United Malacca Berhad

Registration No.191001000010 (1319-V)

Annual Report 2023

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

109th ANNUAL GENERAL Meeting

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

DATE:
27 September 2023
Wednesday

TIME:
11.30 a.m

WHAT'S INSIDE THIS REPORT

The digital version of
UNITED MALACCA BERHAD
Annual Report 2023 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 109th 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, 27 September 2023 at 11.30 a.m. for the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2023 and the Reports of the Directors and Auditors thereon. **Please refer Note (5)**

2. To approve the payment of Directors' fees amounting to RM837,800 to the Directors of the Company and its subsidiaries for the financial year ended 30 April 2023. *(Refer Note 6)* **[Resolution 1]**

3. To approve the payment of Directors' remuneration (excluding Directors' fees) amounting to RM401,667 to the Directors of the Company for the financial year ended 30 April 2023. *(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. Ong Keng Siew **[Resolution 3]**
   (ii) Mr. Tee Cheng Hua **[Resolution 4]**

5. To elect Datin Noor Azimah Binti Abd. Rahim who retires in accordance with Clause135 of the Company's Constitution. **[Resolution 5]**

6. To appoint Messrs. Crowe Malaysia PLT as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young PLT, and to hold office until the conclusion of the next AGM in 2024 at a remuneration to be determined by the Board of Directors. *(Refer Note 10)* **[Resolution 6]**

7. 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: 28 August 2023

NOTES:

(1) Only members whose name registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 20 September 2023 shall be eligible to attend and vote at the 109th 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 109th AGM will be put to vote by poll.

Notice of Annual General Meeting
(Continued)

(5) **Agenda 1**

The Audited Financial Statements for the financial year ended 30 April 2023 together with the accompanying Reports, will be presented at the Company's 109th 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 quantum of fees and benefits accorded to the Chairperson and the other Directors. After review, the Board maintained the structure and level of fees for the Board, Board Committees, meeting allowances, and other benefits.

For the financial year ended 30 April 2023, fees totalling RM837,800 payable to the Directors of the Company and its subsidiaries are based on the existing quantum of Directors' fees listed in the table below:

UMB Board - Fixed Annual fees*	FY 2022/2023
Chairperson	RM120,000
Director	RM70,000

* in relation to United Malacca Berhad

Therefore, through Resolution 1, the Board seeks shareholders' approval to pay the Directors' fees totalling RM837,800 to the Directors of the Company and its subsidiaries for the financial year ended 30 April 2023.

(7) **Agenda 3**

Remuneration (excluding Directors' fees) payable to the Directors of the Company for the financial year ended 30 April 2023 comprises the following:

UMB Board Committees - Fixed Annual Fee for FY 2022/2023	Chairperson (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	

* Effective 1 January 2023, the Board dissolved the Executive Committee and Board Tender Committee. Fees payable to the Chairperson/members of these Committees will be pro-rated according to the months of service.

Resolution 2, if approved, will empower the Company to pay remuneration (excluding Directors' fees) totalling RM401,667 to the Chairperson and Directors for the financial year ended 30 April 2023.

(8) **Agenda 4**

According to Clause 130 of the Company's Constitution, Mr. Ong Keng Siew and Mr. Tee Cheng Hua retire by rotation and are eligible for re-election at the Company's 109th AGM. Mr. Ong Keng Siew and Mr. Tee Cheng Hua have offered themselves for re-election.

Through the Nomination and Remuneration Committee, the Board conducted due diligence and assessed the retiring directors' fitness and propriety according to the Company's Fit and Proper Policy criteria. The Board also assessed the performance of Mr. Ong Keng Siew and Mr. Tee Cheng Hua during the annual evaluation exercise of the Board Committees and individual Directors. The Nomination and Remuneration Committee and the Board are satisfied with the suitability, performance, and effectiveness of Mr. Ong Keng Siew and Mr. Tee Cheng Hua.

Therefore, the Board recommends the shareholders approve Resolutions 3 and 4 to re-elect Mr. Ong Keng Siew and Mr. Tee Cheng Hua as the Company's Directors.

(9) **Agenda 5**

According to Clause 135 of the Company's Constitution, Datin Noor Azimah Binti Abd Rahim appointed as Director on 1 May 2023 shall hold office until the 109th AGM has offered herself for election

Through the Nomination and Remuneration Committee, the Board conducted due diligence and assessed Datin Noor Azimah Binti Abd. Rahim's fitness and propriety according to the Company's Fit and Proper Policy criteria. The Nomination and Remuneration Committee and the Board are satisfied with the result from its due diligence of Datin Noor Azimah Binti Abd. Rahim.

Therefore, the Board recommends the shareholders approve Resolution 5 to elect Datin Noor Azimah Binti Abd. Rahim as the Company's Director.

(10) **Agenda 6**

The Auditors, Messrs. Ernst & Young PLT, retire and do not seek re-appointment at the Company's 109th AGM on 27 September 2023. Messrs. Ernst & Young PLT has been the Company's Auditors for 21 years since 2002. The Board wishes to seek shareholders' approval for the appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting in 2024.

In evaluating the suitability of Messrs. Crowe Malaysia PLT, the Audit Committee considered the adequacy of the audit firm's expertise and resources, the credentials and experience in the Company's industry, reputation, the audit engagement partner to be assigned, independence, commitment, geographical coverage, staff turnover experience and continuity, and the indicative audit fees.

After evaluation, the Board, in consultation with the Audit Committee, is satisfied that Messrs. Crowe Malaysia PLT will be able to meet the audit requirements of the Company and the Group.

The Company confirms there were no disagreements with the retiring auditors, EY, on accounting treatments within the last twelve (12) months from the date of this Notice.

The Company is not aware of any circumstances regarding the proposed change of Auditors that should be brought to the attention of Shareholders.

STATEMENT ACCOMPANYING NOTICE OF 109TH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2), Appendix 8A of
the Bursa Malaysia Securities Berhad's Main Market Listing Requirements

(1) The Director who is standing for election is Datin Noor Azimah Binti Abd. Rahim.

Further detail of Datin Noor Azimah Binti Abd. Rahim can be found in the Profile of Director on page 16 of this Annual Report. Datin Noor Azimah does not hold shares (direct/indirect) in United Malacca Berhad.

(2) The following Directors whose profiles are set out on pages 12 to 13 of this Annual Report are standing for re-election:-

(i) Mr. Ong Keng Siew
(ii) Mr. Tee Cheng Hua

(3) The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2023 are as follows:-

Directors	Attendance
Datin Paduka Tan Siok Choo	6 of 6 Meetings
Mr. Tan Jiew Hoe	5 of 6 Meetings
Mr. Teo Leng	6 of 6 Meetings
Dato Dr. Nik Ramlah Binti Nik Mahmood	5 of 6 Meetings
Mr. Ong Keng Siew	6 of 6 Meetings
Mr. Tee Cheng Hua	6 of 6 Meetings
Dato' Sri Tee Lip Sin	5 of 6 Meetings
Mr. Han Kee Juan	6 of 6 Meetings
Datin Noor Azimah Binti Abd. Rahim *	-

* Appointed on 1 May 2023 (after FY 30 April 2023)

GROUP HIGHLIGHTS

	2023	2022
PRODUCTION		
	Tonne	**Tonne**
Fresh fruit bunches	422,923	372,632
Crude palm oil	110,985	87,794
Palm kernel	22,680	17,525
FINANCIAL		
	RM'000	**RM'000**
Revenue	604,497	553,962
Profit :		
Before tax	82,221	144,135
Net of tax	55,521	108,351
Profit net of tax attributable to:		
Owners of the Company	61,326	108,189
Non-controlling interests	(5,805)	162
	55,521	108,351
	Sen	**Sen**
Earnings per share attributable to owners of the Company:		
Basic/Diluted	29.24	51.58
Dividend per share:		
Net	12.00	15.00
	RM'000	**RM'000**
Total assets	1,841,943	1,835,702
	RM	**RM**
Net assets per share attributable to owners of the Company	6.84	6.68

CORPORATE STRUCTURE

As at 31 July 2023

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
- 60% → PT Usaha Mulia Bahagia
- 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)

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* *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
Executive Director

MR. HAN KEE JUAN
Independent Non-Executive Director

DATIN NOOR AZIMAH BINTI ABD. RAHIM
Independent Non-Executive Director

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
Mr. Tee Cheng Hua

SECRETARIES

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

Ms. Pang Poh Chen (MAICSA 7069479)
(SSM Practising Certificat 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

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
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

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Malaysian

Female

Chairperson & Non-Independent Non-Executive Director

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 on July 2011. On 17 July 2014, she was re-designated a Non-Independent Non-Executive Director. 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 the Group's subsidiaries in Indonesia: PT Bintang Gemilang Permai, PT Wana Rindang Lestari, and PT Usaha Mulia Bahagia.

