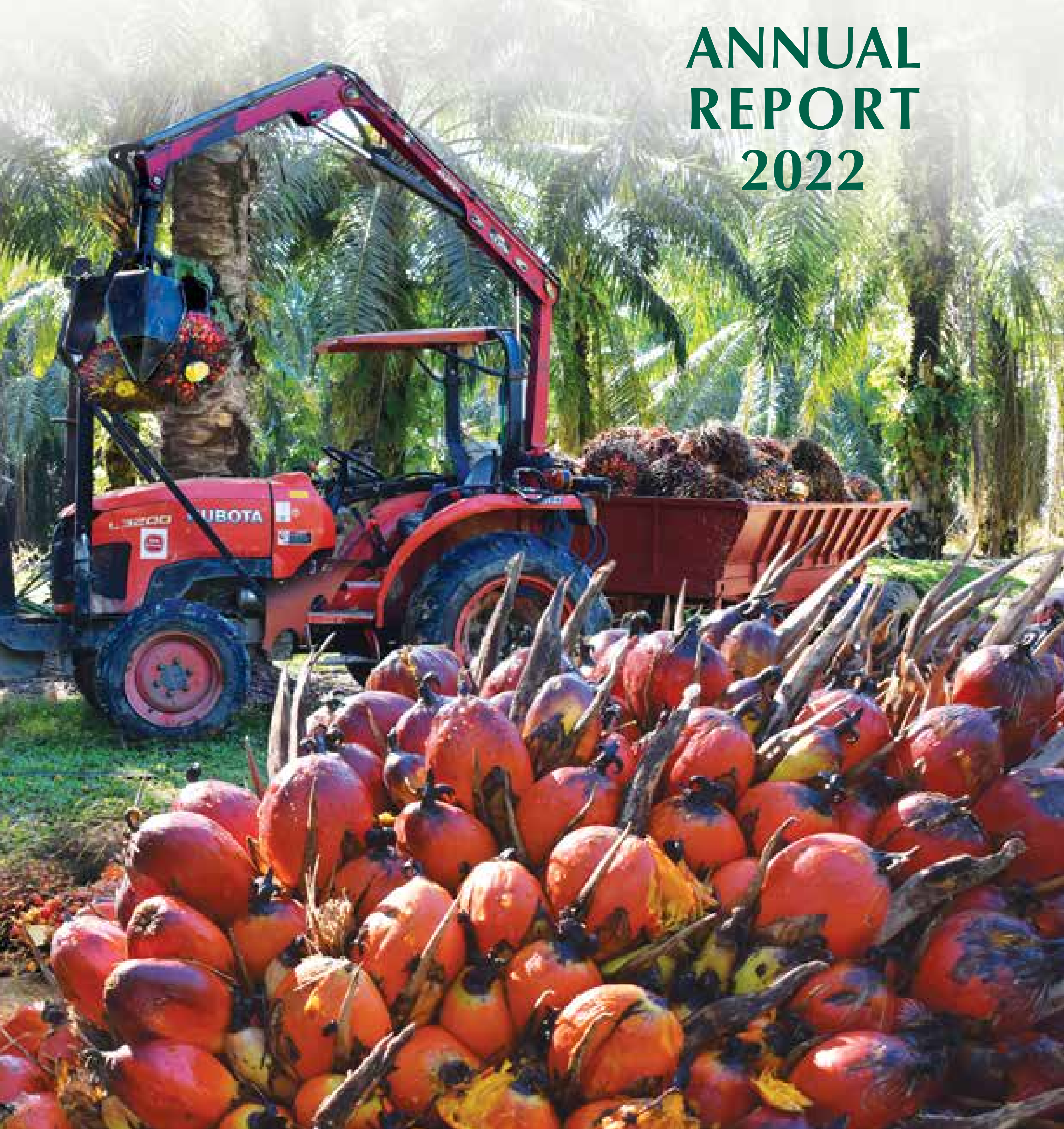
United Malacca Berhad

Registration No.191001000010 (1319-V)

ANNUAL REPORT 2022



United Malacca Berhad
Registration No.191001000010 (1319-V)

108th ANNUAL GENERAL MEETING

VENUE
Level 1, AMES Hotel, Jalan PKAK 2,
Pusat Komersial Ayer Keroh, 75450 Melaka.

DATE • TIME:
Wednesday, 28 September 2022
at 11.00 a.m.

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The digital version of
UNITED MALACCA BERHAD
Annual Report 2022
is available at our website.

Go to **www.unitedmalacca.com.my**
or scan the QR code with your smartphone.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN the 108th Annual General Meeting (AGM) of the Company will be held at Level 1, AMES Hotel, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Wednesday, 28 September 2022 at 11.00 a.m. for the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2022 and the Reports of the Directors and Auditors thereon. **Please refer Note (5)**

2. To approve the payment of Directors' fees amounting to RM873,777 to the Directors of the Company and its subsidiaries for the financial year ended 30 April 2022. *(Refer Note 6)* **[Resolution 1]**

3. To approve the payment of Directors' remuneration (excluding Directors' fees) amounting to RM451,000 to the Directors of the Company for the financial year ended 30 April 2022. *(Refer Note 7)* **[Resolution 2]**

4. To re-elect the following Directors who retire by rotation in accordance with Clause 130 of the Company's Constitution:-

   (i) Mr. Teo Leng **[Resolution 3]**
   (ii) Dato Dr. Nik Ramlah Binti Nik Mahmood **[Resolution 4]**

5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the financial year ending 30 April 2023 and to authorise the Board of Directors to determine their remuneration. **[Resolution 5]**

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

By Order of the Board

Yong Yoke Hiong (SSM PC No. 201908001562) (MAICSA 7021707)
Pang Poh Chen (SSM PC No. 201908001514) (MAICSA 7069479)
Company Secretaries
Melaka

Date: 29 August 2022

NOTES:

(1) Only members whose names appear in the Register of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 21 September 2022 shall be eligible to attend and vote at the 108th AGM or appoint proxy(ies) to attend and vote on his/her behalf.

(2) A member of the Company entitled to attend and vote at the meeting is allowed to appoint a proxy to attend and vote in his stead. A proxy need not be a shareholder of the Company. A member cannot appoint more than two (2) proxies to attend the AGM. Where a member appoints two (2) proxies, both appointments shall be invalid unless the member specifies the number of shares to be represented by each proxy.

(3) For the proxy to be valid, the duly executed instrument appointing a proxy must be deposited at the registered office of the Company at 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof.

(4) **Voting by poll**

According to Paragraph 8.29(A)(1) of the Main Listing Requirements of Bursa Malaysia Securities Berhad, all Resolutions set out in the Notice of the 108th AGM will be put to vote by poll.

(5) **Agenda 1**

The Audited Financial Statements for the financial year ended 30 April 2022 together with the accompanying Reports, will be presented at the Company's 108th AGM following Section 340(1)(a) of the Companies Act, 2016, under Agenda 1 for discussion only. No voting is required.

(6) **Agenda 2**

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

During the year, the Board, through the Nomination and Remuneration Committee, reviewed the structure and level of fees and benefits accorded to the Chairperson and the Non-Executive Directors. After review, the Board maintained the structure and level of fees for Board Commitees, meeting allowances, and other benefits. However, given the increased Directors' responsibilities in supporting UMB Group's business plan, the Board proposed increasing the quantum of fees for the Chairperson and the Non-Executive Directors as follows:-

Directors' fees*	Since FY2017/2018	FY2021/2022 onward
Non-Executive Chairperson	RM100,000 per annum	RM120,000 per annum
Non-Executive Director	RM60,000 per annum	RM70,000 per annum

* in relation to United Malacca Berhad

Therefore, through Resolution 1, the Board seeks shareholders' approval to pay the Directors' fees to the Company's Chairperson and Non-Executive Directors based on the new quantum of fees.

Resolution 1, if approved, will authorise the payment of Directors' fees totalling RM873,777 to the Directors of the Company and its subsidiaries for the financial year ended 30 April 2022.

(7) **Agenda 3**

Remuneration (excluding Directors' fees) payable to the Directors of the Company for the financial year ended 30 April 2022 comprises the following:-

Board Committees	Chairman (RM)	Members (RM)
Audit Committee	40,000	30,000
Nomination and Remuneration Committee	30,000	20,000
Executive Committee	40,000	30,000
Board Tender Committee	20,000	10,000
Meeting Allowance	1,000 per meeting	

Resolution 2, if approved, will authorise the payment of remuneration (excluding Directors' fees) totalling RM451,000 to the Non-Executive Chairperson and Non-Executive Directors for the financial year ended 30 April 2022.

(8) **Agenda 4**

According to Clause 130 of the Company's Constitution, Mr. Teo Leng and Dato Dr. Nik Ramlah Binti Nik Mahmood retire by rotation and are eligible for re-election at the Company's 108th AGM. Mr. Teo Leng and Dato Dr. Nik Ramlah Binti Nik Mahmood have offered themselves for re-election.

Through the Nomination and Remuneration Committee, the Board assessed the performance of Mr. Teo Leng and Dato Dr. Nik Ramlah Binti Nik Mahmood during the annual evaluation exercise of the Board Committees and individual Directors. The Nomination and Remuneration Committee and the Board are satisfied with the performance and effectiveness of Mr. Teo Leng and Dato Dr. Nik Ramlah Binti Nik Mahmood.

Therefore, the Board recommends the shareholders approve Resolutions 3 and 4 to re-elect Mr. Teo Leng and Dato Dr. Nik Ramlah Binti Nik Mahmood as the Company's Directors.

STATEMENT ACCOMPANYING NOTICE OF 108TH ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2), APPENDIX 8A OF THE BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

(1) Pages 10 to 11 of this Annual Report set out the profile of the following Directors standing for re-election:-

(i) Mr. Teo Leng
(ii) Dato Dr. Nik Ramlah Binti Nik Mahmood

(2) The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2022 are as follows:-

Directors	Attendance
Datin Paduka Tan Siok Choo	7 of 7 Meetings
Mr. Tan Jiew Hoe	7 of 7 Meetings
Mr. Teo Leng	7 of 7 Meetings
Dato Dr. Nik Ramlah Binti Nik Mahmood	7 of 7 Meetings
Mr. Ong Keng Siew	7 of 7 Meetings
Mr. Tee Cheng Hua	7 of 7 Meetings
Dato' Sri Tee Lip Sin	7 of 7 Meetings
Mr. Han Kee Juan *(Appointed on 3 June 2021)*	6 of 6 Meetings

GROUP HIGHLIGHTS

	2022	2021
PRODUCTION		
	Tonne	**Tonne**
Fresh fruit bunches	372,632	370,820
Crude palm oil	87,794	101,269
Palm kernel	17,525	20,624
FINANCIAL		
	RM'000	**RM'000**
Revenue	553,962	398,069
Profit:		
Before tax	144,135	24,420
Net of tax	108,351	10,190
Profit net of tax attributable to:		
Owners of the Company	108,189	13,014
Non-controlling interests	162	(2,824)
	108,351	10,190
	Sen	**Sen**
Earnings per share attributable to owners of the Company:		
Basic/diluted	51.58	6.20
Dividend per share:		
Net	15.00	10.00
	RM'000	**RM'000**
Total assets	1,835,702	1,732,581
	RM	**RM**
Net assets per share attributable to owners of the Company	6.68	6.24

CORPORATE STRUCTURE

AS AT 30 JULY 2022

United Malacca Berhad

Registration No.191001000010 (1319-V)

- 100% Leong Hin San Sdn. Bhd.
- 100% Meridian Plantations Sdn. Bhd.
- 100% Syarikat Penanaman Bukit Senorang Sdn. Bhd.
- 100% South-East Pahang Oil Palm Berhad
- 100% Masjid Tanah Properties Sdn. Bhd.
  - 40% PT Usaha Mulia Bahagia (PT UMB)
- 60% PT Usaha Mulia Bahagia (PT UMB)
- 100% Melaka Pindah Properties Sdn. Bhd.
- 100% Vintage Plantations Sdn. Bhd.
- 88.2% International Natural Resources Pte. Ltd. (INR)
  ** Investment holding*
  - 94.1% PT Lifere Agro Kapuas (PT LAK)
- *83% PT Lifere Agro Kapuas (PT LAK)
- 100% Clifton Cove Pte. Ltd.
  # Investment holding
  - 65% PT Bintang Gemilang Permai (PT BGP)
    # Investment holding
    - 92.32% PT Wana Rindang Lestari (PT WRL)
- #60% PT Wana Rindang Lestari (PT WRL)

* *83% effective equity interest in PT LAK through INR*

\# *60% effective equity interest in PT WRL through Clifton Cove Pte. Ltd. and PT BGP*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Paduka Tan Siok Choo *(Chairperson)*
Non-Independent Non-Executive Director

Mr. Tan Jiew Hoe *
Non-Independent Non-Executive Director

Mr. Teo Leng
Non-Independent Non-Executive Director

Dato Dr. Nik Ramlah Binti Nik Mahmood
Senior Independent Non-Executive Director

Mr. Ong Keng Siew
Independent Non-Executive Director

Mr. Tee Cheng Hua
Non-Independent Non-Executive Director

Dato' Sri Tee Lip Sin
Non-Independent Non-Executive Director

Mr. Han Kee Juan
Independent Non-Executive Director

* *Redesignated as Non-Independent Non-Executive Director effective 1 July 2022.*

AUDIT COMMITTEE

Mr. Ong Keng Siew *(Chairman)*
Mr. Tan Jiew Hoe
Dato Dr. Nik Ramlah Binti Nik Mahmood
Mr. Han Kee Juan

NOMINATION AND REMUNERATION COMMITTEE

Dato Dr. Nik Ramlah Binti Nik Mahmood *(Chairperson)*
Mr. Ong Keng Siew
Dato' Sri Tee Lip Sin

BOARD TENDER COMMITTEE

Mr. Tee Cheng Hua *(Chairman)*
Datin Paduka Tan Siok Choo
Mr. Teo Leng
Mr. Han Kee Juan

EXECUTIVE COMMITTEE

Dato' Sri Tee Lip Sin *(Chairman)*
Datin Paduka Tan Siok Choo
Mr. Teo Leng
Mr. Tee Cheng Hua
Mr. Young Lee Chern

SECRETARIES

Ms. Yong Yoke Hiong
(MAICSA 7021707)
(SSM Practising Certificate No. 201908001562)

Ms. Pang Poh Chen
(MAICSA 7069479)
(SSM Practising Certificate No. 201908001514)

SENIOR MANAGEMENT

Mr. Young Lee Chern
Chief Executive Officer

Mr. Er Hock Swee
Chief Financial Officer

Ms. Yong Yoke Hiong
Head of Group Administration & Corporate Affairs and Human Resource

En. Abdul Razak Bin Md Aris
Head of Group Audit

Mr. Mageswaran Narappan
Acting Head of Engineering / Mill Controller

HEAD OFFICE/ REGISTERED OFFICE

6th Floor, No. 61,
Jalan Melaka Raya 8,
Taman Melaka Raya 75000 Melaka,
P.O.Box 117, 75720 Melaka

Tel : 06-2823700
Fax : 06-2834599
Email : umb@unitedmalacca.com.my
website : www.unitedmalacca.com.my

DATE AND PLACE OF INCORPORATION

Incorporated on 27 April 1910 in Malaysia

AUDITORS

Ernst & Young PLT
Level 16-1, Jaya 99, Tower B,
99, Jalan Tun Sri Lanang,
75100 Melaka

Tel : 06-8525300
Fax : 06-2832899

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof Khoo Kay Kim,
Seksyen 13, 46200, Petaling Jaya,
Selangor Darul Ehsan

Tel : 03-78904700
Fax : 03-78904670

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Sector : **Plantation**
Stock Short Name : **UMCCA**
Stock Code : **2593**

PROFILE OF DIRECTORS

DATIN PADUKA TAN SIOK CHOO

Age 70 • Malaysian • Female

Chairperson & Non-Independent Non-Executive Director

Member of Executive Committee
Member of Board Tender Committee

Datin Paduka Tan Siok Choo, is the Chairperson. She joined the Board as an Independent Non-Executive Director on 8 December 1988; the Directors unanimously appointed her as Chairperson in July 2011. On 17 July 2014, she was re-designated as a Non-Independent Non-Executive Director. A member of the Executive Committee and Board Tender Committee, she sits on the Board of the Group's subsidiaries: Leong Hin San Sdn. Bhd., Meridian Plantations Sdn. Bhd., Syarikat Penanaman Bukit Senorang Sdn. Bhd., South-East Pahang Oil Palm Berhad, and Vintage Plantations Sdn. Bhd.. She is the President Commissioner of PT Lifere Agro Kapuas as well as a Commissioner of PT Bintang Gemilang Permai, PT Wana Rindang Lestari, and PT Usaha Mulia Bahagia, the Group's subsidiaries in Indonesia.

She holds a Bachelor of Law degree from the University of Bristol, U.K., and was admitted as a Barrister at Lincoln's Inn, London in 1976 and called to the Malaysian Bar in 1977.

On 31 October 2015, Datin Paduka Tan Siok Choo was conferred the Honorary Doctorate of Philosophy in Plantation Management by Universiti Putra Malaysia to recognise her contribution to the plantation industry.

Datin Paduka Tan Siok Choo has had a varied career in corporate finance, stockbroking, executive search, and journalism. She was Head of Corporate Finance in Southern Bank Berhad, worked as an investment analyst for Rashid Hussain Securities and Morgan Grenfell Asia & Partners' Securities. She had a short stint with the world's largest executive search firm, Korn Ferry International and was a journalist with Business Times and The Sunday Star.

Datin Paduka Tan Siok Choo is a Trustee of the Tun Tan Cheng Lock Foundation and the TARC Education Foundation. She served on the Board of OCBC Bank (Malaysia) Berhad and OCBC AL-AMIN Berhad for 14 years until her retirement on 27 July 2014.

Datin Paduka Tan Siok Choo is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company.

She attended all seven Board Meetings held during the financial year ended 30 April 2022.

She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR. TAN JIEW HOE

Age 75 • Singaporean • Male

Non-Independent Non-Executive Director

Member of Audit Committee

Mr. Tan Jiew Hoe, joined the Board as Alternate Director on 9 June 1997 and was subsequently appointed as Director on 30 March 2007. On 1 July 2022 he was re-designated as Non-Independent Non-Executive Director. He is a member of the Audit Committee. He sits on the Board of several subsidiaries of the Group in Malaysia. He is the Chairman of International Natural Resources Pte Ltd and the Director of Clifton Cove Pte Ltd, the Group's subsidiaries in Singapore.

Mr. Tan is also a Director of several other private companies in Malaysia and Singapore and is a keen plantsman.

In 2000, the Singapore Ministry of Education awarded Mr. Tan a silver medal for 10-19 years' service as a Director of Singapore Chinese Girls School. Subsequently, in 2010, he received a gold medal for more than 20 years of service as a Director of Singapore Chinese Girls School.

The President of Singapore also awarded him Pingat Bakti Masyarakat (PBM) in November 2013 for his contributions to the Public Service in the National Parks Board to recognise his 30 years' contributions and support for plant introduction and botany publications.

In April 2019, Mr. Tan received the Veitch Memorial Medal, an international award issued by the Royal Horticultural Society in United Kingdom to persons of any nationality who have made outstanding contribution to the advancement of the science and practice of horticulture.

Mr. Tan is the President of Singapore Gardening Society and a Director of Gardens By the Bay in Singapore.

Mr. Tan is not related to any Director and/or major shareholder of United Malacca Berhad. He has no personal interest in any business arrangement involving the Company.

He attended all seven Board Meetings held during the financial year ended 30 April 2022. He has not been convicted of any offence within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Directors (Continued)

MR. TEO LENG

Age 70 • Malaysian • Male

Non-Independent Non-Executive Director

Member of Executive Committee
Member of Board Tender Committee

Mr. Teo Leng, was appointed as an Independent Non-Executive Director on 1 September 2009. He was re-designated as Non-Independent Non-Executive Director on 10 July 2017. He is member of the Executive Committee and the Board Tender Committee. He is also a Director of several Group subsidiaries in Malaysia. He is a Commissioner in PT Lifere Agro Kapuas, PT Bintang Gemilang Permai, and PT Wana Rindang Lestari, the Group's subsidiaries in Indonesia.

Mr. Teo graduated with First Class Honours in Bachelor of Agriculture Science in 1976 from the University of Malaya. He holds a Master of Science (Soil Chemistry) from the University of Wisconsin @ Madison, USA.

He joined the Malaysian Agricultural Research and Development Institute (MARDI) in 1976 as a Research Officer. He began his career at EPA Management Sdn. Bhd., a subsidiary of Kulim (Malaysia) Berhad, as an Agronomist in 1983, rising in ranks to Director of Research and Development in January 1996. In January 2002, he was appointed Estate Director (Malaysia), which he held until his retirement in April 2008. He was a Consulting Advisor (Plantations) with Kulim (Malaysia) Berhad until March 2011.

During his 28 years career at EPA Management Sdn. Bhd., Mr. Teo was responsible for the full implementation of requirements on certification under Roundtable for Sustainable Palm Oil (RSPO). He was also involved in developing and commercialising of the Mill Integrated Waste Management System (MIWAMAS), a green technology converting empty fruit bunches and palm oil mill effluent to bio compost.

He has been an active committee member of national associations in the oil palm, rubber and cocoa industries. He was a past Board member of the Malaysian Palm Oil Board (MPOB). He was also a Council member of the Malayan Agricultural Producers Association (MAPA), and the Environmental Quality Council (EQC) of Kementerian Sumber Asli & Alam Sekitar. Currently, he is a Council member of the Malaysian Palm Oil Association (MPOA) and its Research and Development Main Committee. Mr. Teo was an Independent and Non-Executive Director of Southern Acids (M) Berhad until 25 September 2020. Mr. Teo was also the director of several other companies in Malaysia.

Mr. Teo is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He attended all seven Board Meetings held during the financial year ended 30 April 2022. He has not been convicted of any offence within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Directors (Continued)

DATO DR. NIK RAMLAH BINTI NIK MAHMOOD

Age 66 • Malaysian • Female

Senior Independent Non-Executive Director

Chairperson of Nomination and Remuneration Committee
Member of Audit Committee

Dato Dr. Nik Ramlah Binti Nik Mahmood, was appointed as an Independent Non-Executive Director on 3 January 2017. She is the Chairperson of the Nomination and Remuneration Committee and a member of the Audit Committee. She is a Commissioner of PT Lifere Agro Kapuas and a Director of PT Bintang Gemilang Permai and PT Wana Rindang Lestari, the Group's subsidiaries in Indonesia.

Dato Dr. Nik Ramlah holds a First Class Honours in Law from the University Malaya and LLM and Ph.D. from the University of London.

Dato Dr. Nik Ramlah Binti Nik Mahmood retired as Deputy Chief Executive of Securities Commission Malaysia (SC) in March 2016. Before joining the SC in 1993, Dato Dr. Nik Ramlah was an Associate Professor at the Faculty of Law, University of Malaya.

Dato Dr. Nik Ramlah is a member of the Board of Directors of Perbadanan Insurans Deposit Malaysia (PIDM) and the Institute for Capital Market Research Malaysia. She is a Board member of International Centre for Education in Islamic Finance (INCEIF).

Dato Dr. Nik Ramlah is also a Board member of Permodalan Nasional Berhad and Amanah Saham Nasional Berhad. She is the Senior Independent Non-Executive Director of Axiata Group Berhad and the Non-Independent Non-Executive Director of Dialog Axiata PLC. Dato Dr. Nik Ramlah is also a Board member of edotco Group Sdn. Bhd..

Dato Dr. Nik Ramlah is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. She attended all seven Board Meetings held during the financial year ended 30 April 2022. She has not been convicted of any offence within the past 5 years. She has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Directors (Continued)

MR. ONG KENG SIEW

Age 66 • Malaysian • Male

Independent Non-Executive Director

Chairman of Audit Committee
Member of Nomination and Remuneration Committee

Mr. Ong Keng Siew, was appointed as an Independent Non-Executive Director on 19 January 2017. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He is a Director of PT Lifere Agro Kapuas and the President Director of PT Wana Rindang Lestari and PT Bintang Gemilang Permai, the Group's subsidiaries in Indonesia.

Mr. Ong is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants.

Mr. Ong had an impressive career spanning over 30 years at Paramount Corporation Berhad. Mr. Ong joined Paramount Corporation Berhad as an Accountant in 1981 and rose through the ranks of Finance and Administration Manager and General Manager. He was appointed to the Board of Paramount Corporation Berhad on 14 November 1994. He assumed the posts of Deputy Group Managing Director & Deputy Group CEO in 1997 and was appointed as the Managing Director & CEO of Paramount Corporation Berhad on 1 December 2008. He retired as the Managing Director & CEO of Paramount Corporation Berhad on 18 June 2012.

He is currently an Independent Non-Executive Director of Paramount Corporation Berhad and Pekat Group Berhad.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He attended all seven Board Meetings held in the financial year ended 30 April 2022.

Mr. Ong has not been convicted of any offence within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR. TEE CHENG HUA

Age 68 • Malaysian • Male

Non-Independent Non-Executive Director

Chairman of the Board Tender Committee
Member of the Executive Committee

Mr. Tee Cheng Hua, joined United Malacca Berhad as Non-Independent Non-Executive Director on 1 October 2019. He is Chairman of the Board Tender Committee and a member of the Executive Committee. Mr. Tee is an uncle of Dato' Sri Tee Lip Sin.

Mr. Tee graduated with a Bachelor of Mechanical Engineering degree from the University of Technology Malaysia in 1978.

He started his career as an Engineer with Highlands and Lowlands Bhd. and was subsequently a Mill Manager/Engineer with Kulim (M) Bhd.

Mr. Tee is a Non-Independent Senior Executive Director of Far East Holdings Bhd. He is also the Senior Executive Director of Prosper Group of Companies and a Director of Prosper Capital Holdings Sdn. Bhd. (formerly known as Palm Oil Mill Sdn. Bhd.), one of the major shareholders of United Malacca Berhad.

Mr. Tee is a Director of Future Prelude Sdn. Bhd., an integrated oleochemical company specialising in producing several oleochemical products and biodiesel using sustainable palm oil as feedstock.

Mr. Tee is also active in renewal energy businesses and sits on the Board of several companies involving solar, hydro, and biogas power generation.

Mr. Tee Cheng Hua has no personal interest in any business involving the Company except that he shall be deemed interested in transactions that may be carried out in the ordinary course of business by the Company with Prosper Group or its related companies. He attended all seven Board Meetings held during the financial year ended 30 April 2022. He has not been convicted of any offence within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Directors (Continued)

DATO' SRI TEE LIP SIN

Age 51 • Malaysian • Male

Non-Independent Non-Executive Director

Chairman of Executive Committee
Member of Nomination and Remuneration Committee

Dato' Sri Tee Lip Sin, was appointed as an Alternate Director to his uncle, Mr. Tee Cheng Hua on 1 October 2019. He was subsequently appointed as Non-Independent Non-Executive Director on 25 February 2021. He is Chairman of the Executive Committee and a member of the Nomination and Remuneration Committee.

He holds a Degree in Business Administration from the University of Wales, an Associate Diploma in Commerce from Curtin University, Australia and an Executive Diploma in Plantation Management from the University of Malaya.

Dato' Sri Tee Lip Sin started his career as an executive in Prosper Capital Holdings Sdn. Bhd. (formerly known as Prosper Palm Oil Mill Sdn. Bhd.) (Prosper) in 1995 and subsequently rose to the rank of Executive Director. He is a Director of Prosper, a major shareholder of United Malacca Berhad and Prosper Trading Sdn. Bhd.. Dato' Sri Tee Lip Sin also sits on the Board of several private companies in plantation and milling businesses. He is an Executive Director of C.I. Resources Limited, a listed company in Australia.

He is also a Director of Phosphate Resources (Malaysia) Sdn. Bhd. and Phosphate Resources (Singapore) Pte Ltd. in fertiliser businesses.

Dato' Sri Tee Lip Sin has no personal interest in any business involving the Company except that he shall be deemed interested in transactions that may be carried out in the ordinary course of business by the Company with Prosper or its related companies. He attended all seven Board Meetings held during the financial year ended 30 April 2022.

Dato' Sri Tee Lip Sin has not been convicted of any offence within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

MR. HAN KEE JUAN

Age 70 • Malaysian • Male

Independent Non-Executive Director

Member of Audit Committee
Member of Board Tender Committee

Mr. Han Kee Juan joined United Malacca Berhad as an Independent Non-Executive Director on 3 June 2021. He is a member of the Audit Committee and the Board Tender Committee.

Mr. Han graduated with a Bachelor of Agriculture Science (Hons) degree from the University of Malaya in 1976.

Mr. Han joined Highlands Research Unit as a Research Officer upon graduation from the University of Malaya in 1976. He provided agronomic advisory services to the estates managed by Barlow Boustead Estates Agency and conducted trials on plant protection and agronomy of oil palm.

He moved to Eastern Plantation Agency in 1981 and served as Agronomist. He was responsible for formulating agronomic policies for estates owned by the Kulim Group. The Agronomy Department expanded under his charge, which included the setup of an analytical laboratory, and trials on oil palm agronomy were conducted.

Mr. Han joined IOI Corporation Bhd in 1989 as Senior Agronomist/Senior Manager. In addition to formulating agronomic policies for the group estates, he was also responsible for managing several estates planted with oil palm, rubber, and cocoa.

Mr. Han founded Budi-JS Plantation Management Sdn. Bhd. in 1992. He is the Managing Director of the said company, the Managing Agents for estates owned by Koperasi Serbausaha Makmur Bhd (Kosma).

Mr. Han is the Plantation Advisor for Prosper Group and Far East Holdings Berhad. He provides plantation advisory services to more than 100,000 hectares of plantations in Malaysia and Papua New Guinea.

Mr. Han is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. He was appointed to the Board on 3 June 2021, therefore, he attended six Board Meetings held during the financial year ended 30 April 2022. He has not been convicted of any offence within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies.

PROFILE OF CHIEF EXECUTIVE OFFICER

MR. YOUNG LEE CHERN

Age 44 • Malaysian • Male

Chief Executive Officer

Mr. Young Lee Chern, was appointed as the Chief Executive Officer on 1 July 2021. He joined United Malacca Berhad as Chief Financial Officer on 13 February 2019. Subsequently, he was promoted Chief Operating Officer/Chief Financial Officer on 1 October 2019.

Mr. Young is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Malaysian Institute of Accountants.

Mr. Young has more than 19 years of working experience in auditing, accounting, and finance in Malaysia and Indonesia. He was Audit Manager of KPMG KL and was subsequently the Branch Manager of KPMG Melaka. Before returning to Malaysia, he was the Senior Financial Controller of a private equity-owned plantation group and Financial Controller of Genting Plantations Berhad in Indonesia.

Mr. Young currently is a Council member of the Malaysian Palm Oil Association (MPOA) and the Malaysian Estate Owner's Association (MEOA). He is also a Director on the Board of subsidiaries of United Malacca Berhad, namely, Leong Hin San Sdn. Bhd., Meridian Plantations Sdn. Bhd., Syarikat Penanaman Bukit Senorang Sdn. Bhd., South-East Pahang Oil Palm Berhad, Masjid Tanah Properties Sdn. Bhd., Melaka Pindah Properties Sdn. Bhd and Vintage Plantations Sdn. Bhd. as well as the President Director of PT Lifere Agro Kapuas, Director of PT Bintang Gemilang Permai, PT Wana Rindang Lestari and PT Usaha Mulia Bahagia, the Group's subsidiaries in Indonesia.

He is not related to any Director and/or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the company. He has not been convicted of any offence within the past 5 years and has not imposed with any public sanction or penalty by regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

Age 45 • Malaysian • Male

MR. ER HOCK SWEE
Chief Financial Officer

Date Appointed as Key Senior Management:
1 July 2021

Qualification:
- Bachelor of Accountancy (Universiti Putra Malaysia)
- Member of the Malaysian Institute of Accountants

Working Experience:
- Audit Assistant Manager of SC Lim, Ng & Co. (2001 - 2006)
- United Malacca Berhad (since April 2006)

Age 52 • Malaysian • Female

MS. YONG YOKE HIONG
Head of Group Administration & Corporate Affairs and Human Resource

Date Appointed as Key Senior Management:
1 July 2019

Qualification:
- Associate of The Malaysian Institute of Chartered Secretaries and Administrators

Working Experience:
- Gymtech Devt Sdn. Bhd. (1994 - 1995)
- KCA Corporate Services Sdn. Bhd. (1995 - 1997)
- United Malacca Berhad (since 1997)

Age 53 • Malaysian • Male

EN. ABDUL RAZAK BIN MD. ARIS
Head of Group Audit

Date Appointed as Key Senior Management:
1 July 2019

Qualification:
- Bachelor of Accountancy (Hons.)
- Chartered Member - The Institute of Internal Auditors Malaysia (IIAM)

Working Experience:
- Golden Hope Plantations Berhad (1993 - 1995)
- The News Straits Times Press (M) Berhad (1995 - 1997)
- Nestle Malaysia Berhad (1997 - 2000)
- Straits Securities Sdn. Bhd. (2000 - 2002)
- United Malacca Berhad (since 2002)

Age 48 • Malaysian • Male

MR. MAGESWARAN NARAPPAN
Acting Head of Engineering / Mill Controller

Date Appointed as Key Senior Management:
1 January 2022

Qualification:
- Bachelor of Engineering Honours (Mechanical-Pure) by University Technology of Malaysia.
- Diploma in Palm Oil Milling and Technology, by Malaysian Palm Oil Board (MPOB).
- 1st Grade of Steam Engineer Competency, (137/2009) By DOSH.

Working Experience:
- Cadet Engineer in Socfin Plantation Berhad (1998)
- Mill Engineer in Berjaya Plantation Mill Engineer (1998-2004)
- Resident Engineer (Palm Oil Mill Manager) in United Plantations Berhad (2004-2016)
- Mill Manager in Sinarmas, Riau Sumatra, Indonesia (2016-2017)
- Senior Mill Manager in Good Hope Holding Asia (2017-2019)
- United Malacca Berhad (since 2019)

GROUP TITLED AREA STATEMENT
AS AT 30 APRIL 2022

LAND BANK ANALYSIS

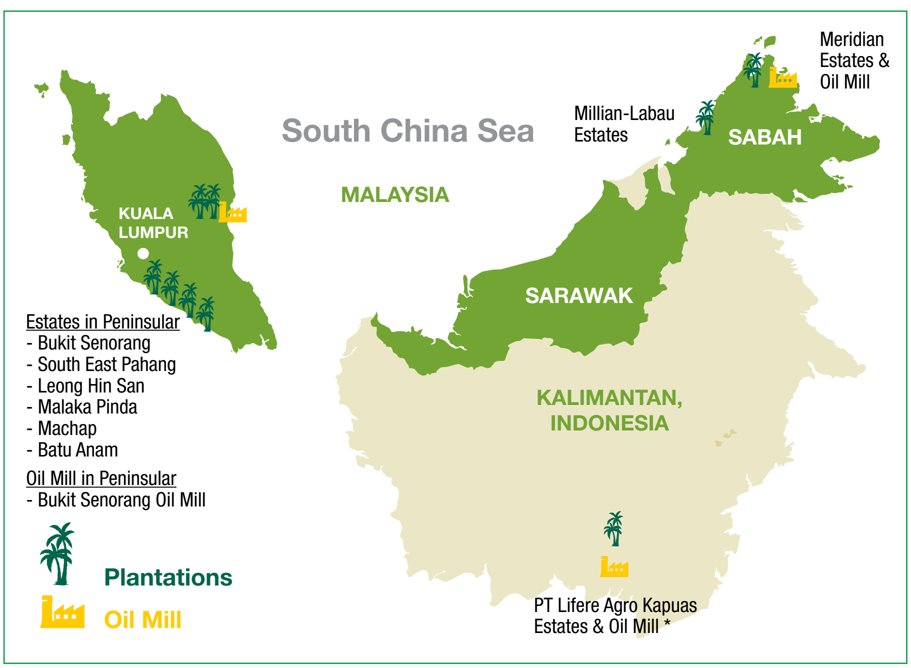
	Malaysia	Indonesia (Inti)	Total exclude Plasma	Indonesia (Plasma *)	Total
	Ha	Ha	Ha	Ha	Ha
Matured	18,125	5,827	23,952	5,175	29,127
Immature	754	2,032	2,786	-	2,786
Total planted	**18,879**	**7,859**	**26,738**	**5,175**	**31,913**
Land clearing	-	844	844	-	844
Plantable	19	3,410	3,429	-	3,429
Unplantable ^	4,726	2,734	7,460	5,259	12,719
Total Land Bank	**23,624**	**14,847**	**38,471**	**10,434**	**48,905**

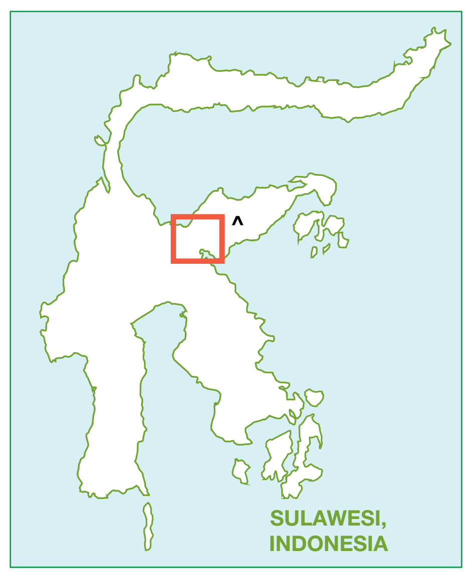
* *Plasma is a programme initiated by the Indonesian Government to develop smallholders' plantations with the assistance of plantation companies.*

^ *Land area for canals, roads, buildings, villages and forest reserve area.*

- *The above land bank does not include land with the business licence "Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri" (HTI Licence) over approximately 59,920 hectares in Sulawesi owned by an Indonesian subsidiary, PT Wana Rindang Lestari (WRL).*

MAP SHOWING GROUP'S ESTATES & MILLS





^ *Land with HTI Licence owned by WRL*

* *Commissioned in June 2019*

FIVE YEARS' PLANTATION STATISTICS

	2022	2021	2020	2019	2018
ESTATES					
FFB production (tonne)					
- Malaysian operations	317,206	313,198	301,070	314,865	354,089
- Indonesian operations	55,426	57,622	61,026	38,748	28,467
Yield per weighted average mature hectare (tonne/ha)					
- Malaysian operations	17.5	17.1	14.8	15.1	17.5
- Indonesian operations	9.5	10.3	11.6	7.5	6.0
MILLS					
Malaysian operations					
FFB processed (tonne)	314,681	339,368	348,171	271,152	333,704
Production					
- Crude palm oil (tonne)	60,757	64,938	67,971	52,693	63,244
- Palm kernel (tonne)	13,719	15,581	17,118	13,195	15,237
Oil extraction rate (OER) (%)	19.3	19.1	19.5	19.4	19.0
Kernel extraction rate (KER) (%)	4.4	4.6	4.9	4.9	4.6
Indonesian operations ^					
FFB processed (tonne)	126,275	170,632	164,502	-	-
Production					
- Crude palm oil (tonne)	27,037	36,331	37,336	-	-
- Palm kernel (tonne)	3,806	5,043	4,578	-	-
OER (%)	21.4	21.3	22.7	-	-
KER (%)	3.0	3.0	2.8	-	-

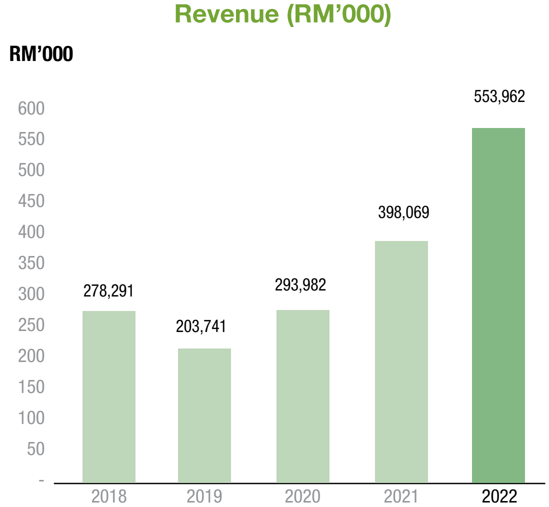
^ Oil mill in Kalimantan, Indonesia commissioned in June 2019

	2022	2021	2020	2019	2018
AVERAGE SELLING PRICE					
Crude palm oil (RM/tonne)					
- Malaysian operations	4,706	2,829	2,259	2,051	2,600
- Indonesian operations	3,613	2,536	2,194	-	-
Palm kernel (RM/tonne)					
- Malaysian operations	3,441	1,834	1,310	1,455	2,279
- Indonesian operations	2,504	1,582	1,125	-	-
FFB (RM/tonne)					
- Malaysian operations	967	584	417	376	518
- Indonesian operations	748	484	396	330	511

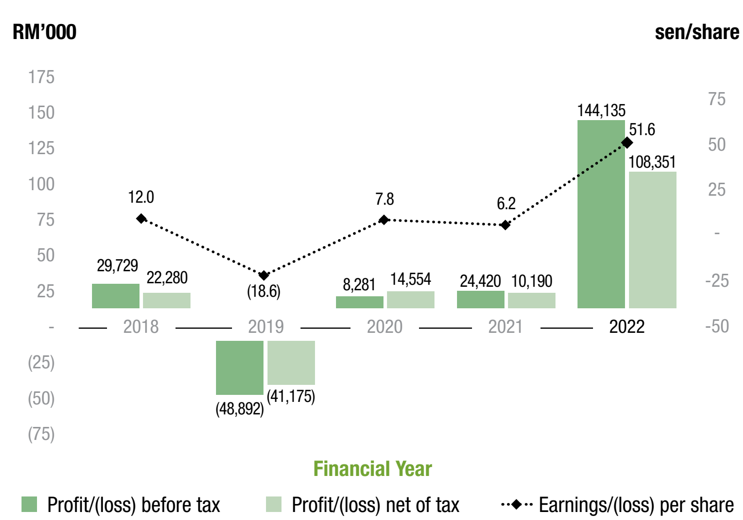
FIVE YEARS' FINANCIAL STATISTICS

	2022	2021	2020	2019	2018 *
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Plantation	553,962	398,069	293,982	203,741	278,291
GROUP PROFIT/(LOSS)					
Plantation:					
Oil palm products	158,027	44,620	(24,854)	(38,532)	26,457
Interest expense	(4,251)	(4,928)	(5,588)	-	-
Profit/(loss) from plantation activities	153,776	39,692	(30,442)	(38,532)	26,457
Investment holding:					
Investment income/(expense)	6,817	2,589	(1,941)	(3,195)	8,491
Interest expense	(1,413)	(1,827)	(5,719)	(7,165)	(5,219)
Profit/(loss) from operations	159,180	40,454	(38,102)	(48,892)	29,729
Discounting value of Plasma receivables	(2,709)	-	-	-	-
Gain on disposal of non-current assets held for sale	-	-	103,196	-	-
Impairment of bearer plants	-	-	(56,813)	-	-
Impairment of intangible asset	(12,336)	(16,034)	-	-	-
Profit/(loss) before tax	144,135	24,420	8,281	(48,892)	29,729
Taxation	(35,784)	(14,230)	6,273	7,717	(7,449)
Profit/(loss) net of tax	108,351	10,190	14,554	(41,175)	22,280
Profit/(loss) net of tax attributable to:					
Owners of the Company	108,189	13,014	16,307	(39,027)	25,173
Non-controlling interests	162	(2,824)	(1,753)	(2,148)	(2,893)
	108,351	10,190	14,554	(41,175)	22,280
Earnings/(loss) per share attributable to owners of the Company (sen)	51.6	6.2	7.8	(18.6)	12.0

Revenue (RM'000)



Profit/(Loss) and Earnings/(Loss) Per Share



* For FY 2018, the Group's financial information has been adjusted in accordance with the first-time adoption of Malaysian Financial Reporting Standards in FY 2019.

