Mohd. Amin ***Chairman***
Dr. Leong Tat Thim
Oliver John Harold Huntsman

Risk Management Committee

Mohd. Razali bin Mohd. Amin Chairman
Dr. Leong Tat Thim
Timothy John Huntsman

Each member of the Committees is financially literate and has extensive years of relevant industry experience, profile of each Director is presented on pages 23 to 24.

Term of Reference

In fulfilling its duties and responsibilities, the Audit Committee and Risk Management Committee is guided by the by the Terms of Reference which are available to the public on the Company's website at *www.riverview.com.my*. The Committees are authorized to seek information they require from any employee and all employees are directed to cooperate with any request made by the Committees. The Committees are also authorized to obtain independent professional advice if necessary in discharging it duties.

Meetings

During the financial year, five (5) meetings were held and the details of the meeting attendance by each member are as follows:

Directors	Number of meetings held	Number of meetings attended
Mohd. Razali bin Mohd. Amin	5	5
Dr. Leong Tat Thim	5	5
Oliver John Harold Huntsman	5	5

The meetings were appropriately structured through use of agenda, which were distributed to members with sufficient notification.

The Principal Officer, where applicable, and the Company Secretary was present by invitation at all meetings. Representatives of the External Auditors and Internal Auditors, Senior Management and other Board Members also attended the meetings, where appropriate, upon invitation of the Committees. The proceedings and minutes of all Committee Meetings are duly recorded and circulated to all members of the Board.

The Chairman continuously engages with members of Senior Management and with the Auditors by way of meetings, in order to be kept informed of matters affecting the Company. Through such engagements, relevant issues are brought to the attention of the Committees in a timely manner.

Role of the Committees

The Board has delegated to the Committees responsibility for overseeing the financial reporting, internal risk management and control functions for making recommendations to the Board in relation to the appointment of the Group's internal and external auditors. In accordance with its terms of reference, the Committees, which reports its finding to the Board, are authorised to:

- monitor the integrity of the annual and quarterly results, and interim management statements, including a review of the significant financial reporting judgements contained in them;
- review the Company's internal financial controls, and internal control and risk management systems;
- monitor and review the effectiveness of the Company's internal audit function;
- establish and oversee the Company's relationship with the external auditors, including the monitoring of their independence; and
- monitor matters raised pursuant to the Company's whistleblowing arrangements.

To enable it to carry out its duties and responsibilities effectively, the Committees relies on information and support from management across the business.

Summary of Activities during the Financial Year

The Committee carried out their duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committees were as follows:

Financial Reporting
- Reviewed the quarterly un-audited financial announcements prior to recommending them to the Board for its consideration and approval. The review and discussions were conducted with the Principal Officer and Officer In-Charge of Finance; and
- Reviewed the Annual Report and the Audited Financial Statements of the Company prior to submission to the Board for its consideration and approval. The review was to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 2016 and the applicable approved accounting standards for entities other than private entities issued by the MASB. Any significant issues resulting from the audit of the financial statements by the External Auditor were deliberated.

External Audit
- Reviewed the External Auditor's scope of work and audit plan for the financial year. Prior to the audit fieldwork, representatives from the External Auditor presented their audit strategy and plan to the Committee;
- Reviewed with the External Auditor the results of the final audit, the Management letter, including Management's response and the evaluation of the system of Internal controls, where applicable;
- Consideration and recommendation to the Board on the re-appointment of the External Auditor and for the approval of the audit fees payable to the External Auditor as disclosed in Note 9 to the financial statements;
- Reviewed the independence, objectivity and effectiveness of the External Auditor and the services provided, including non-audit services. Non-audit fees totaling RM10,000 were paid to the External Auditors during the financial year for the review of the Statement on Risk Management and Internal Control; and
- Met with the External Auditor twice (2) during the financial year without the presence of the Principal Officer and Officer In-Charge of Finance, to discuss problems and reservations arising from the final audit, if any, or any other matter the Auditor may wish to discuss.

Audit Committee and Risk Management Committee Report (continued)

Internal Audit

- Reviewed the Internal Auditors' requirements, adequacy of plan, functions and scope of work for the financial year under review;
- Reviewed the Internal audit programme, processes and reports, which highlighted audit issues, recommendations and Management's response. Discussed with Management and ensure appropriate actions were taken to improve the system of Internal controls based on improvement opportunities identified in the Internal audit reports;
- Review the performance and competency of the Internal Auditors; and
- Review the risk management system, main risks, and mitigating actions.

Training

During the year, members of the Committees attended various training programs pertaining to legislation, regulations and current issues to enable them to better discharge their duties. Details of the training programs attended are set out in the Statement on Corporate Governance set out on pages 41 to 57 .

Statement on Risk Management and Internal Control

Introduction

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control and risk management of the Group.

Our Statement on Risk Management and Internal Control complies with Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management process to safeguard shareholders' investment and the Group's assets and for reviewing its adequacy, effectiveness and integrity. The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Following the publication of the Statement on Internal Control : Guidance for Directors of Public Listed Companies by the Task Force on Internal Control in June 2001 and the revised Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers by an industry led Task Force which is effective on 31 December 2012 (the "Internal Control Guidance"), the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board, through its Audit Committee and Risk Management Committee, regularly reviews the results of this process. The Board confirms that this process is in place for the year under review and up to the date of approval of this statement for inclusion in the annual report and that it accords with the Internal Control Guidance.

The Board has established key policies on the Group's risk management and internal control systems, including those established in subsidiary companies, for the purpose of this statement.

The Board also received assurance from the Principal Officer and Officer In -Charge of Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Risk Management

The Risk Management Committee is responsible for the implementation for the Group's risk management policy through the risk management system. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

It is the aim of the Group to promote a culture where, as a matter of good business practice, both risk and opportunity are identified and managed, thereby ensuring more informed and effective business decisions are made and that the Group achieves its objectives and targets. The Committee will review risk appetite to ensure it is calibrated to the Group's strategic objectives. Risk is assessed formally at the business segment level through risk workshops and via the maintenance of risk registers. The updating of the risk registers is a continuous process involving the identification, evaluation and management of risks by individual managers. Risk exposure will be considered against risk appetite by profiling individual risks in respect of their potential impact and likelihood of occurrence, after consideration of mitigating and controlling actions that are in place.

Statement on Risk Management and Internal Control
(continued)

Risk Management (continued)

Management is responsible for the management of risks, including developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board.

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken and the Board is satisfied that the risk management and internal control system in place is adequate and effective

The Board believes that maintaining a sound system of internal control is founded on a clear understanding and appreciation on the following key elements of the Group's risk management framework:

- A formal risk policy and guidelines, available in hard copy, have been established and communicated to all employees throughout the Group;

- A risk management structure which outlines the lines of reporting and responsibility at the Board, Risk Management Committee, and Management levels have been established. The risk management structure enhances risk oversight and management, and integrates expectations on risk management into performance management reporting;

- Risk appetites (qualitative and quantitative) for the Group and individual business units have been articulated so as to gauge acceptability of risk exposure;

- The Risk Management Committee's implementation of a Group wide risk assessment process which identifies the key risks facing each business unit, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level;

- The Risk Management Facilitator ensures that there is clear leadership, direction and coordination of the Group wide application of risk management; and

- Ongoing risks management education and training is provided at Management and staff levels.

The table below lists the principal risks and uncertainties that may affect the Group and highlights the mitigating actions that are being taken and the opportunities that we aim to capture. The content of the table however, is not intended to be an exhaustive list of all the risks and uncertainties that may arise.

Principal Risks	Action Plans
Unexpected variations in crop	- construction of water retention ponds; - maintain efficient drainage network; and - employing both biological and chemical methods for pest control measures.
Variations in commodity prices	- maintaining agronomic practices that will command better OER and production yield.

Statement on Risk Management and Internal Control
(continued)

Risk Management (continued)

Principal Risks	Action Plans
Input cost inflation	- review and study fertilizer application; - review and improve cash and budget forecasting; and - use of organic fertiliser.
Funding and Credit	- dependence on single customer mitigated by readily available market for FFB; and - payments are received in advance and fully paid before the end of the following month.
Shortage of labour	- increase quota for foreign labour; - revision of remuneration package; and - improve workers living condition. Lag time in FFB collection - review and centralize FFB collection points; - re-arrange and review harvesting system; and - to mechanise collection methods.
Pilferage	- employ additional security to escort transportation of FFB; and - rotate locks for gates.
Internal and external regulatory compliance	- constant monitoring for each business unit; - regular review of audit plan; and - continuous updating to new regulatory requirements.
Occupational Health and Safety	- Occupational Health and Safety policies and procedures are established and implemented at estate level; and - Regular safety and training dialogue and events.
Sustainability	- Malaysian Sustainable Palm Oil Certification.

Statement on Risk Management and Internal Control
(continued)

Other Risk and Control Processes

Apart from risk management and internal audit, the Board has put in place an organizational structure with formally defined responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedure include establishing limits of authority and publication of the Rules Book and Standard Operating Procedures Handbook, copies of which can be viewed at each of the Group's business location, highlighting amongst others, policies and procedures on health and safety, training and development, equal employment opportunity, staff performance and handling misconduct.

There are also established procedures for human resource planning, capital expenditure and monitoring of the Group's business and performance.

These procedures are relevant across the Group and provide continuous assurance to increasingly higher levels of Management and, ultimately to the Board. The processes are reviewed by internal audit, which provides a degree of assurance as to operations and effectiveness of the system of internal controls. Planned corrective actions are independently monitored for timely completion.

The Principal Officer and Officer In-Charge of Finance reports to the Board on significant changes in the business, the external environment, performance information as well as quarterly financial information, which includes key financial and operational indicators. This includes, among others, the monitoring of results against budget, with variances being followed up and Management action taken, where necessary. Where areas of improvement in the system are identified, the Board considers recommendation made by both the Committee and Management.

Internal Control

The Board fully supports the contents of the Internal Control Guidance and with the assistance of an external service provider, continually review the adequacy and integrity of the system of internal controls and risk management processes in place within the various operating businesses in Malaysia and Australia. The key processes that have been established include the following:

- Meetings are carried to provide reasonable assurance that the systems of internal controls and its framework operate satisfactorily Groupwide;

- The Estate In-Charges meet on a monthly basis to consider operational, financial performance, legal and corporate issues;

- There is a formal budgeting system which requires each estate and line of business to submit an annual budget for approval by the Board. This budget is reviewed and updated as and when required;

- The results are reported monthly and variances against the budget are analysed and acted upon in a timely manner;

- Major and material contracts are reviewed and awarded by projects teams and always subject to the approval by the Board, for such contracts, a minimum of three quotations are called and tenders are awarded based on both tangible and intangible factors;

- Standard Operating Procedures set out the policies and procedures for day to day operations. Regular reviews are performed to ensure these procedures remain relevant; and

- An annual performance appraisal is carried out and reviewed; staff competency is ensured through a rigorous recruitment process and training programmes.

Statement on Risk Management and Internal Control (continued)

Internal Audit

The Audit Committee is supported by outsourced internal audit service providers ("Internal Auditors") in the discharge of its duties and responsibilities. The Internal Auditors provide independent assurance on the adequacy and integrity of the risk management, internal control and governance processes. The Internal Auditors' purpose, authority are articulated in the Engagement Letter, Internal Audit Plan and Risk Management Engagement.

The out-sourced internal audit function meets the requirements of the Guidelines on Internal Audit Function released by the Institute of Internal Auditors Malaysia. The Internal audit reviews the internal audit control systems within the Group on the basis of a rolling two year internal audit strategy and a detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit adopts a risk based approach and prepares its strategy and plan based on risk profiles of the Group.

The Audit Committee is responsible for the regular review and appraisal of the effectiveness of the risk management, internal audit and governance process within the Group. The Audit Committee reviews and approves the internal audit plan, budget and other resource requirements to ensure that the Internal Auditors are adequately resourced.

In addition, several informal procedures undertaken by the Audit Committee include, regular field and office inspections by members of the Board and of the Audit Committee and the written reports submitted to the Board on the estate operations. The Audit Committee and the Board also review plantation visit reports.

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

- Prepared and developed the annual risk based internal audit plan for the Audit Committee's approval;

- Provide an independent assessment and assurance over the adequacy and effectiveness and enforcement of the risk management and internal control processes;

- Determined the level of compliance with policies and procedures of the Group;

- Performed risk based audit;

- Issued audit reports to the Audit Committee, with copies extended to Management, identifying weaknesses and issues as well as highlighting improvement opportunities;

- Conducted one internal audit project in accordance with the approved Internal Audit Plan, including follow-up of matters from previous internal audits. This internal audit project covered the plantation operations with particular focus the following:
  - Security measures for internal and external movement of fresh fruit bunches;
  - GPS tracking for transportation of fresh fruit bunches;
  - Fertiliser application and critical nutrient level;
  - Supervision of fertilizer application;
  - Daily recording of fruits harvested;
  - Supply and census of palms; and
  - Occupational Health and Safety procedures with respect to tractors and trailers.

Internal audit fees of RM59,600 were paid to the Outsourced Internal Auditors for the financial year 2019.

Statement on Risk Management and Internal Control
(continued)

Whistleblowing Policy

To reinforce the practice of governance and ethics, the Group has a whistle blowing policy to provide an avenue for stakeholders and employees to raise genuine concerns internally or report and suspected wrongdoings, this includes fraud, misappropriation of assets, breaches of trusts or law, including the Group's policies and procedures to the Chairman of the Audit Committee without fear of reprisal.