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. She worked at the Institute of Strategic and International Studies (ISIS) Malaysia, in Corporate Finance in Southern Bank Berhad, and as an investment analyst for Rashid Hussain Securities and Morgan Grenfell Asia & Partners' Securities. Apart from a short stint with the world's largest executive search firm, Korn Ferry International, she spent 10 years as 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 six Board Meetings held during the financial year ended 30 April 2023.

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.

Profile of Directors
(Continued)

MR. TAN JIEW HOE

76

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 botanical 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 contributions 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 five out of six Board Meetings held during the financial year ended 30 April 2023. 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

71

Malaysian

Male

Non-Independent Non-Executive Director

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 a Director of several subsidiaries of the Group in Malaysia. He is a Commissioner of 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 member of the MPOA Council 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 six Board Meetings held during the financial year ended 30 April 2023. 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

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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 INCEIF University.

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 the Chairman and Independent Non-Executive Director 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 five out of six Board Meetings held during the financial year ended 30 April 2023. 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

67

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, Pekat Group Berhad and C.I. Resources Limited (a listed company in Australia).

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 six Board Meetings held in the financial year ended 30 April 2023.

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.

Profile of Directors
(Continued)

MR. TEE CHENG HUA

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Malaysian

Male

Non-Independent Non-Executive Director

Member of Nomination and Remuneration Committee

Mr. Tee Cheng Hua, joined United Malacca Berhad as Non-Independent Non-Executive Director on 1 October 2019. He is a member of the Nomination and Remuneration 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., 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 six Board Meetings held during the financial year ended 30 April 2023. 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

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Malaysian
Male

Executive Director

Dato' Sri Tee Lip Sin, was appointed 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. Effective 1 January 2023, he was re-designated as Non-Independent Executive Director and assumed the role of the Company's Executive Director.

Dato' Sri Tee Lip Sin graduated with a Master of Business Administration from the University of Sunderland. He also 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. ("Prosper") in 1995 and subsequently rose to the rank of Executive Director. He is a Director of Prosper and Prosper Trading Sdn. Bhd., major shareholders of United Malacca Berhad. 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 five out of six Board Meetings held during the financial year ended 30 April 2023.

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.

Profile of Directors
(Continued)

MR. HAN KEE JUAN

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Malaysian

Male

Independent Non-Executive Director

Member of Audit Committee

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

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 has attended all six Board Meetings held during the financial year ended 30 April 2023. He 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.

Profile of Directors
(Continued)

DATIN NOOR AZIMAH BINTI ABD. RAHIM

62

Malaysian

Female

Independent Non-Executive Director

Datin Noor Azimah Binti Abd. Rahim, was appointed as an Independent Non-Executive Director on 1 May 2023.

Datin Noor Azimah Binti Abd. Rahim is an Associate of the Chartered Institute of Management Accountants (CIMA), United Kingdom, since 1993.

She started her career as an Administrative Officer/ Executive Assistant to the Adviser of Bank Negara Malaysia from September 1986 to July 1988. She joined Price Waterhouse Associates as an Associate Consultant from August 1988 to March 1990. From 1990 to 2000, she was a Dealer Representative at Rashid Hussain Securities, Kuala Lumpur.

Currently, Datin Noor Azamiah is the Chairman of the Parent Action Group for Education Malaysia (PAGE) and Elena Cooke Education Fund (ECEF). She is also a member of G25, a Director of the Edunity Foundation, and a Columnist for The Edge.

Datin Noor Azimah 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 was appointed to the Board on 1 May 2023, therefore she has no attendance record of Board Meetings during the financial year ended 30 April 2023. 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 CHIEF EXECUTIVE OFFICER

MR. YOUNG LEE CHERN

45

Malaysian

Male

Chief Executive Officer

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

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

Mr. Young has over 19 years of working experience in auditing, accounting, and finance in Malaysia and Indonesia. He was the 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 is currently a Council member of the Malaysian Palm Oil Association (MPOA) and the Malaysian Estate Owner's Association (MEOA). He is also a Director of the Group's subsidiaries in Malaysia, 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 been imposed with any public sanction or penalty by regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

46
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)

53
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)

54
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)

49
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)

Save as disclosed, the above Key Senior Management members have no directorship in Public Companies, no family relationship with any Director and/or major shareholders of United Malacca Berhad, no conflict of interest with United Malacca Berhad, have not been convicted of any offence within the past 5 years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2023.

GROUP TITLED AREA STATEMENT

As at 30 April 2023

LAND BANK ANALYSIS

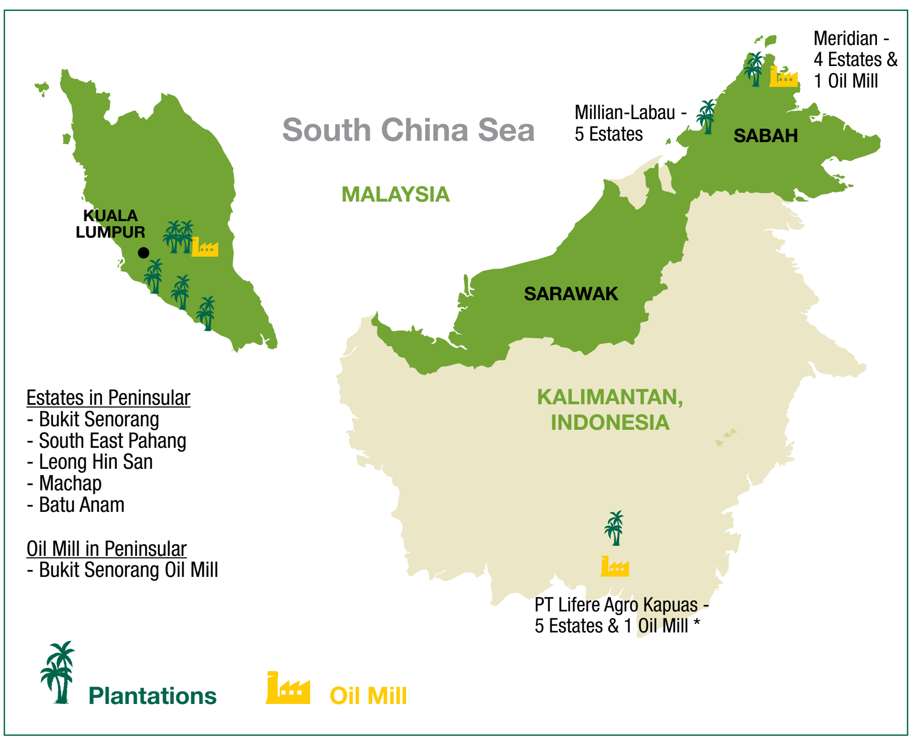
	Malaysia	Indonesia (Inti)	Total exclude Plasma	Indonesia (Plasma *)	Group
	Ha	Ha	Ha	Ha	Ha
Matured	17,823	6,073	23,896	5,175	29,071
Immature	1,126	1,795	2,921	-	2,921
Total planted	**18,949**	**7,868**	**26,817**	**5,175**	**31,992**
Land clearing	-	845	845	-	845
Plantable	63	3,402	3,465	-	3,465
Unplantable ^	4,612	2,732	7,344	5,259	12,603
Total Land Bank	**23,624**	**14,847**	**38,471**	**10,434**	**48,905**