Five Years' Financial Statistics (Continued)

	2022	2021	2020	2019	2018 *
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Property, plant and equipment	671,298	665,066	679,144	1,375,402	1,404,204
Prepaid land lease payments	-	-	-	130,934	120,973
Right-of-use assets	788,442	796,067	814,681	-	-
Goodwill on consolidation	82,474	82,474	82,474	82,474	82,474
Intangible asset	234	12,562	29,136	29,674	-
Other asset	3,501	3,538	3,616	2,702	-
Non-current assets held for sale	-	-	-	69,509	-
Other receivables (non-current)	15,647	-	-	-	-
Current assets	274,106	172,874	181,952	164,547	208,557
Total assets	**1,835,702**	**1,732,581**	**1,791,003**	**1,855,242**	**1,816,208**
EQUITY AND LIABILITIES					
Equity					
Share capital	255,375	255,375	255,375	254,935	212,084
Other reserves	(6,026)	(16,387)	(11,748)	(10,894)	26,997
Retained earnings	1,152,552	1,069,714	1,074,135	1,074,485	1,129,323
Equity attributable to owners of the Company	1,401,901	1,308,702	1,317,762	1,318,526	1,368,404
Non-controlling interests	38,914	32,723	36,163	38,064	38,105
Total equity	**1,440,815**	**1,341,425**	**1,353,925**	**1,356,590**	**1,406,509**
Liabilities					
Bank borrowings	117,388	124,754	153,112	209,263	137,218
Lease liabilities	7,951	7,459	7,292	-	-
Retirement benefit obligation	1,037	805	805	654	469
Trade and other payables	63,626	59,155	74,636	62,026	33,802
Income tax payable	8,613	-	-	-	2,132
Deferred tax liabilities	196,272	198,983	201,233	226,709	236,078
Total liabilities	**394,887**	**391,156**	**437,078**	**498,652**	**409,699**
Total equity and liabilities	**1,835,702**	**1,732,581**	**1,791,003**	**1,855,242**	**1,816,208**
FINANCIAL STATISTICS					
Earnings/(loss) per share (sen)	51.6	6.2	7.8	(18.6)	12.0
Net dividend per share (sen)	15.0	10.0	8.0	8.0	12.0
Net dividend yield per share (%)	2.6	2.0	1.8	1.5	2.0
Return on average total assets (%)	6.1	0.6	0.8	(2.2)	1.2
Return on average equity (%)	7.8	0.8	1.1	(3.0)	1.6
Price earnings ratio (times)	11.0	82.2	56.6	(28.8)	50.8
Net assets per share (RM)	6.7	6.2	6.3	6.3	6.5
Share price as at financial year end (RM)	5.68	5.10	4.40	5.36	6.10
Debt/Equity (%)	8.1	9.3	11.3	15.4	9.8

* For FY 2018, the Group's financial information has been adjusted in accordance with the first-time adoption of Malaysian Financial Reporting Standards in FY 2019.

Chairperson's Statement

Dear Shareholders,

On behalf of the Board of Directors of United Malacca Berhad (UMB), I present the Group's Annual Report and Audited Financial Statements for the financial year ended 30 April 2022.

Datin Paduka Tan Siok Choo

Against a backdrop of the continuing Covid-19 infection - which the World Health Organisation declared a pandemic on 11 March 2020 - two events made the last three months of the financial year ended 30 April 2022 (FY 2022) a momentous quarter for the global economy, the plantation sector and for UMB.

Worker using mechanical cutter to harvest oil palm fruits

On 24 February 2022, Russia invaded Ukraine. The following month, on 16 March 2022, the US Federal Reserve raised interest rates, the first hike since December 2018.

Expectations that Russia would quickly overrun Ukraine vapourised. Utilising their knowledge of the terrain, the Ukrainians rebuffed the Russian advance on the capital, Kyiv. Fortified by the continuing inflow of arms and ammunition from North Atlantic Treaty Organisation (NATO) countries and despite almost five months of war, Ukraine shows little inclination to concede defeat while Russia continues its quest for a decisive victory.

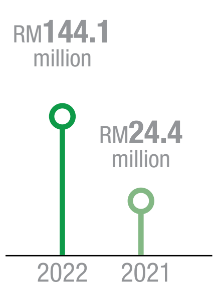
Sanctions imposed on Russia, a major exporter of oil and natural gas to the European Union, caused prices of these commodities to escalate. A significant exporter of sunflowers, corn and wheat, Ukraine faced difficulty harvesting and exporting these crops, prompting prices of all vegetable oils - including palm oil - to soar.

Data from the Malaysian Palm Oil Board (MPOB) show average crude palm oil (CPO) prices surged from a low of RM3,831 a tonne in June 2021 to an unprecedented high of RM6,867 in March 2022 before trending downwards to below RM4,000 currently.

In contrast, rising interest rates by the US Federal Reserve provoked fears of an economic slowdown and possibly a recession in America, causing a reversal in the prices of several commodities. Another negative factor was the high levels of stocks in Indonesia and Malaysia.

For the plantation sector, an additional major concern is the continuing shortage of foreign labour, particularly from Indonesia, that shows little sign of being resolved.

Despite stepping up mechanisation in all estates in this country, UMB still lacks 240 workers; most crucially harvesters. While senior management has been pro-active in sourcing foreign labour from other countries, it will take time for these workers to master the skills needed to harvest oil palms.



UMB GROUP
ACHIEVED
pre-tax profit
490%
HIGHER THAN
PREVIOUS YEAR

BUSINESS PERFORMANCE

For FY 2022, the UMB Group achieved pre-tax profit of RM144.1 million, a jump of RM119.7 million or 490% higher than the previous year's profit of RM24.4 million.

Without the need to impair RM12.3 million of an intangible asset and to discount RM2.7 million of Plasma receivables, the Group would have recorded a pre-tax profit of RM159.1 million in FY 2022.

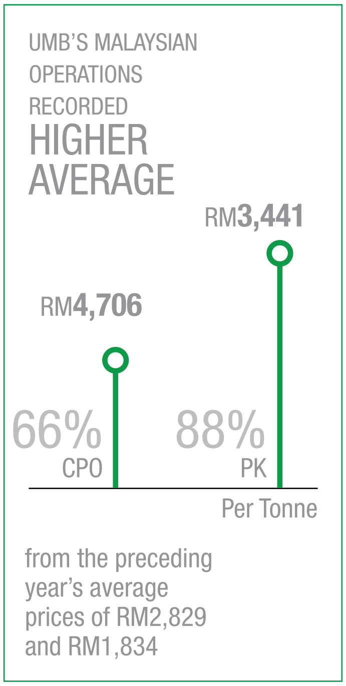
Excluding a RM16 million impairment of an intangible asset during the previous financial year ended 30 April 2021 (FY 2021), the Group would have recorded a pre-tax profit of RM40.4 million.

At the Company level, UMB recorded RM102.7 million pre-tax profit in FY 2022 compared with a pre-tax profit of RM42.0 million in the preceding year.

Excluding the RM8.6 million impairment of an investment in an Indonesian subsidiary in FY 2022 and RM14.3 million in FY 2021 respectively, the Company would have recorded a pre-tax profit of RM111.3 million in FY 2022 and RM56.3 million in FY 2021.

UMB Group's near-quintiple jump in pre-tax profit in FY 2022 was turbo-charged by soaring prices of CPO and palm kernel (PK).

Chairperson's Statement (Continued)



BUSINESS PERFORMANCE (CONTINUED)

In FY 2022, average prices of CPO and PK skyrocketed by 66% and 88% respectively to RM4,706 and RM3,441 per tonne from the preceding year's average of RM2,829 and RM1,834 respectively.

Prices for CPO and PK were more subdued for UMB's Indonesian operations, averaging RM3,613 and RM2,504 per tonne respectively, a rise of 42% and 58% from the preceding year's record of RM2,536 and RM1,582 per tonne, respectively. CPO and PK prices in Indonesia were lower than in Malaysia due to a hike in the export levy imposed by the Indonesian government to support the republic's mandatory biodiesel programme and domestic market obligation.

In FY 2022, the UMB Group's output of fresh fruit bunches (FFB) improved marginally - totalling 372,632 tonnes or 0.5% higher than the 370,820 tonnes recorded in the preceding financial year.

Compared with the previous financial year, FFB output in Malaysian estates edged upwards by 1% or 4,008 tonnes to 317,206 tonnes in FY 2022.

Shortage of foreign workers, particularly harvesters, in Malaysian estates and the Covid-19 pandemic restricted output of FFB production.

UMB's FFB output in Kalimantan, Indonesia was lower than that of their Malaysian counterparts. In FY 2022, PT Lifere Agro Kapuas's (LAK's) FFB output declined by 4% or 2,196 tonnes to 55,426 tonnes mainly due to unusually heavy rain from October 2021 to April 2022; extensive flooding in LAK's estates impeded harvesting of FFB and evacuation to the Arwana oil mill.

DIVIDENDS

For the financial year ended 30 April 2022, the Board of Directors declared a second interim single-tier dividend of 5 sen and a special single-tier dividend of 5 sen, both payable on 19 August 2022.

Together with the first interim single-tier dividend of 5 sen paid on 21 January 2022, the total single-tier dividend for the financial year under review is 15 sen or RM31.5 million (FY 2021: total single-tier dividend of 10 sen or RM21.0 million).

The Board of Directors do not recommend any final dividend for the financial year ended 30 April 2022.

ENHANCING SUSTAINABILITY

Several strategies underscore UMB's commitment to nurturing oil palms through sustainable and environmentally-friendly policies.

1. UMB is committed to reducing emissions of greenhouse gas (GHG) in its mills by composting empty fruit bunches (EFB), a move that has helped reduce appreciably the Group's usage of chemical fertilisers.

2. Usage of renewable energy like solar power will be stepped up in Peninsular and Sabah estates, particularly those unconnected to the state electricity grid.

3. Although all UMB oil palm estates in Malaysia and Kalimantan have obtained Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO) certification, UMB believes implementing sustainable agricultural practices is a journey, not a destination.

4. From 2013, UMB has donated funds annually to University Putra Malaysia (UPM) under the UPM-UMB research collaboration project. In the last financial year, UMB contributed RM99,000 to UPM to fund research on intercropping between rows of oil palms.

ENHANCING SUSTAINABILITY (CONTINUED)

5. Since establishing United Malacca scholarships in 2006, scholarships totaling RM1.084 million have been awarded to 26 male students and 17 female students studying agricultural science and engineering. A total of 11 scholarship holders who graduated in previous years are currently working for UMB. Another 3 scholarship holders will graduate in 2022 and join UMB; 4 scholarship students are still studying in universities while 25 students have completed serving their bond with UMB. Because UMB believes scholarships are mutually beneficial to recipients and the Group, the number of scholarships awarded each year is determined by the number of eligible students.

6. To restrict the spread of Covid-19, UMB has mandated full compliance with standard operating procedures. All workers and employees in all estates and offices in Malaysia have been self-tested or swabbed for Covid-19 infection. UMB spent RM0.6 million on preventive measures and providing kits for regular testing in all estates and workplaces.

More details are set out in the Sustainability Statement on page 38 to page 61 of this Annual Report.

CURRENT YEAR PROSPECTS

For the financial year ending 30 April 2023 (FY 2023), UMB Group expects improved FFB production than the preceding year, stemming from the palms' better age profile and higher yields.

Offsetting better output is the expected increase in operating costs due to rising wages and escalating prices of materials, including petrol, fertiliser and other needed inputs.

Going forward, a significant shortage of labour in Malaysian estates due to restrictions in recruiting Indonesian workers could reduce expected FFB production in the first half of FY 2023.

Meanwhile, management's priority remains focused on improving labour productivity, stepping up mechanisation initiatives and boosting cost efficiency as well as increasing FFB yield.

MOVING FORWARD

Despite the current challenges, UMB believes palm oil's long-term outlook remains bright. In the foreseeable future, palm oil's twin status as the vegetable oil with the highest yield per hectare and the cheapest vegetable oil to grow is unlikely to be challenged.

Notwithstanding palm oil's bright long-term prospects, UMB remains committed to reducing its 100% reliance on a single crop in Malaysia and Indonesia.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to thank all UMB's loyal managers, employees and staff as well as shareholders. During a difficult 12 months, managers and employees continued to work diligently and persevered despite the months-long lockdown imposed by the Covid-19 pandemic while shareholders' continuing support for the UMB Group was very welcome.

I would like to express my gratitude to management, employees and staff for their commitment, dedication and tenacity in steering the organisation forward.

Datin Paduka Tan Siok Choo
Chairperson

Professors from Universiti Tunku Abdul Rahman with the Chairperson and Management at Machap Estate

PENYATA PENGERUSI

> **Bagi pihak Lembaga Pengarah United Malacca Berhad (UMB), saya membentangkan Laporan Tahunan Kumpulan dan Penyata Kewangan Beraudit bagi tahun kewangan berakhir 30 April 2022.**

Berlatarbelakangkan jangkitan Covid-19 yang berterusan - yang diisytiharkan oleh Pertubuhan Kesihatan Sedunia sebagai pandemik pada 11 Mac 2020 - terdapat dua peristiwa yang menyebabkan tiga bulan terakhir tahun kewangan berakhir 30 April 2022 (TK 2022) sebagai suku penting bagi ekonomi global, sektor perladangan dan untuk UMB.

Pada 24 Februari 2022, Rusia menyerang Ukraine. Bulan berikutnya, pada 16 Mac 2022, Rizab Persekutuan Amerika Syarikat menaikkan kadar faedah, kenaikan pertama sejak Disember 2018.

Jangkaan bahawa Rusia akan segera menakluki Ukraine tidak menjadi kenyataan. Dengan menggunakan pengetahuan mereka tentang bentuk rupa bumi, orang Ukraine menolak kemaraan orang Rusia di ibu negara, Kyiv. Diperkuat dengan kemasukan senjata dan peluru yang berterusan dari negara Pertubuhan Perjanjian Atlantik Utara (NATO) dan walaupun hampir lima bulan berperang, Ukraine menunjukkan sedikit kecenderungan untuk mengaku kalah sementara Rusia meneruskan usahanya untuk mencapai kemenangan yang mutlak.

Sekatan yang dikenakan ke atas Rusia, pengeksport utama minyak dan gas asli ke Kesatuan Eropah, menyebabkan harga komoditi ini meningkat. Ukraine sebagai pengeksport utama bunga matahari, jagung dan gandum menghadapi kesukaran untuk menuai dan mengeksport tanaman ini, mendorong semua harga minyak sayuran - termasuk minyak sawit - melambung tinggi.

Data daripada Lembaga Minyak Sawit Malaysia (MPOB) menunjukkan purata harga minyak sawit mentah melonjak daripada paras terendah RM3,831 satu tan pada Jun 2021 kepada paras tertinggi yang belum pernah berlaku sebelum ini iaitu RM6,867 pada Mac 2022 sebelum menurun kepada bawah RM4,000 pada masa ini .

Sebaliknya, kenaikan kadar faedah oleh Rizab Persekutuan Amerika Syarikat mencetuskan kebimbangan tentang kelembapan ekonomi dan kemungkinan kemelesetan di Amerika, telah menyebabkan kemerosotan harga bagi beberapa komoditi. Satu lagi faktor negatif ialah paras inventori yang tinggi di Indonesia dan Malaysia.

Bagi sektor perladangan, kebimbangan tambahan yang utama ialah kekurangan tenaga kerja asing yang berterusan, khususnya dari Indonesia, yang kurang menunjukkan tanda penyelesaiannya.

Walaupun meningkatkan sistem mekanisasi di semua estet di negara ini, UMB masih kekurangan 240 pekerja; paling kritikal adalah penuai. Walaupun pengurusan kanan telah proaktif dalam mendapatkan tenaga kerja asing dari negara lain, pekerja ini akan mengambil masa untuk menguasai kemahiran yang diperlukan untuk menuai kelapa sawit.

Penyewaan untuk tanaman selingan dengan menggunakan tembikai semasa penanaman semula di Machap Estet

PRESTASI PERNIAGAAN

Bagi TK 2022, Kumpulan UMB telah menjana keuntungan sebelum cukai sebanyak RM144.1 juta, melonjak sebanyak RM119.7 juta atau 490% lebih tinggi daripada angka tahun sebelumnya sebanyak RM24.4 juta.

Tanpa keperluan untuk merosot RM12.3 juta aset tidak ketara dan untuk mendiskaun RM2.7 juta penghutang Plasma, Kumpulan dijangka mampu mencatatkan keuntungan sebelum cukai sebanyak RM159.1 juta pada TK 2022.

Dengan tidak mengambilkira kemerosotan nilai aset tidak ketara sebanyak RM16 juta pada tahun kewangan sebelumnya yang berakhir pada 30 April 2021 (TK 2021), Kumpulan berupaya untuk mencatatkan keuntungan sebelum cukai sebanyak RM40.4 juta.

Di peringkat Syarikat, UMB mencatatkan keuntungan sebelum cukai RM102.7 juta pada TK 2022 berbanding keuntungan sebelum cukai sebanyak RM42.0 juta pada tahun sebelumnya.

Tanpa mengambilkira kemerosotan nilai RM8.6 juta pelaburan dalam anak syarikat Indonesia pada TK 2022 dan RM14.3 juta pada TK 2021, Syarikat seharusnya mencatatkan keuntungan sebelum cukai sebanyak RM111.3 juta pada TK 2022 dan RM56.3 juta pada TK 2021.

Lonjakan hampir lima kali ganda dalam keuntungan sebelum cukai Kumpulan UMB pada TK 2022 didorong oleh peningkatan harga minyak sawit mentah dan isirong sawit.

Pada TK 2022, harga purata minyak sawit mentah dan isirong sawit meningkat sebanyak 66% dan 88% kepada RM4,706 dan RM3,441 setan metrik daripada purata tahun sebelumnya iaitu RM2,829 dan RM1,834.

Harga minyak sawit mentah dan isirong sawit adalah lebih rendah bagi operasi UMB di Indonesia, masing-masing dengan purata RM3,613 dan RM2,504 setan metrik, yakni peningkatan sebanyak 42% dan 58% daripada rekod tahun sebelumnya iaitu RM2,536 dan RM1,582 setan metrik. Harga minyak sawit mentah dan isirong sawit di Indonesia lebih rendah berbanding di Malaysia disebabkan oleh kenaikan levi eksport yang dikenakan oleh kerajaan Indonesia untuk menyokong program biodiesel mandatori republik dan obligasi pasaran domestik.

Pada TK 2022, pengeluaran buah tandan segar (BTS) Kumpulan UMB meningkat sedikit - berjumlah 372,632 tan atau 0.5% lebih tinggi daripada 370,820 tan metrik yang dicatatkan pada tahun kewangan sebelumnya.

Berbanding dengan tahun kewangan sebelumnya, pengeluaran BTS di estet - estet di Malaysia meningkat sebanyak 1% atau 4,008 tan metrik kepada 317,206 tan metrik pada TK 2022.

Kekurangan pekerja asing, terutamanya penuai, di estet - estet di Malaysia dan pandemik Covid-19 menjejaskan pengeluaran BTS.

Pengeluaran BTS UMB di Kalimantan, Indonesia adalah lebih rendah berbanding estet di Malaysia. Pada TK 2022, pengeluaran BTS PT Lifere Agro Kapuas (LAK) merosot sebanyak 4% atau 2,196 tan metrik kepada 55,426 tan metrik terutamanya disebabkan oleh hujan lebat luar biasa dari Oktober 2021 hingga April 2022; banjir yang meluas di estet LAK menghalang penuaian BTS dan pemindahan BTS ke kilang minyak sawit Arwana.

DIVIDEN

Bagi tahun kewangan berakhir 30 April 2022, Lembaga Pengarah mengisytiharkan dividen interim satu peringkat yang kedua sebanyak 5 sen dan dividen khas satu peringkat sebanyak 5 sen, yang mana kedua-duanya akan dibayar pada 19 Ogos 2022.

Bersama-sama dengan dividen interim satu peringkat yang pertama sebanyak 5 sen yang dibayar pada 21 Januari 2022, jumlah dividen satu peringkat bagi tahun kewangan semasa ialah 15 sen atau RM31.5 juta (TK 2021: jumlah dividen satu peringkat sebanyak 10 sen atau RM21.0 juta).

Lembaga Pengarah tidak mencadangkan sebarang dividen akhir bagi tahun kewangan berakhir 30 April 2022.

Pembajaan menggunakan mesin penyemburan baja

Penyata Pengerusi (Sambungan)

PENINGKATAN KELESTARIAN

Beberapa strategi menekankan komitmen UMB untuk memupuk kelapa sawit melalui dasar yang lestari dan persekitaran mesra alam.

1. UMB komited untuk mengurangkan pelepasan gas rumah hijau (GHG) di kilangnya dengan pengkomposan buah tandan kosong (EFB), satu langkah yang telah membantu Kumpulan mengurangkan penggunaan baja kimia dengan ketara.

2. Penggunaan tenaga boleh diperbaharui seperti tenaga solar akan dipertingkatkan di estet - estet Semenanjung dan Sabah, terutamanya yang tidak disambungkan ke grid elektrik negeri.

3. Walaupun semua estet kelapa sawit UMB di Malaysia dan Kalimantan telah memperoleh pensijilan Minyak Sawit Lestari Malaysia (MSPO) dan Minyak Sawit Lestari Indonesia (ISPO), UMB percaya perlaksanaan amalan pertanian mampan adalah satu perjalanan, bukan destinasi.

4. Mulai 2013, UMB telah menyumbang dana tahunan kepada Universiti Putra Malaysia (UPM) di bawah projek kerjasama penyelidikan UPM-UMB. Pada tahun kewangan lalu, UMB menyumbang RM99,000 kepada UPM untuk membiayai penyelidikan tanaman selingan antara barisan pokok kelapa sawit.

5. Sejak penubuhan biasiswa United Malacca pada 2006, biasiswa berjumlah RM1.084 juta telah diberikan kepada 26 pelajar lelaki dan 17 pelajar perempuan yang mengikuti pengajian sains dan kejuruteraan pertanian. Seramai 11 pemegang biasiswa yang menamatkan pengajian pada tahun-tahun sebelumnya kini bekerja di UMB. 3 lagi pemegang biasiswa akan menamatkan pengajian pada 2022 dan akan menyertai UMB; 4 pelajar biasiswa masih menuntut di universiti manakala 25 pelajar telah tamat berkhidmat dengan UMB. Oleh kerana UMB percaya biasiswa saling memberi manfaat kepada penerima dan Kumpulan, bilangan biasiswa yang diberikan setiap tahun akan ditentukan oleh bilangan pelajar yang layak.

6. Untuk menyekat penularan Covid-19, UMB telah mewajibkan pematuhan penuh terhadap prosedur operasi standard. Semua pekerja dan kakitangan di semua estet dan pejabat di Malaysia telah menjalani ujian kendiri atau calitan untuk jangkitan Covid-19. UMB membelanjakan RM0.6 juta sebagai langkah pencegahan dan menyediakan kit untuk ujian berkala di semua estet dan tempat kerja.

Butiran lanjut dibentangkan dalam Penyata Kelestarian di halaman 38 hingga halaman 61 Laporan Tahunan ini.

PROSPEK TAHUN SEMASA

Bagi tahun kewangan berakhir 30 April 2023 (TK 2023), Kumpulan UMB menjangkakan pengeluaran BTS yang lebih baik berbanding tahun sebelumnya, berdasarkan kepada profil umur pokok sawit yang lebih baik dan hasil yang lebih tinggi.

Mengimbangi pengeluaran yang lebih baik ialah jangkaan peningkatan dalam kos operasi berikutan kenaikan gaji dan kenaikan harga bahan, termasuk petrol, baja dan input lain yang diperlukan.

Melangkah ke hadapan, kekurangan tenaga buruh yang ketara di estet-estet Malaysia disebabkan oleh sekatan dalam pengambilan pekerja Indonesia dijangka boleh mengurangkan pengeluaran BTS pada separuh pertama TK 2023.

Sementara itu, keutamaan pengurusan kekal tertumpu kepada meningkatkan produktiviti buruh, meningkatkan inisiatif mekanisasi dan kecekapan kos serta meningkatkan hasil BTS.

MELANGKAH KE HADAPAN

Walaupun menghadapi cabaran semasa, UMB percaya prospek jangka panjang minyak sawit kekal cerah. Pada masa hadapan, status berkembar minyak sawit sebagai minyak sayuran dengan hasil tertinggi sehektar dan minyak sayuran paling murah untuk ditanam tidak mungkin dicabar.

Walaupun prospek jangka panjang minyak sawit yang cerah, UMB tetap komited untuk mengurangkan 100% kebergantungan pada tanaman tunggal di Malaysia dan Indonesia.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua pengurus, staf dan kakitangan UMB yang setia serta para pemegang saham. Dalam tempoh 12 bulan yang sukar, pengurus dan pekerja terus bekerja dengan tekun dan tabah walaupun menghadapi Perintah Kawalan Pergerakan selama berbulan-bulan yang disebabkan oleh pandemik Covid-19 manakala sokongan berterusan pemegang saham untuk Kumpulan UMB amat dialu-alukan.

Saya ingin mengucapkan terima kasih kepada pihak pengurusan, staf dan kakitangan atas komitmen, dedikasi dan kecekalan mereka dalam memacu organisasi ke hadapan.

Datin Paduka Tan Siok Choo
Pengerusi

MANAGEMENT DISCUSSION & ANALYSIS

AT A GLANCE

Key Dates	Financial Year End **30 April 2022**	Annual General Meeting **28 September 2022**	
	Dividend Payments 1st Interim: 5 sen **21 January 2022**	2nd Interim: 5 sen **19 August 2022**	Special: 5 sen **19 August 2022**

LAND BANK ANALYSIS

	Malaysia	Indonesia (Inti)	Total exclude Plasma	Indonesia (Plasma *)	Total
	Ha	Ha	Ha	Ha	Ha
Matured	18,125	5,827	23,952	5,175	29,127
Immature	754	2,032	2,786	-	2,786
Total planted	**18,879**	**7,859**	**26,738**	**5,175**	**31,913**
Land clearing	-	844	844	-	844
Plantable	19	3,410	3,429	-	3,429
Unplantable ^	4,726	2,734	7,460	5,259	12,719
Total Land Bank	**23,624**	**14,847**	**38,471**	**10,434**	**48,905**

* *Plasma is a programme initiated by the Indonesian Government to develop smallholders' plantations with the assistance of plantation companies.*

^ *Land area for canals, roads, buildings, villages and forest reserve area.*

- *The above land bank does not include land with the business licence "Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri" (HTI Licence) over approximately 59,920 hectares in Sulawesi owned by an Indonesian subsidiary.*

Group Business Performance (RM'000)		FY 2022	FY 2021	FY 2020	FY 2019	FY 2018 *
1	**Revenue**					
	• Malaysia	452,074	290,022	213,785	175,410	244,307
	• Indonesia	101,888	108,047	80,197	28,331	33,984
	Total	**553,962**	**398,069**	**293,982**	**203,741**	**278,291**
	% change year on year	39	35	44	(27)	1
2	**Profit/(Loss) Before Tax**	144,135	24,420	8,281	(48,892)	29,729
	% change year on year	490	195	117	(264)	(70)
	Segmental Results					
	Plantation:					
	• Malaysia	146,830	44,610	(19,910)	(21,111)	36,498
	• Kalimantan	7,325	(4,648)	(9,583)	(16,948)	(10,041)
	• Sulawesi	(379)	(270)	(949)	(473)	-
	Investment income/(expense)	5,404	762	(7,660)	(10,360)	3,272
	Discounting value of Plasma receivables	(2,709)	-	-	-	-
	Gain on disposal of non-current assets held for sale	-	-	103,196	-	-
	Impairment of bearer plants	-	-	(56,813)	-	-
	Impairment of intangible asset	(12,336)	(16,034)	-	-	-
3	**Operating Margin (%)**	28	10	(10)	(19)	10

Management Discussion & Analysis (Continued)

AT A GLANCE (CONTINUED)

Group Business Performance (continued)	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018 *
4 Capital Management					
4.1 Return on average equity (%)	7.8	0.8	1.1	(3.0)	1.6
4.2 Earnings/(loss) per share (sen)	51.6	6.2	7.8	(18.6)	12.0
4.3 Dividend per share (sen)	15.0	10.0	8.0	8.0	12.0
4.4 Net assets per share (RM)	6.7	6.2	6.3	6.3	6.5
4.5 Dividend cover	3.4	0.6	1.0	(2.3)	0.9
4.6 Interest cover	29.1	7.0	(2.4)	(5.8)	6.7
5 Average Selling Price (RM/tonne)					
• Malaysian Operations					
Crude Plam Oil (CPO)	4,706	2,829	2,259	2,051	2,600
Palm Kernel (PK)	3,441	1,834	1,310	1,455	2,279
• Kalimantan Operations					
CPO	3,613	2,536	2,194	-	-
PK	2,504	1,582	1,125	-	-
6 Plantation Statistics					
• Malaysian Operations					
Fresh fruit bunches (FFB) production (tonnes)	317,206	313,198	301,070	314,865	354,089
Mature hectares as at financial year end	18,125	18,218	20,046	20,992	20,277
FFB yield (tonnes/weighted average mature hectares)	17.5	17.1	14.8	15.1	17.5
• Kalimantan Operations					
FFB production (tonnes)	55,426	57,622	61,026	38,748	28,467
Mature hectares as at financial year end	5,827	5,583	5,282	5,176	4,752
FFB yield (tonnes/weighted average mature hectares)	9.5	10.3	11.6	7.5	6.0
7 Oil Mill Statistics					
• Malaysian Operations					
FFB processed (tonnes)	314,681	339,368	348,171	271,152	333,704
CPO production (tonnes)	60,757	64,938	67,971	52,693	63,244
PK production (tonnes)	13,719	15,581	17,118	13,195	15,237
Oil extraction rate (OER) (%)	19.3	19.1	19.5	19.4	19.0
Kernel extraction rate (KER) (%)	4.4	4.6	4.9	4.9	4.6
Mill processing capacity (tonnes/hour)	80	80	80	80	80
• Kalimantan Operations					
FFB processed (tonnes)	126,275	170,632	164,502	-	-
CPO production (tonnes)	27,037	36,331	37,336	-	-
PK production (tonnes)	3,806	5,043	4,578	-	-
OER (%)	21.4	21.3	22.7	-	-
KER (%)	3.0	3.0	2.8	-	-
Mill processing capacity (tonnes/hour)	45	45	45	-	-

* For FY 2018, the Group's financial information has been adjusted in accordance with the first-time adoption of Malaysian Financial Reporting Standards in FY 2019.

AT A GLANCE (CONTINUED)

United Malacca Berhad (UMB) was founded by the late Tun Tan Cheng Lock on 27 April 1910. As of 30 April 2022, UMB owns and manages 48,905 hectares of oil palm estates in Malaysia and Central Kalimantan.

In the financial year ended 30 April 2018, UMB acquired an Indonesian subsidiary, PT Wana Rindang Lestari (WRL), which has a business licence "Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri" (HTI Licence) over approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi. The licence is valid for 60 years, beginning from 4 June 2014.

In the financial year ended 30 April 2021 (FY 2021), work in Sulawesi was temporarily halted due to environmental concems raised by Non-Government-Organisations (NGOs) and the need to facilitate a High Conservation Value/High Carbon Stock (HCV/HCS) study. Currently, the planting programme in Sulawesi has been deferred.

During the financial year ended 30 April 2022 (FY 2022), prices of crude palm oil (CPO) and palm kernel (PK) hit a peak - with average market prices of CPO at RM6,867 in March 2022 and PK at RM4,825 in February 2022 respectively compared with the year-ago figures of RM4,220 and RM2,628 in April 2021 respectively.

Group production of fresh fruit bunches (FFB) inched upwards by 0.5% in FY 2022 compared with FY 2021. For UMB's Malaysian operations, FFB output in FY 2022 increased marginally by 1% or 4,008 tonnes from FY 2021. FFB output in UMB's Indonesian subsidiary, PT Lifere Agro Kapuas (LAK), dropped by 4% or 2,196 tonnes from FY 2021 due to adverse weather in the second half of FY 2022. Heavy rainfall in LAK estates in Kalimantan caused extensive flooding to the estates; this hampered the harvesting and transporting of FFB to the Arwana mill, which resulted in lower output for the year.

In FY 2022, 100% of our staff and workers in Malaysian operations were fully vaccinated. In Indonesian operations, the Group has expedited the vaccination process for all staff and workers; currently, the vaccination rate stands at 99.7%. The remaining 0.3% that were not vaccinated was due to health reasons.

Because of the Covid-19 pandemic, a negligible number of foreign workers were allowed to enter Malaysia. Continuous mechanisation in past years in Malaysian estates helped reduced UMB's reliance on manual labour. Crop losses were minimised while productivity was maintained. Marginally higher output in Malaysia and lower production in LAK was due to heavy rainfall.

In line with UMB's commitment to manage its plantations sustainably, all estates and mills in Malaysia and Kalimantan have been certified by Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO), respectively.

UMB's vision is to inspire staff to excellence, grow sustainably and share prosperity with all stakeholders

FINANCIAL MATTERS

- **Revenue**

  Boosted by higher CPO prices, group revenue totalled RM554.0 million for FY 2022, an increase of 39% or RM155.9 million from RM398.1 million in the previous year.

  Malaysian operations recorded a 66% increase in average CPO price to RM4,706 per tonne compared with the preceding year's average price of RM2,829 per tonne. Meanwhile, average CPO price was RM3,613 per tonne in Kalimantan, 42% higher than the preceding year's RM2,536 per tonne.

Management Discussion & Analysis (Continued)

FINANCIAL MATTERS (CONTINUED)

- **Profit Before Tax**

During FY 2022, the Group recorded a pre-tax profit of RM144.1 million - a hefty jump of 490% from the comparable figure of RM24.4 million in the previous year.

Notably, FY 2022 pre-tax profit included a RM12.3 million impairment of an intangible asset in WRL and RM2.7 million discounted value of Plasma receivables in LAK. Excluding these two items, the Group would have recorded a pre-tax profit of RM159.1 million in FY 2022.

Similarly, FY 2021 results included a RM16.0 million impairment of an intangible asset in WRL. Excluding this exceptional item, UMB would have recorded a pre-tax profit of RM40.4 million in FY 2021.

Despite the higher production cost in FY 2022, a 66% jump in average CPO price greatly assisted Malaysian estates in achieving a plantation profit of RM146.8 million; this was 229% higher than RM44.6 million in FY 2021.

- **Assets and Liabilities**

After the RM12.3 million impairment, the carrying amount of intangible asset fell to RM0.2 million in FY 2022 from RM12.6 million in FY 2021.

Increased inventories from RM28.1 million in FY 2021 to RM52.3 million in FY 2022 was mainly due to higher CPO & PK closing stocks as of 30 April 2022.

Trade and other receivables increased from RM85.8 million in FY 2021 to RM88.2 million in FY 2022, mainly due to increased Plasma receivables in LAK.

Short term funds as well as cash and bank balances increased to RM133.3 million in FY 2022 from RM43.5 million in FY 2021 mainly due to higher profit from the plantation segment.

Trade and other payables rose from RM59.2 million in FY 2021 to RM63.6 million in FY 2022, mainly due to larger outstanding payments on the purchase of FFB.

During FY 2022, UMB repaid RM8.7 million of revolving credit and a part-payment of a RM5.9 million term loan for LAK's mill. As of 30 April 2022, after a foreign currency adjustment of RM7.2 million, outstanding bank borrowings totalled RM117.4 million compared with RM124.8 million in the previous year.

- **Investment Holdings**

Investment income of RM5.4 million in FY 2022 was attributable to a net foreign exchange gain of RM5.4 million, interest income of RM0.7 million and fair value gains on short term funds of RM0.8 million, less interest expense of RM1.4 million.

During the previous financial year, investment income of RM0.8 million was due to a net foreign exchange gain of RM1.8 million, interest income of RM0.4 million and fair value gains on short term funds of RM0.3 million, less interest expense of RM1.8 million.

FINANCIAL MATTERS (CONTINUED)

- **Plantation Finances**

Malaysian Operations

In FY 2022, Malaysian estates recorded a plantation profit of RM146.8 million; this was 229% higher than RM44.6 million in FY 2021.

Excluding depreciation, fair value changes on biological assets and interest expense on lease liabilities, Malaysian operations' Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in FY 2022 totalled RM186.2 million - more than double the RM80.6 million in FY 2021.

Higher EBITDA in FY 2022 was mainly due to a significant increase in CPO price of RM4,706/tonne (FY 2021: RM2,829/tonne) and PK price of RM3,441/tonne (FY 2021: RM1,834/tonne) as well as marginally higher FFB output by 1% or 4,008 tonnes.

In FY 2022, Malaysian operations' FFB production costs totalled RM147.2 million, a 11% rise compared with RM133.2 million in the previous year. This was largely due to an upsurge in costs of transportation, raw material costs and labour.

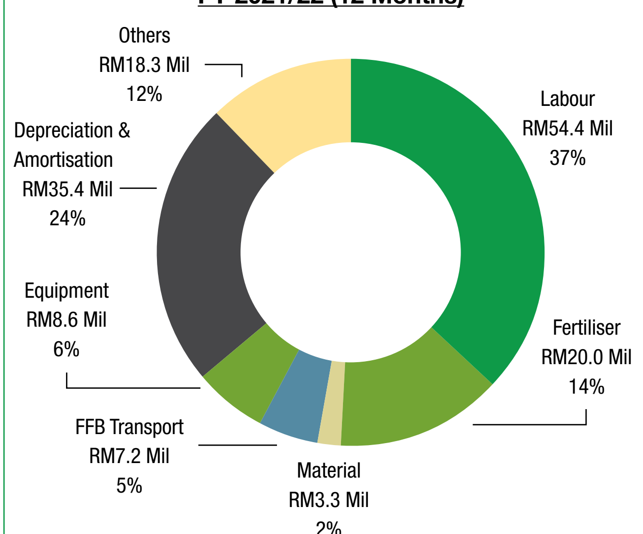
Pruning palm fronds and harvesting tall oil palms require the highest skills from plantation workers. Given the continuing need for more skilled workers, labour continued to assume a significant share of costs at 37% in FY 2022 (FY 2021: 37%) or RM54.4 million (FY 2021: RM49.1 million) (see chart on production costs).

Going forward, UMB's senior management will prioritise improving yields, maximising mechanisation, enhancing operational efficiency in oil mills, exerting greater quality control in collecting FFB and stepping up performance-based payments for harvesters.

Additionally, UMB will continue to hedge CPO prices to mitigate the Group's exposure to volatile prices.