Concerns should be raised with the immediate superior; if for any reason this is not possible or inappropriate, the concern should be raised to the Principal Officer as follows:

Name : Mr. Sures Naidu
Via Email : whistleblowing@riverview.com.my
Via Mail : Mark : Strictly Confidential
Riverview Rubber Estates Berhad
33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh
Perak

In the event where reporting to the Management is a concern, the report should be addressed to the Chairman of the Audit Committee as follows:

Name : En. Mohd. Razali bin Mohd. Amin
Via Email : ac.chairman@riverview.com.my
Via Mail : Mark : Strictly Confidential
Riverview Rubber Estates Berhad
33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh
Perak

The above mentioned procedures protect the whistle blowers against reprisal and harassment. The identity of the whistleblower and the confidentiality of the matters raised are protected under this policy.

The Board reviewed, updated and adopted the Whistleblowing Policy, in its current form, on 25 February 2020 taking cognizance of the relevant changes to policies, procedures and processes as well as to reflect changes in the regulatory environment.

The Whistleblowing Policy is accessible and available to the public on the Company's website at *www.riverview.com.my.*

Statement on Risk Management and Internal Control (continued)

The Board's Commitment

The Board remains committed towards maintaining a sound system of internal control and believe that a balanced achievement of the Group's business objectives and operational efficiency can be attained. The Board is of the view that there were no material losses incurred during the financial year as a result of weaknesses in internal control. The Group continues to take measures to strengthen the internal control environment.

The External Auditors has reviewed this statement for inclusion in the Annual Report of the Group for the year ended 31 December 2019 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is not prepared, in all material respects, in accordance with the disclosed 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 has been reviewed and approved by the Board of Directors on 25 February 2020.

MOHD RAZALI BIN MOHD AMIN
Chairman of Audit Committee and Risk Management Committee

Statement of Directors' Responsibility

In Relation To The Financial Statements

The Directors are required by the Companies Act, 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group as at the end of each financial year and of its results and its cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Company has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company and the Group maintains accounting records that disclose with reasonable accuracy the financial position of the Company and of the Group, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

This statement is prepared as required by the Bursa Malaysia Listing Requirements and is made in accordance with the resolution of the Board dated 8 May 2020.

Sustainability Report

We have a presence of more than 80 years and recognize our obligation to our stakeholders. This encompasses our commitment to deliver profits, to enhance shareholder value and at the same time, make a positive contribution to our employees, stakeholders, and to society in general.

We fully support the initiatives undertaken to ensure sustainable oil palm cultivation and the production of palm oil, we have a heritage of maintaining a high degree of commitment that is directed towards social well-being.

We are committed to build on practices which are sustainable and this pledge is exhibited in the execution of activities which assist our customers in reaching their goals, engages our employees, supports the local community and preserve the environment, all this we do with integrity and ethics in mind.

As our sustainability practices evolve, we recognise the benefits that have accrued to the business including the strengthening of our reputation, as well as enhancing employee motivation, which in turn contribute to the long term well-being of your Company.

HEALTH AND SAFETY

The Company is committed to providing a safe and healthy working environment for its workforce through effective and stringent implementation of the Occupational Safety and Health Act (“OSHA”) in its operations. Appropriate training and guidance is given to the workforce on OSHA. External OSHA consultants are engaged to assist in effective development, implementation and continuous improvement in occupational safety and health in accordance with current best practices.

We provide full medical benefits to our employees and this benefit is extended to their immediate family members. We have also appointed additional Medical Doctors to our panel, one of whom is a qualified Occupational Health Physician.

A high degree of care is directed at toward the social well-being of our employees. We provide housing amenities, places of worship, child care services, recreational facilities, transportation subsidies, utilities subsidies and subsidies for furniture and fittings for our employees.

In recent years, your Company has also been upgrading living quarters for our staff and workers, these upgrades include re-wiring, plumbing as well as engineering works, all upgrades comply with the relevant regulations and have received clearance from the relevant authorities as safe for occupation.

All machinery and implements undergo an annual process of review and inspection. New FFB ramps were constructed to replace old ramps, as an added safety feature, we have also ensured that all FFB ramps utilise a chain block door system.

Sustainability Report (continued)

ENVIRONMENTAL MANAGEMENT

The Company has a firm commitment to reduce its environmental impact and manages its business in a sustainable way. It cultivates oil palm which is a perennial crop on former rubber plantations according to regulations overseen by the Malaysian Palm Oil Board ("MPOB"). Hence, its overall environmental impact is considered to be low.

The Company practices zero burning in clearing the old stand during replanting, i.e. the old palms are pushed over, shredded and left to decompose in situ. Thus, no air pollution from burning the old palms and, most importantly, the nutrients in the old crop are recycled into the new. The use of organic fertilizers such as empty fruit bunches ("EFB"), biomass from the mills are given preference over inorganic fertilisers.

ENVIRONMENTAL MANAGEMENT (continued)

The Company does not have a specific environmental policy as the oil palm industry in Malaysia is highly regulated according to the laws of the land. These include the following:

- Land Matters:
  - National Land Code 1965
  - Land Acquisition Act 1960
- Environmental Matters:
  - Environmental Land Conservation Act 1960 revised in 1989
  - Quality Act 1974 (Environmental Quality) (Prescribed Premises) (Crude Palm Oil) Regulation 1977
  - Environmental Quality (Clean Air) Regulation 1978
  - Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987
- Labour and Employee Matters:
  - Labour Law
  - Workers' Minimum Standard of Housing & Amenities Act 1990
  - Occupational Safety & Health Act 1977
- Pesticide Use:
  - Pesticides Act 1974 (Pesticides Registration) Rules 1988
  - Pesticides (Licensing for sale & storage) Rules 1988
  - Pesticides (Labeling) Regulations 1984
  - Factories & Machinery (Noise Exposure) Regulations 1989
- Wildlife Matters:
  - Protection of Wildlife Act 1972

Good Agricultural Practices ("GAP") adopted by the Company are as follows:

- Recycling of oil palm biomass and optimization of fertilizer inputs
- Zero Burning & Re-planting Policy: accumulation of soil carbon in the plantation
- Land Management & planting of leguminous cover crops
- Integrated Pest Management
  - Natural pest control such as the use of barn owls for rat control.
  - Pheromone traps for rhinoceros beetles.
  - Planting of tunera subulata plants to attract wasps which preys on bagworms
  - Approved pesticides and herbicides are only applied under strict control under OSHA recommended guidelines and Agronomist recommendations.

Further elaboration of the above information can be obtained from the Palm Oil World website maintained by MPOB at *http://www.palmoilworld.org/sustainability.html*.

Greenhouse Gas Emissions

The Group continues its practice to disclose its Greenhouse Gas (“GHG”) emissions, and it does so voluntarily. The Group’s operations and management are fully based in Malaysia.

Our disclosure is made to the extent that it is practical for the Group to obtain the information, the following is the GHG data obtained through emission sampling of the Group’s running machinery, that is, emissions from tractors. The tractors’ emission sampling was done within the protocol and equipment as approved by the US EPA environmental protection agency in accordance with Malaysia’s Department Of Environment (“MDOE”) requirements.

The common methodology for measuring CO2 emission in Malaysia recognised by MDOE are Sirim MS1596:2003 (equivalent to US EPA (Environmental Protection Agency) Test Methods) for isokinetic sampling and air emission monitoring for vehicles, ISO14000 series standards and US EPA Test Methods for CO2 emissions from other sources.

Our reporting year is the same as our financial year, being 1 January 2019 to 31 December 2019.

For period 1 January to 31 December

Emissions from :	CO2e Emission Rate (tonne per year) 2018	2019
Combustion of fuel	1,084	1,084
Intensity measure : Emissions reported above normalised to per tonne of product output	0.01862 Tonnes Co2e / Metric Tonne FFB produced	0.01849 Tonnes Co2e / Metric Tonne FFB produced

Notes:
1. Emissions relate to those generated by tractors running in the estates located in, Perak, Malaysia.
2. Emission from electricity, heat, steam and cooling purchased for own use has been omitted due to non availability of published related GHG factors. However, the Company consider this immaterial as electricity and water are purchased by the company for staff housing and the estate office which is considered to represent low consumption.
3. Transport emissions, have not been included because our distribution network is sub-contracted to a third party.

CORPORATE CONTRIBUTIONS

God's Little Acre

God's Little Acre Ceremony is an Annual Commemorative Ceremony held at the Christian Cemetery at Batu Gajah. Dating back to 1891, the Cemetery serves as the final resting place for the early expatriate pioneers of Perak as well as for many Planters, Colonial Police Officers, British and Commonwealth Troops who rallied to support this country during the emergency from 1948 to 1960.

Rice and Oil Programme

This is a continuous programme adopted by your Company to feed the disadvantaged, it involves the distribution of rice and cooking oil to the needy, orphanages and children homes in Perak. To date with assistance of the local authorities among others, your company has identified more than 25 such families, to whom rice and cooking oil have been distributed. The distribution is carried out monthly by our employees, timely assessments will be carried out to ensure that only the needy receive such assistance.

Financial Assistance

In addition to all the above initiatives undertaken by your Company towards supporting the Community, we continue to financially support former employees, various organisations and causes

EMPLOYEES

Equality and Diversity

The Company is committed to providing equal opportunities to all employees without discrimination. As the palm oil industry is heavily regulated, employment policies are based on collective agreements signed between the Malayan Agricultural Producers Association ("MAPA") of which the Company is a member and the respective labour unions representing administrative employees, The All Malayan Estates Staff Union ("AMESU"), and field workers, National Union of Plantation Workers ("NUPW").

MAPA will also issue regular circulars and guidelines to its members regarding human resource policy changes for the palm oil industry as issued by the Human Resource Ministry of Malaysia.

In addition to complying with the human resource policies of the palm oil industry, the Company's main aim is that employees are able to work in an environment free from discrimination, harassment and bullying, and that our employees, job applicants and contractors should be treated fairly regardless of:

a. Race, colour, nationality, ethnicity
b. Gender, marital or family status
c. Sexual orientation
d. Religious or political beliefs or affiliations
e. Disability, impairment or age
f. Membership of a workers union

Sustainability Report (continued)

Training and Development

Recruitment, selection, promotion, training and development practices are monitored to ensure that all employees have the opportunity to train and develop according to their abilities.

The Company organises yearly seminars for the administration and management staff to be updated with the latest oil palm plantation developments. The field workers are provided with training on the handling of new harvesting equipment, spraying apparatus and other related equipment. The field workers are also constantly given guidance by the relevant estate heads on safety and the use of safety equipment according to OSHA requirements.

Information on the composition of the workforce at the year-end on 31 December 2019 is summarised below:

WORKFORCE COMPOSITION	Number		Percentage	
	Male	Female	Male	Female
Field workers	279	39	82%	12%
Administration staff	1	10	-	3%
Management grade staff	6	-	2%	-
Directors	4	-	1%	-
Total	290	49	85%	15%

Social Welfare

We provide all new foreign labour with sufficient food and cash to last them until they receive their first wages, this is to enable them to hold up and live comfortably until their first pay day. We have also converted and upgraded the community halls with flat screen televisions to enable the workers to have some recreational, and down time.

We sponsored and encouraged our workers to maintain vegetable gardens as well as fish ponds, this not only promotes a sustainable lifestyle but also provides a healthy and continuous food source for our workers as well as reduce the overall cost of living.

We have in place a programme to distribute rice, oil and meat to our workers, this distribution is carried out four times a year, namely, during Hari Raya Aidilfitri, Wesak, Deepavali and Christmas. In addition to subsidizing transport to school, we've also expanded our programme to provide school uniforms, shoes reimbursement of school transportation to all children of staff and workers.

Human Rights

The Company operates wholly in Malaysia where human rights are overseen by The Human Rights Commission of Malaysia ("SUHAKAM") which was established by the Malaysian Parliament under the Human Rights Commission of Malaysia Act 1999, Act 597. The rights of its workforce are incorporated in their respective union's collective agreements as explained above.

The Company respects all human rights and in conducting its business, the Company regards those rights relating to non-discrimination, fair treatment and respect for privacy to be most relevant and to have the greatest impact on its employees, contractors, suppliers and customers.

The Board has the overall responsibility that these rights are upheld at all times and seeks to anticipate, prevent and mitigate any potential negative human rights impacts. Positive impacts are enhanced through equality and diversity for employees, fair treatment of customers and information security.

As at the date of this report, the Board have not been made aware of any human rights abuse issues arising from the Company's activities.

Malaysian Sustainable Palm Oil ("MSPO")

MSPO addresses sustainability issues and challenges in relation to the multi stakeholders involved in the industry and describes the sustainability requirements for production throughout the supply chains.

MSPO covers all areas of the industry including seed production, nursery, estates, mills, kernel crushing, refinery, storage, transportation, distribution, management system development and operations.

The seven principles of MSPO are as follows:

i. Management commitment and responsibility;
ii. Transparency;
iii. Compliance to legal requirements;
iv. Social responsibility, health, safety and employment conditions;
v. Environment, natural resources, biodiversity and ecosystems services;
vi. Best practices; and
vii. Development of new planting.

Sustainability Report (continued)

We started our MSPO journey in 2018 and have obtained MSPO certification for all our estates ahead of the deadline; we will continue to review, update and improve our practices.

Our targets and achievements to-date provide an overview of our goals with respect to achieving MSPO certification.