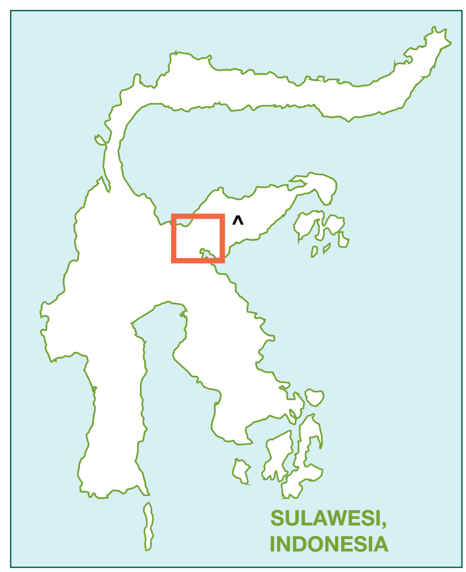
* *Plasma is a programme initiated by the Indonesian Government to develop smallholders' plantations with the assistance of plantation companies.*

^ *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

	2023	2022	2021	2020	2019
ESTATES					
Fresh fruit bunches (FFB) production (tonne)					
- Malaysian operations	361,825	317,206	313,198	301,070	314,865
- Indonesian operations	61,098	55,426	57,622	61,026	38,748
Yield per weighted average mature hectare (tonne/ha)					
- Malaysian operations	20.2	17.5	17.1	14.8	15.1
- Indonesian operations	10.1	9.5	10.3	11.6	7.5
MILLS					
Malaysian operations					
FFB processed (tonne)	419,216	314,681	339,368	348,171	271,152
Production					
- Crude palm oil (tonne)	78,729	60,757	64,938	67,971	52,693
- Palm kernel (tonne)	17,758	13,719	15,581	17,118	13,195
Oil extraction rate (OER) (%)	18.8	19.3	19.1	19.5	19.4
Kernel extraction rate (KER) (%)	4.2	4.4	4.6	4.9	4.9
Indonesian operations ^					
FFB processed (tonne)	169,914	126,275	170,632	164,502	-
Production					
- Crude palm oil (tonne)	32,256	27,037	36,331	37,336	-
- Palm kernel (tonne)	4,922	3,806	5,043	4,578	-
OER (%)	19.0	21.4	21.3	22.7	-
KER (%)	2.9	3.0	3.0	2.8	-

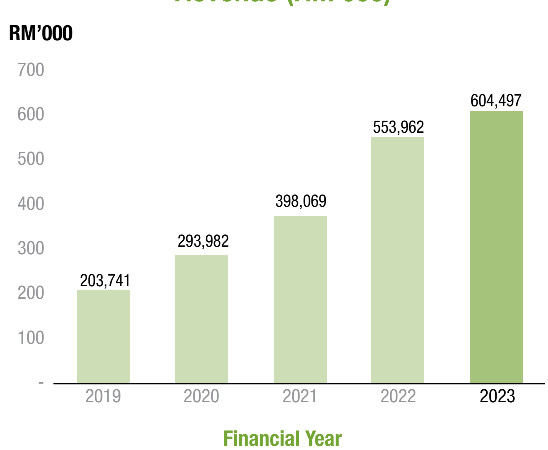
^ Oil mill in Kalimantan, Indonesia commissioned in June 2019

	2023	2022	2021	2020	2019
AVERAGE SELLING PRICE					
Crude palm oil (RM/tonne)					
- Malaysian operations	4,387	4,706	2,829	2,259	2,051
- Indonesian operations	3,386	3,613	2,536	2,194	-
Palm kernel (RM/tonne)					
- Malaysian operations	2,309	3,441	1,834	1,310	1,455
- Indonesian operations	1,952	2,504	1,582	1,125	-
FFB (RM/tonne)					
- Malaysian operations	811	967	584	417	376
- Indonesian operations	695	748	484	396	330

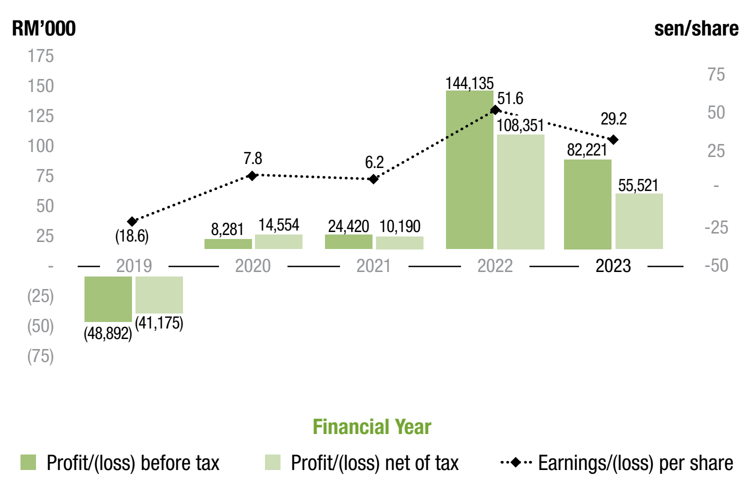
FIVE YEARS' FINANCIAL STATISTICS

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
REVENUE					
Plantation	604,497	553,962	398,069	293,982	203,741
GROUP PROFIT/(LOSS)					
Plantation:					
Oil palm products	82,606	158,026	44,620	(24,854)	(38,532)
Interest expense	(4,455)	(4,250)	(4,928)	(5,588)	-
Profit/(loss) from plantation activities	78,151	153,776	39,692	(30,442)	(38,532)
Investment holding:					
Investment income/(expense)	5,075	6,818	2,589	(1,941)	(3,195)
Interest expense	(3,065)	(1,414)	(1,827)	(5,719)	(7,165)
Profit/(loss) from operations	80,161	159,180	40,454	(38,102)	(48,892)
Gain on disposal of non-current assets held for sale	-	-	-	103,196	-
Impairment of intangible asset	-	(12,336)	(16,034)	-	-
Impairment of other asset	(3,569)	-	-	-	-
Net reversal of impairment/impairment of bearer plants	3,816	-	-	(56,813)	-
Loss on termination of lease liabilities	(902)	-	-	-	-
Reversal of discounting value/discounting value of Plasma receivables	2,715	(2,709)	-	-	-
Profit/(loss) before tax	82,221	144,135	24,420	8,281	(48,892)
Taxation	(26,700)	(35,784)	(14,230)	6,273	7,717
Profit/(loss) net of tax	55,521	108,351	10,190	14,554	(41,175)
Profit/(loss) net of tax attributable to:					
Owners of the Company	61,326	108,189	13,014	16,307	(39,027)
Non-controlling interests	(5,805)	162	(2,824)	(1,753)	(2,148)
	55,521	108,351	10,190	14,554	(41,175)
Earnings/(loss) per share attributable to owners of the Company (sen)	29.2	51.6	6.2	7.8	(18.6)

Revenue (RM'000)



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



Five Years' Financial Statistics
(Continued)