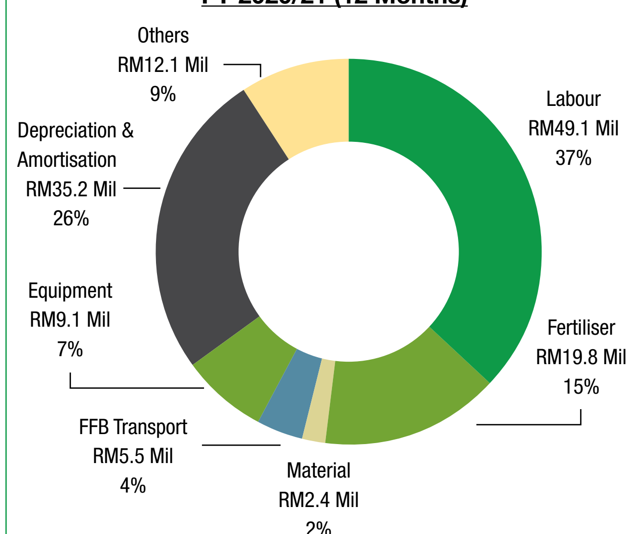
FFB PRODUCTION COST

FY 2021/22 (12 Months)



Total cost: RM147.2 million

FY 2020/21 (12 Months)



Total cost: RM133.2 million

Management Discussion & Analysis (Continued)

FINANCIAL MATTERS (CONTINUED)

- **Plantation Finances (continued)**

Indonesian Operations - Kalimantan

In FY 2022, Indonesian subsidiary, LAK achieved a plantation profit of RM7.3 million compared with the RM4.6 million loss reported in FY 2021. Excluding depreciation, fair value changes on biological assets and interest expense on mill loan, LAK recorded a 73% jump in EBITDA of RM31.8 million in FY 2022 compared with RM18.3 million in the previous year.

Despite higher CPO prices in FY 2022, LAK's profits were diminished by heavy rainfall in the second half of FY 2022 which resulted in low FFB yields.

From October 2021 to April 2022, low-lying areas and roads in LAK were flooded, making it difficult to harvest and transport FFB. This resulted in FFB production declining by 4% or 2,196 tonnes compared with FY 2021.

Commendable EBITDA in the year under review was mainly due to a substantial jump in CPO price of RM3,613/tonne (FY 2021: RM2,536/tonne) and PK price of RM2,504/tonne (FY 2021: RM1,582/tonne).

Indonesian Operations - Sulawesi

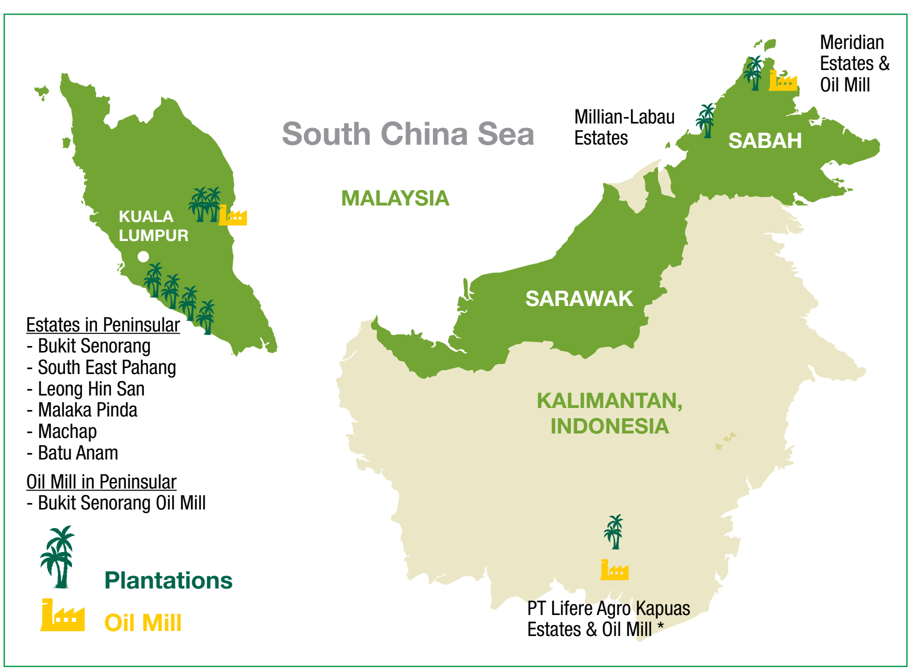
In FY 2021, work in Sulawesi was temporarily halted due to environmental concerns raised by Non-Government Organisations (NGOs) and the need to facilitate a High Conservation Value/High Carbon Stock (HCV/HCS) study.

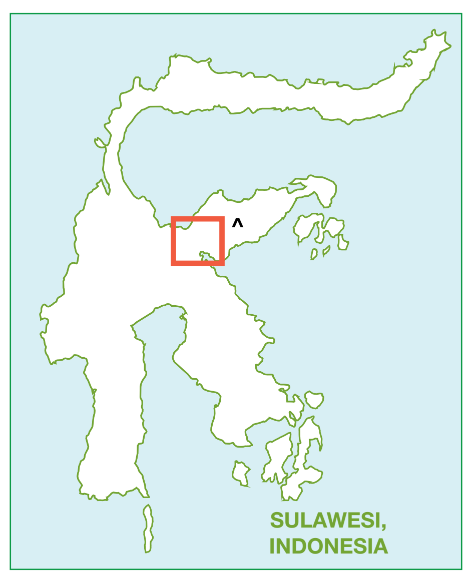
Planting programme in Sulawesi has been deferred and the recoverable amount of intangible asset (HTI licence) based on the value-in-use calculations using cash flow projections was lower than the carrying amount of intangible asset.

An impairment of the intangible asset of RM12.3 million and RM16.0 million was recorded in FY 2022 and FY 2021, respectively.

REVIEW OF OPERATIONS

MAP SHOWING GROUP'S ESTATES & MILLS





^ *Land with HTI Licence owned by WRL*

* *Commissioned in June 2019*

REVIEW OF OPERATIONS (CONTINUED)

Plantation Operations

As at 30 April 2022, UMB's planted area in Malaysia totalled 18,879 hectares compared with 18,988 hectares in the previous year. The decrease of 109 hectares was due to reclassifying the mangrove area in Meridian estates, Sabah to unplanted area.

An additional 155 hectares of oil palm reached maturity in FY 2022, boosting total matured area to 18,125 hectares or 96% of the total planted area in Malaysia. Of the 754 hectares planted with immature palms in FY 2022, 83% are in Peninsular Malaysia and the remainder in Sabah. In financial year ending 30 April 2023 (FY 2023), 23 hectares will be declared matured.

LAK in Central Kalimantan has a land bank of 25,281 hectares, of which 52% or 13,034 hectares have been planted with oil palms. Oil palms planted in 244 hectares reached maturity during the year under review, enlarging the total matured area to 11,002 hectares. Of the immature area of 2,032 hectares, oil palms covering 246 hectares will mature in FY 2023.

Breakdown of planted area:

	Malaysia	Indonesia (Inti)	Total exclude Plasma	Indonesia (Plasma *)	Total
	Ha	Ha	Ha	Ha	Ha
Matured	18,125	5,827	23,952	5,175	29,127
Immature	754	2,032	2,786	-	2,786
Total planted	**18,879**	**7,859**	**26,738**	**5,175**	**31,913**
Land clearing	-	844	844	-	844
Plantable	19	3,410	3,429	-	3,429
Unplantable ^	4,726	2,734	7,460	5,259	12,719
Total Land Bank	**23,624**	**14,847**	**38,471**	**10,434**	**48,905**

* *Plasma is a programme initiated by the Indonesian Government to develop smallholders' plantations with the assistance of plantation companies.*

^ *Land area for canals, roads, buildings, villages and forest reserve area.*

Of UMB Group's planted hectarage, 44% of the palms are in prime production (age 8 to 15 years), 4% are on an increasing yield trend (5 to 7 years) and 10% are immature palms less than 5 years. Only 14% or 3,654 hectares of palms are more than 20 years. The average age of palms is 13.3 years - within the prime production bracket.

	Peninsular		Meridian		Millian-Labau		Malaysia		Indonesia *		Group	
	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%
≤ 4 years	625	11	129	2	-	-	754	4	2,032	26	2,786	10
5 - 7 years	294	5	46	1	-	-	340	2	633	8	973	4
8 - 15 years	947	17	519	8	5,239	78	6,705	35	5,194	66	11,899	44
16 - 20 years	2,868	51	3,040	47	1,518	22	7,426	39	-	-	7,426	28
21 - 25 years	758	14	2,757	42	-	-	3,515	19	-	-	3,515	13
> 25 years	139	2	-	-	-	-	139	1	-	-	139	1
	5,631	**100**	**6,491**	**100**	**6,757**	**100**	**18,879**	**100**	**7,859**	**100**	**26,738**	**100**
Average Age	15.3 years		19.3 years		12.5 years		15.7 years		7.5 years		13.3 years	

* *Excludes Plasma*

Management Discussion & Analysis (Continued)

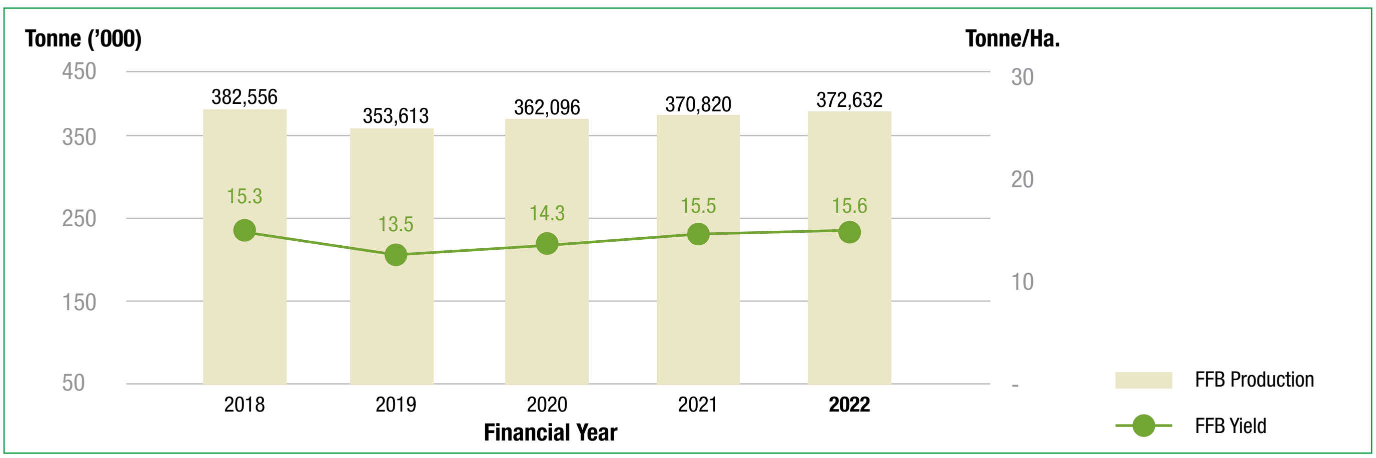
REVIEW OF OPERATIONS (CONTINUED)

Plantation Operations (continued)

In FY 2022, FFB production from UMB's Malaysian estates totalled 317,206 tonnes - a marginally increase compared with FY 2021. FFB production in Peninsular estates totalled 92,641 tonnes, accounting for 25% of total Group FFB output, while production from the Sabah estates was 224,565 tonnes.

UMB's Indonesian plantations contributed 55,426 tonnes of FFB in FY 2022 from its matured area of 5,827 hectares, a decrease of 4% compared with FY 2021 due to rainy weather in the second half of FY 2022. With an average age of 7.5 years and favourable weather, FFB output from Indonesia is expected to escalate in the coming years.

GROUP'S FFB PRODUCTION FOR THE PAST 5 YEARS



Given numerous challenges the oil palm industry faces, UMB is focusing on improving yields and reducing costs. Palms above 23 years will be replanted with high-yielding clonal and semi-clonal seedlings. For the current year under review, RM5.4 million was spent on nurturing immature oil palms planted over 754 hectares in Malaysia. In FY 2023, about 360 hectares in Malaysia will be replanted.

Milling Operations

UMB owns two palm oil mills in Malaysia - Bukit Senorang Palm Oil Mill in Pahang and Meridian Palm Oil Mill in Sabah. Combined, both mills have a production capacity of 80 tonnes per hour (tph). In FY 2022, FFB processed totalled 314,681 tonnes, a 7% decline compared with 339,368 tonnes in the preceding year. UMB's own FFB accounted for 64% of the total crop processed.

Both mills collectively produced 60,757 tonnes (2021: 64,938 tonnes) of CPO and 13,719 tonnes (FY 2021: 15,581 tonnes) of PK with an average oil extraction rate (OER) of 19.3% (FY 2021: 19.1%) and a 4.4% kernel extraction rate (KER) (2021: 4.6%).

LAK's palm oil mill in Indonesia - the Arwana palm oil mill with an FFB processing capacity of 45 tph - commenced operations in June 2019. FFB processed in FY 2022 totalled 126,275 tonnes, 26% lower than the 170,632 tonnes in the previous year.

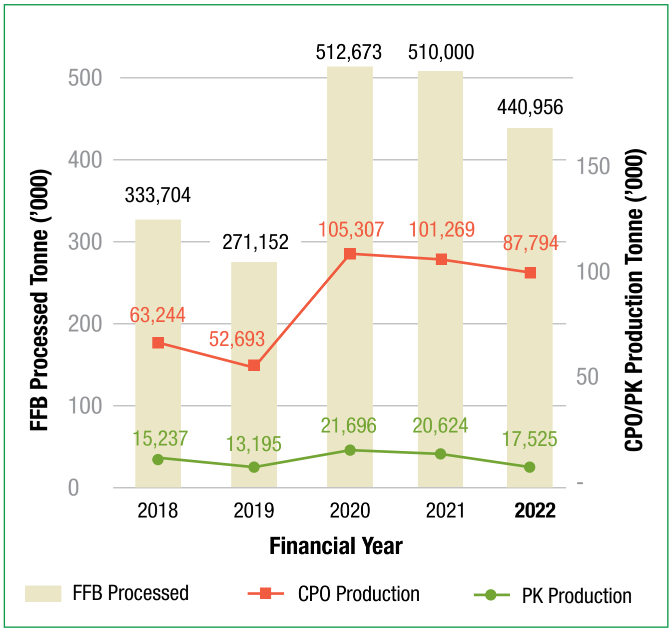
CPO output during the year under review was 27,037 tonnes (FY 2021: 36,331 tonnes) and 3,806 tonnes of PK (FY 2021: 5,043 tonnes). Despite higher rainfall in FY 2022, Arwana palm oil mill maintained the OER at 21.4% (FY 2021: 21.3%) and KER at 3.0% (FY 2021: 3.0%).

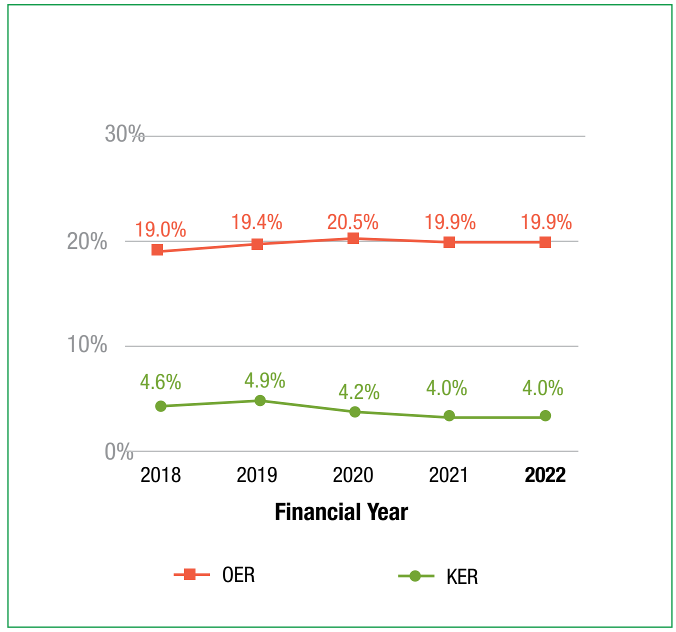
FFB processed by the UMB Group in FY 2022 was 440,956 tonnes (FY 2021: 510,000 tonnes) with an overall output of 87,794 tonnes of CPO (FY 2021: 101,269 tonnes) and 17,525 tonnes of PK (FY 2021: 20,624 tonnes), and an overall OER of 19.9% (FY 2021: 19.9%) and KER of 4.0% (FY 2021: 4.0%).

REVIEW OF OPERATIONS (CONTINUED)

Milling Operations (continued)

GROUP'S PALM OIL MILL PERFORMANCE FOR PAST 5 YEARS





FORWARD-LOOKING STATEMENT

With the combined advantage of a healthy age profile, a continuing replanting programme and expanded mature hectarage in Kalimantan, Indonesia, UMB is optimistic the Group's overall FFB output for the financial year ending 30 April 2023 (FY 2023) will improve.

Three notable events in FY 2022 - Russia's invasion of Ukraine that triggered rising prices of crude oil and all vegetable oils including palm oil, rising interest rates and the continuing Covid-19 pandemic as well as the emergence of two new Omicron sub-variants - could assume greater prominence in the year ahead. The only certainty is the outlook for CPO prices in the next two years will be uncertain.

Against this backdrop of uncertainty, senior management will focus on taking further initiatives to generate higher yields, control costs and strengthen sustainability practices. In the short term, the shortage of workers is expected to remain a critical issue. For this reason, UMB will continue to ramp up mechanisation.

In line with UMB's diversification plan, two estates have started trial planting of crops such as stevia and ginger. Management will continue to monitor the quality and profitability of these planted crops. If successful, new crops will expand UMB's existing sources of income in a longer term.

Barring unpredictable palm oil prices, higher interest rates, exceptionally heavy rainfall or dry weather and an unexpected worsening of the Covid-19 pandemic, UMB expects satisfactory results in FY 2023.

In FY 2023, the Group's capital expenditure, including replanting expenditure in Malaysia, new planting expenditure in Kalimantan, Indonesia, upgrading of workers' housing and construction of improved access roads will be substantial. With healthy cash and cash equivalents totalling RM133.3 million as at 30 April 2022, the Group will be able to utilise internal funds for capital expenditure while sustaining stable dividends to shareholders without relying on bank borrowings.

This Statement is made in accordance with the resolution of the Board of Directors passed on 28 July 2022.

SUSTAINABILITY STATEMENT

STATEMENT OVERVIEW

Sustainability continues to be fundamental to UMB's operations and business strategies. The Sustainability Statement (SS) includes sustainability initiatives carried out by the company during the financial year from 1 May 2021 to 30 April 2022. UMB's operations include fourteen (14) estates in Malaysia and five (5) estates in Kalimantan, Indonesia, as well as two (2) palm oil mills (POM) in Malaysia and one (1) in Kalimantan, Indonesia.

UMB's sustainability framework is supported by three (3) pillars - People, Planet and Profit. Relevant aspects of environmental criteria, social practices and governance issues are discussed while historical data, including from UMB subsidiaries, are included for comparison and trend analysis.

Disclosures for this SS are based on the following:

- Sustainability Reporting Guide (2nd Edition) by Bursa Malaysia Securities Berhad (Bursa Malaysia),
- Global Reporting Initiatives (GRI) Standards: Core Option;
- United Nations' Sustainable Development Goals (SDG); and
- FTSE4Good Bursa Malaysia Index (FTSE4Good).

UMB values feedback and welcome suggestions for improvement on our sustainability disclosure by email to umb@unitedmalacca.com.my

SUSTAINABILITY GOVERNANCE

Board of Directors
- Oversees sustainability framework, strategies and policies

Chief Executive Officer
- Approves and determines sustainability strategies, direction and targets

Management Committee
- Represents by key personnel from various departments and operations
- Discusses sustainability issues and identifies risks
- Reviews sustainability performance

Engineering and Sustainability Department
- Provides CEO with input for sustainability strategies
- Proposes sustainability targets
- Communicates sustainability policies to all operating units
- Coordinates and monitors the implementation of sustainability policies

Operating Units
- Implements sustainability policies and practices

Diagram 1 - Sustainability Governance Structure

STAKEHOLDER ENGAGEMENT

UMB actively engages with stakeholders to understand their concerns and to respond promptly to issues raised. UMB is working hand in hand with our stakeholders to build an enduring business and is committed to pursuing our Sustainability goals. UMB engages with its stakeholders through various channels. During the pandemic, most stakeholder engagements had to be held virtually, stakeholders were also requested to give feedback via post or email.

Table 1 - Stakeholder Engagement

Stakeholder Group	Engagement Channels	Key Topics	Possible Outcome/ Solution
Board of Directors	• Board Meetings • Annual General Meetings (AGM) • Virtual meeting • Quarterly reporting • Annual reports • Corporate website	• Ethical and Sustainable policies • Earnings prospects • Return on Investment • Succession planning • Corporate governance and compliance	• Sustainable business progress and performance • Governance reporting
Investors / Financiers / Shareholders	• Annual report • AGM • Corporate website • Response to queries • Announcements	• Group's financial performance • Sustainability initiatives and outcomes • Corporate changes • Corporate governance and compliance • Environmental, Social, Governance (ESG) performance	• Sustainable business progress and performance • Governance reporting • ESG reporting
Government / Regulators	• Public/ virtual Conferences • Site visits, audits and inspections • Periodic reporting • Meetings	• Business ethics • Legal and regulatory compliance	• Compliance with laws and regulations • Update on the latest changes in the law
Local Communities, Smallholders, Plasma schemes	• Stakeholder meetings • Free, Prior and Informed Consent (FPIC) • Community outreach activities and development • Feedback forms	• Land matters, complaints and grievances • Environmental issues • Employment and business opportunities • Prices of fresh fruit bunches (FFB) and quality of FFB	• Solutions to conflicts • Sharing of best agricultural practices • Awareness of sustainability policy • Community activities such as vaccination programmes • Community development
Non-Governmental Organisations (NGOs)	• Site Visits • Meetings • Collaboration and project partnership • Engagements	• Sustainability related topics	• Understand concerns and issues relating to the palm oil industry • Recommend and assist in improving sustainability policies
Certification Bodies	• Audits • Meetings • Email surveys	• Laws, regulations and certifications required • Updates on the latest change in regulations	• Audit and certifications • Compliance with policies and requirements

Sustainability Statement (Continued)

STAKEHOLDER ENGAGEMENT (CONTINUED)

Table 1 - Stakeholder Engagement (continued)

Stakeholder Group	Engagement Channels	Key Topics	Possible Outcome/ Solution
Suppliers / Buyers/ Contractors	• Discussions • Periodic Performance Evaluations • Product and technology trials • Site visits • Webinars • Email surveys	• Business ethics, including UMB's anti-bribery policy • Prompt delivery of goods and services • Product quality and services • Licensing, certification and traceability • Compliance with relevant laws and regulations • New products or technology	• Awareness of UMB's business ethics and Anti-bribery policy • Suppliers' Code of Conduct • Product and technology trials
Employees / Workers	• Meetings • Performance Appraisals • Briefings / Training programmes • Complaints and grievances procedures	• Welfare and remuneration • Employee-related issues, including grievances • Employee development • Safety and health issues and practices • Sustainability practices • Operational performance and productivity • Human resource-related matters	• Awareness of policies, SOP and sustainability practices • Improvement of performance • Training and development of employees • Resolution of complaints and grievances

MATERIALITY ASSESSMENT

UMB's materiality matrix addresses key topics identified through stakeholder feedback and industry-specific risks and opportunities. This feedback was compiled during Financial Year (FY) 2020 with the help of an independent sustainability consultant KPMG. Sustainability issues in FY 2020 remain relevant because there are no significant changes in UMB's scope of operations.

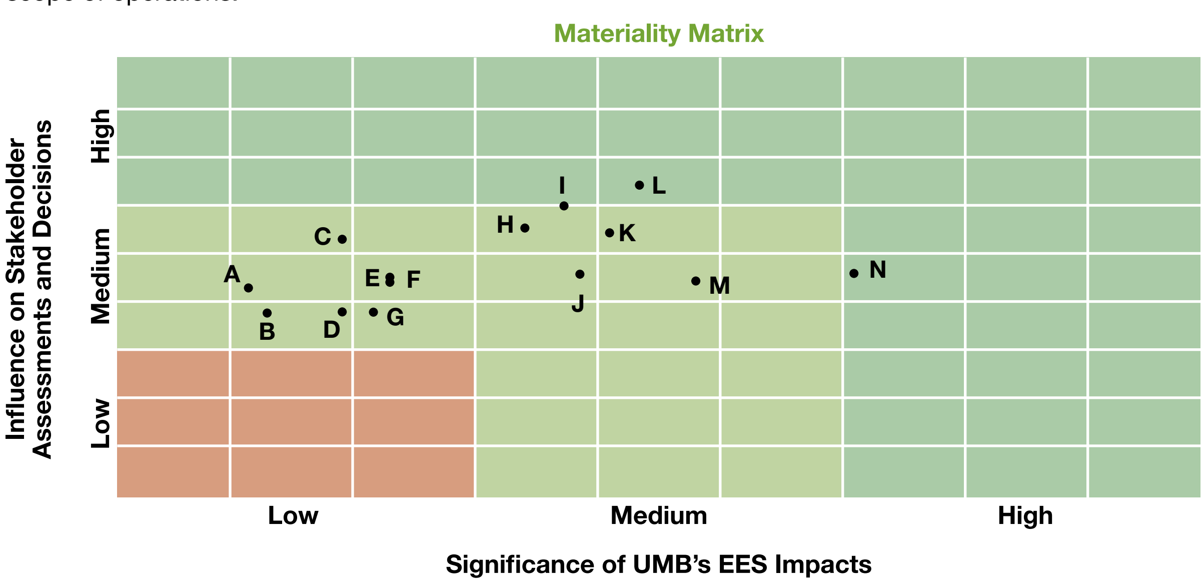


Diagram 2 - Stakeholder Prioritisation Matrix

MATERIALITY ASSESSMENT (CONTINUED)

Legends:

A - Community Engagement & Development
B - Data Protection & Privacy
C - Ethical Business
D - Human Rights & Labour Practices
E - Air Emissions
F - Personal Security
G - Energy Efficiency
H - Waste & Effluent
I - Sustainable Agricultural Practices
J - Water Management
K - Workforce Management
L - Biodiversity & Land Management
M - Supply Chain Management
N - Occupational Safety & Health

UMB's sustainability policy rests on three (3) pillars - People, Planet and Profit - and are benchmarked against the FTSE4Good Criteria, GRI Standards, and the SDGs. The tables below summarise UMB's key initiatives and achievements:

Table 2 - Summary of Pillars and Material Matters

Sustainability Matters	Key initiatives
Occupational Safety & Health • SDG 3 - Good Health and Wellbeing, SDG 8 - Decent Work and Economic Growth • FTSE4Good - Health & Safety • GRI Standards Disclosure 403: Occupational Health & Safety	• OSH training • Standard Operating Procedures (SOP) • Work Instructions • Regulatory compliance • Reduce incidence of accidents • Implement vaccination programmes
Workforce Management • SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, SDG 10 - Reduced Inequalities • FTSE4Good - Labour Standards, Corporate Governance • GRI Standards Disclosure 405: Diversity & Equal Opportunity, Disclosure 406: Non-Discrimination, Disclosure 407: Freedom of Association & Collective Bargaining	• Upgrading amenities in the estate • Improving employees' benefits and welfare • Facilitating continuous professional and personal growth • Prohibiting child labour

Sustainability Statement (Continued)

MATERIALITY ASSESSMENT (CONTINUED)

Table 2 - Summary of Pillars and Material Matters (continued)

Sustainability Matters	Key initiatives
Human Rights & Labour Practices • SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, SDG 10 - Reduced Inequalities, SDG 16 - Peace, Justice and Strong Institutions • FTSE4Good - Human Rights & Community, Labour Standards • GRI Standards Disclosure 412: Human Rights Assessment, Disclosure 408: Child Labour, Disclosure 409: Forced or Compulsory Labour	• Offering fair and equal employment opportunities • Forbidding illegal, forced, bonded or child labour • Ensuring freedom of association • Allowing the right of collective bargaining • Complying with Minimum Wages Order 2020 • Prohibiting the withholding of workers' passports without their consent • Providing medical services and other amenities in the estates • Implementing Ethical Recruitment Due Diligence • Instituting a Complaints and Grievances Procedure
Community Engagement & Development • SDG 4 - Quality Education, SDG 8 - Decent Work and Economic Growth, SDG 11 - Sustainable Cities and Communities • FTSE4Good - Human Rights & Community, Labour Standards • GRI Standards Disclosure 413: Local Communities, Disclosure 411: Rights of Indigenous Peoples	• Outreach programmes • Stakeholder engagements • Social Impact Assessment • PLASMA scheme • Scholarship programmes and education grants
Personal Security • SDG 3 - Good Health and Wellbeing; SDG 8 - Decent Work and Economic Growth; SDG 16 - Peace, Justice and Strong Institution • FTSE4Good - Health & Safety • GRI Standards Disclosure 410: Security Practices	• Regular patrols • CCTV surveillance • Persatuan Wanita (PERNITA) • Harassment procedure

MATERIALITY ASSESSMENT (CONTINUED)

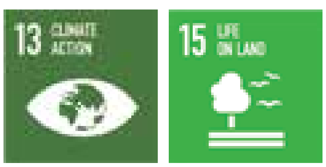
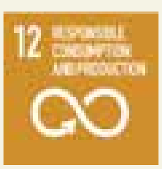
Table 2 - Summary of Pillars and Material Matters (continued)

Sustainability Matters	Key initiatives
Biodiversity & Land Management • SDG 13 - Climate Action, SDG 15 - Life On Land • FTSE4Good - Climate Change, Biodiversity • GRI Standards Disclosure 304: Biodiversity	• High Conservation Value (HCV) assessment • High Carbon Stock Approach (HCSA) • Riparian protection • Zero burning policy
Waste & Effluent • SDG 12 - Responsible Consumption and Production • FTSE4Good - Pollution & Resources • GRI Standards Disclosure 301: Materials, Disclosure 306: Effluents and Waste, Disclosure 307: Environmental Compliance	• Compost organic waste into organic fertiliser to minimise use of chemical fertilisers • Reuse of organic wastes • Treatment of palm oil mill effluent (POME) to reduce discharge of pollutants into rivers
Water Management • SDG 6 - Clean Water and Sanitisation, SDG 13 - Climate Action • FTSE4Good - Water Security • GRI Standards Disclosure 303: Water and Effluents, Disclosure 307: Environmental Compliance	• Reuse steam condensate • Collect rainwater • Institute water catchment • Build water treatment plant
Air Emissions • SDG 13 - Climate Action • FTSE4Good - Pollution & Resources • GRI Standards Disclosure 305: Emissions, Disclosure 307: Environmental Compliance	• Install air pollution controls • Monitor stack emissions • Track pollution levels • Monitor GHG releases

Sustainability Statement (Continued)

MATERIALITY ASSESSMENT (CONTINUED)

Table 2 - Summary of Pillars and Material Matters (continued)

Sustainability Matters	Key initiatives
Energy Efficiency  • SDG 7 - Affordable and Clean Energy, SDG 13 - Climate Action • FTSE4Good - Pollution & Resources • GRI Standards Disclosure 302: Energy	• Install solar panels and photocells • Use LED lights • Generate steam in the palm oil mill as a source of power through steam turbines
Sustainable Agricultural Practices  • SDG 13 - Climate Action, SDG 15 - Life On Land • FTSE4Good - Biodiversity	• Accelerate mechanisation • Institute Integrated Biological Pest Management instead of using pesticides • Reduce use of inorganic fertiliser and pesticides • Improve agricultural technology • Accelerate introduction of innovative machinery
Supply Chain Management  • SDG 12 - Responsible Consumption and Production • FTSE4Good - Environmental & Social Supply Chain • GRI Standard Disclosure 204: Procurement Practices, Disclosure 308: Supplier Environmental Assessment, Disclosure 414: Supplier Social Assessment	Institute: • Purchasing and Tender Processes • Sales policies • Suppliers' assessment • Supply chain mapping and monitoring • Traceability to Plantation
Ethical Business  • SDG 16 - Peace, Justice and Strong Institutions • FTSE4Good - Corporate Governance, Anti-Corruption • GRI Standard Disclosure 205: Anti-corruption	Initiate: • Directors' Code of Ethics • Whistleblowing policy • Anti-bribery and anti-corruption policy • Avoidance of Conflict of Interest
Data Protection & Privacy  • SDG 9 - Industry, Innovation and Infrastructure • GRI Standards Disclosure 418: Customer Privacy	Install: • Cyber security • Personal Data Protection

PILLAR 1:

PEOPLE

Total EHS training in FY2022

Malaysia	Kalimantan
3,455 Participants	444 Participants
5,199 hours	1,591 hours

Note: EHS training includes training on MSPO and ISPO requirements

OCCUPATIONAL SAFETY AND HEALTH (OSH)

Providing a safe and healthy workplace for all employees and contractors has been the prime concern of UMB, particularly during the Covid-19 pandemic. UMB ensures the best practices for safety and health are integrated into daily life and operations as reasonably practicable. UMB's commitment to providing a safe and healthy workplace is reflected in its Environment, Health, and Safety (EHS) Policy, revised in April 2022.

UMB has established an Occupational Safety and Health Committee (OSHC) at all its operating units, including the Head Office in Melaka. These committees, comprising representatives from management and employees, meet every quarter. The committee provides a platform for management and employees to work together to solve safety and health issues.

Various programmes are organised to share best practices, to provide on-the-job training and to send employees for competency training with accredited trainers. UMB also coached employees on how to respond to emergencies such as accidents and fires. To assist operating units to manage their workplaces better, Standard Operating Procedures (SOP), Work Instructions (WI), and guidelines have been introduced.

UMB also ensures it complies with regulatory requirements including conducting risk assessments, periodic checks on workplaces, medical surveillance and instituting legally required conservation programmes.

UMB aimed to reduce the Lost Time Injury Frequency Rate (LTIFR) by 5% by the end of FY 2022 in Malaysia; it has successfully reduced it by 5.89% to 34.02 in FY 2022. In Kalimantan, LAK's LTIFR is a remarkably low 1.8 in FY 2022 because the cases of lost time injuries are low. Most injuries are caused by thorn pricks, cuts from sharp tools and falling palm fronds. UMB is pleased to observe zero (0) fatality in Malaysia.

However, one (1) fatality case in Kalimantan involved a worker who lost his life while commuting to work. PT LAK helped the deceased's family to convey cash assistance and the disbursement of the victim's Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS) funds. UMB aims to conduct more training and awareness on OSH while further reducing the number of accidents.

Chemical sprayers in MLP estate wearing protective clothes, helmets, gloves and shoes.

Sustainability Statement (Continued)

Training on First Aid and Basic Life Support

(Left) Talk on building evacuation and first aid given during emergency drill; (Right) Local Exhaust Ventilation (LEV) Assessment by a registered assessor

Table 3 - Safety Performance Data for Malaysia operations

Safety Performance	FY 2022	FY2021
Fatalities	0	0
Accidents	134	212
Incident Rate (IR)	102.96	146.25
Lost Time Injury Frequency Rate (LTIFR)	34.02	36.15
Fatality Rate (FaR)	0	0
Severity Rate (SR)	122.10	119.40

Note: The lost days recorded was higher in FY 2022 compared to FY 2021, resulting in a higher SR

Table 4 - Safety Performance Data for Kalimantan operations

Safety Performance	FY 2022	FY2021
Fatalities	1	0
Accidents	128	70
Incident Rate (IR)	96.68	45.63
Lost Time Injury Frequency Rate (LTIFR)	1.80	0.31
Fatality Rate (FaR)	0.76	0
Severity Rate (SR)	2,196.81	0.31

Note: 1 fatality = 6,000 lost days, resulting in high SR

UMB collaborated with local health authorities to vaccinate its employees, workers, and the nearby community in the reporting year. By April 2022, 100% of employees and workers in Malaysia and 99.7% in Indonesia were vaccinated. The remaining 0.3% that were not vaccinated in Indonesia was due to health reasons. Some UMB workers still contracted Covid-19 despite the preventive measures put in place.

Employees who contracted the virus were quarantined either in their respective homes, temporary quarantine centres within the estate or government-managed quarantine centres. Data on Covid-19 cases was updated to management every week.

Vaccination programme in Sabah

Vaccination programme in PT LAK

WORKFORCE MANAGEMENT

Exacerbating the continuing shortage of skilled labour in the palm oil sector was the onset of the Covid-19 infection. Lockdowns instituted in Malaysia prevented the entry of foreign labour into this country. UMB has been working with related government agencies to recruit more workers.

Meanwhile, to attract more skilled labour, UMB has been progressively upgrading its workers' quarters and offering improved amenities like medical care, creches and recreational facilities such as football fields and badminton courts as well as places of worship. Competitive remuneration and welfare schemes have been offered to retain employees and workers.

UMB recognises employees who have served the Company for 10, 15, 20 and 25 years. In FY 2022, 22 employees were honoured with Long Services Awards for their longevity and loyalty to UMB. UMB is also committed to enhancing its employees' continuous professional and personal growth. The Covid-19 pandemic has been a great challenge to organise training. However, virtual training programmes were conducted to ensure employees' continuing personal development.

UMB does not employ children below 18 years old. In FY 2022, PT LAK received a certificate of appreciation from the Indonesian Ministry of Labour (Kementerian Ketenagakerjaan Republik Indonesia) for its commitment to prohibiting the employment of children in its operation.

KEMENTERIAN KETENAGAKERJAAN REPUBLIK INDONESIA

Sertifikat

Diberikan kepada

PT. Lifere Agro Kapuas

Diagram 3 - Certificate of appreciation from the Indonesian Ministry of Labour (Kementerian Ketenagakerjaan Republik Indonesia)

WORKFORCE MANAGEMENT (CONTINUED)

Table 5 - Employee data in Malaysia and Indonesia in FY 2022

Data on employees		Malaysia	Indonesia
Total workforce	Management	21	15
	Executive	87	61
	Staff	145	41
	Workers	2,228	1,274
	Total	**2,481**	**1,391**
Age group	Below 30	791	486
	30 -50	1,496	875
	Above 50	194	30
Gender	Male	1,818	1,127
	Female	663	264
Locality	Local	617	1,387
	Foreign	1,864	4
Total turnover	-	33%	66%
Turnover by age	Below 30	45%	33%
	30 – 50	48%	63%
	Above 50	7%	4%
Turnover by gender	Male	76%	94%
	Female	24%	6%

Note: Turnover rate consist of resigned, retired, absconded, repatriated and terminated employees.

Chart 1 - Employees who have worked in UMB for more than 10 years in Malaysia in FY 2022

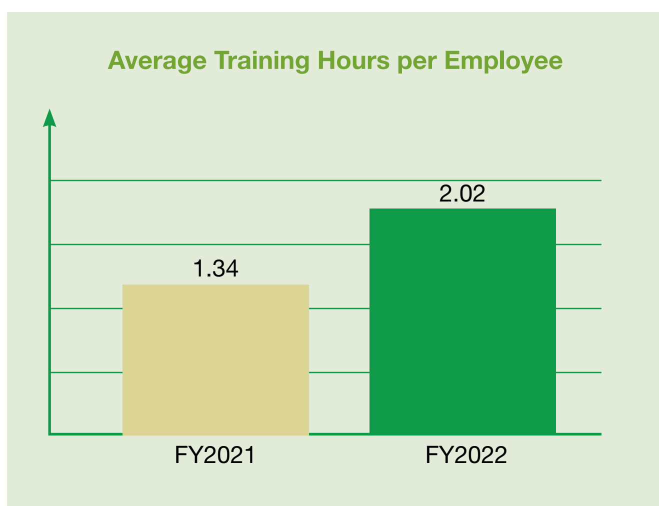


Chart 2 - Average Training Hours per Employee per year in Malaysia

Note: Data reflects training recorded by HR for Management, Executive and Staff level only.

Workers' quarters in MLP 3 in Sabah

HUMAN RIGHTS AND LABOUR PRACTICES

Recently, Human Rights have become a more important issue in the plantation sector. UMB has instituted a policy of "no forced labour, no child labour and no sexual exploitation" while encouraging diversity and inclusion, and promoting community rights, particularly in the areas where we operate. We respect employees' right to join labour unions and to participate in collective bargaining. Unionised labour represents 6.45% of UMB's total workforce in Malaysia and 11% in Indonesia.

UMB complies with all applicable labour laws in Malaysia, including the Minimum Wages Order 2020. In Kalimantan, each Indonesian provincial government sets the minimum wage agreements. Through subsidiary PT LAK, UMB observes all requirements stipulated by the provincial government.

UMB also provides free medical treatment for workers and their dependents in all Malaysian estates and in PT LAK, in Kalimantan, Indonesia. Estates that do not have on-site clinics send their workers to third-party medical facilities outside the estates. Workers' quarters are provided, at a subsidised cost; facilities like water, electricity and sanitation comply with the Employees' Minimum Standards of Housing and Amenities (Amendment) Act 2019. Regular maintenance and upgrading work are carried out for existing workers' quarters while new quarters are built each year.

For easy access, passport lockers for workers are placed outside the office area

UMB employs foreign workers primarily from Indonesia, Bangladesh and India. UMB prohibits the exploitation of workers, including withholding their travel documents without their consent. Every operating unit in Malaysia provides passport lockers to enable workers to have free access to their passports. However, the workers can decide where they wish to keep their passports safely.