	Target Achieved To-date	Target Achieved in 2019
i. Management Commitment and Responsibility		
MSPO policy	Established policy that emphasises continuous improvement.	Policy to include training for workers and staff.
Internal audit and management review		Internal audit to be conducted regularly and its findings reviewed by management.
Continuous improvement	Action plan on consideration of environmental and social impact, and a system to improve practices in line with new information, techniques and industry standards.	
ii. Transparency		
Transparency of information and documents relevant to MSPO	Established stakeholder communication procedures.	To determine and review document confidentiality classification.
Transparent method of communication and consultation	Sustainability officer hired. Established stakeholder communication procedures.	Standard Operating Procedures (SOP) on stakeholders' engagement with emphasis on request and respond, consultation and complaints & grievances.
Traceability	Checks and reconciliations of FFB sent to mill are carried out daily. SOP on traceability from harvesting to dispatch.	

Human Rights (continued)

	Target Achieved To-date	Target Achieved in 2019
iii. Compliance to legal requirements		
Regulatory requirements	Operations are in compliance with applicable laws and regulations. List of laws, regulations and permits have been put up at the HQ.	To put up a list of laws, regulations and permits at each estate.
Land rights and use	All land titles provide evidence of ownership. Field maps updated to indicate topography and digital markers.	All boundary markers will be reviewed and updated.
Customary rights	Maps of appropriate scale have been made available.	
iv. Social responsibility, health, safety and employment conditions		
Social impact assessment (SIA)	SIA identified and conducted.	To enhance reporting by detailing positive and negative impacts.
Employees safety and health	Occupational safety and health (OSH) policy in place. PPE provided to cover Hazard Identification, Risk Assessment and Risk Control affecting operations. Quarterly OSH meetings conducted. Accident and emergency procedures established	To update risk register regularly and to schedule fixed training sessions

Sustainability Report (continued)

Human Rights (continued)

	Target Achieved To-date	Target Achieved in 2019
iv. Social responsibility, health, safety and employment conditions		
Employment conditions	No child labour (under the age of 18 years, or as per local regulations. No forced or trafficked labour in our operations. No retention of workers' passports The following policies have been established: - Social Policy regarding human rights in respect of industrial harmony; - Polisi Hak Asasi Manusia; - Polisi Gangguan Seksual, Keganasan dan Hak Kebebasan Reproduksi; - Polisi Hak Kebesan Bersuara dan Menganggotai Kesatuan; and - Young Children and Young Persons Policy.	
Phasing out Paraquat	No paraquat usage since 2015.	
Commitment to contribute to local sustainable development	Contributions to local development in consultation with the local communities.	
Complains and grievances	Procedures which include a standard form as well as complaints and suggestion box has been established.	SOP to be improved to include flowchart.
v. Environment, natural resources, biodiversity and ecosystems services		
Environmental management plan	Environmental policy and management plan covering the following has been established - Policy and objectives; - Aspects and impact analysis of operations; and - Mitigation of negative impacts and promotion of positive impacts.	

Human Rights (continued)

	Target Achieved To-date	Target Achieved in 2019
v. Environment, natural resources, biodiversity and ecosystems services		
Waste management and disposal	Identification and documentation of waste products and sources of pollution.	To establish a waste management plan to reduce pollution.
Natural water resources	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate. Water harvesting practices such water from road-side drains stored in conservation terraces and road pits. Monitoring of outgoing water which may have negative impact on natural waterways.	To establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water).
Status of rare, threatened, or endangered species and high biodiversity value area.		To conduct study identifying high conservation value areas.
Zero burning practices	Policy in place and in practise since 2010. Previous crop are either felled, mowed, chipped, shredded, windrowed, pulverised, ploughed or mulched.	
Site Management	SOPs have been established. Field boundary markings map available. Policy on Perlindungan Tanah Curam dan Rezab Sungai has been established.	

Sustainability Report (continued)

Human Rights (continued)

	Target Achieved To-date	Target Achieved in 2019
vi Best practices		
Economic and financial viability plan	Established and documented business plans to demonstrate attention to economic and financial viability. Replanting programme established and reviewed annually.	
Transparent and fair price dealing	The pricing mechanisms for the products sold are monitored by the Head Office.	
Contractors	Contract agreements prepared for all contractors.	To include clause in agreements allowing MSPO auditors to review these contracts.

Properties Of The Group

Location	Description	Area (HA)	Tenure	Lease Tenure / Expiry	Date of Revaluation	Book Value 31.12.2019 Land and Buildings RM
Riverview Rubber Estates, Berhad						
Buloh Akar Estate Parit, Perak	Oil Palm Plantation	818.49	Freehold	-	December 2017	60,565,611
Sadang Estate Parit, Perak	Oil Palm Plantation	219.06	Freehold	-	December 2017	16,209,986
Hibernia Estate Selama, Perak	Oil Palm Plantation	369.63	Freehold	-	December 2017	27,576,623
Tejdrong Estate Tg. Tualang, Perak	Oil Palm Plantation	377.02	Freehold	-	December 2017	32,051,721
						136,403,941
Tejdrong Estate Tg. Tualang, Perak	Oil Palm Plantation	9.31	Leasehold	99 years	December 2017	774,451
						137,178,392
	Buildings		Freehold	-		3,820,000
						140,998,392
The Narborough Plantations, PLC						
Narborough Estate Sungkai, Perak	Oil Palm Plantation	551.74	Freehold	-	December 2017	52,891,940
	Oil Palm Plantation	11.96	Leasehold #	99 years	December 2017	1,010,172
						53,902,112
		Buildings		Freehold	-	2,360,457
						56,262,569

Properties Of The Group (continued)

Location	Description	Area (HA)	Tenure	Lease Tenure / Expiry	Date of Revaluation	Book Value 31.12.2019 Land and Buildings RM
CG Plantations Sdn. Bhd.						
Jeta Estate Tg. Tualang, Perak	Oil Palm Plantation	3.01	Freehold	-	December 2017	224,000
	Oil Palm Plantation	2.37	Leasehold	99 years	December 2017	117,124
	Oil Palm Plantation	3.41	Leasehold	99 years	December 2017	168,520
	Oil Palm Plantation	17.64	Leasehold **	99 years	December 2017	871,754
	Oil Palm Plantation	6.79	Leasehold **	99 years	December 2017	335,556
	Oil Palm Plantation	20.03	Leasehold **	99 years	December 2017	989,866
	Oil Palm Plantation	172.49	Leasehold **	99 years	December 2017	8,524,314
						11,231,134
		Buildings		Leasehold		142,099
						11,373,233
						208,634,194
Rivaknar Properties (WA) Pty Ltd.						
Rivaknar Court Perth, Australia	Residential Property	0.19	Freehold	-	December 2017	18,158,616
Yokine Perth, Australia	Residential Property	0.22	Freehold	-	December 2017	11,342,114
						29,500,730
						238,134,924

\# Lease extension obtained in 2015, pending issuance of land title from authorities.
** Lease extension obtained in 2018, pending finalisation of plans.

2019 Annual Report

81st Annual General Meeting

Directors' Report &
Audited Financial Statements

Directors' report

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The principal activity of the Company is the cultivation of oil palm whilst those of its subsidiaries are disclosed in Note 17 to the financial statements. There have been no significant change in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	1,346,282	4,297,109
Attributable to:		
Owners of the Company	2,181,846	4,297,109
Non-controlling interests	(835,564)	-
	1,346,282	4,297,109

Reserves and provisions

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

Dividends

Dividends declared or paid by the Company since the end of previous financial year were as follows :-

In respect of the financial year ended 31 December 2019:

	RM
First interim ordinary dividend of 2 sen per share under the single tier system on 64,850,448 ordinary shares, declared on 17 May 2019 and paid on 28 June 2019	1,297,009
Second interim ordinary dividend of 1 sen per share under the single tier system on 64,850,448 ordinary shares, declared on 9 December 2019 and paid on 24 January 2020	648,504
	1,945,513

The directors do not recommend the payment of any final dividend in respect of the current financial year.

Holding companies

The directors regard Sungei Ream Holdings Sendirian Berhad and Buloh Akar Holdings Sendirian Berhad, both of which were incorporated in Malaysia, as the immediate and ultimate holding companies of the Company respectively.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 17 to the financial statements.

Directors

The directors who served during the financial year up to the date of this report are:

The Company
Dr. Leong Tat Thim
Mohd Razali bin Mohd Amin
Timothy John Huntsman
Oliver John Harold Huntsman

The Subsidiaries
Dr. Leong Tat Thim
Mohd Razali bin Mohd Amin
Timothy John Huntsman
Oliver John Harold Huntsman
Leong Yeng Kit
Dato' Roslan bin Hamir
Yee Kee Yong
Robert George Sherriff (Alternative director to Timothy John Huntsman)

Directors' benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than those disclosed as directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

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

Directors' report (continued)

Directors' interests

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

	Number of ordinary shares			
The Company	At 1.1.2019	Bought	Sold	At 31.12.2019
Direct interest				
Dr. Leong Tat Thim	1,000	-	-	1,000
Mohd Razali bin Mohd. Amin	1,000	-	-	1,000
Timothy John Huntsman	1,000	-	-	1,000
Oliver John Harold Huntsman	1,000	-	-	1,000
Indirect interest				
Timothy John Huntsman	40,860,092	-	-	40,860,092
Oliver John Harold Huntsman	40,860,092	-	-	40,860,092
Sungei Ream Holdings Sendirian Berhad (Immediate holding company)				
Indirect interest				
Timothy John Huntsman	11,739,022	-	-	11,739,022
Oliver John Harold Huntsman	11,739,022	-	-	11,739,022
Buloh Akar Holdings Sendirian Berhad (Ultimate holding company)				
Direct interest				
Timothy John Huntsman	12	-	-	12
Oliver John Harold Huntsman	315,747	-	(315,747)	-
Indirect interest				
Timothy John Huntsman	457,914	-	-	457,914
Oliver John Harold Huntsman	-	315,747	-	315,747

Directors' remuneration

The particulars of remuneration provided to the directors of the Company and of the Group are disclosed in Note 10 to the financial statements.

Indemnity and insurance for directors and officers

The Group and the Company maintains a corporate liability insurance for the directors and officers of the Group and of the Company throughout the financial year, which provides appropriate insurance cover for the directors and officers of the Group and of the Company. The amount of insurance premium incurred by the Group and the Company for the financial year ended 31 December 2019 amounted to RM13,800.

Auditors' remuneration

The details of remuneration paid or payable to the auditors of the Company are disclosed in Note 9 to the financial statements.

No indemnity was given to nor was there any insurance effected for the auditors of the Company during the financial year.

Other statutory information

a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :

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

 (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including their value 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.

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

 (i) which would render the amount written off for bad debts and allowance made for doubtful debts in the Group and in the Company inadequate to any substantial extent;

 (ii) which would render the values of current assets in the financial statements of the Group and of the Company misleading;

 (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

 (iv) 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.

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

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

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

Directors' report (continued)

Other statutory information (continued)

d) In the opinion of the directors :-

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

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

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

Auditors

The auditors, Folks DFK & Co., have expressed their willingness to continue in office.

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

Dr. Leong Tat Thim	**Mohd Razali bin Mohd. Amin**
Seremban, Malaysia	Kuala Lumpur, Malaysia

Statement by directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dr. Leong Tat Thim and Mohd Razali bin Mohd Amin, being two of the directors of Riverview Rubber Estates, Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

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

Dr. Leong Tat Thim

Seremban, Malaysia

Mohd Razali bin Mohd. Amin

Kuala Lumpur, Malaysia

Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Mohd Razali bin Mohd. Amin, the director primarily responsible for the financial management of Riverview Rubber Estates, Berhad, do solemnly and sincerely declare that the accompanying financial statements are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Mohd Razali bin Mohd. Amin
at Kuala Lumpur, in Wilayah Persekutuan
on 8 May 2020

Mohd Razali bin Mohd. Amin
(MIA Membership No. : CA 7544)

Before me,

Commissioner for Oaths

Statements Of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Revenue	6	25,698,400	28,661,014	16,360,487	18,469,858
Cost of sales		(16,710,666)	(16,361,392)	(11,486,188)	(11,070,217)
Gross profit		8,987,734	12,299,622	4,874,299	7,399,641
Other items of income					
Interest income	7	1,053,359	1,008,659	333,423	375,034
Dividend income	8	31,570	34,440	1,716,800	-
Finance income		-	-	20,335	19,756
Fair value changes in agriculture produce		1,022,874	102,902	607,837	(177,789)
Other income		102,541	81,754	60,842	44,522
Other items of expense					
Loss on disposal of investment properties		(39,121)	-	-	-
Fair value changes in investment properties		(2,786,770)	(365,000)	-	-
Depreciation of bearer plants		(725,243)	(711,382)	(455,567)	(455,566)
Depreciation of right-of-use assets		(131,222)	-	(8,364)	-
Depreciation of property, plant and equipment		(1,197,284)	(2,221,712)	(805,079)	(855,086)
Administrative expenses		(3,164,847)	(3,101,238)	(1,222,966)	(1,191,611)
Results from operating activities		3,153,591	7,128,045	5,121,560	5,158,901
Foreign exchange loss		(57,619)	(273,215)	-	-
Profit before tax	9	3,095,972	6,854,830	5,121,560	5,158,901
Tax expenses	11	(1,749,690)	(1,979,432)	(824,451)	(1,308,874)
Profit after tax		1,346,282	4,875,398	4,297,109	3,850,027