	2023	2022	2021	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Property, plant and equipment	681,180	671,298	665,066	679,144	1,375,402
Prepaid land lease payments	-	-	-	-	130,934
Right-of-use assets	806,120	788,442	796,067	814,681	-
Goodwill on consolidation	82,474	82,474	82,474	82,474	82,474
Intangible asset	233	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	271,936	274,106	172,874	181,952	164,547
Total assets	**1,841,943**	**1,835,702**	**1,732,581**	**1,791,003**	**1,855,242**
EQUITY AND LIABILITIES					
Equity					
Share capital	255,375	255,375	255,375	255,375	254,935
Other reserves	(3,949)	(6,026)	(16,387)	(11,748)	(10,894)
Retained earnings	1,182,385	1,152,552	1,069,714	1,074,135	1,074,485
Equity attributable to owners of the Company	1,433,811	1,401,901	1,308,702	1,317,762	1,318,526
Non-controlling interests	33,578	38,914	32,723	36,163	38,064
Total equity	**1,467,389**	**1,440,815**	**1,341,425**	**1,353,925**	**1,356,590**
Liabilities					
Bank borrowings	110,496	117,388	124,754	153,112	209,263
Lease liabilities	2,994	7,951	7,459	7,292	-
Retirement benefit obligation	1,059	1,037	805	805	654
Trade and other payables	65,365	63,626	59,155	74,636	62,026
Income tax payable	-	8,613	-	-	-
Deferred tax liabilities	194,640	196,272	198,983	201,233	226,709
Total liabilities	**374,554**	**394,887**	**391,156**	**437,078**	**498,652**
Total equity and liabilities	**1,841,943**	**1,835,702**	**1,732,581**	**1,791,003**	**1,855,242**
FINANCIAL STATISTICS					
Earnings/(loss) per share (sen)	29.2	51.6	6.2	7.8	(18.6)
Net dividend per share (sen)	12.0	15.0	10.0	8.0	8.0
Net dividend yield per share (%)	2.2	2.6	2.0	1.8	1.5
Return on average total assets (%)	3.0	6.1	0.6	0.8	(2.2)
Return on average equity (%)	3.8	7.8	0.8	1.1	(3.0)
Price earnings ratio (times)	18.4	11.0	82.2	56.6	(28.8)
Net assets per share (RM)	6.8	6.7	6.2	6.3	6.3
Share price as at financial year end (RM)	5.38	5.68	5.10	4.40	5.36
Debt/Equity (%)	7.5	8.1	9.3	11.3	15.4

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 2023 (FY 2023).

OVERVIEW

Financial year ending 30 April 2024 (FY 2024) could be eventful for United Malacca Berhad. Issues that could influence palm oil prices include global warming, continuing hostilities in the Ukraine, the US Federal Reserve's interest rate policy in 2023 and China's economy.

First, global warming. June this year was the warmest since 1850 while July 2023 was the hottest month ever recorded, the European Union's climate observatory confirmed. Meanwhile, Berkeley Earth, a California-based research non-profit, predicts an above 80% chance that 2023 will be the hottest year on record. If El Nino persists and intensifies, 2024 could be even hotter, Berkely Earth adds.

Chairperson's Statement
(Continued)

OVERVIEW (CONTINUED)

In early July 2023, the World Meteorological Organisation (WMO) declared the onset of El Nino - a phenomenon that could amplify severe droughts, magnify heat waves and heighten the risks of transnational haze and wildfires in Indonesia and Malaysia.

Past experience suggests the combined impact of exceptionally-high temperatures and El Nino results in dry weather that impairs yields of palm oil in both countries.

Second, will Russia's refusal to extend the Black Sea Grain Initiative on 17 June this year as well as its subsequent attacks on silos and ports in Ukraine's Odesa region and grain warehouses on the Danube River cause prices of vegetable oils, including palm oil, to edge upwards?

Co-sponsored by the United Nations (UN) and Turkiye on 22 July last year, this initiative enabled Ukraine to export almost 33 million tonnes of maize, wheat, sunflower products as well as other grains and foodstuffs; an initiative that helped to lower world food prices by 23% from the peak in March 2022, UN data show.

To blunt criticism, President Putin announced he would send 25,000-50,000 tonnes of free grain in the next three or four months to six African countries. Last year, Russia exported 60 million tonnes of grain, including 48 million tonnes of wheat, a Reuters article said.

Days after this Initiative's cessation, prices of wheat, soybean oil and palm oil climbed. Whether prices will remain elevated could depend on the Ukrainian conflict's duration.

General Mark Milley, chair of the US Joint Chiefs of Staff, told Reuters the war in Ukraine "is going to be long. It's going to be hard. It's going to be bloody."

Even if peace is restored sooner than expected, The Halo Trust, a global mine-clearing organisation, estimates some 300,000 hectares in Ukraine will have to be de-mined before the area is suitable for agriculture.

Third, will escalating US interest rates impinge palm oil prices? On 26 July this year, the US Federal Reserve raised interest rates by 25 basis points. After lifting interest rates by 525 basis points since March 2022, will the Fed continue to step up interest rates? Will this continuing acceleration impact palm oil prices?

Inaugural opening of the solar panel system in Bukit Senorang Palm Oil Mill, Pahang

Despite interest rates hitting a 22-year high, growth in the US economy quickened in the second quarter this year after expanding faster than expected in the first quarter. Additionally, consumer spending remains buoyant while labour cost has cooled significantly.

Meanwhile, the Fed's preferred inflation gauge, the personal consumption expenditure price index, edged up 3% in June from a year earlier, the smallest rise in more than two years, a Bloomberg article notes.

After announcing the latest step-up in interest rates, Fed chief Jerome Powell said central bank staff are "no longer forecasting a recession." He cautioned there was a "lot left to go" before achieving a soft landing - comprising lower inflation without massive job losses. Minutes of the July 2023 meeting show inflation is still well above the Fed's target and could require more tightening of interest rates.

While US interest rates aren't directly correlated to palm oil prices, a recession in the world's biggest economy could inhibit spending on food at home and in hotels and restaurants that could boost demand for palm oil.

Fourth, will China buy more palm oil? Its two key sectors are exports and housing. Exports account for one-fifth of China's economy while its currently ailing property sector contributes one-third.

Chairperson's Statement
(Continued)

OVERVIEW (CONTINUED)

In the second quarter this year, China's economy expanded by 6.3% year-on-year, the National Bureau of Statistics (NBS) said. This figure was boosted by comparison with a low base last year when the economy was impacted by Covid-19 lockdowns in Shanghai and other major cities.

Quarter-on-quarter comparison shows growth in the April-June quarter this year was a negligible 0.8% compared with 2.2% recorded in the January-March period.

Equally worrying are China's trade statistics. In June, exports this year tumbled by 12.4%, the steepest drop since the onset of the Covid-19 pandemic three years ago. Furthermore, unemployment among 16-to-24-year-olds hit 21.3% in June, the highest level since China released this data in 2018.

Also, property investment tumbled 20.6% in June this year, Reuters said. Underscoring the property sector's woes, real estate developer Evergrande announced US$81 billion of losses in 2021 and 2022 while its liabilities totalled US$335 billion against US$251 billion in assets, its earnings statement said.

Additionally, the potential default of one of China's biggest property developer, Country Garden, has sparked fears this could spill over to China's economy. The cut in interest rates by 15 basis points on 15 August 2023 have helped ease such fears.

One bright spot is China's strong consumer spending. Domestic tourism has rebounded, retail sales recently have expanded at double-digit rate while consumer spending on food and beverage spiked by 22.6% in May.

Recent news reports suggest the Asian leviathan will prioritise expanding domestic demand; this suggests a renewed focus on stimulating consumer spending.

China is the world's second largest buyer of palm oil, importing 5.5 million metric tonnes in 2022. Its intake in 2022 was 1.1 million tonnes lower than that in 2021 due to congestion in several ports, high prices of palm oil in 2022 and the strict lockdowns imposed due to China's zero Covid-19 policy.

Furthermore, stock levels in China fell to 5.3 million tonnes last year - lower than the 10-year average of 6.12 million tonnes, MPOC says.

Although stronger consumer spending coupled with below average stock levels are positives for palm oil prices, past trends suggest China purchases more palm oil when prices are low.

Despite some positives for palm oil prices, plantation companies need to brace for significant negatives. Foremost is rising costs of wages, fertilisers and other inputs. Higher wages will be due to the continuing shortage of foreign workers and by Malaysian government policy; both factors underscore the need to accelerate mechanisation.

El Nino coupled with uncertainties in the US, Ukraine and China dictate the key watchwords for United Malacca Berhad in FY 2024 are forewarned is forearmed.

Machap Estate in Melaka

Chairperson's Statement
(Continued)

BUSINESS PERFORMANCE

For FY 2023, the UMB Group achieved a pre-tax profit of RM82.2 million or 43% lower than the previous year's profit of RM144.1 million.

Excluding the RM3.8 million net reversal of impairment of bearer plants, RM3.6 million impairment of other asset, RM2.7 million reversal of the discounted value of Plasma receivables and RM0.9 million loss on termination of lease liabilities, the Group would have recorded a slightly lower pre-tax profit of RM80.2 million in FY 2023.