In 2021, Earthworm Foundation (EF) launched a pilot project for its Ethical Recruitment Due Diligence (ERDD) Tool with support from Industrial Oxygen Incorporated (IOI) Berhad and UMB and in partnership with brand funders, Bunge Loders Croklaan, Nestlé, Reckitt Benckiser, Johnson & Johnson and EF's Southern Central Forest Spine (SCFS) Landscape. The pilot project aims to test and refine the ERDD Tool's practical applicability, ease of use and possibility of scaling-up across the industry. Additionally, EF's due diligence process helps UMB to conduct interviews aimed at determining the workers' recruitment experience and to establish a formal post-arrival orientation process for new workers.

Based on the results of the Ethical Recruitment pilot project, EF proposed ways for UMB to strengthen its practices to address ethical recruitment issues such as cases of deception and passport retention. UMB aims to improve the ethical recruitment of workers, the selection of recruitment agents as well as better workers' orientation programmes - for pre-departure and post-arrival.

UMB's Complaints and Grievances Procedure ensures all involved stakeholders are treated fairly. Complaints or grievances can be lodged manually using a designated form available at the respective offices or through UMB's website. In most cases, complaints and grievances are usually resolved at the operational level. The designated form also allows a complainant to state his/her dissatisfaction with the corrective action taken, the reason for the dissatisfaction and the proposed remedy sought.

UMB's Grievances and Disciplinary Management procedure is a determined effort to clear up misunderstandings and resolve problems, including disciplinary issues, in a manner fair to all parties, including UMB's management. Unresolved problems can also be referred to the HR department or through the whistle-blowing channel. The procedure in the website channel outlines the informal and formal steps to be taken to resolve issues at the work place.

Sustainability Statement (Continued)

PERSONAL SECURITY

Security remains a major concern for UMB. Some security measures instituted include regular patrols along estate boundaries, CCTV surveillance in critical areas and adequate street lighting. Details of persons entering the estate are taken by guards at the entry point. During the Covid-19 pandemic, estates implemented a closed-door policy for the safety and security of the workers. However, visitors, suppliers and contractors were allowed to enter the estate provided they complied with measures to prevent the spread of the Covid-19 infection.

Details of the visitors are taken at the entrance of UMB premises before entry

Emergency telephone numbers are displayed at designated places. During an emergency, employees can contact the relevant person in charge or the authorities. Emergency alarms are also installed at offices, staff quarters and workers' quarters. If there is an emergency, workers or management will activate the emergency alarm to alert all residents of the estate.

Female workers on the plantation are usually assigned to work in groups to ensure a safer environment for them. Our first Persatuan Wanita (PERNITA) was established in Meridian Palm Oil Mill (MPOM) in Sabah in this reporting year. The association was established to promote a safe and nurturing workplace for women in the operating units. The committee aims to address women issues and grievances as well as to motivate and encourage women to progress at their workplace.

PERNITA organised trips to foster bonding among female workers

COMMUNITY ENGAGEMENT AND DEVELOPMENT

In the reporting year, UMB's outreach programmes include:

- Donated 1 unit Oxygen Concentrator to Pertubuhan Membantu Pesakit Barah Miskin Malaysia worth RM6,000.
- Spent RM87,000 to assist local communities in rebuilding infrastructure and facilities such as:
  - √ Repairing roads,
  - √ Giving donations to medical facilities, local authorities, places of worship and schools,
  - √ Granting Covid-19 assistance
- Set up Community Learning Centres (CLC) in all UMB estates in Sabah, a move that benefited 290 children in the estates.
- Established shuttle bus and van services for students in the estate to go to school.
- Spent RM44,000 for Hewan Kurban Idul Adha, and Covid-19 related medical equipment in PT LAK.

Donations to medical facilities

Donations to government offices

Engagement with stakeholders is carried out every year. Due to the prolonged Covid-19 pandemic, UMB avoided face-to-face meetings and requested stakeholders' feedback through email and the post. Suggestions included helping communities in the vicinity by stepping up security due to Covid-19 and by repairing nearby roads.

Social Impact Assessment (SIA) was conducted to assess the actual and potential impact of plantations on the surrounding community and to provide appropriate assistance. This assessment was conducted in PT LAK in Kalimantan, in FY 2021.

COMMUNITY ENGAGEMENT AND DEVELOPMENT (CONTINUED)

In Malaysia, this assessment was conducted in 2017 and 2018. UMB management has helped local communities by providing road access, employment opportunities, medical facilities and a vaccination programme.

In PT LAK, the company helped villagers to develop their land through the PLASMA programme. An initiative by the Indonesian government, the PLASMA programme in Indonesia assists small landholders in surrounding areas to increase their income and to improve their well-being. To date, 5,175 Ha of PLASMA schemes was developed involving 2,532 farmers.

UMB continues to fulfil its Corporate Social Responsibility (CSR) in education. UMB believes education opens doors to more lucrative job opportunities for an individual's better future. In FY 2022, eleven (11) students benefitted from UMB and Tun Tan Siew Sin scholarships while four (4) students were given educational aid.

Table 6 - Total Scholarship Contributions

	Scholarships	Financial Year		
		FY 2022	FY 2021	FY 2020
United Malacca Scholarship	Contribution (RM)	61,000	73,000	100,000
	Number of recipients	7	9	12
Tun Tan Siew Sin Scholarship	Contribution (RM)	6,000	*0	*0
	Number of recipients	4	0	0
Educational Aid	Contribution (RM)	1,720	3,160	3,520
	Number of recipients	4	8	9
Total Amount	**Total Contribution (RM)**	**68,720**	**76,160**	**103,520**

*Note: *There were no applicants for the Tun Tan Siew Sin Scholarship in FY 2020 and FY 2021*

From upper right clockwise: Clinic, creche and CLC in Sabah, and place of prayers in Pahang estates

PILLAR 2:

PLANET

BIODIVERSITY & LAND MANAGEMENT

UMB is committed to protecting biodiversity in line with its Sustainable Palm Oil Policy. Under the Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO) certification, UMB must identify High Conservation Value (HCV) areas within its plantations and protect these areas. In Malaysia, Biodiversity and HCV assessments were conducted in the 2017 and 2018.

In PT LAK, assessment of HCV, High Carbon Stock Approach (HCSA) and Social Impact Assessment (SIA) was carried out in the reporting year. This assessment was led by a licensed HCV Lead Assessor under the High Conservation Value Resource Network (HCVRN) Assessor Licensing Scheme. Studies were concluded and declared satisfactory by HCVRN in February 2022.

UMB protects all riparian zones. Appropriate signboards are put up at strategic areas to create awareness of the need to preserve riverine areas and prevent illegal poaching and hunting. UMB plants cover crops near rivers and canals, as well as on hilly terrain, to inhibit soil erosion and to reduce nutrient runoff.

In PT LAK, simulations are conducted at least twice a year to ensure the Pemadam Kebakaran (DAMKAR) team knows how to handle forest and land fires, as well as to conduct periodic checks on fire engines, fire hydrants and fire extinguishers. No outbreak of fire was reported in FY 2022. UMB is also committed to a zero-burning policy; fire is not used to prepare the land for replanting and new planting.

Damkar team - firefighting training and practice

WASTES AND EFFLUENTS

UMB has implemented initiatives to reduce discharge of wastes and effluents and to minimise its environmental impact. Organic wastes such as palm kernel shells and fibres are reused as fuel in the palm oil mill. Almost half of the palm oil mill effluents (POME) generated during palm oil processing is channelled to compost plants to generate compost (organic fertiliser) to reduce the need for inorganic fertilisers. The other half of the POME is treated in ponds before being transferred to the fields via furrows (small trenches running through the crops). Installation of Decanter PANX 600 helps to reduce solids in effluent ponds.

Decanter PANX600 is a 3-phase decanter that reduces POME produced while FFB is processed with zero water dilution; it also removes solids from diluted crude oil. This process reduces the volume discharged into effluent ponds and assists in maintaining the volume of the effluent pond for better hydraulic retention time.

Scheduled wastes such as spent lubricant oils and fuel filters are collected and disposed of in compliance with local regulations. Domestic wastes in the estates are managed through local councils or sent to landfills. UMB aims to segregate domestic wastes before disposal and to further reduce the generation of such wastes.

WASTES AND EFFLUENTS (CONTINUED)

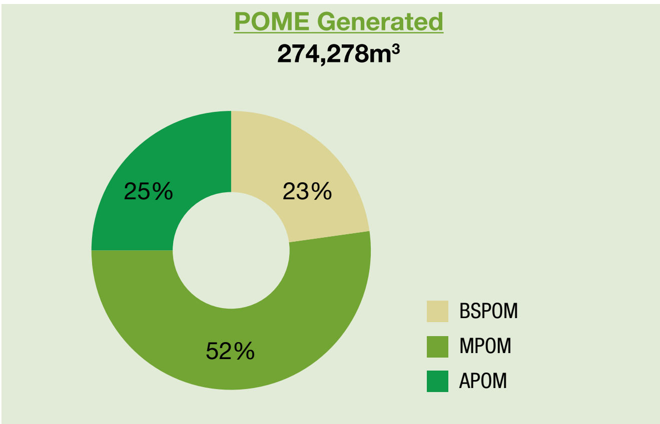


Chart 3 - POME generated in the palm oil mills in FY 2022

Note:
1. *BSPOM - Bukit Senorang Palm Oil Mill, Pahang*
2. *MPOM - Meridian Palm Oil Mill, Sabah*
3. *APOM - Arwana Palm Oil Mill, Kalimantan*

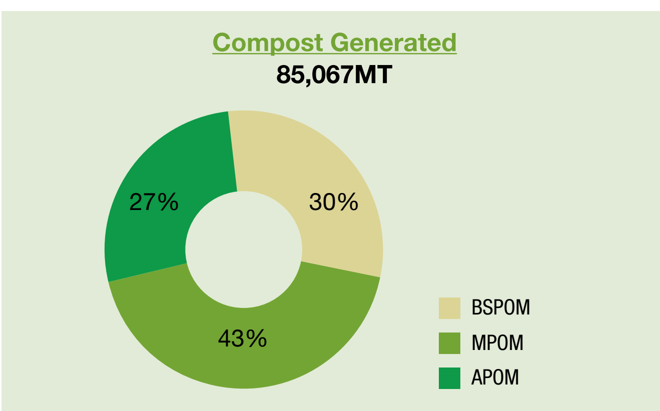


Chart 4 - Compost produced in the plants in FY 2022

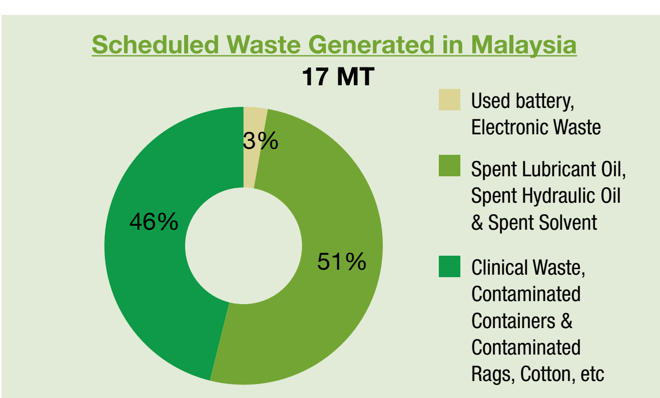


Chart 5 - Breakdown of Scheduled Wastes in Malaysia in FY 2022

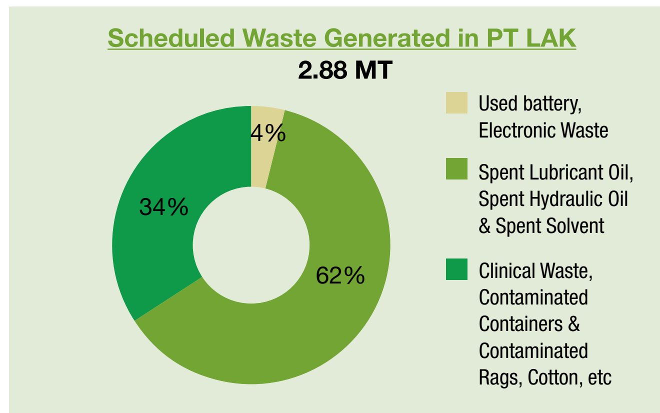


Chart 6 - Breakdown of Scheduled Wastes in PT LAK in FY 2022

Note: Spent hydraulic and lubricant oil is the biggest waste in PT LAK due to their high use in the centralised workshop

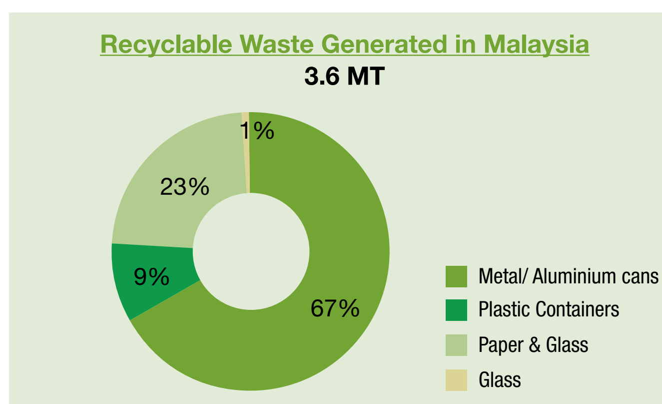


Chart 7 - Breakdown of recyclable waste in Malaysia in FY 2022

Sustainability Statement (Continued)

WATER MANAGEMENT

UMB focuses on water optimisation and reduction. Water is extensively used in the palm oil milling process; UMB continuously monitors water usage per tonne of FFB processed in the palm oil mills. Alfa Laval D3Pro Decanter system is used in the clarification station to reduce fresh water dilution in oil separation in all UMB's palm oil mills. Thus, POME produced per metric tonne of FFB processed is reduced compared with the operations of conventional palm oil mills.

In workers' quarters and executives' bungalows, rainwater harvesting equipment is installed to enhance domestic water reserves. Using a system of High-Density Polyethylene (HDPE) weirs ensures water is contained in the drain year-round. The weirs ensure the drains don't dry up during drought. Water catchment and reservoirs help capture rainwater; it is treated for use in the palm oil mills and supplied for domestic use in the estates.

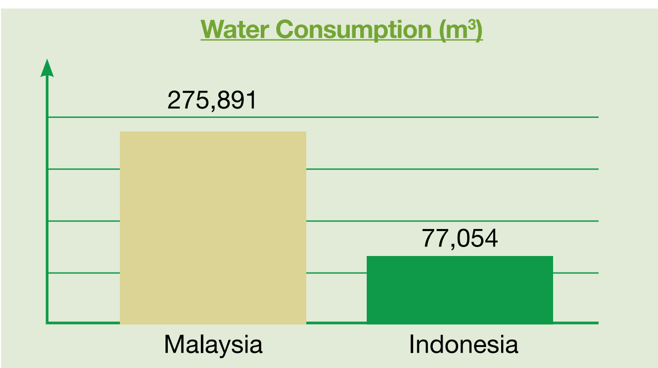


Chart 8 - Water consumption for domestic purposes in FY 2022

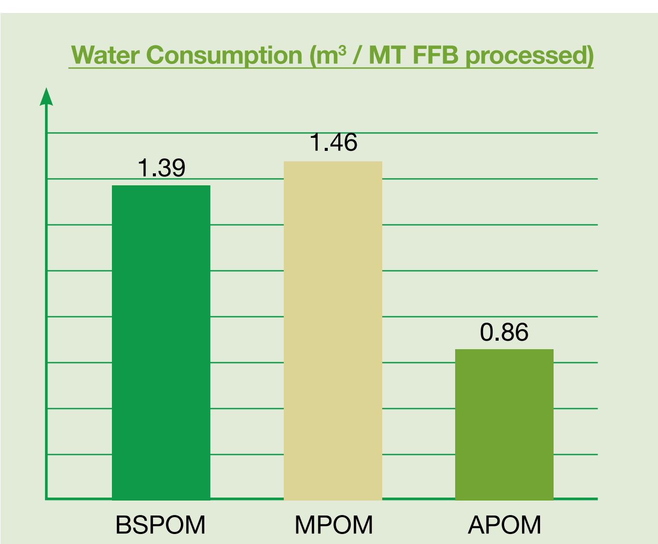


Chart 9 - Water consumption in the palm oil mills (m^3 / MT FFB processed) in FY 2022

AIR EMISSIONS

UMB continually improves air pollution emissions in its palm oil mills in Malaysia in compliance with Environmental Quality Act (Clean Air Regulations) 2014. An electrostatic precipitator (ESP) is currently being installed at both UMB's palm oil mills in Malaysia. Continuous Emission Monitoring System (CEMS) and closed-circuit television (CCTV) are installed near the chimney to monitor smoke emissions visually. External accredited environmental firms have been hired to monitor stack emissions in Malaysia and to monitor pollution levels in Indonesia.

UMB aims to minimise greenhouse gas (GHG) emissions. Efforts have been made to progressively track and calculate UMB's GHG emissions holistically. To monitor GHG, Malaysian operations have adopted ISPO Calculator version 9.1, the same as Indonesian operations.

Table 7 - GHG emission in Malaysia and Indonesia in FY 2022

Unit	Malaysia (1)	Indonesia (3)
With Palm Oil Mill		
tCO^2 /Mt FFB	0.20	-1.59 (4)
tCO^2 /Mt CPO	0.88	-6.63 (4)
Without Palm Oil Mill (2)		
tCO^2 /Mt FFB	0.44	0.00

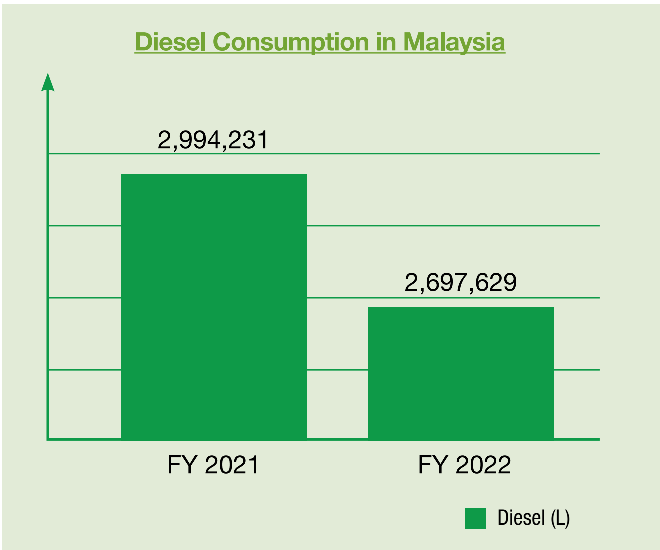
Note:
1. *Data for Malaysia (With Palm Oil Mill) includes all estates in Peninsular Malaysia and Meridian Plantations in Sabah supplying FFB to Bukit Senorang Palm Oil Mill (BSPOM) and Meridian Palm Oil Mill (MPOM)*
2. *Data for Malaysia (Without Palm Oil Mill) comprises data from Millian-Labau Plantations (MLP) in Sabah*
3. *Data for Indonesia (With Palm Oil Mill) represents the whole of PT LAK*
4. *Data includes land use change in PT LAK*

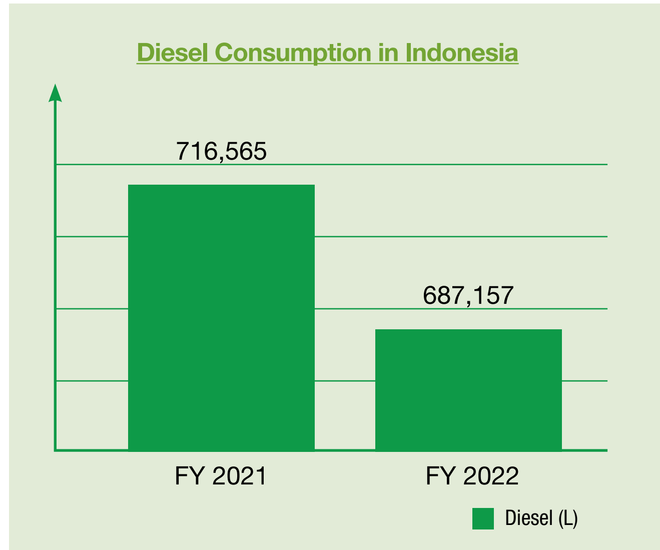
ENERGY EFFICIENCY

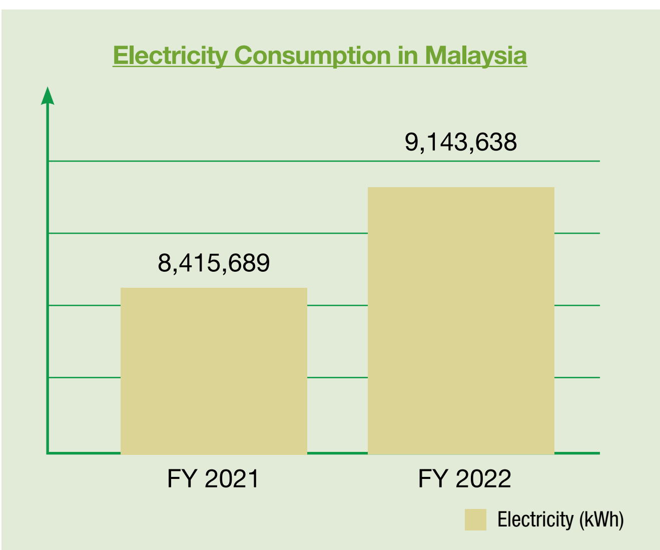
UMB is actively exploring and committed to improving energy efficiency in its operations to mitigate the adverse effect of climate change. UMB has gradually installed solar panels in its estates and palm oil mills to reduce dependency on electricity from the grid. Energy saved in solar panels' batteries or capacitators is used to light up the main estate road, houses of workers and management as well as offices and ramp areas.

Generating steam in palm oil mills reduces the need to depend on generators that use diesel to supply electricity to people living in the estates. A small initiative like servicing steam traps and replacing those that are faulty also helps to reduce energy loss. Installing photocells saves energy because they automatically switch off when extra light is unnecessary.

ENERGY EFFICIENCY (CONTINUED)







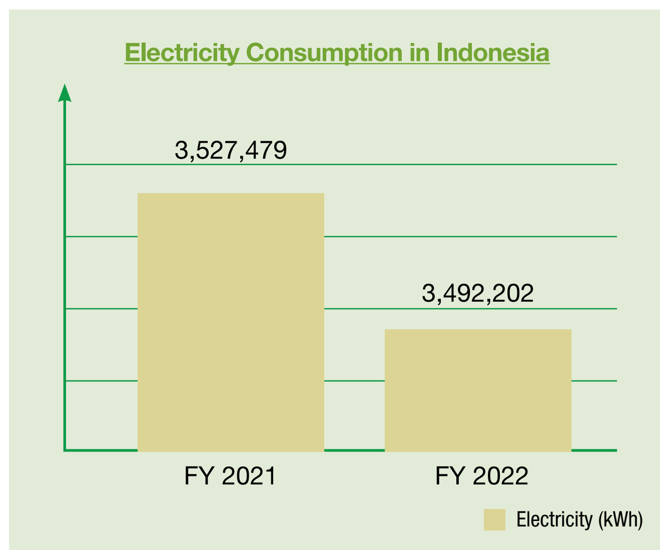


Chart 10 - UMB's electricity and diesel consumption in Malaysia in FY 2021- 2022

Note:
1. *Data on diesel exclude consumption by contractors*
2. *Data on electricity is only from operating units that have meters, including Head Office*
3. *The increase in electricity consumption is due to the inclusion of self-generated electricity and additional machinery installed in the palm oil mills*
4. *Restatement of information for FY 2021 includes the self-generated electricity so the comparison can be made between the two financial years*

Chart 11 - PT LAK's Electricity and diesel consumption in Indonesia in FY 2021- 2022

Note:
1. *Data on electricity in FY 2022 includes purchased electricity*
2. *Restatement of information for FY 2021 includes the self-generated electricity so the comparison can be made between the two financial years*

PILLAR 3:

PROFIT

SUSTAINABLE AGRICULTURAL PRACTICES

UMB aims to reduce its dependence on inorganic or chemical fertilisers, pesticides and herbicides to improve yields. Empty fruit bunches (EFB) and other wastes such as decanter cake, palm oil mill effluent and boiler ash from the palm oil mill are processed to become compost. Application of compost on newly replanted palms helps to boost the growth and vigour of palms during the immature period and increase yields at maturity.

UMB spreads 44,374 MT of compost in its plantations in Pahang and in Meridian, Sabah and 45,622 MT in PT LAK in Kalimantan in the reporting year. Compost application reduces the need for inorganic fertilisers by an average of 23% while cutting the volume of POME to be treated in the POME ponds, thus mitigating GHG emissions.

Turnera subulata (a beneficial plant) is a food source and host plant for predators of oil palm leaf-eating caterpillars or bagworms

Table 8 - Key initiatives in line with sustainable agricultural practices

Key Initiatives	Description
Create palm mounds in fields with high incidence of Ganoderma disease	To prolong oil palms' lifespan for 2 or more years before the palms succumb to severe Ganoderma disease.
Use less hazardous pesticide	Change chemical pesticide from Class II to Class III for safer bagworm treatment.
Apply biological insecticides for bagworm treatment	Biological insecticides contain naturally occurring micro-organism *Bacillus thuringiensis to control bagworms.*
Implement Integrated Pest Management System (IPMS) to deter pests	Install barn owl boxes at a ratio of 1:10 ha. In the reporting year; 426 barn owl boxes were installed in 5 estates in the Peninsular with an average barn owl occupancy rate of 36.8%. The initiative reduces rat bait application by 7.8%.
	Planting beneficial plants such as *Antigonon leptopus* and *Turnera subulata* to keep away bagworms by attracting their predators.
Change chemical rodenticide from second generation to first-generation rat bait	UMB Estates use first generation of rodenticide, which is believed to kill rats and other animals such as snakes, and are less harmful to workers.
Enhance retention of soil moisture	Planting legumes as ground cover crops and stacking fronds to boost retention of moisture in the soil.
Adopt New Agricultural Technologies	Implementing a digitalisation system to micro-manage daily estate operations.
Use "Mini Crawlers" for crop evacuation	Using a smaller motorised wheelbarrow makes it easier to evacuate fresh fruit bunches on narrow and hilly paths.
Spread pre-emergent contact herbicide	Apply herbicides to deter the growth of weeds for a longer duration around the palm circle thus reducing the need for other chemicals.

SUSTAINABLE AGRICULTURAL PRACTICES (CONTINUED)

Table 9 - Amount of Pesticides used in UMB's Malaysia and Indonesia operations

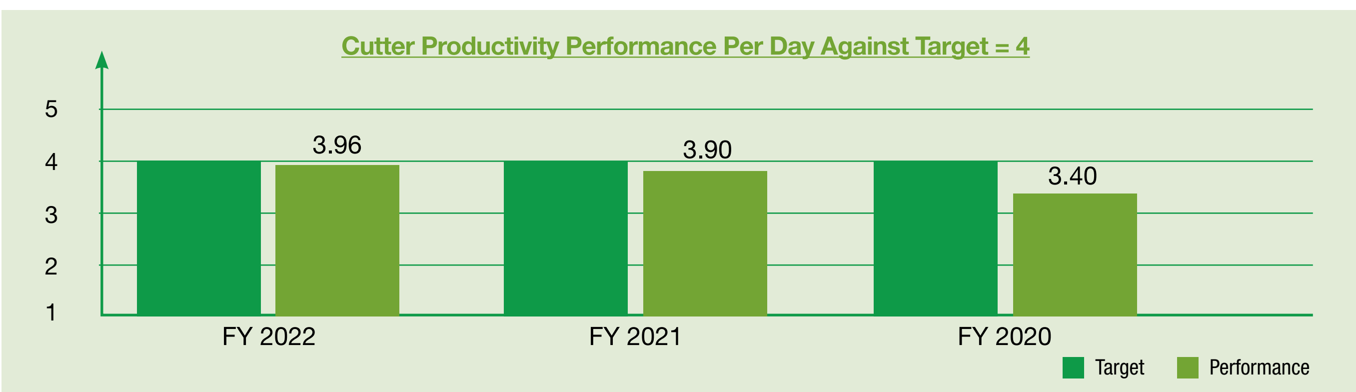
	FY 2022	FY 2021	FY 2020
Malaysia Total (kg/hectare)	1.13	0.59	0.85
Malaysia Total (Litre/hectare)	0.06	0.04	0.01
Indonesia Total (kg/hectare)	0.25	0.57	0.41
Indonesia Total (Litre/hectare)	0	0.02	0.02

Table 10 - Amount of herbicides used in UMB's Malaysia and Indonesia operations

	FY 2022	FY 2021	FY 2020
Malaysia Total (kg/hectare)	0.10	0.19	0.36
Malaysia Total (Litre/hectare)	2.63	2.40	2.02
Indonesia Total (kg/hectare)	0.00	0.08	0.10
Indonesia Total (Litre/hectare)	2.19	2.49	3.64

Note:
1. *Use of pesticides in Malaysia increased in FY2022 as MPSB experienced a high volume of rat attacks in the fields and required more rodenticides to control the infestation. Paitan Estate nurtured an oil palm nursery in the reporting year; this required chemical pesticides to control major pests at the nursery. Fungicide was also required to prevent diseases.*
2. *Reduced use of pesticides and herbicides in Indonesia was due to high rainfall throughout the year.*

UMB utilises technology and machinery to improve operational efficiency to progressively reduce dependence on manual labour. Machinery such as grabbers coupled with the use of bin systems, motorised wheelbarrows and mini tractors are extensively used to evacuate crops as well as to spray chemicals and fertilisers.



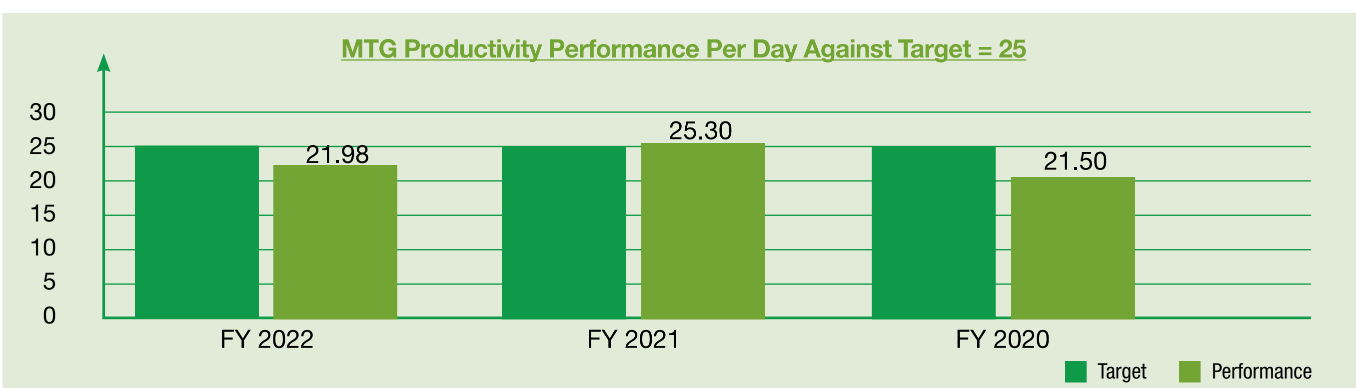


Chart 12 - Productivity per day against targets (FY 2020 - FY 2022) in Malaysia

Note: Crawler-harvester performance per day in Indonesia was 2.5 against the target of 2.75 in FY 2022

Sustainability Statement (Continued)

SUSTAINABLE AGRICULTURAL PRACTICES (CONTINUED)

Table 11 - UMB's Investments in Machinery in Malaysia

Machinery & Facilities	Description	Amount of Investment (RM)
Small infield machinery	To assist in collecting FFB	584,173
PTO Driven Trailer	To assist in collecting FFB	483,500
Agricultural Crane	To assist in collecting FFB	150,800
Tractor Mounted Sprayer	To assist in spraying	71,000
Turbomiser Pump	To assist in spraying	39,300
Fertiliser Spreader	To assist in manuring	33,601
Mechanised Cutter (Cantas)	To assist in harvesting FFB	12,750

Table 12 - Investments in Machinery in Indonesia

Machinery & Facilities	Description	Amount of Investment (RM)
Crawler with bucket	To assist in harvesting FFB	1,157,495
Tractor with grabber	To assist in harvesting FFB	295,220
Crawler with spreader	To assist in manuring	162,517
Crawler with sprayer pump	To assist in spraying	151,994
In field machinery with scissors lift	To assist in harvesting FFB	125,688
Container bin 6 tonnes	To assist in harvesting FFB	27,768

Mini Tractor Grabber (MTG)

Airblast sprayer

SUPPLY CHAIN MANAGEMENT

The Sales and Purchasing (S&P) department ensures the best prices are obtained through acquiring goods and services in a fair, transparent, and timely manner through UMB's Policy on Purchasing and Tender Process. Sales Policies ensure transactions are effected according to best practices and enhance UMB's profitability and competitiveness. Customers and vendors must comply with UMB policies when bidding for sales and purchases.

Table 13 - Key initiatives to maintain a sustainable supply chain

Key Initiatives	Description
Spend Analysis	To identify suppliers of critical items that are essential to annual business operations. The monthly report captures the expenditure of the respective operating units through the Purchase Order or Local Purchase Order (LPO). This enables suppliers of essential items to be identified based on the value of purchases extracted from the database.
Vendors Pre-qualification Assessment	To assess the backgrounds of potential suppliers and contractors to mitigate the risk to business operations.
Vendors Performance Assessment	To assess UMB suppliers' and contractors' performance for the past 12 months for supply chain management. UMB aims to evaluate 90% of approved vendors by FY 2024.
Traceability to Plantation (TTP)	Monitor the origins of all FFB from UMB estates and from third parties sent to UMB's palm oil mills. UMB aims to achieve 100% TTP by FY 2024, both in Malaysia and in Indonesia.

In the reporting year, a total of 212 suppliers, contractors and FFB suppliers were assessed for their services. They were evaluated for:

- Timely delivery of goods/services
- Quality of goods/services supplied
- Experience in doing business with suppliers
- Customer support from suppliers
- Response to issues/concerns raised
- Appropriateness of resolution of issues
- Professionalism
- The performance of the goods/services supplied against the suppliers' promises

Table 14 - Suppliers' assessment conducted in FY 2022

Type of Supplier	Number of Suppliers Assessed		Percentage of suppliers that have met the requirements (%)	
	Malaysia	Indonesia	Malaysia	Indonesia
Suppliers	66	0	98	0
Contractors	2	0	100	0
FFB Suppliers	140	4	100	100

Sustainability Statement (Continued)

SUPPLY CHAIN MANAGEMENT (CONTINUED)

Table 15 - FFB Procured from smallholders in Malaysia and Indonesia

	FY 2022	FY 2021	FY 2020
Malaysia			
Total spending on smallholders (RM million)	4.6	5.3	4.5
Number of smallholders engaged	122	140	140
Indonesia			
Total spending on smallholders (RM million)	18.21		
Number of smallholders engaged	204		

Note: The amount spent on FFB procurement is excluded from the amount sourced from local suppliers in Chart 13

Chart 13 - Spending on supplies in Malaysia and Indonesia

Note: Reduction in spending on goods and services from local suppliers in Malaysia in FY 2022 is mainly for Capital Expenditure (CAPEX). E.g. leasing instead of purchasing new machinery

In the reporting year, UMB collaborated with Earthworm Foundation and IOI on a project called Supply Chain Mapping and Monitoring (SCMM) in Sabah. The project's multiple aims are to improve traceability of FFB to the plantation, to screen and manage new suppliers and to monitor future risks of deforestation.

In March 2022, UMB convened three meetings with two key dealers and 67 smallholders supplying FFB to MPOM. Meetings with smallholders was held in MPOM in the presence of staff from the Malaysian Palm Oil Board (MPOB). This approach enables UMB and IOI to explain directly their commitment to sustainability; it also facilitates the certification of smallholders under MSPO. These stakeholder meetings help IOI and UMB to enhance their reputation as producers and buyers of sustainable palm oil.

Engagement with smallholders in MPOM

Engagement with key FFB dealers in Sabah

ETHICAL BUSINESS

UMB is committed to promoting, achieving and maintaining the highest standard of work ethics and transparency in business. Employees were trained on the Anti Bribery and Corruption policy in the reporting year.

Key UMB initiatives include:

- Directors' Code of Ethics. All Directors must adhere to the Code which outlines the ethical behaviour expected of Directors.

- Anti-Bribery and Corruption Policy ensures employees and business associates do not offer or accept a bribe.

- Conflict Of Interest Policy aims to prevent an unwanted situation where the personal interest of an employee may collide with the Company's interest.

- Whistleblowing Policy encourages employees to raise genuine concerns of misconduct through UMB's whistleblowing channel. The whistleblowing channel offers an anonymous and structured process to report violations against procedures without fearing repercussions.

DATA PROTECTION & PRIVACY

UMB utilises the Access Management Policy to prevent unauthorised access to IT systems, applications and data. During online meetings or training, participants are granted access via respective user identities and passwords. Cloud technology was adopted for UMB's critical business systems. UMB only uses legitimate software in all its devices to reduce the risk of cybersecurity attacks. In the reporting year, UMB recorded zero complaints concerning breaches of customer privacy, leaks, thefts or loss of customer data. UMB aims to improve data security to maintain zero breaches.

The Personal Data Protection Act 2010 (PDPA) sets out the law on data protection in Malaysia. Personal data and consent are obtained from employees through HR Kaizen, an online HR platform. At the same time, the PDPA clause is cited in the offer letter given to new hires.

MOVING FORWARD

UMB is dedicated to working hand in hand with all stakeholders to build an enduring business and is committed to advancing the Group's Sustainability journey.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the Board) of United Malacca Berhad (UMB) and its subsidiaries (collectively referred to as the UMB Group) presents this Corporate Governance Overview Statement (CGOS) which outlines the UMB Group's corporate approach, practices, focus areas and priorities.

Supplementing this CGOS is the Corporate Governance Report (CG Report) for the financial year ended 30 April 2022. The CG Report disclosed the overall status of UMB Group's application to the Malaysian Code on Corporate Governance (MCCG), which is downloadable from UMB's website, www.unitedmalacca.com.my, and the related announcement on the website of Bursa Malaysia Securities Berhad (Bursa Malaysia).

This CGOS should be read together with other statements in the Annual Report, including the Statement on Risk Management and Internal Controls and Audit Committee Report to understand better UMB Group's corporate governance principles and practices.

UMB GROUP'S CORPORATE GOVERNANCE APPROACH

The UMB Group prioritises strengthening the governance framework to ensure long-term sustainability.

UMB Group is committed to the following principles:

- upholding the highest standard of ethical conduct with particular emphasis on integrity;
- incorporating into its business operations economic, environmental, and social considerations;
- nurturing leaders within the UMB Group who share its over-arching vision; and
- instituting a critical review process before establishing corporate governance systems, policies, and procedures.

In line with its belief that improving corporate governance is a continuing process, the UMB Board regularly reviews and updates the Group's corporate governance framework.

SUMMARY OF UMB GROUP'S CORPORATE GOVERNANCE PRACTICES

The MCCG covers three broad Principles:

Principle A - Board Leadership and Effectiveness
Principle B - Effective Audit and Risk Management
Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Following Paragraph 15.25(1) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia, a summary of UMB Group's Corporate Governance Practices during the financial year ended 30 April 2022 based on the three Principles are outlined in this Statement.

The CG Report explains the extent of UMB Group's application of the Practices of MCCG during the financial year ended 30 April 2022.

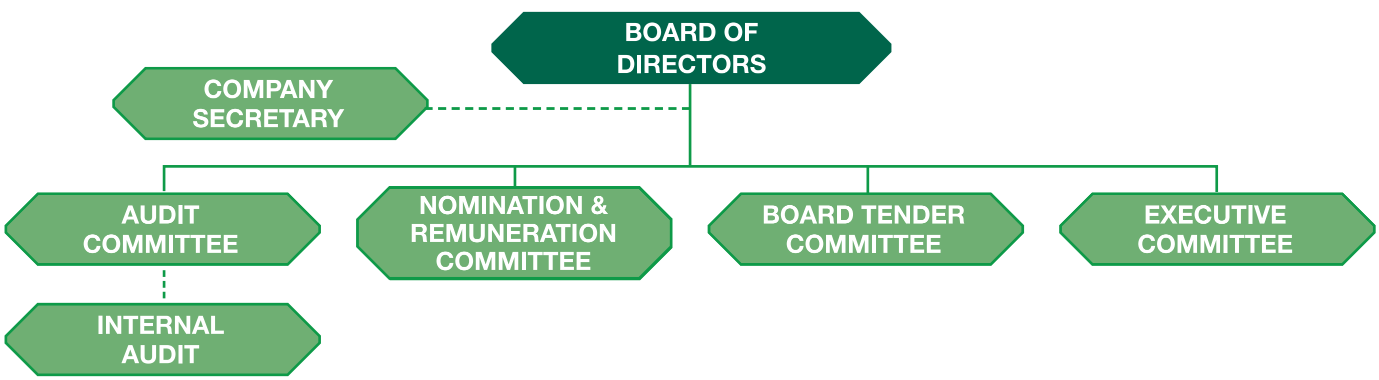
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has constituted four Board Committees - Audit Committee, Nomination and Remuneration Committee, Board Tender Committee and Executive Committee. The Board keeps abreast of the Board Committees' activities through the Committees' minutes of meetings, briefings, and reports. The respective Terms of Reference set out the responsibilities of each Board Committee.

The Board Charter outlines the responsibilities of the Board, Board Committees, individual Directors and the Chief Executive Officer and includes a schedule of matters reserved for the Board. Publicly available on UMB's website www.unitedmalacca.com.my, the Board Charter is reviewed periodically in line with changes in the corporate and business environment. Recommendations from the Board Committees are forwarded to the Board for approval and action.