Statements Of Profit or Loss and Other Comprehensive Income (continued)
For the financial year ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign exchange translation		(571,060)	(2,648,753)	-	-
		(571,060)	(2,648,753)	-	-
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity instruments designated at fair value through other comprehensive income		(19,385)	(167,608)	-	-
Deferred tax liability on revaluation surplus of easehold land		16,174	11,226	-	-
		(3,211)	(156,382)	-	-
Other comprehensive loss, net of tax		(574,271)	(2,805,135)	-	-
Total comprehensive income for the year		772,011	2,070,263	4,297,109	3,850,027
Profit attributable to:					
- Owners of the Company		2,181,846	5,073,753	4,297,109	3,850,027
- Non-controlling interests		(835,564)	(198,355)	-	-
		1,346,282	4,875,398	4,297,109	3,850,027
Total comprehensive income attributable to:					
- Owners of the Company		1,807,633	3,203,888	4,297,109	3,850,027
- Non-controlling interests		(1,035,622)	(1,133,625)	-	-
		772,011	2,070,263	4,297,109	3,850,027
Earnings per share attributed to owners of the Company (sen)					
Basic	12	3.36	7.82		

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

Statements Of Financial Position

as at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Assets					
Non-current assets					
Property, plant and equipment	14.1	197,085,883	211,069,910	141,104,802	142,609,945
Right-of-use assets	14.2	12,791,757	-	774,451	-
Bearer plants	15	13,339,680	13,679,424	9,783,741	9,853,809
Investment properties	16	29,500,730	34,091,000	-	-
Investment in subsidiaries	17	-	-	48,309,015	48,299,015
Investment securities	18	-	957,432	-	-
Goodwill on consolidation	19	2,731,763	2,731,763	-	-
Deferred tax assets	20	62,162	55,395	62,162	55,395
		255,511,975	262,584,924	200,034,171	200,818,164
Current assets					
Agriculture produce	21	2,775,544	1,752,670	1,622,815	1,014,978
Inventories		76,400	59,896	52,958	38,233
Trade and other receivables	22	1,417,607	1,216,885	898,134	696,933
Prepayments		293,330	246,334	88,131	53,757
Tax recoverable		5,684,892	5,525,109	5,591,209	4,800,643
Cash on hand and at banks	23	4,317,788	4,237,164	2,147,640	2,136,449
Deposits with financial institutions	23	35,998,035	33,584,682	12,691,035	11,782,682
		50,563,596	46,622,740	23,091,922	20,523,675
Total assets		306,075,571	309,207,664	223,126,093	221,341,839

Statements Of Financial Position (continued)

as at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Equity and liabilities					
Current liability					
Trade and other payables	24	4,433,255	4,819,092	2,063,345	2,653,992
		4,433,255	4,819,092	2,063,345	2,653,992
Net current assets		46,130,341	41,803,648	21,028,577	17,869,683
Non-current liabilities					
Deferred tax liabilities	20	18,491,827	18,392,390	8,759,836	8,764,722
Provision for retirement benefits	25	348,484	303,875	259,004	230,813
		18,840,311	18,696,265	9,018,840	8,995,535
Total liabilities		23,273,566	23,515,357	11,082,185	11,649,527
Net assets		282,802,005	285,692,307	212,043,908	209,692,312
Equity attributable to owners of the Company					
Share capital	26	64,850,448	64,850,448	64,850,448	64,850,448
Reserves	27	110,527,484	110,902,544	95,442,793	95,442,793
Retained profits	28	90,451,704	90,214,524	51,750,667	49,399,071
		265,829,636	265,967,516	212,043,908	209,692,312
Non-controlling interests	29	16,972,369	19,724,791	-	-
Total equity		282,802,005	285,692,307	212,043,908	209,692,312
Total equity and liabilities		306,075,571	309,207,664	223,126,093	221,341,839

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

Statements Of Changes In Equity

For the financial year ended 31 December 2019

	Attributable to owners of the Company						
		Non-distributab		Distributable			
	Share capital RM	Capital reserve RM	Fair value adjustment reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 January 2019	64,850,448	110,870,116	32,428	90,214,524	265,967,516	19,724,791	285,692,307
Profit or loss	-	-	-	2,181,846	2,181,846	(835,564)	1,346,282
Other comprehensive income	-	(342,632)	(32,428)	847	(374,213)	(200,058)	(574,271)
Total comprehensive income	-	(342,632)	(32,428)	2,182,693	1,807,033	(1,035,622)	772,011
Dividends (Note 13)	-	-	-	(1,945,513)	(1,945,513)	(1,716,800)	(3,662,313)
Total transactions with owners	-	-	-	(1,945,513)	(1,945,513)	(1,716,800)	(3,662,313)
At 31 December 2019	64,850,448	110,527,484	-	90,451,704	265,529,363	16,972,369	282,802,005

Statements Of Changes In Equity (continued)

For the financial year ended 31 December 2018

	Attributable to owners of the Company						
		Non-distributab		Distributable			
	Share capital RM	Capital reserve RM	Fair value adjustment reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 January 2018	64,850,448	112,628,242	144,167	89,031,798	266,654,655	20,858,416	287,513,071
Profit or loss	-	-	-	5,073,753	5,073,753	(198,355)	4,875,398
Other comprehensive income	-	(1,758,126)	(111,739)	-	(1,869,865)	(935,270)	(2,805,135)
Total comprehensive income	-	(1,758,126)	(111,739)	5,073,753	3,203,888	(1,133,625)	2,070,263
Dividends (Note 13)	-	-	-	(3,891,027)	(3,891,027)	-	(3,891,027)
Total transactions with owners	-	-	-	(3,891,027)	(3,891,027)	-	(3,891,027)
At 31 December 2018	64,850,448	110,870,116	32,428	90,214,524	265,967,516	19,724,791	285,692,307

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

Statements Of Changes In Equity (continued)

For the financial year ended 31 December 2019

	Attributable to owners of the Company			
	Non-distributable		Distributable	
	Share capital RM	Capital reserve RM	Retained profits RM	Total RM
Company				
At 1 January 2019	64,850,448	95,442,793	49,399,071	209,692,312
Profit or loss	-	-	4,297,109	4,297,109
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	4,297,109	4,297,109
Dividends (Note 13)	-	-	(1,945,513)	(1,945,513)
Transactions with owners	-	-	(1,945,513)	(1,945,513)
At 31 December 2019	64,850,448	95,442,793	51,750,667	212,043,908
At 1 January 2018	64,850,448	95,442,793	49,440,071	209,733,312
Profit or loss	-	-	3,850,027	3,850,027
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	3,850,027	3,850,027
Dividends (Note 13)	-	-	(3,891,027)	(3,891,027)
Transactions with owners	-	-	(3,891,027)	(3,891,027)
At 31 December 2018	64,850,448	95,442,793	49,399,071	209,692,312

Statements Of Cash Flows

For the financial year ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Operating activities					
Profit before tax		3,095,972	6,854,830	5,121,560	5,158,901
Adjustments for:					
Depreciation of bearer plants		725,243	711,382	455,567	455,566
Depreciation of right-of-use assets		131,222	-	8,364	-
Depreciation of property, plant and equipment		1,197,284	2,221,712	805,079	855,086
Dividend income		(31,570)	(34,440)	(1,716,800)	-
Finance income		-	-	(20,335)	(19,756)
Unrealised loss on foreign exchange		57,619	273,215	-	-
Interest income		(1,053,359)	(1,008,659)	(333,423)	(375,034)
Fair value changes in investment properties		2,786,770	365,000	-	-
Fair value changes in agriculture produce		(1,022,874)	(102,902)	(607,837)	177,789
Loss on disposal of investment properties		39,121	-	-	-
Provision for retirement benefits		48,142	68,731	31,724	52,288
Total adjustments		2,877,598	2,494,039	(1,377,661)	1,145,939
Operating profit before changes in working capital		5,973,570	9,348,869	3,743,899	6,304,840
Changes in working capital:					
Inventories		(16,504)	32,231	(14,725)	27,680
Receivables		(247,718)	379,814	(228,541)	201,239
Payables		262,667	(274,385)	50,824	109,586
Total changes in working capital		(1,555)	137,660	(192,442)	338,505
Cash flows from operation		5,972,015	9,486,529	3,551,457	6,643,345
Net taxes paid		(1,768,141)	(3,812,558)	(1,626,670)	(2,623,331)
Retirement benefits paid		(3,533)	(13,239)	(3,533)	(13,239)
Net cash flows from operating activities		4,200,341	5,660,732	1,921,254	4,006,775

Statements Of Cash Flows (continued)

For the financial year ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Investing activities					
Purchase of property, plant and equipment		(111,236)	(1,380,883)	(82,751)	(1,027,414)
Additions to right-of-use assets		(25,000)	-	-	-
Additions to bearer plants		(385,499)	(1,138,464)	(385,499)	(1,070,756)
Proceeds from disposal of investment properties		1,180,269	-	-	-
Proceeds from disposal of investment securities		957,432	-	-	-
Purchase of shares in a subsidiary		-	-	(10,000)	-
Interest received		1,053,359	1,008,659	333,423	375,034
Dividends received		31,570	34,440	1,716,800	-
Finance income received		-	-	20,335	19,756
Net cash flows from/(used in) investing activities		2,700,895	(1,476,248)	(1,592,308)	(1,703,380)
Financing activities					
Dividends paid		(2,594,018)	(14,267,099)	(2,594,018)	(14,267,099)
Dividends paid to non-controlling interests of a subsidiary		(1,716,800)	-	-	-
Net cash flows used in financing activities		(4,310,818)	(14,267,099)	(2,594,018)	(14,267,099)
Net increase/(decrease) in cash and cash equivalents		2,590,418	(10,082,615)	919,544	(11,963,704)
Effects of exchange rate changes		(96,441)	(178,066)	-	-
Cash and cash equivalents at beginning of year		37,821,846	48,082,527	13,919,131	25,882,835
Cash and cash equivalents at end of year	23	40,315,823	37,821,846	14,838,675	13,919,131

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

Notes To The Financial Statements

For the financial year ended 31 December 2019

1. Corporate information

Riverview Rubber Estates, Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at 33 (1st Floor) Jalan Dato' Maharajalela 30000 Ipoh, Perak Darul Ridzuan and Riverview Estate, 31800 Tanjung Tualang, Perak Darul Ridzuan respectively.

The immediate and ultimate holding companies of the Company are Sungei Ream Holdings Sendirian Berhad and Buloh Akar Holdings Sendirian Berhad respectively, both of which are incorporated in Malaysia.

The principal activity of the Company is the cultivation of oil palm whilst those of its subsidiaries are discussed in Note 17 to the financial statements. There have been no significant changes in the nature of the principal 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 on 8 May 2020.

2. Basis of Preparation

2.1 Basis

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

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group and the Company are consistent with those applied in the previous financial year other than the application of the new MFRSs and IC Interpretation and amendments to MFRSs as disclosed in Note 2.2 below.

2.2 Application of New MFRSs and IC Interpretation and Amendments to MFRSs

During the financial year, the Group and the Company have applied the following new MFRSs and IC Interpretation and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") which are effective for accounting period beginning on or after 1 January 2019 :-

MFRS 16, Leases
IC Interpretation 23, Uncertainty over Income Tax Treatments
Amendments to MFRS 9 - Prepayment Features with Negative Compensation
Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures
Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle:

- Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements - Previously Held Interest in a Joint Operation
- Amendments to MFRS 112, Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 123, Borrowing Costs - Borrowing Costs Eligible for Capitalisation

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

2. Basis of Preparation (continued)

2.2 Application of New MFRSs and IC Interpretation and Amendments to MFRSs (continued)

The applications of the new MFRS 16, Leases has resulted in changes in the Group's accounting policies as further explained in Note 4. The initial applications of the new IC Interpretation and amendments to MFRSs did not have any significant impact on the Group's and the Company's financial statements.

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective

The Group and the Company have not early adopted the following new MFRSs and IC Interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2020
Amendments to MFRS 3, Business Combination - Definition of a Business
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments : Recognition and Measurement and MFRS 7 Financial Instruments : Disclosure - Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2023
MFRS 17, Insurance Contracts

Effective for annual periods beginning on or after a date to be determined by MASB
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will apply the above new MFRSs and amendments to MFRSs that are applicable once they become effective. Their main features and impact on initial application are summarised below.

2.3.1 Effective for annual periods beginning on or after 1 January 2020

a) Amendments to MFRS 3, Business Combination - Definition of a Business

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

2. Basis of Preparation (continued)

2.3 New MFRSs and IC Interpretation and Amendments to MFRSs That Are In Issue But Not Yet Effective (continued)

2.3.1 Effective for annual periods beginning on or after 1 January 2020 (continued)

b) Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The amendments refine the definition by including ‘obscuring information’ in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of an entity’s financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

2.3.2 Effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts

MFRS 17 will supersede the existing MFRS 4 Insurance Contracts and related Interpretations. The new Standard introduces consistent accounting for all insurance contracts based on a current measurement model. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at : (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, MFRS 17 changes the financial statements presentations of insurance service results whereby insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

2.3.3 Financial impact on initial application

The initial application of the new MFRSs, IC Interpretation and amendments to MFRSs is not expected to have any significant impact on the Group's and the Company's financial statements.

3. Summary of Significant Accounting Policies

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in dealing with items that are considered material in relation to the financial statements.

3.1 Foreign currency

a) Functional and presentation currency

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

b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in the profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

c) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows :

- Assets and liabilities are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the capital reserve within equity.

3. Summary of Significant Accounting Policies (continued)

3.1 Foreign currency (continued)

c) Foreign operations (continued)

Goodwill and fair value adjustment arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

3.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of substantive potential voting rights are considered when assessing whether the Group has such power over another entity.

Investments in subsidiaries are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, made up to the end of the year.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

The Group controls an entity when the Group :

- has power over the entity;
- is expected or has rights to variable returns from its involvement with the entity; and
- has the ability to effect those returns through its power over the entity.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

3. Summary of Significant Accounting Policies (continued)

3.3 Basis of consolidation (continued)

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss. The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Intragroup transactions, balances and unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. Summary of Significant Accounting Policies (continued)

3.4 Goodwill

Goodwill arising on the acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU.