In the previous year, impairments had a bigger impact. 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 higher pre-tax profit of RM159.1 million in the financial year ended 30 April 2022 (FY 2022).

At the Company level, UMB recorded a RM8.3 million pre-tax loss in FY 2023 due to the impairment of investments in PT Lifere Agro Kapuas (LAK) and PT Wana Rindang Lestari compared with a pre-tax profit of RM102.7 million in the preceding year.

Excluding the RM92.0 million impairment of investment in Indonesian subsidiaries and RM8.3 million reversal of impairment of bearer plants, the Company would have recorded a pre-tax profit of RM75.4 million in FY 2023.

In FY 2022, excluding the RM8.6 million impairment of an investment in an Indonesian subsidiary, the Company would have recorded a pre-tax profit of RM111.3 million.

Even though UMB Group's fresh fruit bunches (FFB) production in FY 2023 was higher by 13% than that in the previous year, reduced pre-tax profit in FY 2023 was mainly due to lower average prices of crude palm oil (CPO) and palm kernel (PK) as well as the higher unit cost of production from inflated costs of materials and labour.

The UMB Group's output of FFB in FY 2023 totalled 422,923 tonnes - a 13% improvement from the 372,632 tonnes recorded in the preceding financial year.

Compared with the previous financial year, FFB output in Malaysian estates advanced by 14% or 44,619 tonnes to 361,825 tonnes in FY 2023 due to better yields from both Peninsular and Sabah estates.

FFB output in LAK in Kalimantan improved by 10% or 5,672 tonnes to 61,098 tonnes in FY 2023 due to higher yields from prime age (8 to 15 years) palms.


Nursery at Paitan Estate, Sabah

In FY 2023, average prices of CPO and PK in Malaysia eased by 7% and 33% respectively to RM4,387 and RM2,309 per tonne from the preceding year's average of RM4,706 and RM3,441 respectively.

Prices for CPO and PK for UMB's Kalimantan estates were more subdued. Averaging RM3,386 and RM1,952 per tonne respectively, this was a drop of 6% and 22% from the preceding year's record of RM3,613 and RM2,504 per tonne respectively. Compared with Malaysia, CPO and PK prices in Indonesia are lower due to the export levy to support the republic's mandatory biodiesel programme and to fulfil its domestic market obligation.

UMB Group's cost of production in FY 2023 was more elevated than that in FY 2022 due to loftier prices of materials, particularly fertiliser, agrochemicals and diesel. In FY 2023, wages in Malaysia were hiked up by Putrajaya lifting the national minimum wage in May 2022 from RM1,100 or RM1,200 to RM1,500 for businesses in all sectors, regardless of region.

DIVIDENDS

For FY 2023, the Board of Directors declared a second interim single-tier dividend of 7 sen payable on 18 August 2023.

Together with the first interim single-tier dividend of 5 sen paid on 20 January 2023, the total single-tier dividend for the financial year under review is 12 sen or RM25.2 million (FY 2022: total single-tier dividend of 15 sen or RM31.5 million comprising the first interim single-tier dividend of 5 sen, a second interim single-tier dividend of 5 sen, and a special single-tier dividend of 5 sen).

The Board of Directors do not recommend any final dividend for FY 2023.

Chairperson's Statement
(Continued)

ENHANCING SUSTAINABILITY

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

Sustainable agricultural practices adopted by UMB include:

1. Reducing emissions of greenhouse gas (GHG) in UMB mills by composting empty fruit bunches (EFB), a move that reduced appreciably usage of chemical fertilisers.

2. Stepped up use of solar power in Pahang estates, an initiative that will be replicated, when feasible, in other estates.

3. Since establishing United Malacca scholarships in 2006, RM1.138 million has been awarded to 45 students - 27 men and 18 women - studying agricultural science and engineering in local universities. Among those who graduated in previous years, 10 are currently working for UMB. Another 2 scholarship holders will graduate in 2023 and join UMB, while 4 scholarship students are still studying in universities. Although 7 students opted out of their scholarships for personal reasons, 22 students have completed serving their bond with UMB. UMB regards recipients of scholarships as a source of top-quality manpower; for this reason, the number of scholarships awarded each year is determined by the number of recipients deemed eligible.

More details are set out in the Sustainability Statement on pages 44 to 68 of this Annual Report.

CURRENT YEAR PROSPECTS

For FY 2024, UMB Group expects improved FFB production than the preceding year, stemming from the palms' better age profile and higher yields.

Meanwhile, management's priority remains focused on improving labour productivity, increasing yields, stepping up mechanisation and reducing unit costs.

Assuming CPO prices remain at the current level, the Group expects satisfactory results for FY 2024.

MOVING FORWARD

Despite 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 nurture is unlikely to be challenged.

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

ACKNOWLEDGEMENTS

On 1 January 2023, the UMB Board appointed Dato' Sri Tee Lip Sin, a Non-Independent Director, as Executive Director. Dato' Sri Tee's role is to assist the Board in overseeing and implementing UMB Group's strategic plans and policies (including tender awards); he will also work with the UMB Management team to step up the increasingly urgent need to raise yields, reduce costs and diversify crops grown.

At the forthcoming AGM on 27 September 2023, one of UMB's longest-serving directors, Mr. Tan Jiew Hoe, has decided to retire from UMB's Board but will remain on the Board of several UMB subsidiaries. Mr. Tan joined the UMB's Board as Alternate Director to his cousin, Mr. Chua Ngoh Chuan, on 9 June 1997 and was subsequently appointed as Director on 30 March 2007.

His family have been closely associated with UMB for decades. His father, Mr. Tan Hoon Siang, chaired the Company from 1969 to 1974 while Mr. Chua Ngoh Chuan was a director of UMB (then known as The United Malacca Rubber Estates Berhad) from 4 April 1991 until his resignation on 29 January 2007.

As a director, Mr. Tan's calm and thoughtful presence at board meetings will be missed. He also contributed to UMB's expansion in Indonesia, accompanying the chairperson and UMB director, Mr. Teo Leng, to look for land in Sumatra, Kalimantan and Sulawesi, on trips that were occasionally physically uncomfortable. On behalf of the Board, management and staff, I would like to thank Mr. Tan for his long and invaluable contribution to the UMB Group.

On behalf of the Board of Directors, I would like to thank all UMB's loyal managers, employees and staff as well as shareholders.

I thank management, employees and staff for their commitment, dedication and tenacity in steering the organisation forward.

Datin Paduka Tan Siok Choo
Chairperson

PENYATA PENGERUSI

Para Pemegang Saham yang Dihormati,

Bagi pihak Lembaga Pengarah United Malacca Berhad (UMB), saya membentangkan Laporan Tahunan Kumpulan dan Penyata Kewangan Beraudit bagi tahun kewangan berakhir 30 April 2023 (TK 2023).

Estet Machap di Melaka

GAMBARAN KESELURUHAN

Tahun kewangan berakhir 30 April 2024 (TK 2024) boleh menjadi satu peristiwa penting bagi United Malacca Berhad. Isu yang boleh mempengaruhi harga minyak sawit termasuk pemanasan global, permusuhan berterusan di Ukraine, dasar kadar faedah Rizab Persekutuan Amerika Syarikat pada 2023 dan ekonomi China.

Pertama, pemanasan global. Bulan Jun tahun ini adalah yang paling hangat sejak 1850 manakala Julai 2023 direkodkan sebagai bulan yang paling panas, disahkan oleh balai cerap iklim Kesatuan Eropah. Sementara itu, Berkeley Earth, penyelidikan bukan berasaskan keuntungan yang berpangkalan di California, meramalkan peluang melebihi 80% bahawa 2023 akan menjadi tahun paling panas dalam rekod. Berkeley Earth menjangkakan tahun 2024 boleh menjadi lebih panas jika El Nino berterusan dan bertambah teruk.