UMB Board's governance structure is as follows:



In line with good corporate governance practices, there is a clear distinction between the roles of the Chairperson and the CEO. The Chairperson oversees the conduct, governance and effectiveness of the Board while the CEO is tasked with managing the Group's day-to-day operations and acts as a bridge between the Board, Management and Group employees. The Board Charter sets out the responsibilities of the Chairperson and the CEO.

The Board and Board Committees meet regularly. Throughout the financial year ended 30 April 2022, the Board met seven times to discuss and approve the annual business plan, budgets for the Group and Indonesian subsidiaries, financial results, and regulatory compliance matters.

Company Secretaries always ensure deliberations and decisions of the Board and Board Committees are recorded in the meeting minutes.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Responsibilities (continued)

Individual Director's attendance at meetings of the Board and Board Committees during the financial year ended 30 April 2022 is as below:

Directors	Board	Audit Committee (AC)	Nomination & Remuneration Committee (NRC)	Board Tender Committee (BTC)	Executive Committee (EXCO)
Datin Paduka Tan Siok Choo	7/7			3/3	1/1
Mr. Tan Jiew Hoe	7/7	5/5	1/1		
Mr. Teo Leng [(a)]	7/7			3/3	1/1
Dato Dr. Nik Ramlah Binti Nik Mahmood	7/7	5/5	1/1		
Mr. Ong Keng Siew	7/7	5/5	1/1		
Mr. Tee Cheng Hua	7/7			3/3	1/1
Dato' Sri Tee Lip Sin [(b)]	7/7		-		
Mr. Han Kee Juan [(c)]	6/6	4/4		2/2	

Chairperson of Board / Chairman of Board Committees **Member**

Table 1: Directors' attendance at meetings of the Board and Board Committee

(a) On 1 July 2022, Mr. Teo Leng stepped down as EXCO Chairman but remained as an EXCO member.
(b) Dato' Sri Tee Lip Sin was appointed as NRC member on 1 July 2021. He was appointed the EXCO Chairman on 1 July 2022.
(c) On 3 June 2021, Mr. Han Kee Juan was appointed as an Independent Non-Executive Director. He became a member of the AC and BTC on 1 July 2021.

The Board and Board Committees are supported by two qualified and experienced joint Company Secretaries who provide the Board with periodic updates on the latest regulatory developments. Both Company Secretaries also advise the Board in upholding high standards of corporate governance, facilitate the flow of information from Management to the Board and ensure Directors receive the notice of meetings and board papers at least 5 working days before the meetings.

Board Composition

The Board composition complies with Paragraph 15.02(1) of the MMLR, which stipulates at least two Directors or 1/3 of the Board, whichever is the higher, are independent.

The Board now comprises eight Non-Executive Directors, three of whom are Independent Directors while another five are Non-Independent Non-Executive Directors. The Directors have varying academic qualifications and work experience, thus ensuring board diversity. The Board periodically reviews the Board's composition and size to ensure its efficacy.

In recommending the appointment of potential Directors, the NRC assesses the candidate's expertise and work experience to complement and enhance existing Directors.

The Board, through the NRC, reviews its performance, that of individual directors and Board Committees annually. For the financial year ended 30 April 2022, a Board Performance Evaluation was conducted in-house, facilitated by the NRC and assisted by the Company Secretaries. The evaluation was based on a self and peer rating model questionnaires given to the Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Composition (Continued)

The Board Performance Evaluation was divided into three sections - Board Performance Assessment, Board Committee Assessment and Board of Directors' Self-Assessment. Based on the findings of the evaluation exercise, the overall performance of the Board, Board Committees and individual Directors is satisfactory as evident from the high average ratings in all evaluations. UMB Board was assessed above average in terms of interaction, participation, integrity, independence, self-development and competencies.

The Board approved the re-designation of Mr. Tan Jiew Hoe from Independent Non-Executive Director to a Non-Independent Non-Executive Director effective from 1 July 2022 after considering the latest amendment to Bursa Malaysia's MMLR regarding long-serving independent directors of more than 12 years.

The Board also approved and adopted a Fit and Proper Policy. The Policy sets out the fit and proper criteria based on which new directors are proposed to be appointed, and existing directors whose appointment is intended to be continued can be evaluated. The Board, through the NRC, will also assess the Directors' fitness and propriety during the annual Board effectiveness evaluation exercise.

Directors' Training

The Board acknowledges the importance of continuous training for the Directors to gain insights and keep abreast of industry developments to further enhance their skills and knowledge in effectively discharging their roles and responsibilities.

Following Paragraph 15.08 of Bursa Malaysia's MMLR, the NRC assessed and determined the training needs for individual Directors during the financial year ended 30 April 2022.

Training programmes on corporate governance, oil palm industry, Islamic finance, the Malaysian economy and other relevant topics attended by UMB Directors are listed below:

Attended by	Listing of training programmes attended	Date
Datin Paduka Tan Siok Choo	• Doubling Down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update) by KPMG.	4 June 2021
	• Navigating Malaysia's Policy Challenges of the Covid-19 Pandemic and the High Income Hurdle: Optimising Trade-Offs and Harnessing Complementarities by JCI.	14 June 2021
	• The Future of Malaysia's International Climate Commitments by Institute of Strategic and International Studies (ISIS) Malaysia.	17 June 2021
	• 34th ASIA-Pacific Roundtable Disruption Redux by Institute of Strategic and International Studies (ISIS) Malaysia.	17-18 August 2021
	• PRAXIS 2021 Restoring Progress by Institute of Strategic and International Studies (ISIS) Malaysia.	21-22 October 2021
	• Fraud Risk Management Workshop 2021 by Bursa Malaysia.	13 December 2021
	• Economic Outlook – Taking Temperature for 2022 and Beyond by Securities Industry Development Corporation.	2 March 2022
	• Building Business Resilience through Prioritised Sustainable Development Goals by Companies Commission of Malaysia.	28 April 2022

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training (continued)

Attended by	Listing of training programmes attended	Date
Mr. Tan Jiew Hoe	• Ethics and Integrity, Professionalism and Corporate Dilemma by Securities Industry Development Corporation.	24 May 2021
	• Securities Commission Malaysia's Oversight Board Conversation with Audit Committee by The Securities Commission Malaysia's Audit Oversight Board.	29 November 2021
	• Building Business Resilience through Prioritised Sustainable Development Goals by Companies Commission of Malaysia.	28 April 2022
Mr. Teo Leng	• Asia-Pacific Board Leadership Centre Board and Audit Committee Priorities 2021 by KPMG.	7 May 2021
	• Ethics and Integrity, Professionalism and Corporate Dilemma by Securities Industry Development Corporation.	24 May 2021
	• Building Business Resilience through Prioritised Sustainable Development Goals by Companies Commission of Malaysia.	28 April 2022
Dato Dr. Nik Ramlah Binti Nik Mahmood	• Anti-Corruption and Anti Money Laundering - Preventive Measures and What's Next for Malaysia by Perbadanan Insurance Deposit Malaysia (PIDM).	28 May 2021
	• Are Asset Management Companies Required in the Current Crisis? By Perbadanan Deposit Malaysia (PIDM).	29 May 2021
	• Covid-19, NPLS and Financial Challenges in Asia by ADB for PDIM.	7 September 2021
	• Economic Conditions in Malaysia – Briefing by Bank Negara Malaysia.	15 September 2021
	• Sustainable Reset: The Role of NRC in a Post-Pandemic Word by Institute of Corporate Directors Malaysia (ICDM).	21-22 September 2021
	• Case Studies of Failed Digital banks by True North Partners for PIDM.	29 November 2021
Mr. Ong Keng Siew	• Asia-Pacific Board Leadership Centre Board and Audit Committee Priorities 2021 by KPMG.	7 May 2021
	• Securities Commission Malaysia's Oversight Board Conversation with Audit Committee by The Securities Commission Malaysia's Audit Oversight Board.	29 November 2021
	• Economic Outlook - Taking Temperature for 2022 and Beyond by Securities Industry Development Corporation.	2 March 2022
	• Building Business Resilience through Prioritised Sustainable Development Goals by Companies Commission of Malaysia.	28 April 2022
Mr. Tee Cheng Hua	• How Climate Change Will Affect Your Business. (4 days course)	15 October 2021, 19 November 2021, 21 January 2022 & 25 February 2022
	• Fraud Risk Management Workshop 2021 by Bursa Malaysia.	13 December 2021

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training (continued)

Attended by	Listing of training programmes attended	Date
Dato' Sri Tee Lip Sin	• The Law Behind Corporate Governance by Malaysian Institute of Corporate Governance (MICG).	30 November 2021
	• Board of Directors 101 Series Module 3 - Board Dynamics by Boardroom Corporate Services Sdn. Bhd.	7 April 2022
	• 15th NATSEM 2022: Addressing Challenges in Plantation Management by The Incorporated Society of Planters.	14-15 March 2022
Mr. Han Kee Juan	• Board of Directors Series 101 Program - Module 2: Board Financial & Risk Oversight by Boardroom Corporate Services Sdn. Bhd.	14 July 2021
	• Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP) by Asia School of Business.	6-8 September 2021
	• Securities Commission Malaysia's Oversight Board Conversation with Audit Committee by The Securities Commission Malaysia Audit Oversight Board.	29 November 2021
	• Bursa Malaysia Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia.	12-14 April 2022

Remuneration

UMB Board recognises competitive remuneration is essential to attract, motivate and retain talented individuals to work as senior managers. To achieve this objective, the Board has adopted a remuneration policy that enables a framework allowing fair rewards for achieving key deliverables, in line with industry and Group practice.

The Non-Executive Directors' remuneration encompasses a fixed fee for the Chairman and members of the Board and Board Committees, meeting allowances, and other benefits as disclosed in the Remuneration Policy.

During the year, the Board reviewed the structure and level of fees and benefits accorded to the Chairperson and the Non-Executive Directors. After review, the Board maintained the structure and level of fees for Board Committees, meeting allowances, and other benefits but will seek shareholders' approval to pay Directors' fees based on an increased quantum of fees for the Chairperson and the Non-Executive Directors as follows:

UMB Directors' Fees	Quantum of Fixed Fees Per Annum	
	Since FY2017/2018	FY2021/2022 onwards
Non-Executive Chairperson	RM100,000	RM120,000
Non-Executive Director	RM60,000	RM70,000

Details of individual Director's remuneration are disclosed in the Financial Statements in the Annual Report.

The remuneration components for key senior management consist of basic salary, performance-based bonus, benefits-in-kind, and other incentives. The remuneration package is structured to link reward to individual and corporate performance. The NRC reviews the remuneration packages of the key senior management annually.

Corporate Governance Overview Statement (Continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee (AC)

Comprising a majority of Independent Directors, the AC is currently chaired by Mr. Ong Keng Siew. Other AC members include Mr. Tan Jiew Hoe, Dato Dr. Nik Ramlah Binti Nik Mahmood, and Mr. Han Kee Juan. Collectively, AC members have the financial skills and experience to discharge their duties.

To ensure the integrity of UMB's published financial information, the AC oversees the entire financial reporting process and constantly reviews the effectiveness of internal controls and risk management systems. To strengthen the internal audit's effectiveness and independence, the Internal Auditor reports directly to the AC. The AC will assess the Internal Auditor's remuneration and recommend it to the Board for final approval.

In addition, the AC has established the External Auditor Independence Policy which governs the external auditor's selection, appointment and assessment. To ensure the External Auditor's independence and objectivity are not compromised, the AC reviews the non-audit services rendered by the external auditors and their proposed fees, considers the fees' threshold established under the External Auditor Independence Policy. The AC also assesses and satisfies itself with the external auditors' performance, effectiveness, and independence. During the year under review, the AC obtained written assurance from the External Auditors confirming their independence throughout their audit engagement.

The AC has reviewed the Recurrent Related Party Transactions within the Group to ensure these transactions were fair, reasonable, in the best interest of UMB, and did not impinge on the interests of the minority shareholders.

UMB's corporate website includes the AC's terms of reference while the AC Report in UMB's Annual Report details the AC's role in UMB and the number of meetings and activities held during the financial year.

Risk Management and Internal Control Framework

To ensure robust risk management and adequate internal controls, the UMB Group has instituted an Enterprise Risk Management framework that formalises risk management policies and procedures to identify, evaluate and monitor material risks, internally and externally.

The Group's Internal Audit Department regularly reviews UMB's risk management and internal control systems. To reinforce its effectiveness and independence, the AC ensures the Internal Audit Department has sufficient resources and authority to carry out its responsibilities.

Further information on the Group's risk management and internal framework is available from the Statement on Risk Management and Internal Controls in the Annual Report.

Anti-Bribery Policy

UMB Group is committed to complying with high ethical values in its operations and dealings with third parties. UMB Group's Anti-Bribery Policy sets out the guiding principles for the Group to address and mitigate bribery and corruption risks in all its dealings within and outside the Group.

Whistleblowing Policy

The Board and UMB Group are committed to promoting and maintaining good work ethics, integrity, and transparency in its conduct of business and operations. UMB Group's Whistleblowing Policy encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice. The whistleblowing channels provide proper and secured avenues for employees to report any knowledge of improper conduct in good faith without fearing any adverse consequences.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

UMB prioritises ensuring information is widely disseminated to all stakeholders as soon as practicable through announcements to Bursa Malaysia and on UMB's website.

Apart from corporate announcements and the annual report, UMB's website also includes all announcements to Bursa Malaysia, quarterly financial reports, analysts' reports, and summaries of the minutes of annual general meetings.

Conduct of General Meetings

The Annual General Meeting (AGM) is the primary forum for the Board and Senior Management to interact with shareholders. As recommended by MCCG, the notice of AGM and the accompanying documents are circulated to all shareholders at least 28 days in advance.

The Company conducted a virtual meeting for its 107th AGM on 29 September 2021. All eight members of the Board, including the Chief Executive Officer, Chief Financial Officer, the Company Secretary, and the External Auditors, Messrs. Ernst & Young PLT, were present during the virtual AGM.

The Chairperson invited questions from the shareholders. The Chairperson and the Chief Executive Officer answered all shareholders' questions during the virtual AGM.

All resolutions were voted online during the 107th AGM. The scrutineer, Boardroom Corporate Services Sdn. Bhd. verified the poll results, and the Chairperson declared the resolutions duly passed.

This statement is made in accordance with the resolution of the Board of Directors passed on 28 July 2022.

AUDIT COMMITTEE REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

1.0 INTRODUCTION

According to Paragraph 15.15 of the Bursa Malaysia Securities Berhad's Listing Requirements, the Board of Directors of United Malacca Berhad is pleased to present the Audit Committee Report for the financial year ended 30 April 2022.

In performing its duties and discharging its responsibilities, the Audit Committee is guided by its Terms of Reference, which are available in the Corporate Governance section of the Company's website www.unitedmalacca.com.my.

2.0 COMPOSITION

Established in January 1991, the Audit Committee reports to the Board of Directors to confirm the independence of External Auditors and compliance with financial reporting in line with the Listing Requirements, Accounting Conventions and Reporting Standards, including full disclosure to shareholders.

In addition to overseeing risk management and internal controls within the Group, the Audit Committee also serves as a conduit among Directors, External and Internal Auditors, and Senior Management on all matters related to its scope of work. It comprises the following members:

Chairman	:	**Mr. Ong Keng Siew** *(Independent Non-Executive Director)*
Members	:	**Mr. Tan Jiew Hoe** (*) *(Non-Independent Non-Executive Director)*
	:	**Dato Dr. Nik Ramlah Binti Nik Mahmood** *(Senior Independent Non-Executive Director)*
	:	**Mr. Han Kee Juan** (**) *(Independent Non-Executive Director)*

(*) Re-designated as Non-Independent Non-Executive Director effective 1 July 2022.
(**) Appointed as Member of the Audit Committee on 1 July 2021.

(i) The Audit Committee shall be appointed by the Board of Directors from among the Directors and comprises not less than three (3) members. All Audit Committee members must be Non-Executive Directors, with a majority being Independent Directors.

(ii) Members of the Audit Committee shall elect the Chairman, who must be an Independent Director.

(iii) If the number of Audit Committee members for any reason falls below three (3), the Board of Directors shall within three (3) months of that event, appoint such several new members required to fulfil the minimum requirement.

(iv) At least one (1) member of the Audit Committee:

(a) Must be a member of The Malaysian Institute of Accountants (MIA); or

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

i. Must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

ii. Must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967, and

iii. Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

2.0 COMPOSITION (CONTINUED)

(c) The term of office and performance of Audit Committee members are reviewed by the Board of Directors periodically to determine whether members of the Audit Committee have carried out their duties in accordance with their terms of reference.

3.0 AUTHORITY

Empowered by the Board of Directors, the Audit Committee shall have the authority to do the following:

(i) Investigate any matters within its terms of reference.

(ii) Enjoy full and unrestricted access to any information pertaining to the Company, including access to external resources.

(iii) Obtain external legal or other independent professional advice.

(iv) Provide resources required to perform its duties.

(v) Communicate directly with External Auditors and person(s) carrying out the internal audit function or activity and the Group's Senior Management.

(vi) Convene meetings with the External Auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The critical functions of the Audit Committee are stated in its Terms of Reference, which can be viewed on the UMB website.

4.0 MEETINGS

During FY 2022, the Audit Committee met on five (5) occasions; the attendance of each Audit Committee member is as follows:

Directors	No of Meetings Attended During Director's Tenure in Office
Mr. Ong Keng Siew	5 out of 5
Mr. Tan Jiew Hoe	5 out of 5
Dato Dr. Nik Ramlah Binti Nik Mahmood	5 out of 5
Mr. Han Kee Juan	4 out of 4

The Company Secretary acts as Secretary to the Audit Committee. Minutes of each meeting are kept and circulated to the Audit Committee members and all other Directors. The Chairman of the Audit Committee reports on key issues discussed at each Audit Committee meeting to the Board of Directors.

(i) Meeting

Meetings shall be held not less than four (4) times a year. The Chairman may call for additional meetings at any time at his discretion. Upon request by the External Auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the External Auditors believe should be brought to the attention of the Board of Directors or Shareholders.

4.0 MEETINGS (CONTINUED)

(ii) Quorum

The quorum for a meeting shall be two members, and the majority of members present must be Independent Directors.

(iii) Attendance At Meeting

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, External Auditors and the person(s) carrying out the internal audit function or activity shall attend meetings by invitation of the Audit Committee.

5.0 OVERVIEW OF AUDIT COMMITTEE'S WORK

5.1 Financial Reporting

5.1.1 Reviewed the unaudited financial results and the Company's consolidated financial statements and recommended them to the Board for approval.

5.1.2 Reviewed and recommended to the Board for approval the annual audited financial statements of the Company and the Group, and to ensure that the financial statements were drawn up pursuant to the requirements of MFRS and provisions of the Companies Act, 2016, in Malaysia.

5.1.3 Reviewed and highlighted to the Board significant matters raised by the external auditors, including financial reporting issues, significant judgements and estimates made by Management, and received updates from Management on actions taken for improvements.

5.1.4 Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that affect the Group, and the adoption of such changes by Management.

5.2 External Audit

5.2.1 Reviewed and approved the external auditors' audit plan, which outlined the audit strategy and approach for FY 2022.

5.2.2 Reviewed the results and issues arising from the external audit, including the Key Audit Matters and the update on Management's responses and actions on the matters highlighted in the audit report.

5.2.3 Obtained written assurance from external auditors in their FY 2022 Audit Plan dated 17 December 2021 to the Audit Committee that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for FY 2022.

5.2.4 Conducted an annual assessment of the external auditors' performance which encompassed their competence, audit service quality and resource capacity of the external auditors in relation to the audit; the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and the independence of external auditors.

Assessment questionnaires were used as a tool to obtain input from UMB personnel who had substantial working contact with the external audit team. Based on the assessment results, the Audit Committee recommended the re-appointment of external auditors to the Board.

5.0 OVERVIEW OF AUDIT COMMITTEE'S WORK (CONTINUED)

5.2 External Audit (continued)

5.2.5 Reviewed the external audit fees and non-audit fees for FY 2022 and recommended them to the Board.

5.2.6 Met with the external auditors on 23 September 2021 and 21 March 2022 without the presence of Management to review and discuss key issues within their duties and responsibilities. The external auditors raised no major concerns at the meetings.

5.3 Internal Audit

5.3.1 Reviewed and approved the Internal Audit Department (IAD) staffing requirements, budget and annual audit plan to ensure the adequacy of resources, competencies and coverage.

5.3.2 Reviewed internal audit reports on plantation estates, palm oil mills and key functional units issued by the IAD covering the adequacy and effectiveness of governance, risk management, and operational and compliance processes.

5.3.3 Reviewed the adequacy of corrective actions taken by Management on all significant audit issues raised.

5.3.4 Met with Head of Group Audit on 21 March 2022 without the presence of Management to review and discuss key issues within their duties and responsibilities. The Head of Group Audit raised no major concerns at the meetings.

5.4 Related Party Transactions

Reviewed related party transactions entered into by the Group to ensure that such transactions were carried out on normal commercial terms and were not prejudicial to the Company's interest or its minority shareholders.

5.5 Annual Report

Reviewed the Audit Committee Report, Summary of Activities of Internal Audit Functions, and Statement on Risk Management and Internal Controls before submission to the Board for approval and inclusion in the 2022 Annual Report.

5.6 Other Matters

5.6.1 Reviewed Terms of Reference of the Audit Committee with reference to the new provisions in the Listing Requirements of Bursa Malaysia Securities Berhad and recommended the revisions to the Board for its approval.

5.6.2 Reviewed the solvency assessment by the Management in relation to the declaration of dividends.

Audit Committee Report

For the financial year ended 30 April 2022 (Continued)

6.0 SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

6.1 The Audit Committee is assisted by the IAD in the discharge of its duties and responsibilities. The primary responsibility of IAD is to provide reasonable assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control processes within the Company and the Group.

6.2 IAD is independent of operations and reports functionally to the Audit Committee and administratively to the Chief Executive Officer. IAD is headed by En. Abdul Razak bin Md Aris who is a Chartered Member of The Institute of Internal Auditors Malaysia. There are 10 audit executives in the IAD.

6.3 The IAD had conducted risk-based audit engagements as stipulated in the Annual Audit Plan for FY 2022. Significant audit findings regarding risk, control, and governance that had a high impact were discussed with the Management, including the agreed action plans committed by the line management. The audit reports were presented to the Audit Committee for deliberation.

Follow-up reviews on the audit engagements were conducted to ensure proper and effective remedial actions have been taken by line management to close control gaps highlighted by IAD. All internal audit activities and processes were performed as guided by the Internal Audit Charter and the IAD Standard Operating Procedures.

6.4 IAD operated from three (3) different locations, with each having its audit teams. The offices are located at the Head Office in Melaka, Millian Labau Plantations in Keningau and Kalimantan in Indonesia.

6.5 Total cost incurred in managing the internal audit function during the FY 2022 was RM 1,006,894 (2021: RM 844,600). The higher cost incurred this financial year was due to the recruitment of two (2) additional Executives in January and March 2022 respectively for Indonesia operations.

6.6 IAD issued 28 audit reports covering operations in the Head Office, estates and palm oil mills in Peninsular Malaysia, Sabah and Indonesia. The internal audit focused on high-risk areas such as security of stored fertilisers and pesticides, frequency of manuring, FFB collection and despatch, estate payroll, vehicle operating costs, FFB quality and mill operations.

6.7 At the Management's request, IAD undertook 4 special investigation audits during the year under review.

This report is made in accordance with a resolution of the Board of Directors dated 28 July 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

This Statement on Risk Management and Internal Controls (SRMIC) outlines the nature and scope of United Malacca Berhad's (UMB's) risk management and internal controls for the financial year ended 30 April 2022.

Pursuant to paragraph 15.26(b) of the Main Marketing Listing Requirements of Bursa Malaysia Securities Berhad and Practice Note 9.2 of the Malaysian Code on Corporate Governance (MCCG), the SRMIC is based on the Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers (the Guidelines).

BOARD'S RESPONSIBILITY

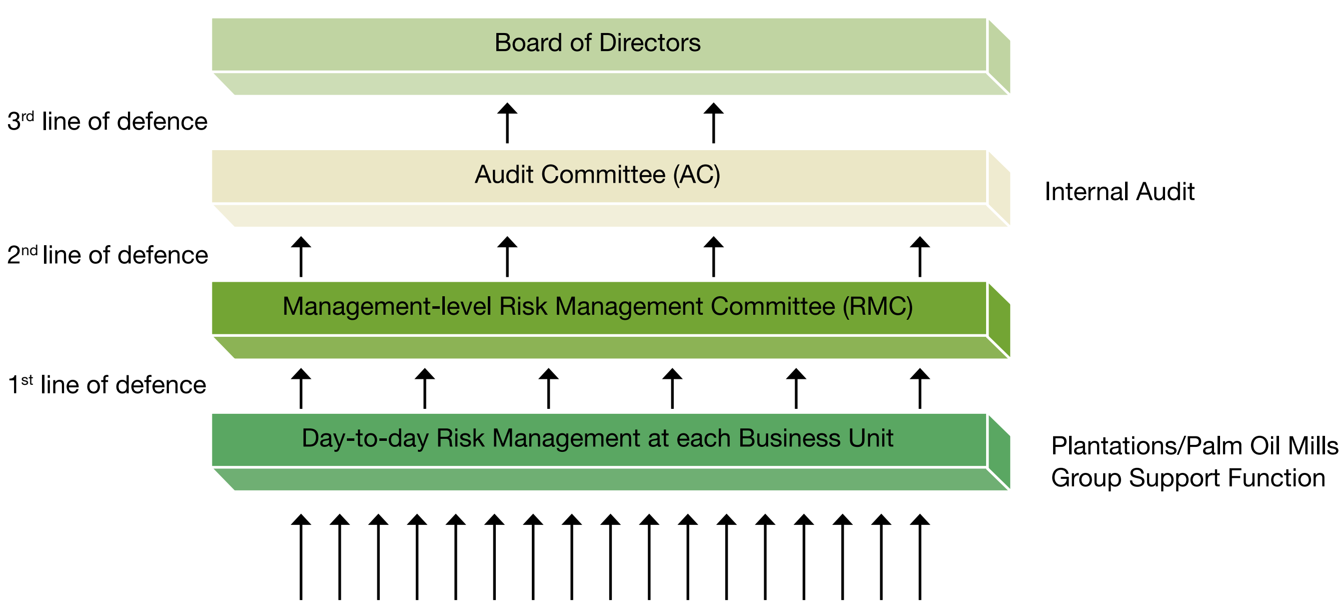
To safeguard stakeholders' interests, the UMB Board prioritises maintaining a sound system of internal controls as well as identifying and managing risks affecting UMB's operations.

Comprising majority of Independent Non-Executive Directors, the Audit Committee (AC) has been entrusted by the Board to evaluate the adequacy and effectiveness of UMB's risk management and internal controls.

UMB's risk management strategy is designed to manage financial and non-financial risks within acceptable limits rather than focusing on eliminating totally the risk of failure. Operational disruptions brought about by the Covid-19 pandemic underscores the inherent limitation of any risk management system.

RISK MANAGEMENT

Recognising the importance of a robust risk management system, the UMB Board formalised an Enterprise Risk Management (ERM) Framework – a triple line of defence to monitor and prevent the taking of unwarranted risks.



Statement on Risk Management and Internal Controls (Continued)

RISK MANAGEMENT (CONTINUED)

1st Line of Defence: Monitor day-to-day risks in Group operations

Each business unit assesses internal and external risks it faces every day. All Heads of Business Units are responsible for:

- Identifying risk exposures;
- Reporting risk exposures to the Risk Officer;
- Developing and implementing an action plan to manage risks;
- Reporting status of action plans and their implementation to Risk Officer; and
- Ensuring significant risks are immediately reported to and addressed by management.

The Risk Officer liaises between a Management-level Risk Management Committee (RMC) and Heads of Business Units (HBU) who assesses day-to-day risks in the business unit. Both Risk Officer and HBU meet at least once every quarter to assess and evaluate risks and to determine which risks are significant and should be escalated to the RMC.

2nd Line of Defence: Risk Management Committee anticipates risks

Meeting once every quarter, the RMC reviews changes in UMB's risk profile and develops action plans to mitigate risks in line with business objectives. Special purpose meetings were held during the year under review to discuss measures to mitigate operational disruptions brought about by the Covid-19 pandemic.

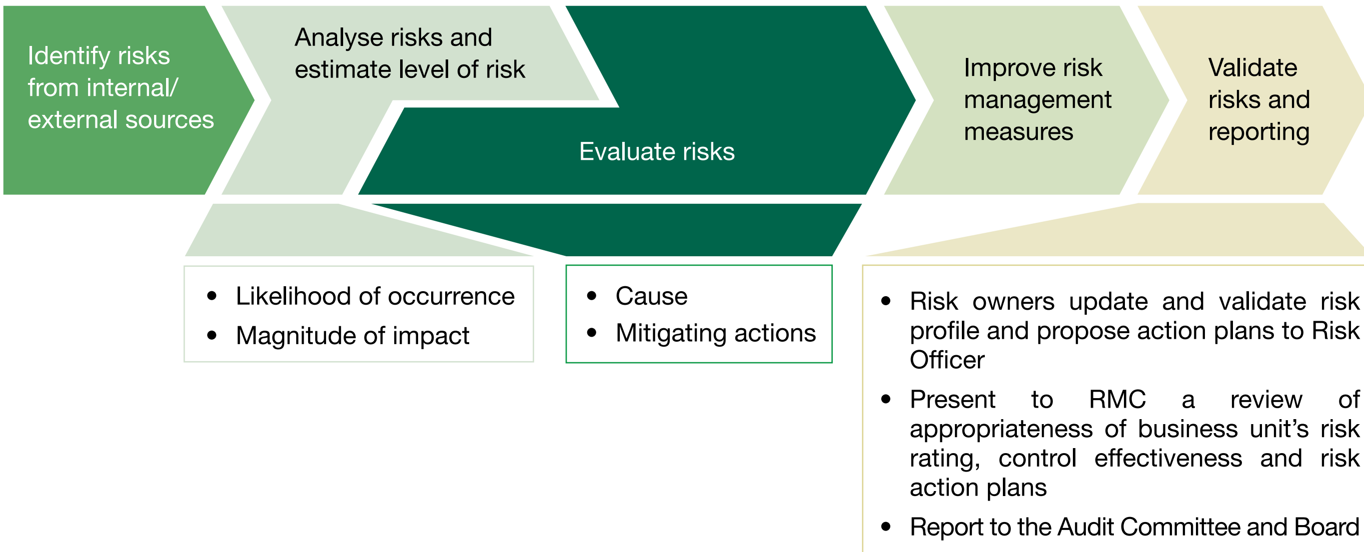
Note:
The RMC is a Management-Level Committee.
RMC members include:
- *Chief Executive Officer (CEO);*
- *Chief Financial Officer (CFO);*
- *Head of Group Administration, Corporate Affairs and Human Resource;*
- *Head of Group Audit;*
- *Acting Head of Engineering/Mill Controller;*
- *Senior Manager of Estate Operations;*
- *Senior Manager of Procurement & Marketing; and*
- *Risk Officer.*

3rd Line of Defence: Audit Committee ensures the adequacy and integrity of Risk Management and Internal Control Systems

During the financial year under review, the results of updated risks were discussed at RMC meetings. Significant risk issues were further deliberated by the AC prior to escalation to the Board. The Head of Internal Audit developed a risk-based internal audit plan to address key risks, and to provide reasonable assurance on the effectiveness of the internal controls.

RISK MANAGEMENT PROCESS

UMB's ERM Framework comprises the following procedures:



- Business units provide information on the likelihood of significant risks occurring and the likely magnitude of their impact. In their quarterly review, risk owners will update the Risk Officer and propose an action plan;
- Risk owners assess risks and develop action plans which are reviewed by RMC to ensure the likelihood and impact of an adverse event is within a manageable and acceptable level of risk;
- Each quarter, the RMC will review and assess the appropriateness of each risk rating, the adequacy of effective controls and the appropriateness of the risk action plan;
- RMC reports to the Audit Committee each quarter; and
- During the quarterly review, the internal audit department focuses on high-risk areas, the effectiveness of governance procedures as well as the adequacy of risk management and internal controls. Furthermore, the internal audit department provides an additional and an independent view of specific risks, internal controls, trends and events.

Risks identified are assessed according to their likelihood and impact and compiled into a risk rating matrix. Based on the risk rating matrix, Management will prioritise risks and follow-up measures.

SIGNIFICANT RISK FACTORS

For the financial year under review, UMB's significant risks were identified and risk management strategies adopted. See table below:

Type of Risk	Risks Outlined	Risk Description	Risk Management Strategies
Human capital risk	High dependence on foreign workers	Closure of Malaysian borders due to the onset of the Covid-19 pandemic. Restrictions on recruitment of foreign workers resulted in a significant shortage of foreign workers. This situation was compounded by foreign workers returning to their home countries without adequate number of replacements.	Mitigating measures undertaken by UMB include: • Offering incentives to retain existing workers and to attract new workers; • Enhancing housing and other benefits; and • Accelerating mechanisation, particularly collecting fresh fruit bunches as well as spraying fertilisers and insecticides.

Statement on Risk Management and Internal Controls (Continued)

SIGNIFICANT RISK FACTORS (CONTINUED)

Type of Risk	Risks Outlined	Risk Description	Risk Management Strategies
Operational risk	Adverse weather	Prolonged dry weather will lower production of fresh fruit bunches.	Implement good water management systems, including constructing water conservation pits or ponds, deepening water reservoirs in each estate to mitigate the impact of a drought and stepping-up construction of fertigation systems – a system of underground pipes that carry fertilisers and pesticides to the oil palms.
		Heavy rain and flooding will affect estate operations – difficulty accessing the fields will affect harvesting and transporting of fresh fruit bunches.	Construct bunds in low lying or flood-prone areas to prevent oil palms from being submerged during heavy rain and flooding. During the rainy season in PT LAK, coconut trunks or Galam wood are placed on top of the roads to enable lorries to pass through the water-logged areas. Plastic drums, boats and motorcycles are used to evacuate FFB from the fields to the collection points.
Operational risk	Covid-19 Pandemic	High Covid-19 infection case found in palm oil plantations and oil mills may result temporary suspension of operations.	Mitigating measures include: • Covid-19 screening has been carried out at all operating units to contain the spread of the virus. • Communicating frequently with staff and workers on health issues; for management to respond immediately to those staff or workers infected by Covid-19 to mitigate the risk of the virus spreading within the operating unit. • Issuing travel advisory guidelines requiring staff to do swab test prior to visiting estate/oil mill. • Sanitising offices and taking the temperature of all workers and staff daily. • To facilitate employees for vaccination to achieve the herd immunity target.
Business and investment risk	Impropriate estate selection	Non-strategic location of estates and uneconomic size will result in high production cost per hectare and logistics issues.	• Undertake feasibility studies to assess the suitability of new land to be acquired; and • Conduct due diligence review before embarking on any new acquisition.

SIGNIFICANT RISK FACTORS (CONTINUED)

Type of Risk	Risks Outlined	Risk Description	Risk Management Strategies
Market Risk	Volatile prices of crude palm oil (CPO) and palm kernel (PK)	Fluctuating CPO & PK prices could substantially impact cash flow and profits.	To cushion the impact of volatile CPO and PK prices, UMB in Malaysia sells forward not more than 30% of its CPO production from own harvested FFB. Marketing personnel keep abreast of the outlook for CPO and PK prices via online business websites. To broaden UMB's earning base and reduce its dependence on a single commodity, UMB plans for crops diversification in Malaysia and Indonesia.
Financial risk	Foreign exchange fluctuation	UMB has foreign exchange exposure through bank loans in US Dollars and Indonesian Rupiah. A weaker Ringgit and weaker Rupiah will increase the cost of servicing foreign currency loans. The risk management strategies will be disclosed in Note 41(d) of the audited financial statements.	UMB's risk management objectives and hypothetical sensitivity analysis is set out in Note 41(d) to the Financial Statements of the Annual Report on page 169.
Liquidity risk	Cash management	Volatile CPO and PK prices ensure liquidity is a constant concern. UMB could face difficulties in meeting financial obligations due to the shortage of funds. UMB's liquidity risk arises primarily from a mismatch of the tenures of financial assets and liabilities.	To meet working capital requirements, UMB maintains sufficient cash and liquid investments, while its debt maturity profile, operating cash flow and availability of funds are adequate to meet repayment and future funding needs.

INTERNAL CONTROL FRAMEWORK

A sound system of internal controls reduces the risks that could impede achieving UMB's goals and strategic objectives. The Audit Committee (AC) and the Board regularly reviews the adequacy and operating effectiveness of UMB's internal controls. Salient elements of UMB's internal control framework are listed below:

1. Organisational Structure

UMB's organisational structure has clearly demarcated lines of responsibility and segregated reporting lines to various Committees and the Board. This ensures operational effectiveness and independent stewardship.

2. Integrity and Ethical Values

UMB aims to inculcate an ethical corporate culture as the foundation for sustainable growth.

- **Directors' Code of Ethics**

  The Directors' Code of Ethics state UMB directors must adhere to three (3) principles: uphold good corporate governance; maintain close relations with shareholders, employees, creditors and customers; as well as fulfil social responsibilities and protect the environment. The Directors' Code of Ethics is available on UMB's website.

Statement on Risk Management and Internal Controls (Continued)

INTERNAL CONTROL FRAMEWORK (CONTINUED)

2. Integrity and Ethical Values (continued)

- **Employees' Code of Conduct**

  The Code of Conduct sets standards that UMB employees must observe. Issues covered include preventing conflicts of interests; safeguarding company property; procedures for handling complaints of harassment and discrimination; ensuring employees' safety and health; enhancing confidentiality and nurturing anti-bribery practices. The Code of Conduct is available on UMB's website.

- **Whistleblowing Policy**

  In line with Practice 3.2 of MCCG, UMB's Whistleblowing Policy enables employees and stakeholders to report unethical, unlawful or undesirable conduct through stated reporting channels without fear of retaliatory action.

  The Whistleblowing Policy is available on UMB's website and details the appropriate process for making a complaint.

- **Anti-Corruption Policy**

  After Section 17A of the Malaysian Anti-Corruption Commission Act 2009 came into force on 1 June 2020, UMB established procedures to deter corrupt acts by directors, management and employees. UMB's Anti-Corruption Policy is available on its website.

- **Due Diligence Parameters for Consultants/Vendors**

  UMB has instituted criteria for selecting, monitoring and assessing the performance of consultants, contractors and vendors. Safeguards against corrupt acts have been incorporated in service contracts with consultants and contractors.

3. Guidelines on Misconduct and Discipline

UMB has instituted guidelines for the Human Resources Department to handle disciplinary issues, investigate allegations and if required, institute disciplinary proceedings involving breaches of the Code of Ethics and Code of Conduct.

4. Limits of Authority

UMB has established clear limits of authority, responsibility and accountability to govern business activities, day-to-day operations and matters requiring the Board's approval. Establishing limits of authority provides a framework of authority, responsibility and segregation of duties within UMB.

5. Board Charter

A Board Charter ensures all Directors are aware of their roles and responsibilities, the standard of corporate governance as well as the relevant laws and regulations.

INTERNAL CONTROL FRAMEWORK (CONTINUED)

6. Board Committees

UMB has four (4) Board Committees collectively involving all eight (8) Directors:

- **Audit Committee (AC)**

  The AC serves as a focal point for communication involving Directors, External Auditors, Internal Auditors and Senior Management on issues relating to financial accounting, reporting and internal controls. The AC also oversees and deliberates on UMB's risk profile and the risks brought to its attention from the RMC prior to escalation to the Board. AC scrutinises all significant Related Party Transactions (RPT) to ensure RPTs are at arm's length and on normal commercial terms. Further details of the AC are outlined in its Terms of Reference available on UMB's website.

- **Nomination and Remuneration Committee (NRC)**

  NRC's duties include proposing new Directors, overseeing directors' annual evaluation and assessment to determine whether changes are needed, reviewing remuneration policies relating to directors and all employees. Further details of the NRC are outlined in the Terms of Reference available on UMB's website.

- **Board Tender Committee (BTC)**

  A Management-level Tender Committee comprising Senior Management conducts the tender exercise and submits its recommendations to the CEO or the BTC depending on the value of the tender.

Tender Approval limit	Authorised by
Tender up to RM300,000	CEO
Tender above RM300,000	Board Tender Committee

- **Executive Committee (EXCO)**

  Its responsibilities include supervising senior management, establishing and managing strategic initiatives, recommending potential candidates for Key Senior Management positions as well as interviewing and awarding UMB's scholarships. Members of EXCO comprise non-independent non-executive directors.

7. Annual Internal Audit Plan

An annual Internal Audit Plan determines the Operating Centres and their auditable areas, desired frequency of audit visits as well as budgetary and manpower resources required for the financial year.

8. Documented Policies and Procedures

UMB's internal policies and procedures are listed in operating manuals available to all employees. These manuals and procedures are regularly updated or revised to ensure conformity with internal controls, business objectives as well as Malaysian laws.

Statement on Risk Management and Internal Controls (Continued)

INTERNAL CONTROL FRAMEWORK (CONTINUED)

9. Occupational Safety and Health Committee (OSHC) and Environmental Performance Monitoring Committee (EPMC)

The OSHC and EPMC meet quarterly as required under the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 and Environmental Mainstreaming Directive. Both committees provide an avenue for employees and management to solve environment, health and safety problems, develop strategies to nurture a healthy and safe working environment as well as to monitor compliance with regulatory requirements relating to the environment, health and safety.