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods. Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

3.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment except for freehold and leasehold estate land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold and leasehold estate land are 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 asset 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 for the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised.

A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

3. Summary of Significant Accounting Policies (continued)

3.5 Property, plant and equipment and depreciation (continued)

Freehold estate land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

- Buildings	2% - 5%
- Plant and machinery	10% - 20%
- Vehicles	15% - 20%
- Furniture, fixture and fittings and electrical installation	10% - 25%

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

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

Leasehold land

Accounting policies applied until 31 December 2018

The above accounting policies for property, plant and equipment applies to leasehold land. Leasehold land is depreciated over the period of the lease of 99 years.

Accounting policies applied from 1 January 2019

Following the adoption of MFRS 16, Leases on 1 January 2019, the Group and the Company have reclassified the carrying amounts of leasehold land to right-of-use assets.

3.6 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

Fair value of an investment property is an amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

3. Summary of Significant Accounting Policies (continued)

3.7 Impairment of non-financial assets

The carrying amounts of non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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

3. Summary of Significant Accounting Policies (continued)

3.8 Financial assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to :

- the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and
- derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment in the trade date.

3.8.1 Classification

The Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets :

a) at amortised cost;

b) fair value through other comprehensive income; and

c) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

3. Summary of Significant Accounting Policies (continued)

3.8 Financial assets (continued)

3.8.2 Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories :

(i) Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition :

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

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

(ii) Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition :

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

3. Summary of Significant Accounting Policies (continued)

3.8 Financial assets (continued)

3.8.2 Measurement (continued)

a) Debt instruments (continued)

(ii) Fair value through other comprehensive income ("FVOCI") (continued)

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

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

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

3. Summary of Significant Accounting Policies (continued)

3.8 Financial assets (continued)

3.8.2 Measurement (continued)

b) Equity instruments

The Group measures all equity investments at fair value. For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

3.8.3 Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

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

3.9 Impairment

Financial assets and contract assets

The Group recognises loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income ("FVOCI").

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

3. Summary of Significant Accounting Policies (continued)

3.9 Impairment (continued)

Financial assets and contract assets (continued)

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

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

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account. An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of its short term funding requirements. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.11 Inventories

Inventories comprise stores and consumables and are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

3. Summary of Significant Accounting Policies (continued)

3.12 Provision

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

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

3.13 Financial liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

3.13.1 Classification and measurement

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

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

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities. A financial liability is classified as held for trading if :-

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

3. Summary of Significant Accounting Policies (continued)

3.13 Financial liabilities (continued)

3.13.1 Classification and measurement (continued)

a) Fair value through profit or loss ("FVTPL") (Cont'd) (continued)

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss.

The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses.

b) Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

A gain or loss on financial liabilities at amortised cost is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

3.13.2 Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.14 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. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of (i) the amount determined in accordance with the expected credit loss model; and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

3. Summary of Significant Accounting Policies (continued)

3.15 Employee benefits

a) Short term benefits

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

b) Retirement benefits

The Group provides for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreements and/or employment agreements. Full provision has been made for retirement benefits payable to all eligible employees who have completed their qualifying period of between 5 to 10 years of service, based on the length of service to date and rates set out in the said agreements. Should an employee leave after completing their qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision, as the directors are of the opinion that the amount is insignificant to the Group.

The Group also makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF") for employees that are not covered by the agreements.

3.16 Leases

The Group as lessee

From 1 January 2019, the Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprise the corresponding lease liability adjusted for any lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are also included in the related right-of-use assets.

Right-of-use assets are initially measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. Leasehold estate land that are recognised as right-of-use assets will be revalued in accordance with revaluation policy as stated in Note 3.5.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable.

3. Summary of Significant Accounting Policies (continued)

3.16 Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less lease incentives;
- variable lease payments based on an index or rate; and
- payments of penalties for terminating the lease.

Variable lease payment (not based on an index or rate) is recognised as an expense in the period in which it is incurred.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

Accounting policies applied until 31 December 2018

(i) Classification

A lease was recognised as a finance lease if it transfers substantially to the Group and Company all the risks and rewards incidental to ownership. Leases of land and buildings were classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings were considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards were classified as operating leases, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Recognition

a) As lessee

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

3. Summary of Significant Accounting Policies (continued)

3.16 Leases (continued)

Accounting policies applied until 31 December 2018 (continued)

(ii) Recognition (continued)

a) As lessee (continued)

However, if there are no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life and the lease term. Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership were classified as operating lease. Operating lease payments were recognised as an expense in profit or loss on a straight-line basis over the relevant lease. The aggregate benefit of incentives provided by the lessor was recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset were classified as operating leases. Initial direct cost incurred in negotiating an operating lease were added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

3.17 Revenue from contracts with customers

The Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

The Group recognises revenue from the following :

Sale of agricultural produce

Revenue from sales of agricultural produce i.e. fresh fruit bunches (“FFB”), is recognised at a point in time when control of the goods has been transferred to the customer. Based on the terms of the contract with the customer, control transfers upon delivery of the goods to the customer and acceptance of the goods by the customer. The transaction price allocated to the said performance obligation is based on the stand-alone selling prices of the goods.

3. Summary of Significant Accounting Policies (continued)

3.18 Revenue other Sources and Other Income

a) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

b) Dividend income

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

c) Rental income

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

3.19 Income taxes

The tax expense in the income statement comprises current and deferred tax. Current tax is the amount of taxes payable or receivable in respect of the taxable profit or loss for the period. Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities and assets are provided for, using the liability method, in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unabsorbed tax losses and capital allowances unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If 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, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

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

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

3. Summary of Significant Accounting Policies (continued)

3.19 Income taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 by the reporting date.

3.20 Share capital and share issuance expenses

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

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

3.21 Borrowing costs

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

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

3.22 Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (''EPS'').

Basic EPS 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 is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. No adjustment is made for anti-dilutive potential ordinary shares.

3.23 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Principal Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. Summary of Significant Accounting Policies (continued)

3.24 Bearer plants

Bearer plants are living plant that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

Bearer plants have an average life cycle of twenty-five (25) years with the first three (3) years as immature bearer plants and the remaining years as mature bearer plants. The mature bearer plants are depreciated over its remaining useful lives of twenty-two (22) years on a straight-line basis. The immature bearer plants are not depreciated until such time when it is available for use.

3.25 Biological assets - Agriculture Produce

The agriculture produce comprise of fresh fruit bunches ("FFB") prior to harvest. The agricultural produce is valued at fair value less cost to sell at the point of harvest. In determining the fair value of the agriculture produce, the management has aggregated the forecasted gross profit before depreciation and windfall tax levy for the next two (2) months after the year end. The management reviews the assumptions and estimates periodically to identify any significant change in the fair value less cost to sell of the agriculture produce.

3.26 Fair value measurements

The Group and the Company adopted MFRS 13 Fair Value Measurement which prescribed that 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 non-financial asset, the fair value measurements 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.

When measuring fair value, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Fair value measurements are 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;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

Transfer between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfer.

4. Changes in Accounting Policies

The Group has adopted the new MFRS 16 Leases for the first time in the current year financial statements commencing from 1 January 2019. The adoption has resulted in changes in the Group's accounting policies as explained further in Notes 4.1.

Due to the transitional methods chosen by the Group in applying the new Standard, comparative information as presented throughout these financial statements has not been restated to the reflect the new requirements.

4.1 MFRS 16, Leases

MFRS 16 superseded the existing MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

MFRS 16 has been adopted without restating comparative information in accordance with the transitional provisions of the Standard and the reclassification and adjustments arising from the new requirements are therefore not reflected in the statement of financial position as at 31 December 2018. Instead, they are recognised in the opening balances as at 1 January 2019. The financial information presented up to 2018 do not reflect the requirements of MFRS 16 but rather those of MFRS 117.

The impact of the initial application of MFRS 16 as at 1 January 2019 is as follows :-

	Carrying amount as at 1.1.2019 RM	Effect of adoption of MFRS 16 RM	(Restated) Carrying amount as at 1.1.2019 RM
Group			
Non-Current Assets			
Property, plant and equipment	211,069,910	(12,897,979)	198,171,931
Right-of-use assets	-	12,897,979	12,897,979
Company			
Non-Current Assets			
Property, plant and equipment	142,609,945	(782,815)	141,827,130
Right-of-use assets	-	782,815	782,815

The Group's tenancy of a residential property has a tenancy period of less than twelve months as at 1 January 2019. The Group has elected not to recognised a lease liability for short term leases (leases with an expected term of twelve months or less). Payments made under such leases are expensed on straight-line basis.

The expense relating to payments not included in the measurement of the lease liability during the financial year is as follows:

	Group RM
Expense relating to short-term leases (included in administrative expenses)	48,400

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

5. Significant accounting estimates and judgements

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

5.1 Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, the management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Assessment of impairment of investment in subsidiaries

Investment in subsidiaries are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment required the directors to make estimates of the recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the assets exceed its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. At the reporting date, there is no indication of impairment on the investments.

5.2 Key sources of estimation uncertainty

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

a) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the individual asset's useful life. Management estimates the useful life of plant and machinery to be 4 to 10 years while 20 to 50 years for building, based on the level of expected usage. Management also estimates that the machinery will have minimal residual values at the end of its useful life. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

5. Significant accounting estimates and judgements (continued)

5.2 Key sources of estimation uncertainty (continued)

b) Fair value of agriculture produce

The agriculture produce is valued at fair value less cost to sell at the point of harvest. In determining the fair value of the agriculture produce, the management has aggregated the forecasted gross profit before depreciation and windfall tax levy for the next two (2) months after the financial year end. Any change in the estimates may affect the fair value less cost to sell of the agriculture produce significantly. The management reviews the assumptions and estimates periodically to identify any significant change in the fair value less cost to sell of the agriculture produce.

c) Valuation of freehold and leasehold land

The Group measures its freehold and leasehold land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements. The estimated fair value may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

Information about the valuation techniques and inputs used in determining the fair value of freehold and leasehold land is disclosed in the Note 14 to the financial statements.

6. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sales of agricultural produce	24,677,865	27,579,589	16,360,487	18,469,858
Rental income	1,020,535	1,081,425	-	-
	25,698,400	28,661,014	16,360,487	18,469,858

The timing of revenue recognition is at a point in time. Disaggregation of revenue by geographical location is as disclosed in Note 34.

7. Interest income

	2019 RM	2018 RM	2019 RM	2018 RM
Short term deposits	1,053,359	1,008,659	333,423	375,034

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

8. Dividend income

	Company		Group	
	2019	2018	2019	2018
	RM	RM	RM	RM
Equity instruments				
- quoted in Malaysia	31,570	34,440	-	-
- unquoted in Malaysia	-	-	1,716,800	-

9. Profit before tax

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
The following items have been included in arriving at profit before tax:				
Auditors' remuneration:				
- Statutory audit				
- Current year	351,809	360,910	59,000	59,000
- Other services				
- Current year	10,000	7,500	10,000	7,500
- Underprovision in prior year	10,000	-	10,000	-
Depreciation:				
- Bearer plants	725,243	711,382	455,567	455,566
- Right-of-use assets	131,222	-	8,364	-
- Property, plant and equipment	1,197,284	2,221,712	805,079	855,086
Directors' remuneration (Note 10)	1,786,295	1,743,625	726,750	766,250
Inventories written off	2,621	133	2,621	133
Provision for retirement benefits	48,142	68,731	31,724	52,288
Staff costs (excluding remuneration of executive directors) *	8,106,697	9,588,843	5,878,240	6,581,353
Loss of foreign exchange:				
- Unrealised	57,619	273,215	-	-
Loss on disposal of investment properties	39,121	-	-	-
Fair value loss on investment properties	2,786,770	365,000	-	-
Fair value gain on agriculture produce	(1,022,874)	(102,902)	(607,837)	177,789
Gain on disposal of investment securities	39,121	-	-	-
Rental income from vehicles	(5,865)	(2,727)	-	-

9. Profit before tax (continued)

* Staff costs (excluding remuneration of executive directors) comprise:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and wages	7,500,185	9,005,473	5,393,306	6,113,351
Employees' Provident Fund contributions	519,957	522,008	417,919	418,124
Social Security Fund contributions	86,555	61,362	67,015	49,878
	8,106,697	9,588,843	5,878,240	6,581,353

10. Directors' remuneration

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company:				
Non-Executive:				
Fees	295,000	295,000	295,000	295,000
Other emoluments	431,750	471,250	431,750	471,250
	726,750	766,250	726,750	766,250
Directors of the subsidiaries:				
Non-executive:				
Fees	781,545	744,625	-	-
Other emoluments	278,000	232,750	-	-
	1,059,545	977,375	-	-
Total	1,786,295	1,743,625	726,750	766,250

The number of directors of the Group and the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Non-executive directors:				
RM50,000 and below	2	1	-	-
RM50,001 – RM100,000	-	-	-	-
RM100,001 – RM150,000	-	-	1	1
RM150,001 – RM200,000	1	2	2	2
RM200,001 – RM250,000	1	-	1	-
RM250,001 – RM300,000	-	-	-	1
RM300,001 - RM400,000	-	2	-	-
RM400,001 – RM450,000	2	-	-	-
RM450,001 – RM500,000	-	-	-	-
RM500,001 – RM550,000	1	1	-	-

11. Tax expenses

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current income tax :				
Malaysian income tax	1,539,412	1,800,486	742,704	1,083,719
Under provision in prior year	62,180	38,369	93,400	69,868
	1,601,592	1,838,855	836,104	1,153,587
Deferred income tax (Note 20) :				
Origination and reversal of temporary differences	231,673	222,487	123,780	237,197
Over provision in prior year	(83,575)	(81,910)	(135,433)	(81,910)
	148,098	140,577	(11,653)	155,287
Income tax expense recognised in profit or loss	1,749,690	1,979,432	824,451	1,308,874

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	3,095,972	6,854,830	5,121,560	5,158,901
Tax expenses at applicable tax rate	743,033	1,645,159	1,229,174	1,238,136
Effect of different tax rate in other country	(93,381)	(1,403)	-	-
Income not subject to tax	(193,360)	(137,057)	(412,032)	-
Expenses not deductible for tax purposes	1,270,997	605,633	49,342	82,780
Crystallisation of deferred tax liability on investment properties	43,796	(89,359)	-	-
Over provision of deferred tax in prior year	(83,575)	(81,910)	(135,433)	(81,910)
Under provision of current tax in prior year	62,180	38,369	93,400	69,868
Tax expense for the year	1,749,690	1,979,432	824,451	1,308,874

11. Tax expenses (continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Tax expense for other taxation authority is calculated at the rate prevailing in the respective jurisdiction.