Pada awal bulan Julai 2023, Pertubuhan Meteorologi Sedunia (WMO) mengisytiharkan bermulanya El Nino - satu fenomena yang boleh mengakibatkan kemarau teruk, gelombang haba dan meningkatkan risiko jerebu transnasional dan kebakaran hutan di Indonesia dan Malaysia. Pengalaman lepas menunjukkan kesan gabungan suhu yang sangat tinggi dan El Nino akan mengakibatkan cuaca kering yang boleh menjejaskan hasil minyak sawit di kedua-dua negara ini.

Kedua, adakah keengganan Rusia untuk melanjutkan Inisiatif Bijian Laut Hitam pada 17 Jun tahun ini serta serangan seterusnya ke atas silo dan pelabuhan di wilayah Odesa, Ukraine dan gudang bijirin di Sungai Danube akan menyebabkan harga minyak sayuran termasuk minyak sawit meningkat?

Dengan penajaan bersama Pertubuhan Bangsa-Bangsa Bersatu (PBB) dan Turkiye pada 22 Julai tahun lalu, inisiatif ini membolehkan Ukraine mengeksport hampir 33 juta tan jagung, gandum, produk bunga matahari serta bijirin dan bahan makanan lain; satu inisiatif yang telah membantu menurunkan harga makanan dunia sebanyak 23% daripada paras tertingginya pada Mac 2022 berdasarkan data PBB.

Untuk meredakan kritikan, Presiden Putin mengumumkan beliau akan menghantar 25,000 - 50,000 tan bijirin dalam tempoh tiga atau empat bulan akan datang secara percuma kepada enam negara Afrika. Menurut artikel Reuters, Rusia mengeksport 60 juta tan bijirin termasuk 48 juta tan gandum pada tahun lepas.

Beberapa hari selepas inisiatif ini dihentikan, harga gandum, minyak kacang soya dan minyak sawit meningkat. Sama ada harga akan kekal dinaikkan bergantung pada tempoh konflik berlanjutan di Ukraine. Jeneral Mark Milley, pengerusi Ketua Turus Bersama Amerika Syarikat, memberitahu Reuters bahawa perang di Ukraine “akan berlarutan. Ia akan menjadi sukar. Ia akan dilimpahi darah."

Walaupun keamanan dipulihkan lebih awal daripada jangkaan, The Halo Trust, sebuah organisasi global pembersihan periuk api menganggarkan kira-kira 300,000 hektar di Ukraine perlu dibersihkan sebelum kawasan tersebut menjadi sesuai untuk pertanian.

Ketiga, adakah peningkatan kadar faedah Amerika Syarikat akan menjejaskan harga minyak sawit? Pada 26 Julai tahun ini, Rizab Persekutuan Amerika Syarikat menaikkan kadar faedah sebanyak 25 mata asas. Selepas menaikkan kadar faedah sebanyak 525 mata asas sejak Mac 2022, adakah Rizab Persekutuan Amerika Syarikat akan terus meningkatkan kadar faedah? Adakah kenaikan berterusan ini akan memberi kesan kepada harga minyak sawit?

Walaupun kadar faedah mencecah paras tertinggi dalam 22 tahun, pertumbuhan ekonomi Amerika Syarikat meningkat pada suku kedua tahun ini selepas berkembang lebih pantas daripada jangkaan pada suku pertama. Selain itu, perbelanjaan pengguna kekal memberangsangkan manakala kos buruh telah menurun dengan ketara.

Penyata Pengerusi
(Sambungan)

GAMBARAN KESELURUHAN (SAMBUNGAN)

Sementara itu, menurut tolok inflasi pilihan Rizab Persekutuan Amerika Syarikat, indeks harga perbelanjaan penggunaan peribadi meningkat sebanyak 3% pada bulan Jun berbanding tahun sebelumnya, kenaikan terkecil dalam masa lebih dua tahun, menurut artikel Bloomberg.

Selepas mengumumkan peningkatan terbaru dalam kadar faedah, Ketua Rizab Persekutuan Amerika Syarikat, Jerome Powell berkata kakitangan bank pusat "tidak lagi meramalkan kemelesetan." Beliau memberi amaran bahawa terdapat "banyak lagi yang perlu dilalui" sebelum mencapai satu tahap kestabilan - dengan inflasi yang lebih rendah tanpa kehilangan peluang pekerjaan yang tinggi. Minit mesyuarat pada bulan Julai 2023 menunjukkan inflasi masih jauh daripada sasaran Rizab Persekutuan Amerika Syarikat dan kadar faedah perlu diperketatkan.

Walaupun kadar faedah Amerika Syarikat tidak dikaitkan secara langsung dengan harga minyak sawit, kemelesetan dalam ekonomi terbesar di dunia ini boleh menghalang perbelanjaan untuk makanan di rumah dan di hotel dan restoran yang boleh meningkatkan permintaan untuk minyak sawit.

Keempat, adakah China akan membeli lebih banyak minyak sawit? Dua sektor utamanya ialah eksport dan perumahan. Eksport menyumbang satu perlima daripada ekonomi China manakala sektor hartanahnya yang sedang lembab menyumbang satu pertiga.

Menurut Biro Statistik Nasional (NBS), pada suku kedua tahun ini, ekonomi China berkembang sebanyak 6.3% tahun ke tahun. Angka ini dirangsang oleh perbandingan dengan asas yang rendah tahun lalu apabila ekonomi terjejas oleh Covid-19 dengan penutupan di Shanghai dan bandar utama lain.

Perbandingan suku ke suku menunjukkan pertumbuhan pada suku April-Jun tahun ini adalah sebanyak 0.8% berbanding 2.2% yang dicatatkan dalam tempoh Januari-Mac.

Statistik perdagangan China juga membimbangkan. Pada bulan Jun, eksport tahun ini merosot sebanyak 12.4%, penurunan paling teruk sejak bermulanya pandemik Covid-19 tiga tahun lalu. Tambahan pula, kadar pengangguran dalam golongan orang yang berumur 16 hingga 24 tahun mencecah 21.3% pada bulan Jun, paras tertinggi sejak China mengeluarkan data ini pada 2018.

Selain itu, Reuters menyatakan pelaburan hartanah jatuh sebanyak 20.6% pada Jun tahun ini. Pemaju hartanah, Evergrande melalui penyata pendapatannya mengumumkan kerugian sebanyak AS$81 bilion pada 2021 dan 2022 manakala liabilitinya berjumlah AS$335 bilion berbanding aset berjumlah AS$251 bilion. Data ini menggariskan kesukaran yang dialami sektor hartanah di China.

Tambahan pula, salah satu pemaju hartanah terbesar di China, Country Garden, menghadapi potensi kelalaian untuk membuat pembayaran. Hal ini telah mencetuskan kebimbangan untuk ekonomi di China. Potongan kadar faedah sebanyak 15 mata asas pada 15 Ogos 2023 telah membantu mengurangkan kebimbangan tersebut.

Perbelanjaan pengguna yang kukuh menjadi satu titik harapan kepada negara China. Pelancongan domestik telah pulih, jualan runcit telah berkembang pada kadar dua angka baru-baru ini manakala perbelanjaan pengguna untuk makanan dan minuman melonjak sebanyak 22.6% pada bulan Mei.

Laporan berita terkini menunjukkan China akan mengutamakan pengembangan permintaan dalam negeri; ini mencadangkan satu tumpuan yang telah diperbaharui untuk merangsang perbelanjaan pengguna.

China ialah pembeli minyak sawit kedua terbesar di dunia, mengimport sebanyak 5.5 juta tan metrik pada 2022. Pembelian pada 2022 adalah 1.1 juta tan lebih rendah daripada 2021 disebabkan kesesakan di beberapa pelabuhan, harga minyak sawit yang tinggi pada 2022 dan pelaksanaan sekatan yang ketat disebabkan dasar sifar Covid-19 oleh China.

Menurut Majlis Minyak Sawit Malaysia, paras stok di China jatuh kepada 5.3 juta tan tahun lepas - lebih rendah daripada purata 10 tahun sebanyak 6.12 juta tan. Walaupun pergandingan antara perbelanjaan pengguna yang lebih kukuh dan paras stok di bawah purata menjadi elemen positif untuk harga minyak sawit, trend sebelum ini pula menunjukkan China akan membeli lebih banyak minyak sawit apabila harganya rendah.