10. Estate and Palm Oil Mill Visits

The CEO, Senior Management, the Sustainability, Health and Safety Team, Internal Auditors, Risk Officer and the Group Finance Team visit estates and palm oil mills regularly. In-house agriculture and sustainability policies ensure consistent standards of agronomy and compliance with Malaysian Sustainable Palm Oil (MSPO) or Indonesian Sustainable Palm Oil (ISPO) requirements are observed in all operating units.

11. Business Strategies

UMB's strategic business plans are prepared annually in line with the UMB's budget. Throughout the year, performance of all estates and mills are monitored by the Management Team.

12. Integrated Management System

Malaysian estates have implemented the Lintramax Quarto Connect System (Quarto Connect), a software programme enabling staff in all estates to record online all plantation data. In real time, data on fresh fruit bunches harvested and the volume of fresh fruit bunches sent to the ramp and to the mill is logged into the Quarto Connect. Data collected can be viewed and assessed by senior management to enhance decision-making.

13. Business Continuity and Security

- **Business Continuity Management Framework**

  UMB's Business Continuity Management Framework identifies appropriate preventive measures and potential responses to disasters, emergencies or catastrophic incidents to ensure business operations are resilient and able to recover quickly from any calamity.

- **Insurance and Safeguards**

  Senior Management reviews insurance policies annually to ensure its adequacy in compensating for any losses while instituting safeguards to prevent material losses.

14. Financial Performance Review and Reporting

Comprising Senior Managers, UMB's Management team monitors and reviews the monthly financial and operational data as well as forecasts for business units. The Management team also assesses performance against annual budgets, monitors marketing operations and formulates plans to address areas of concern.

Monthly reports on financial results and performance are emailed to Board members. Results are assessed against budgets with major variances explained. Monthly marketing reports are also submitted to Board members detailing price movements of CPO and PK as well as UMB's committed and forward sales.

Financial statements are prepared quarterly and annually together with detailed analysis. These reports are reviewed by the AC and recommended to the Board for approval prior to submission to Bursa Malaysia Securities Berhad. Reports on the performance of the estates and palm oil mills, the Group's financial position as well as treasury holdings are also presented at Board meetings.

INTERNAL AUDIT FUNCTION

UMB's in-house Internal Audit Department provides a regular and independent review of its Operating Units, undertakes follow-up audits, and conducts speedy investigative audits requested by Management, the AC, EXCO or the Board.

Reporting to the AC and Board every quarter, Internal Audit provides an assurance that UMB's governance, risk and control systems are functioning effectively and that significant risks are identified while risk mitigation plans are proposed and implemented.

During the financial year under review, a summary of internal audit's focus areas including reports submitted to AC, are set out in the Audit Committee Report of this Annual Report.

REVIEW BY THE EXTERNAL AUDITORS

In line with paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, external auditor, Ernst & Young PLT, has reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 April 2022.

Reviewing this Statement by the external auditor is in accordance with the Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (AAPG 3), issued by the Malaysian Institute of Accountants.

The external auditor states nothing has caused them to believe this Statement, in all material respects, was not prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines nor is this Statement factually inaccurate.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

For the financial year under review and up to the date of this Statement, the Board believes its system of risk management and internal controls is adequate and effective to safeguard the interests of shareholders, customers, employees as well as its assets. There were no material weaknesses or deficiencies in internal controls that could result in material losses.

Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

The CEO and CFO have also provided documented assurances to the Board that UMB's system of risk management and internal controls, in all material aspects, are operating adequately.

This Statement is made in accordance with the resolution of the Board of Directors dated 28 July 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

There were no rights issue or issuance of bonds carried out during the financial year ended 30 April 2022 (FY 2022) to raise any cash proceeds.

2. Non-Audit Fees

During the financial year under review, the Group's non-audit fees paid or payable to the external auditors amounted to RM37,000 (please refer to page 126 of the audited financial statements).

3. Recurrent Related Party Transactions (RRPT)

Name of Transacting Party	Nature of Transaction	Related Party #	FY 2022 (RM million)
UMB Group of Companies	Purchase of 1,444 MT of NK Mixture Fertiliser from Phosphate Resources (Malaysia) Sdn. Bhd.	(i) CI Resources Limited (ii) Phosphate Resources Limited (iii) Prosper Trading Sdn. Bhd. (iv) Prosper Capital Holdings Sdn. Bhd. (v) Mr. Tee Cheng Hua (vi) Dato' Sri Tee Lip Sin	3.09
UMB Group of Companies	Purchase of fresh fruit bunches (FFB)	(i) Cheekah-Kemayan Plantations Sdn. Bhd.	1.64
UMB Group of Companies	Sale of FFB	(i) Prosper Capital Holdings Sdn. Bhd. (ii) Far East Holdings Berhad (iii) Cheekah-Kemayan Plantations Sdn. Bhd.	0.26 0.10 0.94
UMB Group of Companies	Design, supply, installation, supervision, testing, commissioning and operating PV Solar Panel System	(i) Pekat Solar Sdn. Bhd. (ii) Mr. Ong Keng Siew	1.13
		Total	**7.16**

Note:

\# *Phosphate Resource (Malaysia) Sdn. Bhd. is a wholly owned operating subsidiary of Phosphate Resources Limited (a public unlisted Australian company) which is wholly owned by CI Resources Limited (a listed company on the Australian Stock Exchange).*

Prosper Trading Sdn. Bhd. which holds 7,623,100 shares (3.63%) in UMB as at 30 July 2022 is a substantial shareholder of CI Resource Limited and Far East Holdings Berhad.

Prosper Capital Holdings Sdn. Bhd. (formerly known as Prosper Palm Oil Mill Sdn. Bhd.) which is a major shareholder of UMB with equity interest of 11.91% as at 30 July 2022 (by virtue of its direct and indirect shareholding through Prosper Trading Sdn. Bhd.) is the major shareholder of Prosper Trading Sdn. Bhd.

Cheekah-Kemayan Plantations Sdn. Bhd. which holds 13,018,700 shares (6.21%) as at 30 July 2022 in UMB is a wholly owned subsidiary of Phosphate Resources Limited which is wholly owned by CI Resouces Limited.

By his directorship in Prosper Trading Sdn. Bhd. and Prosper Capital Holdings Sdn. Bhd. as well as the interests of Prosper Trading Sdn. Bhd. through CI Resources Limited, the Director, Mr. Tee Cheng Hua is deemed interest in the transaction(s) between UMB Group of Companies and Phosphate Resources (Malaysia) Sdn. Bhd. and Prosper Capital Holdings Sdn. Bhd. respectively.

By his directorship in Prosper Trading Sdn. Bhd., and interest of Prosper Trading Sdn. Bhd. through Far East Holdings Berhad, the Director, Mr. Tee Cheng Hua is deemed interested in the transaction(s) between UMB Group of Companies and Far East Holdings Berhad.

By his directorship in Prosper Trading Sdn. Bhd., Prosper Capital Holdings Sdn. Bhd., Phosphate Resources (Malaysia) Sdn. Bhd., and Phosphate Resources Limited and CI Resources Limited, the Director, Dato' Sri Tee Lip Sin is deemed interested in the transaction(s) between UMB Group of Companies and Phosphate Resources (Malaysia) Sdn. Bhd., Cheekah-Kemayan Plantations Sdn. Bhd. and Prosper Capital Holdings Sdn. Bhd. respectively.

The Director, Mr. Ong Keng Siew is an Independent Non-Executive Director of Pekat Group Berhad. Given Pekat Solar Sdn. Bhd. is an wholly-owned subsidiary of Pekat Group Berhad, Mr. Ong Keng Siew is deemed interested in the transaction(s) between UMB Group of Companies and Pekat Solar Sdn. Bhd..

4. Material Contracts Involving Directors and Major Shareholders

Save as disclosed in item (3) above, there is no material contract involving the Company and its subsidiaries with Directors, Chief Executive Officer (who is not a director) or a major shareholders of the Company either still subsisting at the end of the FY 2022 or entered into since the end of the financial year.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2022.

Principal activities

The principal activities of the Company are cultivation of oil palm and investment holding.

The principal activities of the subsidiaries are investment holding, cultivation of oil palm, palm oil milling, agroforestry plantations and providing management consultancy services.

Other information relating to the subsidiaries are disclosed in Note 19 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the financial year	108,351	83,280
Attributable to:		
Owners of the Company	108,189	83,280
Non-controlling interests	162	-
	108,351	83,280

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from impairment of intangible asset of the Group and investment in a subsidiary of the Company amounting to RM12,336,000 and RM8,647,000 respectively as well as discounting value of Plasma receivables of the Group amounting to RM2,709,000, as disclosed in Note 10(a).

Dividends

The amounts of dividends paid by the Company since 30 April 2021 were as follows:

	RM'000
In respect of the financial year ended 30 April 2021 as reported in the directors' report of that financial year:	
Second interim single-tier dividend of 7 sen, on 209,769,201 ordinary shares, declared on 24 June 2021 and paid on 16 August 2021	14,684
In respect of the financial year ended 30 April 2022:	
First interim single-tier dividend of 5 sen, on 209,769,201 ordinary shares, declared on 17 December 2021 and paid on 21 January 2022	10,488
	25,172

On 28 June 2022, the directors declared a second interim single-tier dividend of 5 sen per ordinary share and a special single-tier dividend of 5 sen per ordinary share in respect of the financial year ended 30 April 2022 on 209,769,201 ordinary shares, amounting to approximately RM20,977,000 which are payable on 19 August 2022. The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2023.

Directors' Report (Continued)

Directors

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

Datin Paduka Tan Siok Choo *	
Tan Jiew Hoe *	
Teo Leng *	
Dato Dr. Nik Ramlah Binti Nik Mahmood *	
Ong Keng Siew *	
Tee Cheng Hua	
Dato' Sri Tee Lip Sin	
Han Kee Juan	(Appointed on 3 June 2021)

* These directors are also directors of the Company's subsidiaries.

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

Young Lee Chern	(Appointed on 30 June 2021)
Peter A/L Benjamin	(Resigned on 30 June 2021)
Winston Chua Eng Meng	
Kiswanto	(Resigned on 19 July 2022)
Aziz Putera	
Dr Kartika Dianningsih Antono	
Leneke Santoso	
Lucky Christian Siburian	(Appointed on 19 July 2022)

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	796	604
Other emoluments	451	451
Estimated money value of benefits-in-kind	31	31
	1,278	1,086

Directors' indemnity

The Company maintains a directors' and officers' liability insurance for the directors and officers of the Company. During the financial year, the amount of directors and officers liability insurance coverage totalled RM20,000,000 and the premium paid for this insurance was RM28,000.

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			
Name of director		**1.5.2021**	**Acquired**	**Transferred**	**30.4.2022**
Direct Interest:					
Ordinary shares of the Company					
Datin Paduka Tan Siok Choo		4,527,197	-	-	4,527,197
Tan Jiew Hoe		356,625	-	-	356,625
Teo Leng		70,000	-	-	70,000
Tee Cheng Hua		-	202,500	-	202,500
Dato' Sri Tee Lip Sin		1,268,400	-	600,000	1,868,400
Han Kee Juan		-	130,000	-	130,000
Indirect Interest:					
Ordinary shares of the Company					
Datin Paduka Tan Siok Choo	i	7,641,343	-	-	7,641,343
Tan Jiew Hoe	ii	2,525,021	-	-	2,525,021
Teo Leng	iii	7,000	-	-	7,000
Tee Cheng Hua	iv	42,862,200	1,262,900	(2,200,000)	41,925,100
Dato' Sri Tee Lip Sin	v	45,358,700	1,262,900	(600,000)	46,021,600
Han Kee Juan	vi	-	50,000	-	50,000

i Interest by virtue of shares held by siblings and sibling's spouse.
ii Interest by virtue of shares held by the companies in which he is a Director.
iii Interest by virtue of shares held by spouse.
iv Interest by virtue of shares held by the companies in which he is a Director, children and siblings.
v Interest by virtue of shares held by the companies in which he is a Director, parents, spouse and siblings.
vi Interest by virtue of shares held by the company in which he is a Director.

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

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were finalised, 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 there were no known bad debts and that no allowance for doubtful debts was necessary; and

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

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

(i) it necessary to write off any bad debts or to provide for the allowance for doubtful debts in respect of the financial statements of the Group and of the Company; and

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

Other statutory information (continued)

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Auditors and auditors' remuneration

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

Auditors' remuneration are as follows:

	Group RM'000	**Company RM'000**
Ernst & Young PLT	307	165
Member firm of Ernst & Young Global	200	-
	507	165

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 30 April 2022.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 August 2022.

Datin Paduka Tan Siok Choo **Ong Keng Siew**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datin Paduka Tan Siok Choo and Ong Keng Siew, being two of the directors of United Malacca Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 96 to 172 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2022 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 12 August 2022.

Datin Paduka Tan Siok Choo

Ong Keng Siew

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Er Hock Swee, being the officer primarily responsible for the financial management of United Malacca Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 96 to 172 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 Er Hock Swee
at Melaka in the State of Melaka
on 12 August 2022.

Er Hock Swee
(CA 22897)

Before me,

CHAN CHIEW YEN
Commissioner for Oaths
Melaka, Malaysia

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF UNITED MALACCA BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of United Malacca Berhad, which comprise statements of financial position as at 30 April 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

<u>Impairment assessment of goodwill</u>

As at 30 April 2022, the Group's carrying amount of the goodwill is RM82.5 million as disclosed in Note 18 to the financial statements. The Group is required to perform an impairment test annually by comparing the carrying amount of cash-generating units ("CGU") or group of CGUs, including goodwill, with their recoverable amount.

We have identified this as an important area of our audit given the significant judgments and estimates involved in the assessment of the recoverable amount. In addressing the matter above, we have amongst others performed the following audit procedures:

- Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the CGUs.

- Evaluated the assumptions and methodologies used by the Group in performing the impairment assessment.

Independent Auditors' Report

To the members of United Malacca Berhad (Continued)
(Incorporated in Malaysia)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Impairment assessment of goodwill (continued)

We have identified this as an important area of our audit given the significant judgments and estimates involved in the assessment of the recoverable amount. In addressing the matter above, we have amongst others performed the following audit procedures: (continued)

- Assessed whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about the forecasted and projected Crude Palm Oil ("CPO") and Fresh Fruit Bunches ("FFB") prices, FFB yield of the oil palm estates and the estimated remaining useful lives of the bearer plants.

- Evaluated the discount rates used in deriving the present value of the cash flows.

- Assessed the adequacy of the disclosures made in the financial statements as disclosed in Notes 6.2(b) and 18 to the financial statements.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible asset

As at 30 April 2022, the carrying amount of the property, plant and equipment, right-of-use assets and intangible asset of the Group are RM671.3 million, RM788.4 million and RM234 thousand respectively. These are disclosed in Notes 16, 17 and 20 to the financial statements. The Group is required to assess at each reporting period whether there is any indication that an asset may be impaired.

During the financial year, the Group has determined that there are indicators of impairment. The market capitalisation of the Group was lower than the net assets as at 30 April 2022. Furthermore, certain Indonesian segment reported loss for the financial year. Accordingly, the Group estimated the recoverable amount of the relevant CGUs.

We have identified this as an important area of our audit given the significance of property, plant and equipment, right-of-use assets and intangible asset to the Group and the judgements and estimates involved in the assessment of the recoverable amount.

In addressing the matter above, we have amongst others performed the following audit procedures:

- Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the CGUs.

- Evaluated the assumptions and methodologies used by the Group in performing the impairment assessment.

- Assessed that the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about the forecasted and projected CPO and FFB prices, FFB yield of the oil palm estates and the yield and prices of other agricultural produce and the estimated remaining useful lives of the bearer plants.

- Evaluated the discount rates and the methodology used in deriving the present value of the cash flows.

- To the extent that the management relied on valuation reports provided by independent professional valuers, we have considered the competence, capabilities and objectivity of the professional valuers. We have also assessed the key assumptions and methodology used by independent professional valuers. This would include comparisons with recent transactions involving other similar land in the vicinity, size, tenure of title and the related valuation adjustments made by independent professional valuers. Further, we have evaluated management's assessment of the estimated transaction cost of disposal by comparing to quotation and industry rate of scale of fees.

- We have discussed with management and reviewed management's projection in light of the current and planned future planting activities and concurred with the impairment assessment and carrying values as at reporting date. We have also discussed the projection with our EY Indonesian counterpart and obtained their assistance during the review process.

- Assessed the adequacy of the disclosures made in the financial statements as disclosed in Notes 6.2(a), 16, 17 and 20 to the financial statements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Impairment assessment of investment in subsidiaries

As at 30 April 2022, the Company's carrying amount of the investment in subsidiaries is RM437.4 million as disclosed in Note 19 to the financial statements. The Company is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. As certain Indonesian segment reported loss for the financial year, the Company has determined that there is indicator of impairment, accordingly the Company estimated the recoverable amount of the investment in subsidiaries.

The Company has performed impairment assessments by comparing the carrying amounts of the investment in subsidiaries against its recoverable amount.

We have identified this as an area of audit focus given the significance of the carrying values of these assets and the judgements and estimates involved in the assessment of the recoverable amount.

In addressing the matter above, we have amongst others performed the following audit procedures:

- Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the investment in subsidiaries.

- Evaluated the assumptions and methodologies used by the Company in performing the impairment assessment.

- Assessed whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about the forecasted and projected CPO and FFB prices, FFB yield of the oil palm estates and the yield and prices of other agricultural produce and the estimated remaining useful lives of the bearer plants.

- Evaluated the discount rates and the methodology used in deriving the present value of the cash flows.

- Assessed the adequacy of the disclosures made in the financial statements as disclosed in Notes 6.2(c) and 19 to the financial statements.

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 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.

Independent Auditors' Report
To the members of United Malacca Berhad (Continued)
(Incorporated in Malaysia)

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

- 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.

Independent Auditors' Report
To the members of United Malacca Berhad (Continued)
(Incorporated in Malaysia)

Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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 19 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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Edwin Joseph Francis
03370/05/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
12 August 2022

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	7	553,962	398,069	191,697	115,278
Cost of sales		(375,568)	(335,507)	(67,809)	(57,643)
Gross profit		178,394	62,562	123,888	57,635
Other income	8	12,148	11,374	1,396	9,312
Administrative expenses		(25,253)	(26,635)	(9,007)	(8,758)
Other expenses	10(a)	(15,490)	(16,126)	(12,175)	(14,301)
Operating profit		149,799	31,175	104,102	43,888
Interest expense	9	(5,664)	(6,755)	(1,432)	(1,841)
Profit before tax	10(b)	144,135	24,420	102,670	42,047
Taxation	13	(35,784)	(14,230)	(19,390)	(7,953)
Profit for the financial year		108,351	10,190	83,280	34,094
Other comprehensive income/(loss):					
Item that will be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		12,482	(3,946)	-	-
		12,482	(3,946)	-	-
Items that will not be subsequently reclassified to profit or loss:					
Actuarial (loss)/gain on retirement benefit obligation		(265)	168	-	-
Deferred tax effect		50	(33)	-	-
		(215)	135	-	-
Total comprehensive income for the financial year		120,618	6,379	83,280	34,094
Profit/(loss) for the financial year attributable to:					
Owners of the Company		108,189	13,014	83,280	34,094
Non-controlling interests		162	(2,824)	-	-
		108,351	10,190	83,280	34,094
Total comprehensive income for the financial year attributable to:					
Owners of the Company		118,371	9,819	83,280	34,094
Non-controlling interests		2,247	(3,440)	-	-
		120,618	6,379	83,280	34,094
Earnings per share attributable to owners of the Company (sen per share):					
Basic	14(a)	51.58	6.20		
Diluted	14(b)	51.58	6.20		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	671,298	665,066	224,384	227,773
Right-of-use assets	17	788,442	796,067	320,587	325,475
Goodwill on consolidation	18	82,474	82,474	-	-
Investment in subsidiaries	19	-	-	437,406	446,053
Intangible asset	20	234	12,562	-	-
Other asset	21	3,501	3,538	-	-
Trade and other receivables	24	15,647	-	-	-
		1,561,596	1,559,707	982,377	999,301
Current assets					
Inventories	22	52,329	28,101	2,947	2,821
Biological assets	23	15,939	12,429	6,432	6,306
Trade and other receivables	24	72,574	85,774	192,638	173,307
Income tax recoverable		-	3,029	-	-
Short term funds	25	75,103	10,337	54,289	6,057
Cash and bank balances	26	58,161	33,204	18,529	8,057
		274,106	172,874	274,835	196,548
Total assets		1,835,702	1,732,581	1,257,212	1,195,849
Equity and liabilities					
Equity					
Share capital	27	255,375	255,375	255,375	255,375
Other reserves	28	(6,026)	(16,387)	-	-
Retained earnings	29	1,152,552	1,069,714	836,852	778,744
Equity attributable to owners of the Company		1,401,901	1,308,702	1,092,227	1,034,119
Non-controlling interests		38,914	32,723	-	-
Total equity		1,440,815	1,341,425	1,092,227	1,034,119
Non-current liabilities					
Bank borrowings	30	43,044	49,357	-	-
Lease liabilities	31	7,026	6,754	1,021	-
Retirement benefit obligation	32	1,037	805	-	-
Deferred tax liabilities	33	196,272	198,983	78,684	80,430
Trade and other payables	34	-	179	-	-
		247,379	256,078	79,705	80,430
Current liabilities					
Bank borrowings	30	74,344	75,397	65,250	69,658
Lease liabilities	31	925	705	176	-
Trade and other payables	34	63,626	58,976	13,649	11,177
Income tax payable		8,613	-	6,205	465
		147,508	135,078	85,280	81,300
Total liabilities		394,887	391,156	164,985	161,730
Total equity and liabilities		1,835,702	1,732,581	1,257,212	1,195,849

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Attributable to owners of the Company							
		Non-distributable			Distributable			
	Share capital (Note 27) RM'000	Foreign currency translation reserve (Note 28) RM'000	Employee share option reserve (Note 28) RM'000	Total other reserves (Note 28) RM'000	Retained earnings (Note 29) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 May 2021	255,375	(16,387)	-	(16,387)	1,069,714	1,308,702	32,723	1,341,425
Total comprehensive income:								
Profit for the financial year	-	-	-	-	108,189	108,189	162	108,351
Actuarial loss on retirement benefit obligation, net of tax	-	-	-	-	(179)	(179)	(36)	(215)
Exchange differences on translation of foreign operations	-	10,361	-	10,361	-	10,361	2,121	12,482
	-	10,361	-	10,361	108,010	118,371	2,247	120,618
Transactions with owners:								
Additional investment in subsidiaries	-	-	-	-	-	-	3,944	3,944
Dividends (Note 15)	-	-	-	-	(25,172)	(25,172)	-	(25,172)
	-	-	-	-	(25,172)	(25,172)	3,944	(21,228)
At 30 April 2022	255,375	(6,026)	-	(6,026)	1,152,552	1,401,901	38,914	1,440,815
At 1 May 2020	255,375	(13,080)	1,332	(11,748)	1,074,135	1,317,762	36,163	1,353,925
Total comprehensive income/(loss):								
Profit/(loss) for the financial year	-	-	-	-	13,014	13,014	(2,824)	10,190
Actuarial gain on retirement benefit obligation, net of tax	-	-	-	-	112	112	23	135
Exchange differences on translation of foreign operations	-	(3,307)	-	(3,307)	-	(3,307)	(639)	(3,946)
	-	(3,307)	-	(3,307)	13,126	9,819	(3,440)	6,379
Transactions with owners:								
Employee share options expired	-	-	(1,332)	(1,332)	1,332	-	-	-
Dividends (Note 15)	-	-	-	-	(18,879)	(18,879)	-	(18,879)
	-	-	(1,332)	(1,332)	(17,547)	(18,879)	-	(18,879)
At 30 April 2021	255,375	(16,387)	-	(16,387)	1,069,714	1,308,702	32,723	1,341,425

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	← Attributable to owners of the Company				→
		← Non-distributable	→	Distributable	
	Share capital (Note 27) RM'000	Employee share option reserve (Note 28) RM'000	Total other reserves (Note 28) RM'000	Retained earnings (Note 29) RM'000	Total equity RM'000
At 1 May 2021	255,375	-	-	778,744	1,034,119
Total comprehensive income:					
Profit for the financial year	-	-	-	83,280	83,280
	-	-	-	83,280	83,280
Transaction with owners:					
Dividends (Note 15)	-	-	-	(25,172)	(25,172)
	-	-	-	(25,172)	(25,172)
At 30 April 2022	255,375	-	-	836,852	1,092,227
At 1 May 2020	255,375	1,332	1,332	762,197	1,018,904
Total comprehensive income:					
Profit for the financial year	-	-	-	34,094	34,094
	-	-	-	34,094	34,094
Transactions with owners:					
Employee share options expired	-	(1,332)	(1,332)	1,332	-
Dividends (Note 15)	-	-	-	(18,879)	(18,879)
	-	(1,332)	(1,332)	(17,547)	(18,879)
At 30 April 2021	255,375	-	-	778,744	1,034,119

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating activities					
Profit before tax		144,135	24,420	102,670	42,047
Adjustments for:					
Depreciation of:					
- Property, plant and equipment	10(b)	48,571	46,786	13,372	13,280
- Right-of-use assets	10(b)	14,610	14,290	5,713	5,949
Discounting value of Plasma receivables	10(a)	2,709	-	-	-
Fair value changes on biological assets (net)	8	(3,430)	(6,982)	(126)	(4,360)
Gain on disposal of property, plant and equipment	8	(184)	(32)	(42)	(32)
Impairment of:					
- Intangible asset	10(a)	12,336	16,034	-	-
- Investment in a subsidiary	10(a)	-	-	8,647	14,278
Interest expense	9	5,664	6,755	1,432	1,841
Interest income	8	(670)	(433)	-	-
Inventories written off	10(a)	283	-	-	-
Net fair value gains on short term funds:					
- Realised	7,8	(751)	(315)	(506)	(207)
- Unrealised	7,8	(5)	-	(1)	-
Net unrealised foreign exchange (gain)/loss	8,10(a)	(4,639)	(632)	3,497	(3,072)
Property, plant and equipment written off	10(a)	162	92	31	23
Retirement benefit obligation	11	199	240	-	-
Operating cash flows before changes in working capital		218,990	100,223	134,687	69,747
Changes in working capital:					
Inventories		(23,452)	7,441	(126)	(443)
Trade and other receivables		(1,234)	(6,607)	10,381	(14,414)
Trade and other payables		7,030	(14,666)	2,442	1,819
Cash flows from operations		201,334	86,391	147,384	56,709
Interest received		654	442	-	-
Interest paid		(5,635)	(6,898)	(1,403)	(1,996)
Income taxes refunded		2,193	129	-	-
Income taxes paid		(30,123)	(15,196)	(15,474)	(4,620)
Retirement benefit obligation paid	32	(282)	(57)	-	-
Net cash flows from operating activities		168,141	64,811	130,507	50,093

Statements of Cash Flows

For the financial year ended 30 April 2022 (Continued)

	Note	Group		Company	
		2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Investing activities					
Purchase of property, plant and equipment	16(c)	(39,007)	(35,889)	(9,710)	(7,524)
Proceeds from disposal of property, plant and equipment		272	217	124	105
Additions of right-of-use assets	17	(313)	(824)	-	-
Net (placements)/withdrawals of short term funds		(64,010)	13,390	(47,725)	14,650
Loans to subsidiaries	36(a)	-	-	(28,799)	(14,973)
Net cash flows used in investing activities		(103,058)	(23,106)	(86,110)	(7,742)
Financing activities					
Dividends paid	15	(25,172)	(18,879)	(25,172)	(18,879)
Repayment of revolving credits		(8,739)	-	(8,739)	-
Repayment of term loans		(5,907)	(23,827)	-	(21,498)
Payment of principal portion of lease liabilities	31	(719)	(600)	(14)	-
Net cash flows used in financing activities		(40,537)	(43,306)	(33,925)	(40,377)
Net increase/(decrease) in cash and cash equivalents		24,546	(1,601)	10,472	1,974
Effect of foreign exchange rate changes		411	(316)	-	-
Cash and cash equivalents at beginning of financial year		33,204	35,121	8,057	6,083
Cash and cash equivalents at end of financial year	26	58,161	33,204	18,529	8,057

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 30 APRIL 2022

1. Corporate information

United Malacca Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka.

The principal activities of the Company are cultivation of oil palm and investment holding. The principal activities of the subsidiaries are investment holding, cultivation of oil palm, palm oil milling, agroforestry plantations and providing management consultancy services. Other information relating to the subsidiaries are disclosed in Note 19 to the financial statements.

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

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 (the "Act") in Malaysia. At the beginning of the current financial year, the Company adopted the amended MFRSs which are mandatory for annual financial periods beginning on or after 1 June 2020 as described fully in Note 3.

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

3. Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except as follows:

On 1 May 2021, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 June 2020.

Description	**Effective for annual periods beginning on or after**
• Amendments to MFRS 16: *Covid-19 - Related Rent Concessions*	1 June 2020
• Amendments to MFRS 4: *Extension of the Temporary Exemption from Applying MFRS 9*	1 August 2020
• Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139: *Interest Rate Benchmark Reform - Phase 2*	1 January 2021
• Amendments to MFRS 16: *Covid - 19 - Related Rent Concessions beyond 30 June 2021*	1 April 2021

The adoption of the above amended MFRSs did not have any material effect on the financial statements of the Group and of the Company.

4. Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
• Annual Improvements to MFRSs 2018 - 2020	1 January 2022
• Amendments to MFRS 3: *Reference to the Conceptual Framework*	1 January 2022
• Amendments to MFRS 116*: Proceeds before Intended Use*	1 January 2022
• Amendments to MFRS 137: *Cost of Fulfilling a Contract*	1 January 2022
• Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current*	1 January 2023
• MFRS 17: *Insurance Contracts*	1 January 2023
• Amendments to MFRS 17: *Insurance Contracts*	1 January 2023
• Amendment to MFRS 17: *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
• Amendments to MFRS 101: *Disclosure of Accounting Policies*	1 January 2023
• Amendments to MFRS 108: *Disclosure of Accounting Estimates*	1 January 2023
• Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
• Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The directors expect that the adoption of the above new and amended standards will not have material impact on the financial statements in the period of initial application.

5. Summary of significant accounting policies

5.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

(ii) exposure or rights to variable returns from its involvement with the investee;

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement(s) with the other vote holders of the investee;

(ii) the Group's voting rights and potential voting rights;

(iii) rights arising from other contractual arrangements.

5. Summary of significant accounting policies (continued)

5.1 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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 the statements of comprehensive income. Any investment retained is recognised at fair value.

5.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date's fair value and any resulting gain or loss is recognised in statements of comprehensive income.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statements of comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

5. Summary of significant accounting policies (continued)

5.2 Business combinations and goodwill (continued)

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

5.3 Transactions with non-controlling interests

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

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

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

5.4 Subsidiaries

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

5.5 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the respective functional currency spot rates at the date of the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statements of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

5. Summary of significant accounting policies (continued)

5.5 Foreign currency (continued)

(c) Foreign operations

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

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

The principal exchange rates used for currency ruling at the reporting date are as follows:

	2022 RM	2021 RM
1 United States Dollar (“USD”)	4.3500	4.0975
100 Indonesian Rupiah (“IDR”)	0.0300	0.0284

5.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Capital work-in-progress is stated at cost, net of accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and the Company derecognise the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Bearer plants represent new and replanting expenditure on oil palms and coconut, which consist of cost of land clearing, upkeep of trees to maturity and attributable amortisation and depreciation charges capitalised. Upon maturity, maintenance and upkeep of oil palms are recognised in the statements of comprehensive income.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated as this asset is not yet available for use. Bearer plants are depreciated on a straight-line basis over the estimated productive period, commence when the oil palms reach maturity. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets. The applicable rates are as follows:

Bearer plants	20 years
Buildings	2% to 5%
Plant and machinery	5% to 10%
Office equipment, furniture and fittings	5% to 25%
Motor vehicles, tractors, trailers and boats	10% to 25%

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

5. Summary of significant accounting policies (continued)

5.6 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of comprehensive income in the financial year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

5.7 Intangible asset

Intangible asset acquired separately is measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statements of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible asset is assessed as either finite or indefinite.

Intangible asset is amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite life is recognised in the statements of comprehensive income in the expense category that is consistent with the function of the intangible asset.

Intangible asset with indefinite useful lives is not amortised, but is tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

5.8 Other asset

Other asset represents the expenses incurred in connection with the development of agroforestry plantations on licenced planted forest. When the agroforestry plantations area become commercially productive, the accumulated expenses incurred will be amortised using straight-line basis over the economic life of the agroforestry plantations.

5.9 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, 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. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

5. Summary of significant accounting policies (continued)

5.9 Impairment of non-financial assets (continued)

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations generally covered a period of either (i) up to the remaining useful life of the bearer plants; or (ii) 20 years which is then projected to the end of the concession period; depending of the type of non-financial assets being assessed for impairment.

Impairment losses of continuing operations are recognised in the statements of comprehensive income as expenses consistent with the function of the impaired asset except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statements of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

5.10 Financial instruments

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

(a) Financial assets

(i) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied practical expedient are measured at the transaction price determined under MFRS 15: *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

5. Summary of significant accounting policies (continued)

5.10 Financial instruments (continued)

(a) Financial assets (continued)

(i) Initial recognition and measurement (continued)

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

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

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

<u>Financial assets at amortised cost (debt instruments)</u>

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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

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

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

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

This category includes investment in income trust funds which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Fair value gains on investment in income trust funds are recognised as income in the statements of comprehensive income when the right of payment has been established.

All other categories of financial assets are not applicable to the Group and the Company.

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

5. Summary of significant accounting policies (continued)

5.10 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (1) The Group and the Company have transferred substantially all the risks and rewards of the asset; or

  (2) The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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

(b) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5. Summary of significant accounting policies (continued)

5.10 Financial instruments (continued)

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss

- Financial liabilities at amortised cost

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

After initial recognition, bank borrowings, lease liabilities and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statements of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to bank borrowings, lease liabilities and trade and other payables as further disclosed in Notes 30, 31 and 34 respectively.

The other category of financial liabilities is not applicable to the Group and the Company.

(iii) Derecognition

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

(d) Offsetting of financial instruments

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

5. Summary of significant accounting policies (continued)

5.10 Financial instruments (continued)

(e) 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.

Financial guarantees issued are measured at fair value, net of transaction costs.

5.11 Inventories

Inventories comprise produce stocks, nursery stocks, estate and palm oil mill stores.

Produce stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average ex-estate/mill production costs and includes transport charges, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Nursery stocks are valued at the lower of cost (determined on the weighted average basis) and net realisable value. Cost of nursery stocks includes where appropriate the cost of direct materials and direct labour.

Estate and palm oil mill stores are valued at the lower of cost (determined on the weighted average basis) and net realisable value.

5.12 Biological assets

Biological assets comprise the produce growing on oil palms. Biological assets are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the statements of comprehensive income. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output (FFB harvest) and market price at reporting date of crude palm oil and palm kernel adjusted for extraction rates less processing, harvesting and transportation costs

5.13 Plasma receivables

Plasma receivables represent the accumulated cost to develop the plasma plantations, which are currently being self-financed by a subsidiary. Upon obtaining financing from the designated bank, the said advances will be offset against the corresponding funds received. The bank loans of plasma plantations are guaranteed by the subsidiary (acting as nucleus company). When the development of plasma plantation is substantially completed and ready to be transferred to plasma farmers, the corresponding investment credit from the bank is also transferred to plasma farmers. Any excess or shortfall from the difference between the carrying value of the plasma receivables and the corresponding bank loans is regarded as payable or recoverable from the plasma farmers.

Impairment losses are made when the estimated recoverable amounts are less than the outstanding amounts as at the reporting date.

5.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

5. Summary of significant accounting policies (continued)

5.15 Share capital and share issuance expenses

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

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

5.16 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate item in the statements of comprehensive income.

5.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of comprehensive income net of any reimbursement.

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

5.18 Contingencies

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

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

5.19 Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company have generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

5. Summary of significant accounting policies (continued)

5.19 Revenue recognition (continued)

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Using the practical expedient in MFRS 15, the Group and the Company do not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance obligation completed to-date; or

(ii) create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

5. Summary of significant accounting policies (continued)

5.19 Revenue recognition (continued)

For performance obligations that the Group and the Company satisfy over time, the Group and the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's and the Company's effort and the transfer of service to the customer.

The following describes the performance obligation in contracts with customers:

(a) Sale of goods

The Group and the Company contract with the customers for sales of oil palm products. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is recognised at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods.

(b) Other revenue

Revenue from other sources are recognised as follows:

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Dividend income

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

(iii) Rental income

Rental income arising from operating leases on leased assets is accounted for on a straight-line basis over the lease terms.

5.20 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statements of comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

5. Summary of significant accounting policies (continued)

5.20 Employee benefits (continued)

(c) Defined benefit plans

The Group operates defined benefit plans for eligible employees of a foreign subsidiary. The amount recognised as a liability in respect of the defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets.

The Group determines the present value of the defined benefit obligations and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the defined obligations and the related current service cost and past service cost are determined using the projected unit credit method by an actuary. The rate used to discount the obligations is based on market yields at the reporting period for high quality corporate bond or government bonds.

Remeasurement of the net defined obligation which comprise of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets are recognised directly within equity in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in statements of comprehensive income.

Net interest is recognised in statements of comprehensive income, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payment during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in statements of comprehensive income.

(d) Employee Share Option Scheme ("ESOS")

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in statements of comprehensive income, with a corresponding increase in the employee share option reserve over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the statements of comprehensive income for a period represents the movement in cumulative expense recognised at the beginning and end of that period. No expense is recognised for options that do not ultimately vest.

When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

5. Summary of significant accounting policies (continued)

5.20 Employee benefits (continued)

(e) Executive Share Incentive Plan ("ESIP")

The Company's ESIP, an equity-settled, share-based compensation plan, allows the selected executives of the Group to be entitled for ordinary shares of the Company as consideration for services rendered. The fair value of ordinary shares granted to selected executives is recognised in the statements of comprehensive income, with a corresponding increase in the employee share incentive reserve within equity over the vesting period.

The fair value of ordinary shares is measured at grant date, taking into account, if any, the market vesting conditions.

When the ordinary shares are exercised, the employee share incentive reserve is transferred to share capital if new shares are issued.

5.21 Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Long term leasehold land	over the period of the respective leases
Prepaid land lease payments	over the period of the respective leases
Buildings	over 20 years
Tractors and trailers	over 5 to 6 years

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

The right-of-use assets are also subject to impairment. The accounting policies for impairment of non-financial assets is as disclosed in Note 5.9.

5. Summary of significant accounting policies (continued)

5.21 Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

The Group's lease liabilities are as disclosed in Note 31.

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

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Low value assets are those assets valued at less than RM20,000 each when purchased new. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

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

5.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5. Summary of significant accounting policies (continued)

5.23 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

(ii) in respect of taxable temporary differences associated with investment in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

(ii) in respect of deductible temporary differences associated with investment in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

5. Summary of significant accounting policies (continued)

5.23 Taxes (continued)

(b) Deferred tax (continued)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in the statements of comprehensive income.

(c) Value-added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT except:

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

- When receivables and payables that are stated with the amount of VAT included.

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

(d) Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset applicable as SST is not recoverable from the taxation authority.'

5.24 Segment reporting

For management purposes, the Group is organised into operating segments based on the activities which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

5. Summary of significant accounting policies (continued)

5.25 Current versus non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.26 Fair value measurement

The Group and the Company measure financial instruments and non-financial assets at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

5. Summary of significant accounting policies (continued)

5.26 Fair value measurement (continued)

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

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

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

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

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

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

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

6. Significant accounting judgments, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date, if any. 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.

6.1 Judgment made in applying accounting policies

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

Classification between investment property and property, plant and equipment

The Group and the Company have developed certain criteria based on MFRS 140: Investment Property in making a judgment as to whether or not a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

The Group and the Company own office buildings which comprise a portion that is held to earn rentals and another portion that is held for own use. Since the office buildings cannot be sold separately and the portion of the office buildings that is held for own use is not insignificant, the Group and the Company have classified the whole office buildings as property, plant and equipment.

6. Significant accounting judgments, estimates and assumptions (continued)

6.2 Estimates and assumptions

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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of property, plant and equipment, right-of-use assets and intangible asset

The Group and the Company review the carrying amounts of the property, plant and equipment, right-of-use assets and intangible asset at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of FVLCD or VIU.

Where the recoverable amounts of CGU or groups of CGU is determined on the basis of FVLCD, the fair values are based on valuations by independent professional valuers which were derived from comparison with recent transactions involving other similar estates in the vicinity in terms of age profile of oil palms, accessibility and title tenure, and from the income capitalisation method derived using assumptions on yields, long term average market prices, cost of production and an appropriate rate of return over the cropping life. The estimated transaction cost of disposal is derived from quotation and industry rate of scale of fees. Changes to any of these assumptions would affect the amount of impairment losses.

Determining the VIU of CGU or groups of CGU requires the determination of future cash flows expected to be derived from continuing use of the asset and from the ultimate disposal of such assets, which thus require the Group and the Company to make estimates and assumptions that can materially affect the financial statements.

The estimation of the recoverable amount involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

The accumulated impairment losses is disclosed in Notes 16 and 20.