Effective year of assessment 2018 and 2019, tax rate for Malaysia resident companies have been given a reduction in the income tax rate ranging from 1% to 4% on the incremental chargeable income compared to the immediate preceding year of assessment, based on the percentage of increase in chargeable income.

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

	Group	
	2019 RM	2018 RM
Unutilised business losses carried forward	-	143,837
Deferred tax assets not recognised at foreign tax rate of 27.5% (2018 : 27.5%)	-	39,555

The unutilised business losses above arose in Australia and were available indefinitely for offset against future taxable profits of the Australian subsidiary.

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares during the financial year.

The following reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2019 and 2018:

	Group	
	2019 RM	2018 RM
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	2,181,846	5,073,753
Weighted average number of ordinary shares for basic earnings per share computation	64,850,448	64,850,448
Basic earnings per share (sen)	3.36	7.82

There is no dilutive effect on earnings per share as the Company has no potential issues of ordinary shares.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

13. Dividends

	Group and Company	
	2019	2018
	RM	RM
In respect of financial year ended 31 December 2018		
(i) First interim dividend 4.00 sen per ordinary share under the single tier system on 64,850,448 ordinary shares	-	2,594,018
(ii) Second interim dividend 2.00 sen per ordinary share under the single tier system on 64,850,448 ordinary shares	-	1,297,009
	-	3,891,027
In respect of financial year ended 31 December 2019		
(i) First interim dividend 2.00 sen per ordinary share under the single tier system on 64,850,448 ordinary shares	1,297,009	-
(ii) Second interim dividend 1.00 sen per ordinary share under the single tier system on 64,850,448 ordinary shares	648,504	-
	1,945,513	-

14. Property, plant and equipment

	Leasehold estate land RM	Freehold estate land RM	Buildings RM	Plant and machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
Group							
Cost or valuation							
At 1 January 2019	17,177,214	189,519,881	9,116,682	3,747,044	4,126,096	1,431,526	225,118,443
Effect of adoption of MFRS 16	(17,177,214)	-	-	-	-	-	(17,177,214)
At 1 January 2019 (restated)	-	189,519,881	9,116,682	3,747,044	4,126,096	1,431,526	207,941,229
Additions	-	-	62,042	28,515	-	20,679	111,236
Write-off	-	-	-	(593,918)	(213,830)	(121,685)	(929,433)
At 31 December 2019	-	189,519,881	9,178,724	3,181,641	3,912,266	1,330,520	207,123,032
Representing:							
At cost	-	-	9,178,724	3,181,641	3,912,266	1,330,520	17,603,151
At valuation	-	189,519,881	-	-	-	-	189,519,881
	-	189,519,881	9,178,724	3,181,641	3,912,266	1,330,520	207,123,032
Accumulated depreciation							
At 1 January 2019	4,279,235	-	2,415,373	2,895,043	3,338,548	1,120,334	14,048,533
Effect of adoption of MFRS 16	(4,279,235)	-	-	-	-	-	(4,279,235)
At 1 January 2019 (restated)	-	-	2,415,373	2,895,043	3,338,548	1,120,334	9,769,298
Charge for the year	-	-	440,795	294,221	410,101	52,167	1,197,284
Write-off	-	-	-	(593,918)	(213,830)	(121,685)	(929,433)
At 31 December 2019	-	-	2,856,168	2,595,346	3,534,819	1,050,816	10,037,149
Net carrying amount							
At cost	-	-	6,322,556	586,295	377,447	279,704	7,566,002
At valuation	-	189,519,881	-	-	-	-	189,519,881
At 31 December 2019	-	189,519,881	6,322,556	586,295	377,447	279,704	197,085,883

14. Property, plant and equipment (continued)

	Leasehold estate land RM	Freehold estate land RM	Buildings RM	Plant and machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
Group							
Cost or valuation							
At 1 January 2018	17,177,214	189,519,881	8,466,300	3,363,044	3,819,296	1,391,825	223,737,560
Additions	-	-	650,382	384,000	306,800	39,701	1,380,883
At 31 December 2018	17,177,214	189,519,881	9,116,682	3,747,044	4,126,096	1,431,526	225,118,443
Representing:							
At cost	-	-	9,116,682	3,747,044	4,126,096	1,431,526	18,421,348
At valuation	17,177,214	189,519,881	-	-	-	-	206,697,095
	17,177,214	189,519,881	9,116,682	3,747,044	4,126,096	1,431,526	225,118,443
Accumulated depreciation							
At 1 January 2018	3,283,689	-	1,991,392	2,574,092	2,917,432	1,060,216	11,826,821
Charge for the year	995,546	-	423,981	320,951	421,116	60,118	2,221,712
At 31 December 2018	4,279,235	-	2,415,373	2,895,043	3,338,548	1,120,334	14,048,533
Net carrying amount							
At cost	-	-	6,701,309	852,001	787,548	311,192	8,652,050
At valuation	12,897,979	189,519,881	-	-	-	-	202,417,860
At 31 December 2018	12,897,979	189,519,881	6,701,309	852,001	787,548	311,192	211,069,910

14. Property, plant and equipment (continued)

	Leasehold estate land RM	Freehold estate land RM	Buildings RM	Plant and machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
Company							
Cost or valuation							
At 1 January 2019	820,949	136,403,941	5,603,808	3,190,100	2,937,878	1,057,609	150,014,285
Effect of adoption of MFRS 16	(820,949)	-	-	-	-	-	(820,949)
At 1 January 2019 (restated)	-	136,403,941	5,603,808	3,190,100	2,937,878	1,057,609	149,193,336
Additions	-	-	62,042	1,280	-	19,429	82,751
Write-off	-	-	-	(593,918)	(213,830)	(121,685)	(929,433)
At 31 December 2019	-	136,403,941	5,665,850	2,597,462	2,724,048	955,353	148,346,654
Representing:							
At cost	-	-	5,665,850	2,597,462	2,724,048	955,353	11,942,713
At valuation	-	136,403,941	-	-	-	-	136,403,941
	-	136,403,941	5,665,850	2,597,462	2,724,048	955,353	148,346,654
Accumulated depreciation							
At 1 January 2019	38,134	-	1,578,075	2,489,717	2,495,545	802,869	7,404,340
Effect of adoption of MFRS 16	(38,134)	-	-	-	-	-	(38,134)
At 1 January 2019 (restated)	-	-	1,578,075	2,489,717	2,495,545	802,869	7,366,206
Charge for the year	-	-	267,775	226,521	270,533	40,250	805,079
Write-off	-	-	-	(593,918)	(213,830)	(121,685)	(929,433)
At 31 December 2019	-	-	1,845,850	2,122,320	2,552,248	721,434	7,241,852
Net carrying amount							
At cost	-	-	3,820,000	475,142	171,800	233,919	4,700,861
At valuation	-	136,403,941	-	-	-	-	136,403,941
At 31 December 2019	-	136,403,941	3,820,000	475,142	171,800	233,919	141,104,802

14. Property, plant and equipment (continued)

	Leasehold estate land RM	Freehold estate land RM	Buildings RM	Plant and machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
Company							
Cost or valuation							
At 1 January 2018	820,949	136,403,941	5,079,895	2,833,100	2,831,078	1,017,908	148,986,871
Additions	-	-	523,913	357,000	106,800	39,701	1,027,414
At 31 December 2018	820,949	136,403,941	5,603,808	3,190,100	2,937,878	1,057,609	150,014,285
Representing:							
At cost	-	-	5,603,808	3,190,100	2,937,878	1,057,609	12,789,395
At valuation	820,949	136,403,941	-	-	-	-	137,224,890
	820,949	136,403,941	5,603,808	3,190,100	2,937,878	1,057,609	150,014,285
Accumulated depreciation							
At 1 January 2018	29,768	-	1,327,186	2,236,419	2,197,240	758,641	6,549,254
Charge for the year	8,366	-	250,889	253,298	298,305	44,228	855,086
At 31 December 2018	38,134	-	1,578,075	2,489,717	2,495,545	802,869	7,404,340
Net carrying amount							
At cost	-	-	4,025,733	700,383	442,333	254,740	5,423,189
At valuation	782,815	136,403,941	-	-	-	-	137,186,756
At 31 December 2018	782,815	136,403,941	4,025,733	700,383	442,333	254,740	142,609,945

Property, plant and equipment of the Group and of the Company are acquired during the year by means of cash payments.

14. Property, plant and equipment (continued)

14.2 Right-of-use assets

	Group RM	Company RM
Leasehold estate land		
At valuation		
At 1 January 2019	-	-
Effect of adoption of MFRS 16	17,177,214	820,949
At 1 January 2019 (restated)	17,177,214	820,949
Additions	25,000	-
At 31 December 2019	17,202,214	820,949
Accumulated depreciation		
At 1 January 2019	-	-
Effect of adoption of MFRS 16	4,279,235	38,134
At 1 January 2019 (restated)	4,279,235	38,134
Charge for the year	131,222	8,364
At 31 December 2019	4,410,457	46,498
Net carrying amount		
At 31 December 2019	12,791,757	774,451

Included in the total carrying amount of leasehold estate land are:

	2019 RM	2018 RM
Group		
Leasehold estate land with unexpired lease period of more than 50 years	12,791,757	12,897,979
Company		
Leasehold estate land with unexpired lease period of more than 50 years	774,451	782,815

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

14. Property, plant and equipment (continued)

14.3 Revaluation of freehold and leasehold estate land

The Group and the Company practice valuation of their estate land on regular intervals of at least once in every five (5) years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued properties materially differ from the market values.

An independent valuation of the Group's and the Company's estate land was performed by a professional valuer to determine the fair value of the estate land as at 31 December 2017. The estate land are revalued using the comparison method, determined by reference to the recent transactions and asking prices of similar properties in the locality, adjusted for differences in characteristics to arrive at the fair value.

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and shown in the asset revaluation reserve.

The following table present the carrying amount of the Group's estate land that are measured at fair value by the level of fair value hierarchy :

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Company				
Freehold estate land	-	-	136,403,941	136,403,941
Leasehold estate land	-	-	774,451	774,451
Subsidiaries				
Freehold estate land	-	-	53,115,940	53,115,940
Leasehold estate land	-	-	12,017,306	12,017,306
	-	-	202,311,638	202,311,638
2018				
Company				
Freehold estate land	-	-	136,403,941	136,403,941
Leasehold estate land	-	-	782,815	782,815
Subsidiaries				
Freehold estate land	-	-	53,115,940	53,115,940
Leasehold estate land	-	-	12,115,164	12,115,164
	-	-	202,417,860	202,417,860

There were no transfers between any levels during the year.

14. Property, plant and equipment (continued)

14.3 Revaluation of freehold and leasehold estate land (continued)

Valuation process applied by the Group for Level 3 fair value

The fair value valuations were carried out by an independent professional valuer, Mr. Lai Mun Wan (V021) a Chartered Surveyor registered with The Board of Valuers Malaysia, in accordance with the appraisal and valuation manual on the Group's properties.

The external valuations of the Level 3 land have been performed using a sales comparison approach by reference to the recent transactions and asking prices of similar properties in the locality, adjusted for differences in characteristics by using unobservable inputs. The external valuer has determined these inputs based on location, access, terrain, age of trees, condition of holding, standard of maintenance, time element and other relevant factors.

Information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Oil palm estates in Perak, Malaysia	Sales comparison approach	Price per hectare (Ha)	RM60,000 to RM95,872 per hectare	The higher the price per hectare, the higher the fair value

Had the freehold and leasehold land been carried at historical cost less accumulated depreciation, the carrying amounts would have been as follows:

	2019 RM	2018 RM
Group		
Freehold estate land	12,000,434	12,000,434
Leasehold estate land	2,647,554	2,675,686
	14,647,988	14,676,120
Company		
Freehold estate land	8,283,914	8,283,914

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

15. Bearer plants

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cost				
At 1 January	21,067,670	19,929,206	14,687,163	13,616,407
Additions	385,499	1,138,464	385,499	1,070,756
At 31 December	21,453,169	21,067,670	15,072,662	14,687,163
Accumulated depreciation				
At 1 January	7,388,246	6,676,864	4,833,354	4,377,788
Charge for the year	725,243	711,382	455,567	455,566
At 31 December	8,113,489	7,388,246	5,288,921	4,833,354
Net carrying amount				
At 31 December	13,339,680	13,679,424	9,783,741	9,853,809

16. Investment properties

	Group	
	2019	2018
	RM	RM
Fair value		
At 1 January	34,091,000	37,406,000
Fair value loss	(2,786,770)	(365,000)
Exchange translation	(583,750)	(2,950,000)
Disposal	(1,219,750)	-
At 31 December	29,500,730	34,091,000

Investment properties comprise the following properties:

Freehold land	18,158,616	21,358,950
Buildings on freehold land	11,342,114	12,732,050
	29,500,730	34,091,000

16. Investment properties (continued

The following are recognised in profit or loss in respect of investment properties:

	Group 2019 RM	Group 2018 RM
Rental income	1,020,535	1,081,425
Direct operating expenses	668,156	606,026

The fair value of the Group's investment properties as at 31 December 2019 was determined from market-based evidence by appraisal that is undertaken by a professionally qualified valuer.