Walaupun terdapat beberapa kesan positif untuk harga minyak sawit, syarikat perladangan perlu bersiap sedia untuk menghadapi kesan negatif yang ketara, terutamanya kenaikan kos upah, baja dan input lain.

Gaji yang lebih tinggi adalah disebabkan oleh kekurangan pekerja asing yang berterusan dan dasar kerajaan Malaysia; kedua-dua faktor ini menekankan keperluan untuk mempercepatkan mekanisasi.

Kesan El Nino bersama dengan ketidaktentuan di Amerika Syarikat, Ukraine dan China akan menjadi satu peringatan bagi United Malacca Berhad untuk bersiap sedia dalam menghadapi sebarang kesukaran pada TK 2024.

Penyata Pengerusi
(Sambungan)

PRESTASI PERNIAGAAN

Bagi TK 2023, Kumpulan UMB mencatat keuntungan sebelum cukai sebanyak RM82.2 juta atau 43% lebih rendah daripada keuntungan tahun sebelumnya sebanyak RM144.1 juta. Tanpa mengambil kira pengembalian bersih kemerosotan nilai tanaman sebanyak RM3.8 juta, kemeroso tan nilai aset lain sebanyak RM3.6 juta, pengembalian sebanyak RM2.7 juta nilai terdiskaun penghutang Plasma dan kerugian sebanyak RM0.9 juta selepas penamatan liabiliti pajakan, Kumpulan akan mencatatkan keuntungan sebelum cukai yang lebih rendah sebanyak RM80.2 juta pada TK 2023.

Pada tahun sebelumnya, kemerosotan nilai mempunyai kesan yang lebih besar. Tanpa keperluan untuk merosotkan RM 12.3 juta aset tidak ketara dan mendiskaun RM 2.7 juta penghutang Plasma, Kumpulan mampu mencatatkan keuntungan sebelum cukai yang lebih tinggi sebanyak RM159.1 juta pada tahun kewangan berakhir 30 April 2022 (TK 2022).

Di peringkat Syarikat, UMB merekodkan kerugian sebelum cukai sebanyak RM8.3 juta pada TK 2023 disebabkan kemerosotan nilai pelaburan dalam PT Lifere Agro Kapuas (LAK) dan PT Wana Rindang Lestari berbanding keuntungan sebelum cukai sebanyak RM102.7 juta pada tahun sebelumnya.

Tidak termasuk kemerosotan nilai sebanyak RM92.0 juta pelaburan dalam anak syarikat Indonesia dan RM8.3 juta pengembalian kemerosotan nilai tanaman, Syarikat dapat menjana keuntungan sebelum cukai sebanyak RM75.4 juta pada TK 2023.

Pada TK 2022, tidak termasuk kemerosotan nilai sebanyak RM8.6 juta pelaburan dalam anak syarikat Indonesia, Syarikat boleh mencatatkan keuntungan sebelum cukai sebanyak RM111.3 juta.

Walaupun pengeluaran buah tandan segar (BTS) Kumpulan UMB pada TK 2023 lebih tinggi sebanyak 13% berbanding tahun sebelumnya, pengurangan keuntungan sebelum cukai pada TK 2023 adalah disebabkan harga purata minyak sawit mentah dan isirong sawit yang lebih rendah serta kos pengeluaran seunit yang lebih tinggi, kesan daripada kos bahan dan buruh yang meningkat.

Pengeluaran BTS Kumpulan UMB pada TK 2023 berjumlah 422,923 tan, iaitu peningkatan sebanyak 13% daripada 372,632 tan yang dicatatkan pada tahun kewangan sebelumnya.

Berbanding dengan tahun kewangan sebelumnya, pengeluaran BTS di estet-estet Malaysia meningkat sebanyak 14% atau 44,619 tan kepada 361,825 tan pada TK 2023 berikutan hasil yang lebih baik daripada ladang-ladang Semenanjung dan Sabah.

Pengeluaran BTS di LAK, Kalimantan meningkat sebanyak 10% atau 5,672 tan kepada 61,098 tan pada TK 2023 disebabkan hasil yang lebih tinggi daripada pokok sawit umur matang (8 hingga 15 tahun).

Pada TK 2023, harga purata minyak sawit mentah dan isirong sawit di Malaysia susut sebanyak 7% dan 33% kepada RM4,387 dan RM2,309 setan daripada purata tahun sebelumnya iaitu RM4,706 dan RM3,441 setan.

Harga minyak sawit mentah dan isirong sawit untuk ladang Kalimantan adalah lebih rendah. Dengan purata RM3,386 dan RM 1,952 setan, ini menunjukkan penurunan sebanyak 6% dan 22% daripada rekod tahun sebelumnya iaitu RM3,613 dan RM2,504 setan. Berbanding dengan Malaysia, harga minyak sawit mentah dan isirong sawit di Indonesia lebih rendah disebabkan oleh levi eksport untuk menyokong program biodiesel mandatori Republik itu dan untuk memenuhi obligasi pasaran domestiknya.

Kos pengeluaran Kumpulan UMB pada TK 2023 lebih tinggi daripada TK 2022 disebabkan oleh harga bahan yang lebih tinggi, terutamanya baja, agrokimia dan diesel. Pada TK 2023, Putrajaya telah menaikkan gaji minimum negara pada Mei 2022 daripada RM1,100 atau RM1,200 kepada RM1,500 untuk perniagaan dalam semua sektor di seluruh Malaysia.


Panel solar dipasang pada bumbung loji kompos di kilang kelapa sawi Bukit Senorang

Penyata Pengerusi
(Sambungan)

DIVIDEN

Untuk TK 2023, Lembaga Pengarah telah mengisytiharkan dividen interim satu peringkat yang kedua sebanyak 7 sen yang akan dibayar pada 18 Ogos 2023.

Bersama-sama dengan dividen interim satu peringkat yang pertama sebanyak 5 sen yang dibayar pada 20 Januari 2023, jumlah dividen satu peringkat bagi tahun kewangan semasa ialah 12 sen atau RM25.2 juta (TK 2022: jumlah dividen satu peringkat sebanyak 15 sen atau RM31.5 juta yang terdiri daripada dividen interim satu peringkat yang pertama sebanyak 5 sen dan dividen interim satu peringkat yang kedua sebanyak 5 sen, berserta dividen satu peringkat khas sebanyak 5 sen).

Lembaga Pengarah tidak mengesyorkan sebarang dividen akhir untuk TK 2023.

PENINGKATAN KELESTARIAN

Beberapa strategi menekankan komitmen UMB untuk memupuk kelapa sawit melalui dasar yang lestari dan persekitaran mesra alam. Walaupun semua ladang kelapa sawit di Malaysia dan Kalimantan telah memperoleh pensijilan Minyak Sawit Mampan Malaysia (MSPO) dan Minyak Sawit Mampan Indonesia (ISPO), UMB percaya perlaksanaan amalan pertanian mampan adalah satu perjalanan, bukan destinasi.

Amalan pertanian lestari yang diterima pakai oleh UMB termasuk:

1. Mengurangkan pelepasan gas rumah hijau (GHG) di kilang UMB dengan mengompos tandan buah kosong (TBK), yakni satu langkah yang mengurangkan penggunaan baja kimia dengan ketara.

2. Meningkatkan penggunaan tenaga solar di estet-estet Pahang, satu inisiatif yang akan dilaksanakan, apabila sesuai, di ladang-ladang lain.

3. Sejak penubuhan biasiswa United Malacca pada 2006, sejumlah RM1.138 juta telah dianugerahkan kepada 45 pelajar - 27 lelaki dan 18 perempuan – yang mengikuti pengajian sains dan kejuruteraan pertanian di universiti tempatan. Di kalangan pelajar yang telah menamatkan pengajian pada tahun-tahun sebelumnya, 10 orang kini bekerja di UMB. 2 lagi pemegang biasiswa akan menamatkan pengajian pada tahun 2023 dan menyertai UMB, manakala 4 pelajar penerima biasiswa masih menuntut di universiti. Walaupun 7 pelajar menarik diri daripada biasiswa mereka atas sebab peribadi, 22 pelajar telah menamatkan perkhidmatan mereka dengan UMB. UMB menganggap penerima biasiswa sebagai sumber tenaga kerja berkualiti tinggi; atas sebab ini, bilangan biasiswa yang diberikan setiap tahun akan ditentukan oleh bilangan penerima yang dianggap layak.