(b) Impairment of goodwill

The Group tests for impairment of goodwill annually and at any other time when such indicators exist. This requires an estimation of VIU of the assets or CGU to which the goodwill is allocated.

Estimating the VIU requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 18.

(c) Impairment of investment in subsidiaries

The Company reviews its investment in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant estimation is required in determining the recoverable amount. Further details of the carrying value and the key assumptions applied in the impairment assessment of investment in subsidiaries are disclosed in Note 19.

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

6. Significant accounting judgments, estimates and assumptions (continued)

6.2 Estimates and assumptions (continued)

(d) Bearer plants

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Group's and the Company's oil palms to be 20 years.

(e) Fair value of biological assets

Biological assets comprise of fresh fruit bunches (""FFB"") prior to harvest. The fair value of biological assets are measured at the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

7. Revenue

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers ^:				
- Fresh fruit bunches	122,226	66,823	147,013	86,309
- Palm oil milling products	431,736	331,246	-	-
	553,962	398,069	147,013	86,309
Revenue from other sources:				
Interest income from:				
- Loan to subsidiaries *	-	-	9,850	8,242
- Short term deposits	-	-	152	69
Net fair value gains on short term funds:				
- Realised	-	-	506	207
- Unrealised	-	-	1	-
Dividend income from subsidiaries	-	-	34,175	20,451
	-	-	44,684	28,969
	553,962	398,069	191,697	115,278

^ The timing of revenue recognition is at a point in time.

* This represents the interest income from loan to subsidiaries, bearing interest at a rate of 6.7% (2021: 6.7%) per annum as per disclosed in Note 24(c).

8. Other income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value changes on biological assets (net)	3,430	6,982	126	4,360
Gain on disposal of property, plant and equipment	184	32	42	32
Insurance claim received	48	104	2	26
Insurance commission received	226	210	226	210
Interest income	670	433	-	-
Management fee received	697	756	-	-
Miscellaneous income	549	372	74	114
Net foreign exchange gain:				
- Realised	753	1,209	732	1,245
- Unrealised	4,639	632	-	3,072
Net fair value gains on short term funds:	-	-		
- Realised	751	315	-	-
- Unrealised	5	-	-	-
Net rental income	196	329	194	253
	12,148	11,374	1,396	9,312

9. Interest expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- Lease liabilities (Note 31)	430	438	5	-
- Loan from a subsidiary *	-	-	14	14
- Revolving credits	1,413	1,483	1,413	1,483
- Term loans	3,821	4,834	-	344
	5,664	6,755	1,432	1,841

* This represents the interest expense paid for loan from a subsidiary, bearing interest at the rate of one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum (2021: one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum) as per disclosed in Note 34(c).

10. Other expenses and profit before tax

(a) Other expenses

The other expenses included in the statements of comprehensive income comprise of the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Discounting value of Plasma receivables (Note 24)	2,709	-	-	-
Inventories written off	283	-	-	-
Impairment of:				
- Intangible asset (Note 20)	12,336	16,034	-	-
- Investment in a subsidiary (Note 19)	-	-	8,647	14,278
Net unrealised foreign exchange loss	-	-	3,497	-
Property, plant and equipmen written off	162	92	31	23
	15,490	16,126	12,175	14,301

10. Other expenses and profit before tax (continued)

(b) Profit before tax

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Auditors' remuneration:				
- Statutory audits				
- Ernst & Young PLT	270	242	128	122
- Member firm of Ernst & Young Global	200	171	-	-
- Other auditors	40	41	-	-
- Other services				
- Ernst & Young PLT	37	38	37	38
Depreciation of:				
- Property, plant and equipment (Note 16)	48,571	46,786	13,372	13,280
- Right-of-use assets (Note 17)	14,610	14,290	5,713	5,949
Employee benefits expense (Note 11)	91,508	78,171	27,661	24,813
Non-executive directors' remuneration (Note 12)	1,325	1,170	1,055	855

11. Employee benefits expense

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Wages and salaries	80,881	68,654	25,145	22,451
Contributions to defined contribution plan	3,999	3,722	1,214	1,206
Social security contributions	1,107	1,265	219	197
Retirement benefit obligation (Note 32)	199	240	-	-
Other staff related expenses	5,322	4,290	1,083	959
	91,508	78,171	27,661	24,813

12. Directors' remuneration

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-executive				
Directors of the Company:				
Fees	796	643	604	436
Other emoluments	451	419	451	419
Total excluding benefits-in-kind	1,247	1,062	1,055	855
Estimated money value of benefits-in-kind	31	31	31	31
Total including benefits-in-kind	1,278	1,093	1,086	886
Directors of subsidiaries:				
Fees, representing total excluding benefits-in-kind	78	108	-	-
Total directors' remuneration	1,356	1,201	1,086	886

12. Directors' remuneration (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Analysis of directors' remuneration:				
Total non-executive directors' remuneration excluding benefits-in-kind (Note 10(b) and 36(c))	1,325	1,170	1,055	855
Estimated money value of benefits-in-kind	31	31	31	31
	1,356	1,201	1,086	886

The details of remuneration received or receivable by each director of the Company during the financial year are as follows:

	Fees RM'000	Other emoluments RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Group				
2022				
Non-executive directors:				
Datin Paduka Tan Siok Choo	168	51	31	250
Tan Jiew Hoe	106	63	-	169
Teo Leng	106	61	-	167
Dato Dr. Nik Ramlah Binti Nik Mahmood	106	73	-	179
Ong Keng Siew	106	73	-	179
Tee Cheng Hua	70	61	-	131
Dato' Sri Tee Lip Sin	70	24	-	94
Han Kee Juan	64	45	-	109
	796	451	31	1,278
2021				
Non-executive directors:				
Datin Paduka Tan Siok Choo	148	53	31	232
Tan Sri Dato' Ahmad Bin Mohd Don	40	33	-	73
Tan Jiew Hoe	96	62	-	158
Teo Leng	96	63	-	159
Dato Dr. Nik Ramlah Binti Nik Mahmood	96	72	-	168
Ong Keng Siew	96	72	-	168
Tee Cheng Hua	60	63	-	123
Dato' Sri Tee Lip Sin	11	1	-	12
	643	419	31	1,093
Company				
2022				
Non-executive directors:				
Datin Paduka Tan Siok Choo	120	51	31	202
Tan Jiew Hoe	70	63	-	133
Teo Leng	70	61	-	131
Dato Dr. Nik Ramlah Binti Nik Mahmood	70	73	-	143
Ong Keng Siew	70	73	-	143
Tee Cheng Hua	70	61	-	131
Dato' Sri Tee Lip Sin	70	24	-	94
Han Kee Juan	64	45	-	109
	604	451	31	1,086

12. Directors' remuneration (continued)

	Fees RM'000	Other emoluments RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
2021				
Non-executive directors:				
Datin Paduka Tan Siok Choo	100	53	31	184
Tan Sri Dato' Ahmad Bin Mohd Don	25	33	-	58
Tan Jiew Hoe	60	62	-	122
Teo Leng	60	63	-	123
Dato Dr. Nik Ramlah Binti Nik Mahmood	60	72	-	132
Ong Keng Siew	60	72	-	132
Tee Cheng Hua	60	63	-	123
Dato' Sri Tee Lip Sin	11	1	-	12
	436	419	31	886

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors 2022	2021
Non-executive directors:		
Up to RM50,000	-	1
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	2	1
RM150,001 - RM200,000	4	4
RM200,001 - RM250,000	1	1

13. Taxation

Major components of taxation

The major components of taxation for the financial years ended 30 April 2022 and 30 April 2021 are:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Statements of comprehensive income:				
Current income tax:				
- Current financial year	39,541	13,220	20,541	5,875
- Overprovision in prior financial years	(824)	(110)	(312)	(6)
Overprovision of real property gain tax in prior financial years	(78)	-	(78)	-
Withholding tax	1,024	3,137	985	824
	39,663	16,247	21,136	6,693
Deferred tax (Note 33):				
Relating to reversal and origination of temporary differences	(3,068)	(1,969)	(1,995)	1,254
Effect of change in foreign tax rate *	2,476	-	-	-
(Over)/underprovision in prior financial years	(3,287)	(48)	249	6
	(3,879)	(2,017)	(1,746)	1,260
	35,784	14,230	19,390	7,953

13. Taxation (continued)

Major components of taxation (continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

The corporate tax rates applicable to the Singapore subsidiaries and Indonesia subsidiaries of the Group are 17% (2021: 17%) and 22% (2021: 22%) respectively.

* On 31 March 2020, the Indonesian Government made an announcement on the reduction of statutory tax rate whereby the statutory tax rate reduced to 22% for the financial years ended 30 April 2021 and 30 April 2022 and will further reduce to 20% at the start of the financial year ending 30 April 2023. As such, the deferred tax in previous financial year was computed based on the statutory tax rate of 20% to reflect the future applicable statutory tax rate. However, on 29 October 2021, the Indonesian Government issued the Laws of the Republic of Indonesia No. 7 Year 2021 which stipulates adjustment to the tax rate for corporate income tax-payers and permanent establishments entities from previous announced rate of 20% to 22%, starting from the beginning of financial year ended 30 April 2022. Hence, the deferred tax rate which was previously computed using statutory tax rate of 20% is now computed using statutory tax rate of 22%.

Reconciliation between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 April 2022 and 30 April 2021 are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Accounting profit before tax	144,135	24,420	102,670	42,047
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	34,592	5,861	24,641	10,091
Effect of different tax rates in foreign jurisdiction	(20)	164	-	-
Adjustments:				
Effect of change in foreign tax rate on deferred tax	2,476	-	-	-
Effect of income not subject to tax	(3,924)	(3,208)	(10,028)	(7,996)
Effect of expenses not deductible for tax purposes	6,608	8,434	3,933	5,034
Effect of utilisation of tax losses	(646)	-	-	-
Effect of utilisation of reinvestment allowance	(137)	-	-	-
Overprovision of income tax in prior financial years	(824)	(110)	(312)	(6)
(Over)/underprovision of deferred tax in prior financial years	(3,287)	(48)	249	6
Overprovision of real property gain tax in prior financial years	(78)	-	(78)	-
Withholding tax	1,024	3,137	985	824
	35,784	14,230	19,390	7,953

14. Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing profit net of tax for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group 2022	Group 2021
Profit net of tax for the financial year attributable to owners of the Company (RM'000)	108,189	13,014
Weighted average number of ordinary shares in issue ('000 unit)	209,769	209,769
Basic earnings per share (sen)	51.58	6.20

(b) Diluted earnings per share

The diluted earnings per ordinary share of the Group for the financial years ended 30 April 2022 and 30 April 2021 are the same as the basic earnings per ordinary share of the Group.

15. Dividends

	Group and Company 2022 RM'000	Group and Company 2021 RM'000
Recognised during the financial year:		
Second interim dividend for financial year ended 30 April 2020:		
- single-tier dividend of 6 sen on 209,769,201 ordinary shares	-	12,586
First interim dividend for financial year ended 30 April 2021:		
- single-tier dividend of 3 sen on 209,769,201 ordinary shares	-	6,293
Second interim dividend for financial year ended 30 April 2021:		
- single-tier dividend of 7 sen on 209,769,201 ordinary shares	14,684	-
First interim dividend for financial year ended 30 April 2022:		
- single-tier dividend of 5 sen on 209,769,201 ordinary shares	10,488	-
	25,172	18,879

On 28 June 2022, the directors declared a second interim single-tier dividend of 5 sen per ordinary share and a special single-tier dividend of 5 sen per ordinary share in respect of the financial year ended 30 April 2022 on 209,769,201 ordinary shares, amounting to approximately RM20,977,000 which are payable on 19 August 2022. The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2023.

16. Property, plant and equipment

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors, trailers and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
2022								
At cost:								
At 1 May 2021	108,875	569,250	222,516	99,892	13,509	63,299	7,643	1,084,984
Additions	-	14,892	5,728	3,669	944	4,608	12,584	42,425
Disposals	-	-	-	(3)	-	(1,479)	-	(1,482)
Written off	-	(1,136)	(419)	(691)	(547)	(2,221)	-	(5,014)
Reclassified from other asset (Note 21)	-	230	-	-	-	-	-	230
Reclassifications	-	-	3,371	2,416	39	-	(5,826)	-
Exchange differences	-	8,805	6,994	1,340	217	992	138	18,486
At 30 April 2022	108,875	592,041	238,190	106,623	14,162	65,199	14,539	1,139,629
Accumulated depreciation and impairment losses:								
At 1 May 2021	-	270,236	46,471	50,909	9,322	42,980	-	419,918
Depreciation charge for the financial year:	-	21,393	14,738	8,129	1,431	5,184	-	50,875
- Recognised in statements of comprehensive income (Note 10(b))	-	21,393	13,381	7,654	1,323	4,820	-	48,571
- Capitalised in bearer plants (Note 16(b))	-	-	1,019	339	83	294	-	1,735
- Charged to Plasma receivables (Note 37(a))	-	-	338	136	25	70	-	569
Disposals	-	-	-	-	-	(1,394)	-	(1,394)
Written off	-	(1,133)	(386)	(641)	(519)	(2,173)	-	(4,852)
Exchange differences	-	1,516	1,169	426	125	548	-	3,784
At 30 April 2022	-	292,012	61,992	58,823	10,359	45,145	-	468,331
Analysed as:								
Accumulated depreciation	-	235,199	61,992	58,823	10,359	45,145	-	411,518
Accumulated impairment losses	-	56,813	-	-	-	-	-	56,813
	-	292,012	61,992	58,823	10,359	45,145	-	468,331
Net carrying amount:								
At 30 April 2022	108,875	300,029	176,198	47,800	3,803	20,054	14,539	671,298

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

16. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors, trailers and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Group (continued)								
2021								
At cost:								
At 1 May 2020	108,875	554,919	216,124	95,733	13,180	62,244	5,256	1,056,331
Additions	-	19,068	8,080	2,123	533	4,320	5,886	40,010
Disposals	-	-	-	(1)	(11)	(573)	-	(585)
Written off	-	(2,104)	(42)	(278)	(128)	(2,648)	-	(5,200)
Reclassifications	-	-	494	2,725	-	249	(3,468)	-
Exchange differences	-	(2,633)	(2,140)	(410)	(65)	(293)	(31)	(5,572)
At 30 April 2021	108,875	569,250	222,516	99,892	13,509	63,299	7,643	1,084,984
Accumulated depreciation and impairment losses:								
At 1 May 2020	-	251,846	32,596	43,645	7,998	41,102	-	377,187
Depreciation charge for the financial year:	-	20,902	14,173	7,636	1,485	5,008	-	49,204
- Recognised in statements of comprehensive income (Note 10(b))	-	20,902	12,746	7,148	1,374	4,616	-	46,786
- Capitalised in bearer plants (Note 16(b))	-	-	1,067	338	84	313	-	1,802
- Charged to Plasma receivables (Note 37(a))	-	-	360	150	27	79	-	616
Disposals	-	-	-	-	(8)	(392)	-	(400)
Written off	-	(2,104)	(29)	(271)	(121)	(2,583)	-	(5,108)
Exchange differences	-	(408)	(269)	(101)	(32)	(155)	-	(965)
At 30 April 2021	-	270,236	46,471	50,909	9,322	42,980	-	419,918
Analysed as:								
Accumulated depreciation	-	213,423	46,471	50,909	9,322	42,980	-	363,105
Accumulated impairment losses	-	56,813	-	-	-	-	-	56,813
	-	270,236	46,471	50,909	9,322	42,980	-	419,918
Net carrying amount:								
At 30 April 2021	108,875	299,014	176,045	48,983	4,187	20,319	7,643	665,066

16. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors and trailers RM'000	Capital work-in-progress RM'000	Total RM'000
Company								
2022								
At cost:								
At 1 May 2021	68,225	272,721	47,450	10,706	5,537	21,181	399	426,219
Additions	-	2,188	340	109	200	1,669	5,737	10,243
Disposals	-	-	-	(51)	(9)	(264)	-	(324)
Written off	-	(577)	(165)	(42)	(220)	(832)	-	(1,836)
Reclassifications	-	-	1,972	-	5	-	(1,977)	-
At 30 April 2022	68,225	274,332	49,597	10,722	5,513	21,754	4,159	434,302
Accumulated depreciation and impairment losses:								
At 1 May 2021	-	158,734	13,143	6,494	4,470	15,605	-	198,446
Depreciation charge for the financial year:	-	8,621	2,445	782	338	1,333	-	13,519
- Recognised in statements of comprehensive income (Note 10(b))	-	8,621	2,391	751	319	1,290	-	13,372
- Capitalised in bearer plants (Note 16(b))	-	-	54	31	19	43	-	147
Disposals	-	-	-	(29)	(6)	(207)	-	(242)
Written off	-	(577)	(165)	(39)	(197)	(827)	-	(1,805)
At 30 April 2022	-	166,778	15,423	7,208	4,605	15,904	-	209,918
Analysed as:								
Accumulated depreciation	-	109,965	15,423	7,208	4,605	15,904	-	153,105
Accumulated impairment losses	-	56,813	-	-	-	-	-	56,813
	-	166,778	15,423	7,208	4,605	15,904	-	209,918
Net carrying amount:								
At 30 April 2022	68,225	107,554	34,174	3,514	908	5,850	4,159	224,384

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For the financial year ended 30 April 2022 (Continued)

16. Property, plant and equipment (continued)

	Freehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles, tractors and trailers RM'000	Capital work-in-progress RM'000	Total RM'000
Company (continued)								
2021								
At cost:								
At 1 May 2020	68,225	271,136	44,979	10,213	5,493	20,669	51	420,766
Additions	-	1,962	2,460	592	102	2,299	392	7,807
Disposals	-	-	-	-	(6)	(277)	-	(283)
Written off	-	(377)	(15)	(117)	(52)	(1,510)	-	(2,071)
Reclassifications	-	-	26	18	-	-	(44)	-
At 30 April 2021	68,225	272,721	47,450	10,706	5,537	21,181	399	426,219
Accumulated depreciation and impairment losses:								
At 1 May 2020	-	150,650	10,659	5,733	4,116	16,115	-	187,273
Depreciation charge for the financial year:	-	8,461	2,486	870	408	1,206	-	13,431
- Recognised in statements of comprehensive income (Note 10(b))	-	8,461	2,410	844	396	1,169	-	13,280
- Capitalised in bearer plants (Note 16(b))	-	-	76	26	12	37	-	151
Disposals	-	-	-	-	(4)	(206)	-	(210)
Written off	-	(377)	(2)	(109)	(50)	(1,510)	-	(2,048)
At 30 April 2021	-	158,734	13,143	6,494	4,470	15,605	-	198,446
Analysed as:								
Accumulated depreciation	-	101,921	13,143	6,494	4,470	15,605	-	141,633
Accumulated impairment losses	-	56,813	-	-	-	-	-	56,813
	-	158,734	13,143	6,494	4,470	15,605	-	198,446
Net carrying amount:								
At 30 April 2021	68,225	113,987	34,307	4,212	1,067	5,576	399	227,773

16. Property, plant and equipment (continued)

(a) Assets pledged as security

(i) All the assets of the Company are negative pledged to secure the Company's USD revolving credits which are used by the Company as working capital as disclosed in Note 30(b)(i).

(ii) Certain buildings and plant and machinery of a subsidiary with net carrying amount of RM66,389,000 (2021: RM66,215,000) were pledged to secure the IDR term loan as disclosed in Note 30(b)(ii).

(iii) Certain long term leasehold land of the Company in Sabah with net carrying amount of RM292,974,000 (2021: RM296,779,000) were mortgaged to secure the Company's loan from a subsidiary as disclosed in Note 34(c).

(b) Capitalisation of depreciation and amortisation

Included in additions of bearer plants during the financial year are:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Depreciation of property, plant and equipment capitalised (Note 16)	1,735	1,802	147	151
Depreciation of right-of-use assets capitalised (Note 17)	1,678	1,783	386	132
Amortisation of intangible asset capitalised (Note 20)	5	536	-	-
	3,418	4,121	533	283

(c) Additions of property, plant and equipment

For the purpose of statements of cash flows, additions of property, plant and equipment by the Group and the Company during the financial year were by means of:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Total additions of property, plant and equipment	42,425	40,010	10,243	7,807
Less:				
Depreciation of property, plant and equipment capitalised (Note 16)	(1,735)	(1,802)	(147)	(151)
Depreciation of right-of-use assets capitalised (Note 17)	(1,678)	(1,783)	(386)	(132)
Amortisation of intangible asset capitalised (Note 20)	(5)	(536)	-	-
Total cash outflows on additions of property, plant and equipment	39,007	35,889	9,710	7,524

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

17. Right-of-use assets

	Long term leasehold land RM'000	Prepaid land lease payments RM'000	Buildings RM'000	Tractors RM'000	Total RM'000
Group					
2022					
At cost:					
At 1 May 2021	710,332	147,583	7,734	767	866,416
Additions	-	313	-	1,211	1,524
Exchange differences	-	8,289	-	-	8,289
At 30 April 2022	710,332	156,185	7,734	1,978	876,229
Accumulated depreciation:					
At 1 May 2021	44,451	25,064	758	76	70,349
Depreciation charge for the financial year:	11,113	4,598	407	170	16,288
- Recognised in statements of comprehensive income (Note 10(b))	10,466	3,567	407	170	14,610
- Capitalised in bearer plants (Note 16(b))	647	1,031	-	-	1,678
Exchange differences	-	1,150	-	-	1,150
At 30 April 2022	55,564	30,812	1,165	246	87,787
Net carrying amount:					
At 30 April 2022	654,768	125,373	6,569	1,732	788,442
2021					
At cost:					
At 1 May 2020	710,332	151,206	7,734	-	869,272
Additions	-	824	-	767	1,591
Adjustment *	-	(1,900)	-	-	(1,900)
Exchange differences	-	(2,547)	-	-	(2,547)
At 30 April 2021	710,332	147,583	7,734	767	866,416
Accumulated depreciation:					
At 1 May 2020	33,338	20,882	371	-	54,591
Depreciation charge for the financial year:	11,113	4,497	387	76	16,073
- Recognised in statements of comprehensive income (Note 10(b))	10,715	3,112	387	76	14,290
- Capitalised in bearer plants (Note 16(b))	398	1,385	-	-	1,783
Exchange differences	-	(315)	-	-	(315)
At 30 April 2021	44,451	25,064	758	76	70,349
Net carrying amount:					
At 30 April 2021	665,881	122,519	6,976	691	796,067

* This represents the reversal of prepaid land lease payments cost of an Indonesian subsidiary.

17. Right-of-use assets (continued)

	Long term leasehold land RM	Tractors RM	Total RM
Company			
2022			
At cost:			
At 1 May 2021	349,802	-	349,802
Additions	-	1,211	1,211
At 30 April 2022	349,802	1,211	351,013
Accumulated depreciation:			
At 1 May 2021	24,327	-	24,327
Depreciation charge for the financial year:	6,082	17	6,099
- Recognised in statements of comprehensive income (Note 10(b))	5,696	17	5,713
- Capitalised in bearer plants (Note 16(b))	386	-	386
At 30 April 2022	30,409	17	30,426
Net carrying amount:			
At 30 April 2022	319,393	1,194	320,587
2021			
At cost:			
At 1 May 2020 / 30 April 2021	349,802	-	349,802
Accumulated depreciation:			
At 1 May 2020	18,246	-	18,246
Depreciation charge for the financial year:	6,081	-	6,081
- Recognised in statements of comprehensive income (Note 10(b))	5,949	-	5,949
- Capitalised in bearer plants (Note 16(b))	132	-	132
At 30 April 2021	24,327	-	24,327
Net carrying amount:			
At 30 April 2021	325,475	-	325,475

17. Right-of-use assets (continued)

Additions of right-of-use assets

For the purpose of statements of cash flows, additions of right-of-use assets by the Group and the Company during the financial year were by means of:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Total additions of right-of-use assets	1,524	1,591	1,211	-
Less:				
Additions by way of lease liabilities	(1,211)	(767)	(1,211)	-
Total cash outflows on additions of right-of-use assets	313	824	-	-

18. Goodwill on consolidation

	Group	
	2022 RM'000	2021 RM'000
At net carrying amount	82,474	82,474

Goodwill of the Group had been allocated to the Group's CGUs identified according to the individual subsidiaries that made up the respective CGUs as follows:

(a) Pahang CGU

Goodwill of RM18,628,000 had been allocated to the Pahang CGU made up of Syarikat Penanaman Bukit Senorang Sdn. Bhd. and South-East Pahang Oil Palm Berhad, both of which are principally involved in plantation activities.

(b) Kalimantan CGU

Goodwill of RM63,846,000 has been allocated to the Kalimantan CGU made up of International Natural Resources Pte. Ltd. ("INR"), an investment holding company incorporated in the Republic of Singapore and PT Lifere Agro Kapuas, a company incorporated under the laws of the Republic of Indonesia, which is held through INR and principally involved in plantation activities.

Impairment test for goodwill on consolidation

Key assumptions used in value-in-use calculations

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on a master plan covering a period up to 25 years, being the useful life of the bearer plants. The following describes each key assumptions used in value-in-use calculations on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements.

(b) Discount rate

The post-tax discount rates applied on the post-tax cash flow projections ranged from 8.8% to 12.6% (2021: 9.4% to 13.1%) which reflect the specific risks of the oil palm industry.

18. Goodwill on consolidation (continued)

Impairment test for goodwill on consolidation (continued)

Key assumptions used in value-in-use calculations (continued)

(c) Raw materials price inflation

The basis used to determine the value assigned to the raw materials price inflation is the forecast price indices during the budget year where raw materials are sourced. Values assigned to key assumptions are consistent with external information sources.

Sensitivity of key assumptions used in value-in-use calculations

The Group's impairment assessment of the CGU as outlined above included a sensitivity analysis on the significant key assumptions used. Amongst the key assumption is the discount rate. Based on the results of the sensitivity analysis, no reasonable change in the key assumptions used would result in an impairment charge for current financial year.

19. Investment in subsidiaries

	Company	
	2022 RM'000	**2021 RM'000**
In Malaysia		
- Unquoted shares, at cost	142,288	142,288
- Less: Accumulated impairment losses	(1,334)	(1,334)
	140,954	140,954
Outside Malaysia		
- Unquoted shares, at cost	319,377	319,377
- Less: Accumulated impairment losses	(22,925)	(14,278)
	296,452	305,099
	437,406	446,053

At the reporting date, the Company conducted an impairment review of the investment in certain subsidiaries based on the recoverable amounts of these subsidiaries, which represents the Directors' estimation of value-in-use of these subsidiaries.

At the beginning of the financial year, included in the total carrying amount of investment in subsidiaries of RM446,053,000 is investment in a subsidiary, Clifton Cove Pte. Ltd. ("Clifton") with a carrying amount of RM16,997,000. Clifton held the 60% shares of PT Wana Rindang Lestari ("WRL") through PT Bintang Gemilang Permai ("BGP"). WRL was engaged in the agroforestry plantations activities and owns an intangible asset which represents the cost of investment of business licence "Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri" ("HTI Licence") over an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi.

In the previous financial year, work in Sulawesi was temporarily halted due to environmental concerns raised by Non-Governmental Organisations ("NGOs") and the need to furnish a High Conservation Value/High Carbon Stock ("HCV/HCS") study for the licenced area.

As a result, the planting programme in Sulawesi has been deferred and these indicated that the carrying amount of the investment in this subsidiary may be impaired.

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

19. Investment in subsidiaries (continued)

Investment in this subsidiary was tested for impairment by comparing the carrying amount with its recoverable amount. The recoverable amount of investment in a subsidiary was determined based on value-in-use calculations using cash flow projections for a master plan covering 30 years.

The key assumptions used by management in undertaking the impairment testing of investment in a subsidiary such as estimated gross margin and raw materials price inflation are based on internal and external sources of data, where available whilst the post-tax discount rate applied on post-tax cash flow projections used was 12.6% (2021: 13.1%) which reflect the specific risks of the investment in a subsidiary.

Accordingly, the impairment assessment of investment in a subsidiary gave rise to an impairment loss of RM8,647,000 for the financial year ended 30 April 2022 (2021: RM14,278,000) as disclosed in Note 10(a) to the financial statements.

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests		Principal activities
		2022	2021	2022	2021	
Held by the Company						
Leong Hin San Sdn. Bhd. [i]	Malaysia	100	100	-	-	Cultivation of oil palm
Meridian Plantations Sdn. Bhd. [i]	Malaysia	100	100	-	-	Cultivation of oil palm and palm oil milling
Syarikat Penanaman Bukit Senorang Sdn. Bhd. [i]	Malaysia	100	100	-	-	Cultivation of oil palm and palm oil milling
South-East Pahang Oil Palm Berhad [i]	Malaysia	100	100	-	-	Cultivation of oil palm
Masjid Tanah Properties Sdn. Bhd. [i]	Malaysia	100	100	-	-	Investment holding
Melaka Pindah Properties Sdn. Bhd. [i]	Malaysia	100	100	-	-	Property development (currently dormant)
Vintage Plantations Sdn. Bhd. [i]	Malaysia	100	100	-	-	Dormant
International Natural Resources Pte. Ltd. (“INR”) [ii]	Singapore	88	88	12	12	Investment holding
Clifton Cove Pte. Ltd. (“Clifton”) [ii]	Singapore	100	100	-	-	Investment holding
PT Usaha Mulia Bahagia [ii]	Indonesia	100	100	-	-	Providing management consultancy services
Held through INR						
PT Lifere Agro Kapuas (“LAK”) [iii]	Indonesia	83	83	17	17	Cultivation of oil palm and palm oil milling
Held through Clifton						
PT Bintang Gemilang Permai (“BGP”) [ii]	Indonesia	65	65	35	35	Investment holding
Held through BGP						
PT Wana Rindang Lestari (“WRL”) [iii]	Indonesia	60	60	40	40	Agroforestry plantations

i Audited by Ernst & Young PLT.
ii Audited by a firm other than Ernst & Young PLT.
iii Audited by member firm of Ernst & Young Global.

19. Investment in subsidiaries (continued)

Summarised financial information of subsidiaries which have non-controlling interests

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

	INR		LAK		BGP		WRL		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Summarised statements of comprehensive income										
Revenue	-	-	101,888	108,047	-	-	-	-	101,888	108,047
Profit/(loss) for the financial year	127	46	1,689	(16,155)	(48)	(8)	(307)	(190)	1,461	(16,307)
Profit/(loss) for the financial year attributable to:										
- The Company	112	41	1,402	(13,405)	(31)	(5)	(184)	(114)	1,299	(13,483)
- Non-controlling interests	15	5	287	(2,750)	(17)	(3)	(123)	(76)	162	(2,824)
	127	46	1,689	(16,155)	(48)	(8)	(307)	(190)	1,461	(16,307)
Other comprehensive income/(loss) for the financial year	2,144	(671)	9,951	(3,099)	(7)	2	355	(28)	12,443	(3,796)
Other comprehensive income/(loss) for the financial year attributable to:										
- The Company	1,891	(592)	8,258	(2,572)	(4)	1	213	(17)	10,358	(3,180)
- Non-controlling interests	253	(79)	1,693	(527)	(3)	1	142	(11)	2,085	(616)
	2,144	(671)	9,951	(3,099)	(7)	2	355	(28)	12,443	(3,796)
Total comprehensive income/(loss) for the financial year attributable to:										
- The Company	2,003	(551)	9,660	(15,977)	(35)	(4)	29	(131)	11,657	(16,663)
- Non-controlling interests	268	(74)	1,980	(3,277)	(20)	(2)	19	(87)	2,247	(3,440)
	2,271	(625)	11,640	(19,254)	(55)	(6)	48	(218)	13,904	(20,103)

19. Investment in subsidiaries (continued)

Summarised financial information of subsidiaries which have non-controlling interests (continued)

	INR		LAK		BGP		WRL		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Summarised statements of financial position										
Non-current assets	139,187	139,187	250,157	220,660	-	-	10,867	8,302	400,211	368,149
Current assets	44,910	42,130	105,354	89,639	9	8,907	844	3,490	151,117	144,166
Total assets	184,097	181,317	355,511	310,299	9	8,907	11,711	11,792	551,328	512,315
Non-current liabilities	-	-	65,487	68,960	-	-	-	-	65,487	68,960
Current liabilities	671	584	196,460	171,646	182	9,025	179	10,164	197,492	191,419
Total liabilities	671	584	261,947	240,606	182	9,025	179	10,164	262,979	260,379
Net assets/(liabilities)	183,426	180,733	93,564	69,693	(173)	(118)	11,532	1,628	288,349	251,936
Equity attributable to:										
- The Company	162,265	159,840	80,363	58,472	(112)	(77)	6,919	978	249,435	219,213
- Non-controlling interests	21,161	20,893	13,201	11,221	(61)	(41)	4,613	650	38,914	32,723
	183,426	180,733	93,564	69,693	(173)	(118)	11,532	1,628	288,349	251,936
Summarised statements of cash flows										
Net cash flows from/(used in) operating activities	21	36	17,385	11,161	(1)	(10)	(330)	4,146	17,075	15,333
Net cash flows used in investing activities	-	-	(13,570)	(13,628)	-	-	(2,166)	(2,919)	(15,736)	(16,547)
Net cash flows used in financing activities	-	-	(5,907)	(2,329)	-	-	-	-	(5,907)	(2,329)
Net increase/(decrease) in cash and cash equivalents	21	36	(2,092)	(4,796)	(1)	(10)	(2,496)	1,227	(4,568)	(3,543)
Effect of foreign exchange rate changes	4	(1)	410	(70)	1	(1)	89	(43)	504	(115)
Cash and cash equivalent at beginning of financial year	36	1	8,234	13,100	9	20	2,725	1,541	11,004	14,662
Cash and cash equivalent at end of financial year	61	36	6,552	8,234	9	9	318	2,725	6,940	11,004

20. Intangible asset

	Group 2022 RM'000	Group 2021 RM'000
At cost:		
At beginning of financial year	30,044	30,048
Exchange differences	13	(4)
At end of financial year	30,057	30,044
Accumulated amortisation and impairment losses:		
At beginning of financial year	17,482	912
Amortisation for the financial year capitalised in bearer plants (Note 16(b))	5	536
Impairment recognised in statements of comprehensive income (Note 10(a))	12,336	16,034
At end of financial year	29,823	17,482
Analysed as:		
Accumulated amortisation	1,453	1,448
Accumulated impairment losses	28,370	16,034
	29,823	17,482
Net carrying amount	234	12,562

Intangible asset represents the cost of investment of business licence “Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri” (“HTI Licence”) owned by an Indonesian subsidiary, PT Wana Rindang Lestari, covering an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi. The licence is valid for 60 years from 4 June 2014.

Impairment of intangible asset

During the previous financial year, work in Sulawesi was temporarily halted due to environmental concerns raised by Non-Governmental Organisations (“NGOs”) and the need to furnish a High Conservation Value/High Carbon Stock (“HCV/HCS”) study for the licenced area.

As a result, the planting programme in Sulawesi has been deferred and these indicated that the carrying amount of the investment in this subsidiary may be impaired.

Intangible asset was tested for impairment by comparing the carrying amount with its recoverable amount. The recoverable amount of intangible asset was determined based on value-in-use calculations using cash flow projections for a master plan covering 30 years.

The key assumptions which management used to undertake impairment testing of intangible asset such as estimated gross margin and raw materials price inflation are based on internal and external sources of data, where available whilst the post-tax discount rate applied on the post-tax cash flow projections used was 12.6% (2021: 13.1%) which reflect the specific risks of the investment in intangible asset.

Accordingly, the impairment assessment of intangible asset gave rise to an impairment loss of RM12,336,000 for the financial year ended 30 April 2022 (2021: RM16,034,000) as disclosed in Note 10(a) to the financial statements.

Sensitivity of key assumptions used in value-in-use calculations

The Group’s impairment assessment of the intangible asset as outlined above included a sensitivity analysis on the significant key assumptions used. Amongst the key assumption is the discount rate. Based on the results of the sensitivity analysis, if the discount rate decrease/increase by 1%, the profit before tax of the Group will increase by RM1,590,000 (2021: RM15,990,000)/decrease by RM2,057,000 (2021: RM12,855,000) respectively.

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For the financial year ended 30 April 2022 (Continued)

21. Other asset

	Group 2022 RM'000	Group 2021 RM'000
At cost:		
At beginning of financial year	3,538	3,616
Reclassified to property, plant and equipment (Note 16)	(230)	-
Exchange differences	193	(78)
At end of financial year	3,501	3,538

Other asset represents the expenses incurred in connection with the development of agroforestry plantations on an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi as disclosed in Note 20.

22. Inventories

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost:				
Produce stocks	30,649	8,779	-	-
Nursery stocks	4,051	4,711	61	286
Estate and palm oil mill stores	17,629	14,611	2,886	2,535
	52,329	28,101	2,947	2,821

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company was RM44,623,000 (2021: RM49,208,000) and RM12,335,000 (2021: RM10,900,000) respectively.

23. Biological assets

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At carrying amount:				
At beginning of financial year	12,429	5,454	6,306	1,946
Transferred to produce stocks	(12,429)	(5,454)	(6,306)	(1,946)
Fair value changes	15,859	12,436	6,432	6,306
Exchange differences	80	(7)	-	-
At end of financial year	15,939	12,429	6,432	6,306

	Group		Company	
	2022 tonne	2021 tonne	2022 tonne	2021 tonne
Oil palm fresh fruit bunches production	29,426	31,759	10,483	13,586

23. Biological assets (continued)

The biological assets of the Group and of the Company comprise of Fresh Fruit Bunches ("FFB") prior to harvest. The valuation model adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flows to be generated.

The fair value adjustment of the biological assets in each accounting period is recognised in statements of comprehensive income.

The Group's and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy, the valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Fair value assessments have been completed consistently using the same valuation techniques.

24. Trade and other receivables

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Other receivable:					
Plasma receivables		18,356			
Less: Discounting value recognised in statements of comprehensive income (Note 10(a))		(2,709)	-	-	-
	37(a)	15,647	-	-	-
Current					
Trade receivables:	(a)				
Amount due from a subsidiary		-	-	3,287	2,326
Third parties		18,543	18,355	5,932	4,788
		18,543	18,355	9,219	7,114
Other receivables:					
Amounts due from subsidiaries	(b)	-	-	8,599	8,456
Loans to subsidiaries	(c)	-	-	173,430	156,684
Deposits		390	392	288	252
VAT receivable		1,250	6,305	-	-
Prepayments of operating expenses		2,642	2,164	403	411
Interest receivable		21	5	14	2
Plasma receivables (Note 37(a))		47,859	55,859	-	-
Sundry receivables		1,869	2,694	685	388
		54,031	67,419	183,419	166,193
		72,574	85,774	192,638	173,307
Total trade and other receivables		88,221	85,774	192,638	173,307

24. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2021: 15 to 30 days) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables received in advance have been classified as other payables at the reporting date (Note 34).

Ageing analysis of trade receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Neither past due nor impaired	18,543	18,355	9,219	7,114

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company respectively. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable upon demand.

(c) Loans to subsidiaries

The loans to subsidiaries are unsecured, bearing interest at the rate of 6.7% (2021: 6.7%) and repayable upon demand.

25. Short term funds

Short term funds consist of investment in income trust funds placed with licensed investment banks in Malaysia which are highly liquid and readily convertible to cash as follows:

	Group			
	Carrying amount		Fair value	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
In Malaysia				
- income trust funds	75,103	10,337	75,103	10,337

	Company			
	Carrying amount		Fair value	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
In Malaysia				
- income trust funds	54,289	6,057	54,289	6,057

26. Cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	7,792	10,589	288	373
Deposits with:				
- licensed commercial banks	37,321	22,615	9,005	7,684
- licensed investment banks	13,048	-	9,236	-
	58,161	33,204	18,529	8,057

(a) Interest rates of cash at banks and deposits

Cash at banks earn interest at floating rates based on daily bank deposit rates.

The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Deposits with:				
- licensed commercial banks	1.54	1.41	1.55	1.40
- licensed investment banks	1.95	-	2.05	-

(b) Varying periods of deposits

The varying periods of deposits at the reporting date are as follows:

	Group		Company	
	2022 days	2021 days	2022 days	2021 days
Deposits with:				
- licensed commercial banks	6 - 18	6 - 30	7 - 13	6 - 13
- licensed investment banks	29 - 30	-	29 - 30	-

27. Share capital

	Group and Company			
	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
At beginning / end of financial year	209,769	209,769	255,375	255,375

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.

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

28. Other reserves

	Group		
	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
At 1 May 2021	(16,387)	-	(16,387)
Other comprehensive income:			
Exchange differences on translation of foreign operations	12,482	-	12,482
Less: non-controlling interests	(2,121)	-	(2,121)
	10,361	-	10,361
At 30 April 2022	(6,026)	-	(6,026)
At 1 May 2020	(13,080)	1,332	(11,748)
Other comprehensive loss:			
Exchange differences on translation of foreign operations	(3,946)	-	(3,946)
Less: non-controlling interests	639	-	639
	(3,307)	-	(3,307)
Transaction with owners:			
Employee share options forfeited	-	(1,332)	(1,332)
	-	(1,332)	(1,332)
At 30 April 2021	(16,387)	-	(16,387)

	Company	
	2022 RM'000	2021 RM'000
Employee share option reserve		
At beginning of financial year	-	1,332
Transaction with owners:		
Employee share options expired	-	(1,332)
At end of financial year	-	-

(a) Foreign currency translation reserve

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

(b) Employee share option reserve

Employee share option reserve represents the fair value of equity-settled share options granted to the eligible directors and employees under ESOS as disclosed in Note 35. This reserve is made up of the cumulative value of services received from the eligible directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the forfeiture or exercise of the share options.