The following table present the Group's investment properties that are measured at fair value by the level of fair value hierarchy :

	Group			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 December 2019				
Freehold land	-	18,158,616	-	18,158,616
Buildings	-	11,342,114	-	11,342,114
	-	29,500,730	-	29,500,730
31 December 2018				
Freehold land	-	21,358,950	-	21,358,950
Buildings	-	12,732,050	-	12,732,050
	-	34,091,000	-	34,091,000

There were no transfers between any levels during the year.

16. Investment properties (continued)

Valuation process applied by the Group for Level 2 fair value

The fair value of investment properties is determined by external, independent property valuers, Ian Fraser (No.81) having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter of comparable properties.

17. Investment in subsidiaries

	Company	
	2019 RM	2018 RM
Unquoted shares outside Malaysia, at cost	47,990,605	47,990,605
Unquoted shares in Malaysia, at cost	128,430	118,430
Unquoted preference shares in Malaysia, at cost	189,980	189,980
	48,309,015	48,299,015

17. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of the Company	Principal place of business	Country of incorporation	Principal activities	Proportion (%) of ownership interest held by Subsidiaries 2019	Subsidiaries 2018	Company 2019	Company 2018
The Narborough Plantations Plc*	Malaysia	England	Oil palm plantations	-	-	100.0	100.0
Rivaknar Holdings Sdn. Bhd.	Malaysia	Malaysia	Investment holding	33.3	33.3	33.3	33.3
Hageo Sdn. Bhd.	Malaysia	Malaysia	Dormant	-	-	100.0	100.0
Narborough Estates Malaysia Sdn. Bhd.*	Malaysia	Malaysia	Dormant	-	-	100.0	-
Subsidiary company, Rivaknar Holdings Sdn. Bhd.							
Rivaknar Properties (W.A.) Pty. Ltd.*	Australia	Australia	Investment holding	100.0	100.0	-	-
CG Plantations Sdn. Bhd.	Malaysia	Malaysia	Oil palm plantations	99.9	99.9	-	-

* Not audited by Folks DFK & Co.

18. Investment securities

	Group	
	2019	2018
	RM	RM
Equity instruments		
- quoted shares in Malaysia (Note 32)	-	957,432

19. Goodwill on consolidation

Goodwill is arising from business combinations. For the purpose of impairment assessment, goodwill has been allocated to the Group's cash-generating unit ("CGU") which is the subsidiary itself, namely CG Plantations Sdn Bhd. The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill.

a) Average CPO selling price

An assumed average CPO selling price of RM2,150 (2018: RM2,000) is used, based on the directors' best estimates of future selling prices of fresh fruit bunches.

b) Average discounted rate

The discount rate used is 9.75% (2018: 9.75%) based on Base Rate (BR) plus an estimated risk premium.

The management carried out an annual review of recoverable amounts of its goodwill each financial year. The review in the current financial year did not give rise to impairment losses. The Group believes that any reasonable possible change in the above key assumptions applied are not likely to materially cause recoverable amounts to be lower than their carrying amounts.

20. Deferred tax (assets)/liabilities

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 January	18,336,995	18,409,523	8,709,327	8,554,040
Recognised in profit or loss (Note 11)	148,098	140,577	(11,653)	155,287
Recognised in other comprehensive income	(16,174)	(11,226)	-	-
Exchange translation	(39,254)	(201,879)	-	-
At 31 December	18,429,665	18,336,995	8,697,674	8,709,327
Presented after appropriate offsetting as follows:				
Deferred tax assets	(62,162)	(55,395)	(62,162)	(55,395)
Deferred tax liabilities	18,491,827	18,392,390	8,759,836	8,764,722
	18,429,665	18,336,995	8,697,674	8,709,327

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

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

	Deferred tax liabilities					Deferred tax assets derived from provision for retirement benefits	
	Bearer plants RM	Agriculture produce RM	Revaluation surplus RM	Investment properties RM	Property, plant and equipment RM	RM	Total RM
Group							
At 1 January 2019	3,458,783	370,566	10,348,921	2,689,059	1,525,061	(55,395)	18,336,995
Recognised in profit or loss (Note 11)	(83,999)	313,721	(37,375)	43,797	(81,279)	(6,767)	148,098
Recognised in other comprehensive income	-	-	(16,174)	-	-	-	(16,174)
Exchange translation	-	-	-	(39,254)	-	-	(39,254)
At 31 December 2019	3,374,784	684,287	10,295,372	2,693,602	1,443,782	(62,162)	18,429,665
At 1 January 2018	3,161,741	438,728	10,370,801	2,902,164	1,595,701	(59,612)	18,409,523
Recognised in profit or loss (Note 11)	297,042	(68,162)	(21,880)	-	(70,640)	4,217	140,577
Recognised in other comprehensive income	-	-	-	(11,226)	-	-	(11,226)
Exchange translation	-	-	-	(201,879)	-	-	(201,879)
At 31 December 2018	3,458,783	370,566	10,348,921	2,689,059	1,525,061	(55,395)	18,336,995

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

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

	Deferred tax liabilities				Deferred tax assets derived from provision for retirement benefits	
	Bearer plants RM	Agriculture produce RM	Revaluation surplus RM	Property, plant and equipment RM	RM	Total RM
Company						
At 1 January 2019	2,533,569	243,593	5,162,220	825,340	(55,395)	8,709,327
Recognised in profit or loss (Note 11)	(26,344)	145,881	(2,007)	(122,416)	(6,767)	(11,653)
At 31 December 2019	2,507,225	389,474	5,160,213	702,924	(62,162)	8,697,674
At 1 January 2018						
Recognised in profit or loss (Note 11)	2,198,449	286,263	5,156,507	958,844	(46,023)	8,554,040
Recognised in other comprehensive income	335,120	(42,670)	5,713	(133,504)	(9,372)	155,287
At 31 December 2018	2,533,569	243,593	5,162,220	825,340	(55,395)	8,709,327

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

21. Agriculture produce

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At fair value				
At 1st January	1,752,670	1,649,768	1,014,978	1,192,767
Changes in fair value	1,022,874	102,902	607,837	(177,789)
At 31 December	2,775,544	1,752,670	1,622,815	1,014,978

The agriculture produce comprise of fresh fruit bunches ("FFB") prior to harvest. The agricultural produce is valued at fair value less cost to sell at the point of harvest.

In determining the fair value of the agriculture produce, the management has aggregated the forecasted gross profit before depreciation and windfall tax levy for the next two (2) months after the year end. Any change in the estimates may affect the fair value less cost to sell of the agriculture produce significantly. The management reviews the assumptions and estimates periodically to identify any significant change in the fair value less cost to sell of the agriculture produce.

The fair value of agriculture produce is classified as Level 3 in the fair value hierarchy.

There were no transfers between all three (3) levels of the fair value hierarchy during the year.

During the financial year, the Group and the Company harvested 58,623 tonnes (2018: 58,217 tonnes) and 39,077 tonnes (2018: 38,980 tonnes) of FFB respectively.

As at 31 December 2019, the unharvested FFB of the Group and the Company used in the fair value were 8,508 tonnes (2018:10,170 tonnes) and 5,269 tonnes (2018: 6,710 tonnes) respectively.

22. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade receivables	1,153,905	970,697	795,349	563,795
Other receivables				
Third parties	188,806	174,642	33,176	75,933
Subsidiary companies *	-	-	15,443	6,389
	188,806	174,642	48,619	82,322
Deposits	74,896	71,546	54,166	50,816
	1,417,607	1,216,885	898,134	696,933
Allowance for expected credit losses	-	-	-	-
Trade and other receivables	1,417,607	1,216,885	898,134	696,933

* The amount due from subsidiary companies represents unsecured and interest-free cash advances which are repayable on demand.

Trade receivables are non-interest bearing and are generally on 30 days (2018 : 30 days) term. They are recognised at their original invoice amounts and represent their fair values on initial recognition.

All trade receivables are neither past due nor impaired. The Group and the Company did not renegotiate the terms of any trade receivables.

The currency exposure profile of trade receivables and other receivables is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Ringgit Malaysia	1,159,912	949,022	898,134	696,933
Australian Dollar	257,695	267,863	-	-
	1,417,607	1,216,885	898,134	696,933

23. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash on hand and at banks	4,317,788	4,237,164	2,147,640	2,136,449
Deposits with licensed banks	35,998,035	33,584,682	12,691,035	11,782,682
	40,315,823	37,821,846	14,838,675	13,919,131

The currency exposure profile of deposits, cash and bank balances is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Ringgit Malaysia	36,873,100	35,637,829	14,838,675	13,919,131
Australian Dollar	3,442,723	2,184,017	-	-
	40,315,823	37,821,846	14,838,675	13,919,131

The following table set out the carrying amounts, the effective interest rates ("EIR") as at reporting date and the maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year RM	1 - 2 years RM	Total RM
At 31 December 2019			
Group			
Fixed rate			
Deposits with licensed banks at the EIR ranging from 2.75% to 3.70%	35,998,035	-	35,998,035
Company			
Fixed rate			
Deposits with licensed banks at the EIR ranging from 2.85% to 3.50%	12,691,035	-	12,691,035

23. Cash and cash equivalents (continued)

The following table set out the carrying amounts, the effective interest rates ("EIR") as at reporting date and the maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (continued)

	Within 1 year RM	1 - 2 years RM	Total RM
At 31 December 2018			
Group			
Fixed rate			
Deposits with licensed banks at the EIR ranging from 2.75% to 3.70%	33,352,005	232,677	33,584,682
Company			
Fixed rate			
Deposits with licensed banks at the EIR ranging from 2.85% to 3.50%	11,550,005	232,677	11,782,682

24. Trade and other payables

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	433,431	192,663	350,787	132,855
Other payables :				
Third parties	1,093,059	504,945	208,689	327,185
Accruals	2,258,261	2,794,929	855,365	896,943
Deposits refundable	-	29,546	-	-
	3,351,320	3,329,420	1,064,054	1,224,128
Dividend payable	648,504	1,297,009	648,504	1,297,009
	4,433,255	4,819,092	2,063,345	2,653,992

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

24. Trade and other payables (continued)

Trade payables are non-interest bearing and normally settled within 30 to 90 days (2018 : 30 to 90 days) terms.

The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Ringgit Malaysia	4,403,119	4,729,941	2,063,345	2,653,992
Australian Dollar	30,136	89,151	-	-
	4,433,255	4,819,092	2,063,345	2,653,992

25. Provision for retirement benefits

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 January	303,875	248,383	230,813	191,764
Additional provision	72,078	91,128	55,660	72,625
Reversal of provision	(23,936)	(22,397)	(23,936)	(20,337)
Payments	(3,533)	(13,239)	(3,533)	(13,239)
At 31 December	348,484	303,875	259,004	230,813
Represented by:				
Non-current liabilities				
Payable between more than 1 year and less than 5 years	73,950	39,814	59,345	32,611
Payable later than 5 years	274,534	264,061	199,659	198,202
	348,484	303,875	259,004	230,813

26. Share capital

	Group and Company			
	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid up	64,850,448	64,850,448	64,850,448	64,850,448

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

27. Reserves

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:				
Capital reserves:				
Asset revaluation	112,361,644	112,350,861	95,442,793	95,442,793
Exchange fluctuation	(1,834,160)	(1,480,745)	-	-
	110,527,484	110,870,116	95,442,793	95,442,793
Fair value adjustment reserve	-	32,428	-	-
	110,527,484	110,902,544	95,442,793	95,442,793

a) The non-distributable capital reserves are not distributable by way of cash dividends.

b) Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets at fair value through other comprehensive income until they are disposed or impaired.

c) Exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

d) The asset revaluation reserves represent increases in the fair value of freehold and leasehold estate land, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

28. Retained profits

The Company is able to distribute dividends out of its distributable reserves as at 31 December 2019 under the single tier system.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

29. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI"), before any intra-group eliminations.

	Rivaknar Holdings Sdn Bhd	
	2019 RM	2018 RM
NCI percentage (%)	33.33%	33.33%
Non-current assets	43,874,742	49,635,224
Current assets	14,167,967	16,484,177
Non-current liabilities	(5,621,208)	(5,628,285)
Current liabilities	(1,482,850)	(1,320,837)
Net assets	50,938,651	59,170,279
Carrying amount of NCI	16,972,369	19,724,791
Revenue	3,623,221	3,898,958
Loss for the year	(2,507,612)	(594,190)
Other comprehensive loss ("OCI")	(571,434)	(2,805,135)
Total comprehensive income	(3,079,046)	(3,399,325)
Loss for the year allocated to NCI	(835,564)	(198,355)
OCI allocated to NCI	(200,058)	(935,270)
Cash flows from operating activities	483,840	25,816
Cash flows from investing activities	2,529,463	296,149
Cash flows used in financing activities	(5,152,890)	-
Net increase in cash and cash equivalents	(2,139,587)	321,965
Dividends paid to NCI	1,716,800	-

30. Financial risk management policies

The Group's and the Company's activities expose them to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The policy in respect of the major areas of treasury activity is set out as follows:

a) Foreign currency exchange risk

The Group and the Company are exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than Ringgit Malaysia. The Group's and the Company's policy is to limit their exposure on foreign currency exchange risk by entering into foreign currency exchange transactions denominated in the Australian Dollar, wherever possible.