29. Retained earnings

The Company may distribute dividends out of its entire retained profits as of 30 April 2022 and 30 April 2021 under the single-tier system.

30. Bank borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Secured:				
Term loan (in IDR)	43,044	49,357	-	-
Current				
Secured:				
Term loan (in IDR)	9,094	5,739	-	-
Revolving credits (in USD)	65,250	69,658	65,250	69,658
	74,344	75,397	65,250	69,658
	117,388	124,754	65,250	69,658
Total non-current and current				
Secured:				
Term loan (in IDR)	52,138	55,096	-	-
Revolving credits (in USD)	65,250	69,658	65,250	69,658
	117,388	124,754	65,250	69,658
Analysis by maturity:				
- Less than one year	74,344	75,397	65,250	69,658
- More than one year and less than two years	21,825	8,609	-	-
- More than two years and less than five years	18,794	30,991	-	-
- More than five years	2,425	9,757	-	-
	117,388	124,754	65,250	69,658

(a) Interest rates of bank borrowings

(i) The IDR term loan carries an interest rate based on the 1-month Jakarta Interbank Offered Rate ("JIBOR") + 3.45% per annum.

(ii) The USD revolving credits carry interest rates based on the bank's cost of funds + 0.75% per annum.

(b) Assets pledged as security

(i) The USD revolving credits are secured by negative pledge over all the assets of the Company as disclosed in Note 16(a)(i).

(ii) The IDR term loan is secured by the corporate guarantees provided by the Company as disclosed in Note 41(a). In addition, certain buildings and plant and machinery of a subsidiary with net carrying amount of RM66,389,000 (2021: RM66,215,000) were pledged to secure this IDR term loan as disclosed in Note 16(a)(ii).

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

30. Bank borrowings (continued)

(c) Changes in liabilities arising from financing activities

	At 1 May 2021 RM'000	Repayment RM'000	Exchange differences RM'000	At 30 April 2022 RM'000
2022				
Group				
Revolving credits	69,658	(8,739)	4,331	65,250
Term loans	55,096	(5,907)	2,949	52,138
	124,754	(14,646)	7,280	117,388
Company				
Revolving credits	69,658	(8,739)	4,331	65,250

	At 1 May 2020 RM'000	Repayment RM'000	Exchange differences RM'000	At 30 April 2021 RM'000
2021				
Group				
Revolving credits	73,185	-	(3,527)	69,658
Term loans	79,927	(23,827)	(1,004)	55,096
	153,112	(23,827)	(4,531)	124,754
Company				
Revolving credits	73,185	-	(3,527)	69,658
Term loan	21,525	(21,498)	(27)	-
	94,710	(21,498)	(3,554)	69,658

31. Lease liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of financial year	7,459	7,292	-	-
Additions	1,211	767	1,211	-
Accretion of interest recognised in statements of comprehensive income (Note 9)	430	438	5	-
Payment of principal portion	(719)	(600)	(14)	-
Payment of interest	(430)	(438)	(5)	-
At end of financial year	7,951	7,459	1,197	-
Breakdown:				
Current	925	705	176	-
Non-current	7,026	6,754	1,021	-
	7,951	7,459	1,197	-

31. Lease liabilities (continued)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Analysis by maturity:				
- Less than one year	925	705	176	-
- More than one year and less than two years	981	748	186	-
- More than two years and less than five years	3,031	2,444	623	-
- More than five years	3,014	3,562	212	-
	7,951	7,459	1,197	-

32. Retirement benefit obligation

	Group 2022 RM'000	Group 2021 RM'000
At beginning of financial year	805	805
Expenses recognised in statements of comprehensive income (Note 11)	199	240
- Current service cost	411	291
- Interest cost	53	98
- Settlement cost	(199)	(149)
- Adjustment during the current financial year	(66)	-
Actuarial loss/(gain) recognised in other comprehensive income	265	(168)
Payment during the financial year	(282)	(57)
Exchange differences	50	(15)
At end of financial year	1,037	805
Present value of obligation/recognised liability for retirement benefit obligation	1,037	805

(a) The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law. This provision is unfunded and estimated using actuarial calculations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

(b) The Group's obligation under the defined benefit plan for the financial years ended 30 April 2022 and 30 April 2021 are determined based on the actuarial valuations performed by an independent actuary on 23 June 2022 and 21 July 2021 respectively.

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

32. Retirement benefit obligation (continued)

(c) Principal actuarial assumptions used at the reporting date in respect of the Group's defined benefit plan are as follows:

	2022	2021
Discount rate (% p.a.)	4.18 - 7.46	3.98 - 8.09
Future salary increase (% p.a.)	5.00	5.00
Retirement age (years)	55.00	55.00
Mortality rate (% p.a.)	0.025 - 0.585	0.025 - 0.585

(d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation at the reporting date, assuming if all other assumptions were held constant:

		Increase/(decrease) in retirement benefit obligation	
		2022 RM'000	2021 RM'000
Discount rate	+ 1%	(391)	(81)
	- 1%	470	94
Future salary	+ 1%	473	101
	- 1%	(388)	(88)

33. Deferred tax liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of financial year	198,983	201,233	80,430	79,170
Recognised in statements of comprehensive income (Note 13)	(3,879)	(2,017)	(1,746)	1,260
Recognised in other comprehensive income	(50)	33	-	-
Exchange differences	1,218	(266)	-	-
At end of financial year	196,272	198,983	78,684	80,430
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	196,272	198,983	78,684	80,430
	196,272	198,983	78,684	80,430

33. Deferred tax liabilities (continued)

Deferred tax as at 30 April relates to the following:

	At 1 May 2021 RM'000	Recognised in statements of comprehensive income (Note 13) RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 30 April 2022 RM'000
Group					
2022					
Deferred tax assets:					
Provisions	(1,050)	(1,453)	(50)	(31)	(2,584)
Lease liabilities	-	(1,806)	-	-	(1,806)
Unabsorbed capital allowances and tax losses	(8,677)	1,961	-	(416)	(7,132)
	(9,727)	(1,298)	(50)	(447)	(11,522)
Deferred tax liabilities:					
Property, plant and equipment	59,833	(2,317)	-	406	57,922
Right-of-use assets	145,922	(1,089)	-	1,242	146,075
Biological assets	2,955	825	-	17	3,797
	208,710	(2,581)	-	1,665	207,794
	198,983	(3,879)	(50)	1,218	196,272

	At 1 May 2020 RM'000	Recognised in statements of comprehensive income (Note 13) RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 30 April 2021 RM'000
Group					
2021					
Deferred tax assets:					
Provisions	(556)	(533)	33	6	(1,050)
Unabsorbed capital allowances and tax losses	(10,690)	1,873	-	140	(8,677)
	(11,246)	1,340	33	146	(9,727)
Deferred tax liabilities:					
Property, plant and equipment	62,117	(2,230)	-	(54)	59,833
Right-of-use assets	149,065	(2,790)	-	(353)	145,922
Biological assets	1,297	1,663	-	(5)	2,955
	212,479	(3,357)	-	(412)	208,710
	201,233	(2,017)	33	(266)	198,983

Notes to the Financial Statements
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33. Deferred tax liabilities (continued)

	At 1 May 2021 RM'000	Recognised in statements of comprehensive income (Note 13) RM'000	At 30 April 2022 RM'000
Company			
2022			
Deferred tax assets:			
Provisions	(460)	(517)	(977)
Lease liabilities	-	(287)	(287)
	(460)	(804)	(1,264)
Deferred tax liabilities:			
Property, plant and equipment	29,298	(180)	29,118
Right-of-use assets	50,079	(792)	49,287
Biological assets	1,513	30	1,543
	80,890	(942)	79,948
	80,430	(1,746)	78,684

	At 1 May 2020 RM'000	Recognised in statements of comprehensive income (Note 13) RM'000	At 30 April 2021 RM'000
2021			
Deferred tax assets:			
Provisions	(160)	(300)	(460)
Unabsorbed capital allowances	(2,472)	2,472	-
	(2,632)	2,172	(460)
Deferred tax liabilities:			
Property, plant and equipment	30,177	(879)	29,298
Right-of-use assets	51,158	(1,079)	50,079
Biological assets	467	1,046	1,513
	81,802	(912)	80,890
	79,170	1,260	80,430

34. Trade and other payables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Other payable:					
Balance outstanding on acquisition of office lots		-	179	-	-
Current					
Trade payables:	(a)				
Third parties		17,435	25,465	2,234	2,408
Other payables:					
Advance from customers		910	573	-	-
Directors' fees and other emoluments		1,325	1,170	1,055	855
Amount due to a subsidiary	(b)	-	-	162	1
Loan from a subsidiary	(c)	-	-	500	500
Balance outstanding on acquisition of land		596	596	-	-
Balance outstanding on acquisition of office lots		188	1,325	-	-
VAT payable		-	428	-	-
Interest payable		303	286	75	45
Accruals and sundry payables		42,869	29,133	9,623	7,368
		46,191	33,511	11,415	8,769
		63,626	58,976	13,649	11,177
Total trade and other payables		63,626	59,155	13,649	11,177

(a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days (2021: 30 to 60 days) terms.

(b) Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

(c) Loan from a subsidiary

This loan is bearing interest at the rate of one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum (2021: one percent (1%) above Malayan Banking Berhad's 12 months fixed deposit interest rate per annum) and secured by a first mortgage over certain of the Company's long term leasehold land of the Company in Sabah with net carrying amount of RM292,974,000 (2021: RM296,779,000) as disclosed in Note 16(a)(iii). The loan is repayable on demand.

35. Employee benefits

Employee Share Scheme

The Company's Employee Share Scheme ("ESS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 29 August 2009. The ESS was implemented on 18 June 2010 and is in force for a period of 10 years expired on 17 June 2020.

The ESS comprises Employee Share Option Scheme ("ESOS") and Executive Share Incentive Plan ("ESIP") for the directors and eligible employees of the Company and its subsidiaries. However, the Board of Directors has decided that non-executive directors of the Company will not participate in the ESS effective from the financial year ended 30 April 2018.

Under the ESOS, an eligible employee will be offered an option which entitles the eligible employee to subscribe for and/or acquire a certain number of shares of the Company at a future date at pre-determined prices, subject to meeting certain prescribed conditions.

Under the ESIP, the selected executive will be granted the right to have a certain number of ordinary shares in the Company vested in and transferred to the selected executive at a future date, subject to meeting certain prescribed conditions, including the achievement of pre-determined service conditions and/or performance targets.

The salient features of the By-Laws are as follows:

(a) The maximum number of new or existing shares of the Company to be made available under the ESS during the duration of the ESS shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any one time. Not more than fifty percent (50%) of the total shares of the Company available under the ESS shall be allocated, in aggregate, to directors and senior management of the Group. Further, not more than ten percent (10%) of the total shares of the Company available under the ESS shall be allocated to any individual selected executive or eligible employee, who either singly or collectively through persons connected with him holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

(b) Any director of the Company or employee of any company within the Group shall be eligible to be considered for the grant and/or offer under the ESS.

(c) Option price (the price at which an eligible employee shall be entitled to subscribe for or acquire shares of the Company upon the exercise of the option under the ESOS) and the grant price (the reference price adopted in determining the number of shares of the Company to be vested in and transferred to the selective executives pursuant to the right under the ESIP) shall be determined by the ESS Committee at its discretion based on the five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer and/or date of grant by the ESS Committee, provided the said option and/or grant price shall not be lower than 10% from the five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer and/or date of grant and the par value of the shares of the Company.

    Notwithstanding the above, with the implementation of the Companies Act 2016 effective 31 January 2017, the concept of par value of share capital was abolished. Therefore, the par value of the shares of the Company as one of the option or grant price determinant is to be disregarded.

(d) Any new shares of the Company to be allotted and issued upon any exercise of the option shall, upon issue and allotment, rank pari passu in all respects with existing ordinary shares of the Company save and except that the shares shall not be entitled to participate in any dividends, rights, allotments and/or others distributions that may be declared, where the entitlement date precedes the date of allotment.

35. Employee benefits (continued)

Employee Share Scheme (continued)

Employee Share Option Scheme ("ESOS")

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	2022		2021	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
Outstanding at beginning of financial year	-	-	1,669,600	5.55
- Expired	-	-	(1,669,600)	5.55
Outstanding at end of financial year	-	-	-	-
Exercisable at end of financial year	-	-	-	-

Upon expiry of the ESOS on 17 June 2020, the share options forfeited and lapsed totalled 7,435,400. The expiry of ESOS does not have any material impact on the financial statements of the Group and of the Company.

Fair value of share options granted

The fair value of the share options granted under ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

No options under ESOS have been granted to directors and employees during the previous financial year.

The expected life of the options is based on indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessary be the actual outcome.

Executive Share Incentive Plan ("ESIP")

Movement of ordinary shares granted during the financial year

During the previous financial year, no ordinary shares have been granted to the directors and selected executives of the Company and its subsidiaries.

The expiry of ESIP on 17 June 2020 does not have any material impact on the financial statements of the Group and of the Company.

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For the financial year ended 30 April 2022 (Continued)

36. Related party disclosures

(a) Transactions with related parties

In addition to the related party transactions information as disclosed in Notes 7 and 9, the Group and the Company had the following significant transactions with related parties at terms agreed between the parties during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries				
- Sale of oil palm fresh fruit bunches	-	-	27,040	21,888
- Administrative expenses charged	-	-	5,690	5,528
- Loans to subsidiaries	-	-	28,799	14,973
- Purchase of property, plant and equipment	-	-	279	83
- Sale of property, plant and equipment	-	-	70	71
Companies in which certain directors of the Company are directors				
- Sale of oil palm fresh fruit bunches	1,296	3,695	339	1,461
- Purchase of oil palm fresh fruit bunches	1,640	-	-	-
- Purchase of fertiliser	2,176	1,227	1,155	434

(b) Balances with related parties

In addition to the balances with related party transactions as disclosed in Notes 24 and 34, the Group and the Company had the following balances with related parties as at 30 April 2022 and 30 April 2021:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Companies in which certain directors of the Company are directors				
- Trade payables	583	730	370	305

(c) Compensation of key management personnel

The remuneration of directors and other members of key management, being the Chief Executive Officer, Chief Financial Officer, General Manager (Plantation), Plantation Controller, Head of Engineering/Mill Controller, Head of Group Administration & Corporate Affairs and Human Resource and Head of Group Audit during the financial year were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	4,370	3,945	3,494	3,065
Contributions to defined contribution plan	366	331	366	331
Social security contributions	5	5	5	5
	4,741	4,281	3,865	3,401

36. Related party disclosures (continued)

(c) Compensation of key management personnel (continued)

Included in the total compensation of key management personnel of the Group and of the Company was non-executive directors' remuneration amounting to RM1,325,000 (2021: RM1,170,000) and RM1,055,000 (2021: RM855,000) respectively as disclosed in Note 12.

37. Commitments

(a) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders, generally known as the "Plasma Scheme". Once developed, the plasma plantations will be transferred to the small landholders who then operate the plasma plantations under the management of the developer for a management fee. In line with this requirement, the Indonesian subsidiary of the Group, PT Lifere Agro Kapuas is committed to developing plantations under the Plasma Scheme through two cooperatives. The funding for the development of the plantations under the Plasma Scheme is currently advanced by the subsidiary. This advance is repayable to the subsidiary upon the cooperatives obtaining a loan from a commercial bank. This includes the subsidiary providing corporate guarantees for the loans advanced by the bank to the cooperatives.

When the oil palm matures, the cooperatives are obliged to sell their entire crop to the subsidiary and a portion of the resulting proceeds will be used to repay the loans from the bank and the subsidiary.

The accumulated development costs net of funds received are presented as Plasma receivables under trade and other receivables as disclosed in Note 24 and are classified in the plantation segment. An analysis of the movement in the Plasma receivables is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of financial year	55,859	49,673
Additional development and maintenance costs, net of proceeds from fresh fruit bunches	6,468	6,533
Depreciation of property, plant and equipment charged (Note 16)	569	616
Discounting value of Plasma receivables (Note 10(a))	(2,709)	-
Exchange differences (IDR to RM)	3,319	(963)
At end of financial year	63,506	55,859

Breakdown:

Current (Note 24)	47,859	55,859
Non-current (Note 24)	15,647	-
	63,506	55,859

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

37. Commitments (continued)

(b) Capital commitments

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Capital expenditure approved and contracted for:				
Bearer plants	2,341	885	-	547
Purchase of other property, plant and equipment	16,525	18,485	3,789	2,355
	18,866	19,370	3,789	2,902
Capital expenditure approved but not contracted for:				
Bearer plants	26,393	24,738	1,025	2,061
Purchase of other property, plant and equipment	45,419	45,927	14,089	13,891
	71,812	70,665	15,114	15,952
	90,678	90,035	18,903	18,854

38. Segment information

(a) Business segments

For management purposes, the Group is organised into business units based on the Group's management and internal reporting structure, and has two reportable operating segments, as follows:

(i) Plantation - cultivation of oil palm and palm oil milling

(ii) Investment holding

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

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Non-recurring items such as gain on disposal of non-current assets held for sale and impairment of bearer plants and intangible asset are excluded from the measurement of a segment's performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Income tax expense is managed on a Group basis and is not allocated to any business segment.

Additions to non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used or held for more than one financial period.

The directors are of the opinion that all inter-company transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

38. Segment information (continued)

(a) Business segments (continued)

The following table provides an analysis of the Group's revenue, results, assets and other segment information by business segments:

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
2022			
Revenue:			
Total sale of oil palm products	625,908	-	625,908
Inter-company sales	(71,946)	-	(71,946)
Total revenue	553,962	-	553,962
Results:			
Segment results	153,776	5,404	159,180
Discounting value of Plasma receivables			(2,709)
Impairment of intangible asset			(12,336)
Profit before tax			144,135
Taxation			(35,784)
Profit for the financial year			108,351
Assets:			
Segment assets	1,702,416	133,286	1,835,702
Other segment information:			
Material income			
Fair value changes on biological assets (net)	3,430	-	3,430
Interest income	-	670	670
Management fee received	697	-	697
Net foreign exchange gain:			
- realised	-	753	753
- unrealised	-	4,639	4,639
Net fair value gains on short term funds:			
- realised	-	751	751
- unrealised	-	5	5
Material expenses			
Depreciation of property, plant and equipment	48,571	-	48,571
Depreciation of right-of-use assets	14,610	-	14,610
Interest expense	4,251	1,413	5,664
Additions to non-current assets			
Purchase of property, plant and equipment	42,425	-	42,425
Additions of right-of-use assets	1,524	-	1,524

38. Segment information (continued)

(a) Business segments (continued)

The following table provides an analysis of the Group's revenue, results, assets and other segment information by business segments: (continued)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
2021			
Revenue:			
Total sale of oil palm products	453,024	-	453,024
Inter-company sales	(54,955)	-	(54,955)
Total revenue	398,069	-	398,069
Results:			
Segment results	39,692	762	40,454
Impairment of intangible asset			(16,034)
Profit before tax			24,420
Taxation			(14,230)
Profit for the financial year			10,190
Assets:			
Segment assets	1,689,035	43,546	1,732,581
Other segment information:			
Material income			
Fair value changes on biological assets (net)	6,982	-	6,982
Interest income	-	433	433
Management fee received	756	-	756
Net foreign exchange gain:			
- realised	-	1,209	1,209
- unrealised	-	632	632
Net realised fair value gains on short term funds	-	315	315
Material expenses			
Depreciation of property, plant and equipment	46,786	-	46,786
Depreciation of right-of-use assets	14,290	-	14,290
Interest expense	4,928	1,827	6,755
Additions to non-current assets			
Purchase of property, plant and equipment	40,010	-	40,010
Additions of right-of-use assets	1,591	-	1,591

38. Segment information (continued)

(b) Geographical segments

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	452,074	290,022	1,093,478	1,111,293
Indonesia	101,888	108,047	468,118	448,414
	553,962	398,069	1,561,596	1,559,707

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2022	2021
	RM'000	RM'000
Property, plant and equipment	671,298	665,066
Right-of-use assets	788,442	796,067
Goodwill on consolidation	82,474	82,474
Intangible asset	234	12,562
Other asset	3,501	3,538
Trade and other receivables	15,647	-
	1,561,596	1,559,707

39. Financial assets and liabilities

(a) Financial assets

<u>Financial assets measured at amortised cost</u>

Total financial assets measured at amortised cost of the Group and of the Company at the reporting date consist of the following:

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Trade and other receivables *	24	85,579	83,610	192,235	172,896
Cash and bank balances	26	58,161	33,204	18,529	8,057
		143,740	116,814	210,764	180,953

* Excluding prepayments of the Group and of the Company amounting to RM2,642,000 (2021: RM2,164,000) and RM403,000 (2021: RM411,000) which are not recoverable in cash.

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

39. Financial assets and liabilities (continued)

(a) Financial assets (continued)

Financial assets measured at fair value through profit or loss

Total financial assets measured at fair value through profit or loss of the Group and of the Company at the reporting date consist of the following:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term funds	25	75,103	10,337	54,289	6,057

(b) Financial liabilities

Total financial liabilities carried at amortised cost of the Group and of the Company at the reporting date consist of the following:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bank borrowings	30	117,388	124,754	65,250	69,658
Lease liabilities	31	7,951	7,459	1,197	-
Trade and other payables ^	34	63,626	58,727	13,649	11,177
		188,965	190,940	80,096	80,835

^ Excluding VAT payable of the Group amounting to nil (2021: RM428,000).

40. Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

40. Fair value measurement (continued)

(a) Financial instruments that are measured at fair value

The following are the classes of financial instruments that are measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Fair value Level 1					
Short term funds	25	75,103	10,337	54,289	6,057

There are no other financial assets or liabilities measured at fair value.

There have been no transfer between Level 1, Level 2 and Level 3 during the financial year.

(b) Financial instruments that are not measured at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
2022				
Financial liabilities:				
Lease liabilities	7,951	9,186	1,197	1,331
2021				
Financial liabilities:				
Lease liabilities	7,459	8,812	-	-

(c) Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables *	39(a)
Bank borrowings	39(b)
Trade and other payables ^	39(b)

* Excluding prepayments.
^ Excluding VAT payable.

40. Fair value measurement (continued)

(c) Financial instruments that are not measured at fair value and whose carrying amounts are reasonable approximation of fair value (continued)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of bank borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair value of bank borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar type of borrowing arrangement at the reporting date.

(d) Non-financial assets that are measured at fair value

The table below analyses the Group's and the Company's non-financial assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value Level 3					
Biological assets	23	15,939	12,429	6,432	6,306

Description of valuation techniques used and key inputs to valuation on biological assets are disclosed in Note 23.

There have been no transfer between Level 1, Level 2 and Level 3 during the financial year.

41. Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in short term funds and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increase of credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

41. Financial risk management objective and policies (continued)

(a) Credit risk (continued)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position as well as the following corporate guarantees:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Corporate guarantees for bank borrowing facilities granted by financial institution to a subsidiary (Note 30(b)(ii))	52,138	55,096	52,138	55,096
Corporate guarantees for bank borrowing facilities granted by financial institution to cooperatives under Plasma Scheme in Indonesia	62,600	67,224	-	-
	114,738	122,320	52,138	55,096

Financial guarantees have not been recognised in the financial statements as the directors are of the opinion that the fair value on initial recognition was not material and that it is not probable that a future sacrifice of economic benefits will be required.

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 24(a).

Investment in income trust funds and deposits with banks are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group maintains available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

41. Financial risk management objective and policies (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 30 April 2022				
Group				
Bank borrowings	79,106	46,827	2,475	128,408
Lease liabilities	1,366	5,192	3,313	9,871
Trade and other payables	63,626	-	-	63,626
Total undiscounted financial liabilities	144,098	52,019	5,788	201,905
Company				
Bank borrowings	66,575	-	-	66,575
Lease liabilities	237	948	217	1,402
Trade and other payables	13,649	-	-	13,649
Total undiscounted financial liabilities	80,461	948	217	81,626
At 30 April 2021				
Group				
Bank borrowings	80,750	48,339	10,204	139,293
Lease liabilities	1,129	4,425	4,043	9,597
Trade and other payables ^	58,548	179	-	58,727
Total undiscounted financial liabilities	140,427	52,943	14,247	207,617
Company				
Bank borrowings	71,253	-	-	71,253
Trade and other payables	11,177	-	-	11,177
Total undiscounted financial liabilities	82,430	-	-	82,430

^ Excluding VAT payable of the Group amounting to RM428,000.

At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of MFRS 9 are not included in the above maturity profile analysis.

41. Financial risk management objective and policies (continued)

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their term loans and revolving credits. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowing. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

In addition, the Group and the Company have short term interest bearing financial assets as at 30 April 2022. The investment in financial assets are mainly short term in nature and are not held for speculative purposes but have been mostly placed in deposits which are classified as cash and bank balances.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM201,000 (2021: RM290,000) and RM173,000 (2021: RM63,000) lower/higher respectively, arising mainly as a result of higher/lower interest expense on term loans and revolving credits and higher/lower interest income from placements of fund in short term deposits and fixed deposits.

(d) Foreign currency risk

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

The Group has transactional currency exposure mainly arising from bank borrowings that are denominated in United States Dollar ("USD"), which is a currency other than the functional currency of the operations to which they relate. At the reporting date, such foreign currency balance amount to RM65,250,000 (2021: RM69,658,000). The Group's and the Company's exposure to foreign currency changes for all other currencies is not material.

Sensitivity analysis for foreign currency risk

The hypothetical sensitivity of the Group's and the Company's profit net of tax to every 1% change in USD exchange rate at the reporting date against RM (base rate 2022: USD1 = RM4.3500; 2021: USD1 = RM4.0975), assuming all other variables remain unchanged, is RM653,000 (2021: RM697,000).

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company are exposed to market price risk as follows:

(i) Commodity price risk

The Group and the Company are exposed to market price risk arising from price fluctuations on crude palm oil ("CPO") and palm kernel ("PK") in the commodity market. Management reviews these risks and takes proactive measures to mitigate its effects by monitoring the market condition and maximising production and operational efficiencies on a regular basis.

Notes to the Financial Statements
For the financial year ended 30 April 2022 (Continued)

41. Financial risk management objective and policies (continued)

(e) Market price risk (continued)

(i) Commodity price risk (continued)

Sensitivity analysis for commodity price risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonable possible change in commodity prices of CPO and PK, with all other variables held constant:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Increase/(decrease) on profit net of tax				
Malaysian operations				
Base CPO price:				
2022: RM4,706				
2021: RM2,829				
- CPO price 10% higher	18,980	12,514	8,783	5,706
- CPO price 10% lower	(20,017)	(12,684)	(9,241)	(5,772)
Base PK price:				
2022: RM3,441				
2021: RM1,834				
- PK price 10% higher	3,646	1,978	1,646	856
- PK price 10% lower	(3,646)	(1,978)	(1,646)	(856)
Indonesian operations				
Base CPO price:				
2022: RM3,613				
2021: RM2,536				
- CPO price 10% higher	3,444	2,427	-	-
- CPO price 10% lower	(3,444)	(2,427)	-	-
Base PK price:				
2022: RM2,504				
2021: RM1,582				
- PK price 10% higher	326	210	-	-
- PK price 10% lower	(326)	(210)	-	-

(ii) Equity price risk

The Group's and the Company's short term funds consisting of investment in income trust funds are subject to fluctuation in net asset values of the income trust funds. These instruments are measured at fair value through profit or loss.

For investment in income trust funds, the Group's objective is to manage market price risk by investing in income trust funds with consistent returns. A careful selection of fund managers with creditable performance track record is carried out. In addition, the fund managers of the income trust funds are required to provide write-ups of the funds' holdings and investment strategies for the management's review regularly.

41. Financial risk management objective and policies (continued)

(e) Market price risk (continued)

(ii) Equity price risk (continued)

Sensitivity analysis for equity price risk

The analysis below is performed for reasonably possible price movements in investment in income trust funds which are measured at fair value through profit or loss at the reporting date:

	2022		2021	
	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
Group				
Short term funds				
Investment in income trust funds				
- Market value + 10%	7,510	7,510	1,034	1,034
- Market value - 10%	(7,510)	(7,510)	(1,034)	(1,034)
Company				
Short term funds				
Investment in income trust funds				
- Market value + 10%	5,429	5,429	606	606
- Market value - 10%	(5,429)	(5,429)	(606)	(606)

42. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regularly reviews its capital structure to ensure optimal capital structure and shareholders' return, taking into consideration future requirements of the Group and capital efficiency, prevailing and projected profitability and projected operating cash flows. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the financial years ended 30 April 2022 and 30 April 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, less cash and bank balances and highly liquid short term investments. Capital includes equity attributable to equity holders of the Company.

Notes to the Financial Statements

For the financial year ended 30 April 2022 (Continued)

42. Capital management (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Bank borrowings	30	117,388	124,754	65,250	69,658
Lease liabilities	31	7,951	7,459	1,197	-
Trade and other payables	34	63,626	59,155	13,649	11,177
Less: - Cash and bank balances	26	(58,161)	(33,204)	(18,529)	(8,057)
- Short term funds	25	(75,103)	(10,337)	(54,289)	(6,057)
Net debt		55,701	147,827	7,278	66,721
Equity attributable to owners of the Company		1,401,901	1,308,702	1,092,227	1,034,119
Capital and net debt		1,457,602	1,456,529	1,099,505	1,100,840
Gearing ratio		4%	10%	1%	6%

43. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 April 2022 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 August 2022.

LIST OF PROPERTIES HELD
AS AT 30 APRIL 2022

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2022 RM'000
MALAYSIA					
Machap Estate 76100 Durian Tunggal Melaka	Freehold Leasehold (expiring on: 20-12-2024 25-04-2025 21-03-2038)	244.5 221.8 156.4 236.3	Oil palm estate	2017 *	40,216
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	866.9	Oil palm estate	2017 *	54,491
Malaka Pinda Estate Alor Gajah P.O. 78000 Alor Gajah Melaka	Freehold Leasehold (expiring on: 21-03-2038 22-10-2048 25-10-2053)	67.3 112.1 20.3 126.2	Oil palm estate	2017 *	18,418
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.7	Oil palm estate	2017 *	47,022
Bukit Senorang Estate 28380 Kemayan Pahang	Leasehold (expiring on: 14-05-2066 11-01-2069 15-12-2072 04-03-2073)	 196.1 403.0 604.5 425.3	Oil palm estate and palm oil mill	2017 *	78,196
South-East Pahang Estate 28380 Kemayan Pahang	Leasehold (expiring on: 06-09-2066 18-09-2084)	 202.3 1,416.4	Oil palm estate	2017 *	69,667
Marmahat Estate Labuk Sugut Beluran District 90000 Sabah	Lease land (expiring between: 2031 and 2032 2096 and 2099)	 30.1 1,396.5	Oil palm estate	2017 *	65,003
Paitan and Tanjung Nipis Estates Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring between: 2069 and 2075 2098 and 2100) Lease land (expiring between: 2031 and 2036 2038 and 2046 2098 and 2100)	 654.0 264.1 780.6 144.8 1,277.1	Oil palm estate and palm oil mill	2017 *	130,507

List of Properties Held
As At 30 April 2022 (Continued)

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2022 RM'000
MALAYSIA (continued)					
Tengkarasan Estate Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring between 2100 and 2103) Lease land (expiring between: 2031 and 2036 2038 and 2049 2098 and 2100)	 68.2 876.5 569.8 1,291.9	Oil palm estate	2017 *	93,540
Millian-Labau Estate Sungai Millian-Labau Jalan Pulutan, Off KM 61 Jalan Keningau-Sook- Nabawan-Sapulut District of Tongod, Sabah	Leasehold (expiring on: 31-12-2098)	10,126.3	Oil palm estate	2020 *	404,444
Head Office Building No. 61, Jalan Melaka Raya 8 Taman Melaka Raya 75000 Melaka	Leasehold (expiring on: 07-07-2093)	93,972 sq. ft.	Office building (Age of building: 16 years)	2017 *	10,070
Office Building Lot 6, Block E Keningau Plaza 89008 Keningau, Sabah	Leasehold (expiring on: 31-12-2097)	4,280 sq. ft.	Shophouse (Age of building: 12 years)	2017 *	1,157
Office Building Lot 130, One Avenue 10, Mile 6, North Road, 90000 Sandakan, Sabah	Leasehold (expiring on: 31-12-2081)	2,242 sq. ft.	Shophouse (Age of building: 7 years)	2017 *	728
Regional Office Building Lot 10, Block 19 Lorong Bandar Indah 5 Bandar Indah Mile 4, North Road 90000 Sandakan, Sabah	Leasehold (expiring on: 2882)	2,000 sq. ft.	Shophouse (Age of building: 21 years)	2017 *	744
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands, Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 35 years)	2017 *	550
Executive Bungalow MDLB 1849 Taman Khong Lok Jalan Airport Sandakan 90000 Sandakan, Sabah	Leasehold (expiring on: 09-07-2887)	7,880 sq. ft.	Company bungalow (Age of building: 22 years)	2017 *	641

List of Properties Held
As At 30 April 2022 (Continued)

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2022 RM'000
INDONESIA					
Belida, Haruan, Biawan, Arwana and Seluang Estates Kecamatan Dadahup, Mentangai Kapuas Murung, Kapuas Barat Kabupaten Kapuas Propinsi Kalimantan Tengah	Leasehold (expiring between: 2049 and 2050)	25,281.0	Oil palm estate and palm oil mill	2017 *	345,468
Office Lots OTA03, Unit 3G, 3H, 3J, 3K, 3L & 3M 3 Floor, Gold Coast Office Tower - Eiffel Tower Jl, Pantai Indah Kapuk Boulevard RT.6/RW.2, Pantai Indah Kapuk Kel. Kamal Muara, Kec. Penjaringan Jakarta Utara 14470	Leasehold (Strata Titles yet to issue)	5,339 sq. ft.	Office lots (Age of building: 3 years)	2020	4,105
TOTAL					**1,364,967**

Include freehold land, bearer plants, buildings, long term leasehold land and prepaid land lease payments.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2022

Total number of issued shares	:	209,769,201
Class of share	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of issued shares
Less than 100	233	11,284	0.01
100 to 1,000	874	684,170	0.32
1,001 to 10,000	3,931	15,811,708	7.54
10,001 to 100,000	1,120	30,257,004	14.42
100,001 to less than 5% of issued shares	146	101,716,229	48.49
5% and above of issued shares	4	61,288,806	29.22
	6,308	**209,769,201**	**100.00**

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

Name of Directors	Direct shareholdings	% of issued shares	Indirect shareholdings	% of issued shares
Datin Paduka Tan Siok Choo	4,527,197	2.16	7,641,343	3.64
Tan Jiew Hoe	356,625	0.17	2,525,021	1.20
Teo Leng	70,000	0.03	7,000	0.003
Dato Dr. Nik Ramlah Binti Nik Mahmood	-	-	-	-
Ong Keng Siew	-	-	-	-
Tee Cheng Hua	202,500	0.10	43,067,500	20.53
Dato' Sri Tee Lip Sin	1,868,400	0.89	47,194,000	22.50
Han Kee Juan	130,000	0.06	50,000	0.02

Name of Chief Executive Officer	Direct shareholdings	% of issued shares	Indirect shareholdings	% of issued shares
Young Lee Chern	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings registered in the name of the substantial shareholders	Shareholdings in which the substantial shareholders are deemed to be interested	Total	% of issued shares
Oversea-Chinese Banking Corporation Limited	-	29,577,888*1	29,577,888	14.11
Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	-	28,185,701	13.44
Prosper Capital Holdings Sdn. Bhd. (formerly known as Prosper Palm Oil Mill Sdn. Bhd.)	17,362,000	7,623,100*2	24,985,100	11.91
The Hongkong And Shanghai Corporation Limited ("HBAP")	-	17,738,485	17,738,485	8.46
Cheekah-Kemayan Plantations Sdn. Bhd.	13,018,700	-	13,018,700	6.21
Datin Paduka Tan Siok Choo	4,527,197	7,641,343*3	12,168,540	5.80

1. Oversea-Chinese Banking Corporation Ltd is deemed interested in the shareholdings registered in the following holder:-
   - Malaysia Nominees (Tempatan) Sdn. Bhd. for Great Eastern Life Assurance (Malaysia) Berhad - 28,185,701
   - Citigroup Nominees (Asing) Sdn. Bhd. for CB Singapore GW for Orient Holdings Private Limited - 1,392,187
2. Prosper Capital Holdings Sdn. Bhd. (formerly known as Prosper Palm Oil Mill Sdn. Bhd.) is deemed interested by indirect interest through Prosper Trading Sdn. Bhd..
3. Datin Paduka Tan Siok Choo is deemed interested by virtue of interests of her siblings and her sibling's spouse.

LIST OF TOP 30 SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

		No. of shares	% of issued shares
1)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	19,155,323	9.13
2)	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	15,944,686	7.60
3)	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt An for OCBC Securities Private Limited (CLIENT A/C-NR)	13,170,097	6.28
4)	Cheekah-Kemayan Plantations Sdn. Bhd.	13,018,700	6.21
5)	Prosper Capital Holdings Sdn. Bhd.	9,595,800	4.57
6)	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Prosper Capital Holdings Sdn. Bhd.	7,766,200	3.70
7)	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt An for Bank of Singapore Limited (Foreign)	7,514,000	3.58
8)	Prosper Trading Sdn. Bhd.	6,072,600	2.89
9)	Tan Siok Lee	3,979,738	1.90
10)	Datin Paduka Tan Siok Choo	3,900,197	1.86

Analysis of Shareholdings

As At 30 July 2022 (Continued)

LIST OF TOP 30 SHAREHOLDERS (CONTINUED)

(without aggregating securities from different securities accounts belonging to the same person)

		No. of shares	% of issued shares
11)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	3,600,138	1.72
12)	Tan Siok Eng	3,502,480	1.67
13)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (Par 1 ACB Fund)	2,895,200	1.38
14)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (SHF)	2,535,040	1.21
15)	Azimat Pelangi Sdn. Bhd.	2,421,000	1.15
16)	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (M09)	2,074,800	0.99
17)	Tee Lip Jen	1,890,000	0.90
18)	Dato' Sri Tee Lip Sin	1,868,400	0.89
19)	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)	1,843,799	0.88
20)	Klebang Investments Pte Ltd	1,733,600	0.83
21)	Prosper Trading Sdn. Bhd.	1,550,500	0.74
22)	Tee Lip Hian	1,480,000	0.71
23)	Citigroup Nominees (Asing) Sdn. Bhd. - CB Spore GW for Orient Holdings (Private) Limited	1,392,187	0.66
24)	Tan Kee Lock Sdn. Bhd.	1,121,000	0.53
25)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt An for OCBC Securities Private Limited (Client A/C-R ES)	1,092,387	0.52
26)	Tee Chain Yee	1,074,500	0.51
27)	Chee Bay Hoon & Co. Sdn. Bhd.	1,060,000	0.51
28)	Tee Cheng Hua Holdings Sdn. Bhd.	1,000,000	0.48
29)	Amanahraya Trustees Berhad - Public Smallcap Fund	913,800	0.44
30)	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	902,000	0.43
		136,068,172	**64.87**

United **Malacca** Berhad
Registration No.191001000010 (1319-V)

FORM OF PROXY

I/We .... NRIC/Company No ....
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

being a member of UNITED MALACCA BERHAD hereby appoints ....
.... NRIC/Company No ....
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

or failing him/her .... NRIC/Company No ....
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

or the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 108th Annual General Meeting of the Company to be held on Wednesday, 28 September 2022 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be cast. If no specific instruction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

Resolution	Relating to:	For	Against
No. 1	Approval for payment of Directors' fees for the financial year ended 30 April 2022.		
No. 2	Approval for payment of Directors' remuneration (excluding Directors' fees) for the financial year ended 30 April 2022.		
No. 3	Re-election of Mr. Teo Leng, a Director retiring by rotation in accordance with Clause 130 of the Company's Constitution.		
No. 4	Re-election of Dato Dr. Nik Ramlah Binti Nik Mahmood, a Director retiring by rotation in accordance with Clause 130 of the Company's Constitution.		
No. 5	Re-appointment of Auditors and fixing of their remuneration.		

Dated this .... day of 2022

No. of Shares Held	
CDS Account No.	

....
(Signature(s)/Common Seal of Shareholder)

Notes:

1. *Only members whose names appear in the Register of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 21 September 2022 shall be eligible to attend and vote at the 108th AGM or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the number of shares to be represented by each proxy.*
3. *For the proxy to be valid, the duly executed instrument appointing a proxy must be deposited at the registered office of the Company at 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than twenty-four (24) hours before the time appointed for holding the AGM or any adjournment thereof.*
4. *Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.*
5. *All the Resolutions will be put to vote by poll.*

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stamp

The Company Secretaries

UNITED MALACCA BERHAD

Registration No. 191001000010 (1319-V)

6th Floor, No. 61, Jalan Melaka Raya 8,
Taman Melaka Raya,
75000 Melaka.

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Cover photo shows freshly harvested oil palm fruits in the foreground and in the background is a mini grabber used for harvesting in UMB's estate.

Photo taken by Mr. Low Fook Sin,
Plantation Controller (Peninsular)
and Pn. Mardiana Jaafar, Agricultural Executive.