The Group exposure to foreign currency risk arise for an advance to a subsidiary company which is denominated in Australian Dollar given by another subsidiary whose functional currency is Ringgit Malaysia.

Sensitivity analysis for foreign currency exchange risk

The following table demonstrated the sensitivity of the Group's and the Company's profit after tax to a reasonably possible change in Australian Dollar exchange rate against the functional currency of the Group and the Company, with all other variables held constant. The Group's and the Company's profit after tax would increase/(decrease), as applicable, by the amounts stated below if the individual foreign currency had weakened/strengthened by the ten percentage (10%):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Australian Dollar	287,527	321,200	-	-

b) Interest rate risk

The Group's and Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's deposits and short term borrowings. The deposits are managed through the placement of fixed rate short-term deposits. The short term borrowings are managed through the use of fixed rate debt.

The information on maturity dates and interest rates of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

The Group and the Company expect that any fluctuation in interest rate will have no significant material impact on the financial performance of the Group and the Company.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

30. Financial risk management policies (continued)

c) Market risk

(i) Commodity price

The Group and the Company do not face significant exposure from the risk of changes in market prices other than fluctuations in commodity prices.

Sensitivity analysis for commodity price risk

At 31 December 2019, if the FFB selling price had been 10% lower or higher with all other variables held constant, the gain or loss arising on the changes in fair value of agriculture produce for the Group and the Company would have equally decreased or increased by RM277,554 (2018 : RM175,267) and RM162,282 (2018 : RM101,498) respectively.

(ii) Equity price

Equity price risk arises from the Group's and the Company's investments in equity securities.

Management of the Group and the Company monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group and the Company.

The Group and the Company expect that any fluctuation in equity price will have no significant material impact on the financial performance of the Group and the Company.

d) Credit risk

Credit risk is controlled by ensuring that sales of products are made to customers with an appropriate credit history and appropriate monitoring procedures. The Group and the Company do not have any significant exposure to any individual customer nor do they have any major concentration of credit risk related to any financial instrument except that all of the trade receivables were due from five major customers as disclosed in Note 34. The maximum exposures to credit risk are represented by the carrying amount of the financial assets in the statement of financial position.

The Company uses an allowance matrix to measure Expected Credit Losses ("ECL") of trade receivables. Invoice which are past due 90 days will be considered as credit impaired. Loss rates are calculated using a "roll rate" method based on probability of a receivables progressing through successive stages of delinquency to 90 days past due. There is no loss allowance being recognised as loss allowance is immaterial.

Deposit, cash and bank balances have low credit risk as they are placed with reputable financial institutions with strong credit rating and has no history of default. Consequently, the directors is of the opinion that loss allowance is immaterial.

30. Financial risk management policies (continued)

e) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits at call. As the Group and the Company seek to invest cash assets safely and profitably, the operating cash flows ensure the availability of funding.

Analysis of financial instruments by remaining contractual maturities

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

	2019 RM	2018 RM
Group		
On demand or within one year :		
- Trade and other payables	4,433,255	4,819,092
Total undiscounted financial liabilities	4,433,255	4,819,092
Company		
On demand or within one year :		
- Trade and other payables	2,063,345	2,653,992
Total undiscounted financial liabilities	2,063,345	2,653,992

31. Categories of financial instruments

a) Financial assets

	Carrying amount RM	Fair value through other comprehensive income RM	Amortised cost RM
Group			
2019			
Trade and other receivables (Note 22)	1,417,607	-	1,417,607
Cash and cash equivalents (Note 23)	40,315,823	-	40,315,823
	41,733,430	-	41,733,430

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

31. Categories of financial instruments (continued)

a) Financial assets (continued)

	Carrying amount RM	Fair value through other comprehensive income RM	Amortised cost RM
Group			
2018			
Investment securities (Note 18)	957,432	957,432	-
Trade and other receivables (Note 22)	1,216,885	-	1,216,885
Cash and cash equivalents (Note 23)	37,821,846	-	37,821,846
	39,996,163	957,432	39,038,731

	Carrying amount RM	Amortised cost RM
Company		
2019		
Preference shares	189,980	189,980
Trade and other receivables (Note 22)	898,134	898,134
Cash and cash equivalents (Note 23)	14,838,675	14,838,675
	15,926,789	15,926,789
2018		
Preference shares	189,980	189,980
Trade and other receivables (Note 22)	696,933	696,933
Cash and cash equivalents (Note 23)	13,919,131	13,919,131
	14,806,044	14,806,044

31. Categories of financial instruments (continued)

b) Financial liabilities

	Carrying amount RM	Amortised cost RM
Group		
2019		
Trade and other payables (Note 24)	3,784,751	3,784,751
2018		
Trade and other payables (Note 24)	3,522,083	3,522,083
Company		
2019		
Trade and other payables (Note 24)	1,414,841	1,414,841
2018		
Trade and other payables (Note 24)	1,356,983	1,356,983

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

32. Fair value of financial instruments

a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted price in active markets for identical instruments (Level 1) RM	Significant other observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
2019				
Financial assets :				
Equity instruments				
- quoted shares in Malaysia	-	-	-	-
2018				
Financial assets :				
Equity instruments				
- quoted shares in Malaysia	957,432	-	-	957,432

There were no transfers between any levels during the year.

The Group and the Company do not have any financial liabilities carried at fair value classified as above as at 31 December 2019 and 31 December 2018.

<u>Determination of fair value</u>

Quoted equity instruments - Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

b) Fair value of financial instruments by classes that are not carried at fair value

The carrying amounts of other financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

33. Related parties

Group and Company

a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the directors of the Group and the Company.

b) Related party transactions and balances

The remuneration of directors during the year are disclosed in Note 10 to the financial statements.

34. Segmental information

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

a) The plantations segment carries on the business of oil palm cultivation on its plantations in Peninsular Malaysia.

b) The other segments consist of an investment holding real estate company that develops and rents out its properties.

The Group's principal activity is the cultivation of oil palm on plantations in Peninsular Malaysia. The activities of the subsidiaries (except Rivaknar Properties (WA) Pty Ltd) are all incidental to the main activity and in terms of revenue, profit contribution and assets employed.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2019

34. Segmental information (continued)

The analysis of Group operations is as follows:

Business and Geographical Segments

	Malaysia - Plantations RM	Australia - Real Estate RM	Consolidated RM
2019			
Revenue	24,677,865	1,020,535	25,698,400
Profit/(Loss) before tax	5,724,401	(2,628,429)	3,095,972
Non current assets	226,011,245	29,500,730	255,511,975
Total assets	302,734,811	33,240,760	306,075,571
Total liabilities	17,173,150	6,100,416	23,273,566
Other Information			
Depreciation of bearer plants	725,243	-	725,243
Depreciation of right-of-use assets	131,222	-	131,222
Depreciation of property, plant and equipment	1,197,284	-	1,197,284
Net unrealised foreign exchange loss	57,619	-	57,619
Interest income	(1,002,084)	(51,275)	(1,053,359)
2018			
Revenue	27,579,589	1,081,425	28,661,014
Profit/(Loss) before tax	6,894,890	(40,060)	6,854,830
Non current assets	228,493,924	34,091,000	262,584,924
Total assets	272,655,087	36,552,577	309,207,664
Total liabilities	17,508,516	6,006,841	23,515,357
Other Information			
Depreciation of bearer plants	711,382	-	711,382
Depreciation of property, plant and equipment	2,221,712	-	2,221,712
Net unrealised foreign exchange gain	(273,215)	-	(273,215)
Interest income	(965,116)	(43,543)	(1,008,659)

The following are revenue from major customers arising from sales by plantation segment:

	2019 RM	2018 RM
Customer A	8,648,221	10,638,823
Customer B	6,748,207	7,688,422
Customer C	5,120,476	232,432
Customer D	3,267,316	330,563
Customer E	554,956	5,663,941
	24,339,176	24,554,181

35. Capital management

The Group considers its capital to comprise its ordinary share capital, retained profits and distributable reserves.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Group’s capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

The total amount of capital is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Share capital	64,850,448	64,850,448	64,850,448	64,850,448
Retained profits	90,451,704	90,214,524	51,750,667	49,399,071
	155,302,152	155,064,972	116,601,115	114,249,519

36. Subsequent event

On 11 March 2020, the World Health Organisation declared COVID 19 a global pandemic. To contain the spread and flatten the curve, the Malaysian Government imposed a Movement Control Order (“MCO”) from 18 March 2020 to 12 May 2020. The MCO necessitated that closure of non-essential businesses, the palm oil industry was deemed as essential and allowed to operate subject to state restrictions. The restriction in movement has not materially affected the Group’s operations, in addition, the Group has implemented Standard Operating Procedures (“SOP”) which is to be practised throughout the MCO.

The Group has considered the impact of COVID 19 and the MCO on its operations and financials and is of the opinion that the operating results are expected to remain satisfactory and that the cash flow position is adequate to meet the Group’s requirements.

Management will continue to monitor developments and take the required remedial actions where necessary. The Group will continue its operations taking into cognisance the health and safety of its employees and stakeholders.

INDEPENDENT AUDITORS' REPORT

To The Members of Riverview Rubber Estates, Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Riverview Rubber Estates, Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

Key audit matters	*How our audit addressed the key audit matters*
Valuation of freehold and leasehold land Refer to the Notes 5.2(c) and 14 to the financial statements. The carrying amounts of freehold and leasehold land of the Group which were stated at valuation amounted to RM202 million. The Directors engaged an independent external valuer to determined valuation of the land. Valuation of freehold and leasehold land is considered a key audit matter as the land are the Group's most significant asset and their valuations are highly dependent on the use of estimates.	Our procedures included the following : • We have assessed the valuer’s qualifications and reviewed their terms of engagement to determine whether there were any matters which might affect their objectivity or which may impose limitations or restrictions in their assignment. • We have read the valuation report and assessed that the valuation approach was in accordance with professional valuation standards and are appropriate for purpose of determining the valuation of land. • We assessed the valuation approach adopted by the valuers and the key assumptions and inputs used in the valuation to determine whether the resulting valuation would be unbiased and appropriate under the circumstances.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information 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 Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (continued)

To The Members of Riverview Rubber Estates, Berhad (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 skepticism throughout the audit. We also :-

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

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

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

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

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

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

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

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

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Other Matters

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

Folks DFK & Co.
No. AF 0502
Chartered Accountants

Wong Choong Ming
No. 03289/10/2020 J
Chartered Accountant

Kuala Lumpur

Date: 8 May 2020

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RIVERVIEW RUBBER ESTATES, BERHAD (820 – v)
(Incorporated in Malaysia)

FORM OF PROXY

I/We (FULLNAME IN BLOCK LETTERS) ____

of (FULL ADDRESS) ____

being a member of Riverview Rubber Estates, Berhad hereby appoint

(FULL NAME IN BLOCK LETTERS) ____

of (FULL ADDRESS) ____

as my / our proxy to vote for me / us on my / our behalf at the 81st Annual General Meeting of Riverview Rubber Estates, Berhad will be held at Community Hall, Ladang Teja, Riverview Estate, 8th Mile, 31800 Tg. Tualang, Perak Darul Ridzuan, Malaysia on Monday, 29 June 2020 at 11.30 am and at any adjournment thereof.

If you want your proxy to vote in a certain way on the resolutions specified, please place a 'X' mark in the relevant boxes. The Vote withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

		Yes	No	Withheld
Ordinary Resolution 1	To approve the payment of Directors fees of RM72,500 per annum for each Director, and an additional RM5,000 for the Chairman for the financial year ended 31 December 2020.			
Ordinary Resolution 2	To approve the following allowances claimable by the Directors: - Estate visit allowance of RM1,250 per visit made; and - Meeting and travelling allowance of RM4,000 per meeting attended.			
Ordinary Resolution 3	To re-elect Oliver John Huntsman who retires by rotation in accordance with Article 96 of the Company's Constitution and being eligible, offers himself for re-election.			
Ordinary Resolution 4	To re-appoint Messrs. Folks DFK & CO as Auditors' of the Company for the ensuing year and to authorize the Directors to fix the Auditors' remuneration.			

Signed ______________ on this ____________ day of ______________ 2020 No. of shares ______________

Note:

1. *A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote in his stead other than exempt authorized nominees who may appoint multiple proxies in respect of each Omnibus account held. A proxy may but need not be a member of the Company.*
2. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 33 (1st Floor), Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time set for the meeting. The number of shares to be represented by proxy should be stated in the proxy form.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *A proxy may vote or abstain from voting as he thinks fit on a specified resolution if no indication is given on the proxy form by the member appointing the proxy.*
5. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy*
6. *In the case of joint shareholders, the proxy form signed by the first named registered shareholder on the registered shall be accepted to the exclusion of the other registered shareholder(s). If voting is in person(s) the vote of the first shareholder who tenders the vote shall be taken.*
7. *Item 1 of the Agenda is meant for discussion only, as the provision of Section 251 of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
8. *For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 22 June, 2020 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.*

STAMP

THE SECRETARY

RIVERVIEW RUBBER ESTATES, BERHAD
(Incorporated in Malaysia)
33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh
Perak Darul Ridzuan
Malaysia

RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

33 (1ST FLOOR) JALAN DATO' MAHARAJALELA, 30000 IPOH, PERAK DARUL RIDZUAN, MALAYSIA.