Butiran lanjut dibentangkan dalam Penyata Kelestarian di halaman 44 hingga halaman 68 Laporan Tahunan ini.

PROSPEK TAHUN SEMASA

Untuk TK 2024, pihak UMB menjangkakan pengeluaran BTS yang lebih baik berbanding tahun sebelumnya, berdasarkan kepada profil umur pokok sawit yang lebih baik dan hasil yang lebih tinggi. Sementara itu, keutamaan pengurusan kekal tertumpu kepada meningkatkan produktiviti buruh, meningkatkan hasil, meningkatkan mekanisasi dan mengurangkan unit kos. Dengan jangkaan harga minyak sawit mentah kekal pada paras semasa, pihak UMB berharap keputusan yang memuaskan bagi TK 2024.

Penyata Pengerusi
(Sambungan)

MELANGKAH KE HADAPAN

Walaupun menghadapi cabaran semasa, pihak 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 dipertikaikan.

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

PENGHARGAAN

Pada 1 Januari 2023, Lembaga Pengarah UMB telah melantik Dato' Sri Tee Lip Sin, seorang Pengarah Bukan Bebas sebagai Pengarah Eksekutif.

Peranan Dato' Sri Tee adalah untuk membantu Lembaga Pengarah dalam menyelia dan melaksanakan pelan strategik dan dasar Kumpulan UMB (termasuk anugerah tender); beliau juga akan bekerjasama dengan pasukan Pengurusan UMB untuk mempercepatkan sebarang inisiatif yang boleh meningkatkan hasil, mengurangkan kos dan mempelbagaikan tanaman yang ditanam.

Pada Mesyuarat Agung Tahunan yang akan datang pada 27 September 2023, salah seorang pengarah UMB yang paling lama berkhidmat, Encik Tan Jiew Hoe, telah mengambil keputusan untuk bersara daripada Lembaga Pengarah UMB tetapi akan kekal dalam Lembaga Pengarah untuk beberapa anak syarikat UMB. Encik Tan menyertai Lembaga Pengarah UMB sebagai Pengarah Gantian kepada sepupunya, Encik Chua Ngoh Chuan, pada 9 Jun 1997 dan kemudiannya dilantik sebagai Pengarah pada 30 Mac 2007.

Keluarganya mempunyai hubungan rapat dengan UMB selama beberapa dekad. Bapanya, Encik Tan Hoon Siang, mempengerusikan syarikat dari 1969 hingga 1974 manakala Encik Chua Ngoh Chuan ialah pengarah UMB (ketika itu dikenali sebagai United Malacca Rubber Estates Berhad) dari 4 April 1991 sehingga perletakan jawatannya pada 29 Januari 2007.

Sebagai pengarah, kehadiran Encik Tan yang tenang dan penuh pertimbangan dalam mesyuarat lembaga pengarah akan dirindui. Beliau juga menyumbang kepada pengembangan UMB di Indonesia dengan mengiringi pengerusi dan salah seorang pengarah UMB, Encik Teo Leng, untuk mencari tanah di Sumatera, Kalimantan dan Sulawesi dan melalui perjalanan yang kadangkala tidak menyenangkan. Bagi pihak Lembaga, pengurusan dan kakitangan, saya ingin mengucapkan terima kasih kepada Encik Tan atas sumbangannya selama ini dan tidak ternilai kepada Kumpulan UMB.

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada semua pengurus dan kakitangan UMB yang setia serta para pemegang saham.

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 2023

Annual General Meeting
27 September 2023

Dividend Payments
1st Interim: 5 sen
20 January 2023

2nd Interim: 7 sen
18 August 2023

LAND BANK ANALYSIS

	Malaysia	Indonesia (Inti)	Total exclude Plasma	Indonesia (Plasma *)	Group
	Ha	Ha	Ha	Ha	Ha
Matured	17,823	6,073	23,896	5,175	29,071
Immature	1,126	1,795	2,921	-	2,921
Total planted	**18,949**	**7,868**	**26,817**	**5,175**	**31,992**
Land clearing	-	845	845	-	845
Plantable	63	3,402	3,465	-	3,465
Unplantable ^	4,612	2,732	7,344	5,259	12,603
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 2023	FY 2022	FY 2021	FY 2020	FY 2019
1	**Revenue**					
	• Malaysia	485,398	452,074	290,022	213,785	175,410
	• Indonesia	119,099	101,888	108,047	80,197	28,331
	Total	**604,497**	**553,962**	**398,069**	**293,982**	**203,741**
	% change year on year	9	39	35	44	(27)
2	**Profit/(Loss) Before Tax**	82,221	144,135	24,420	8,281	(48,892)
	% change year on year	(43)	490	195	117	(264)
	Segmental Results					
	Plantation:					
	• Malaysia	91,328	146,835	44,610	(19,910)	(21,111)
	• Kalimantan	(12,890)	7,329	(4,648)	(9,583)	(16,948)
	• Sulawesi	(287)	(388)	(270)	(949)	(473)
	Investment income/(expense)	2,010	5,404	762	(7,660)	(10,360)
	Gain on disposal of non-current assets held for sale	-	-	-	103,196	-
	Impairment of intangible asset	-	(12,336)	(16,034)	-	-
	Impairment of other asset	(3,569)	-	-	-	-
	Net reversal of impairment/impairment of bearer plants	3,816	-	-	(56,813)	-
	Loss on termination of lease liabilities	(902)	-	-	-	-
	Reversal of discounting value/discounting value of Plasma receivables	2,715	(2,709)	-	-	-
	Total Profit/(Loss) Before Tax	**82,221**	**144,135**	**24,420**	**8,281**	**(48,892)**

Management Discussion & Analysis
(Continued)

AT A GLANCE (CONTINUED)

Group Business Performance (RM'000)		FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
3	**Breakdown of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**					
	• Malaysia	139,989	186,220	80,604	26,213	27,315
	• Indonesia (Kalimantan)	11,784	31,823	18,270	13,154	(6,676)
	• Indonesia (Sulawesi)	(166)	(266)	(160)	(595)	(152)
	Total EBITDA	**151,607**	**217,777**	**98,714**	**38,772**	**20,487**
	% Change year on year	(30)	121	155	89	(77)
4	**Operating Margin (%)**	13	28	10	(10)	(19)
5	**Capital Management**					
	5.1 Return on average equity (%)	3.8	7.8	0.8	1.1	(3.0)
	5.2 Earnings/(loss) per share (sen)	29.2	51.6	6.2	7.8	(18.6)
	5.3 Dividend per share (sen)	12.0	15.0	10.0	8.0	8.0
	5.4 Net assets per share (RM)	6.8	6.7	6.2	6.3	6.3
	5.5 Dividend cover	2.4	3.4	0.6	1.0	(2.3)
	5.6 Interest cover	11.7	29.1	7.0	(2.4)	(5.8)
6	**Average Selling Price (RM/tonne)**					
	• Malaysian Operations					
	Crude palm oil (CPO)	4,387	4,706	2,829	2,259	2,051
	Palm kernel (PK)	2,309	3,441	1,834	1,310	1,455
	• Kalimantan Operations					
	CPO	3,386	3,613	2,536	2,194	-
	PK	1,952	2,504	1,582	1,125	-
7	**Plantation Statistics**					
	• Malaysian Operations					
	Fresh fruit bunches (FFB) production (tonnes)	361,825	317,206	313,198	301,070	314,865
	Mature hectares as at financial year end	17,823	18,125	18,218	20,046	20,992
	FFB yield (tonnes/weighted average mature hectares)	20.2	17.5	17.1	14.8	15.1
	• Kalimantan Operations					
	FFB production (tonnes)	61,098	55,426	57,622	61,026	38,748
	Mature hectares as at financial year end	6,073	5,827	5,583	5,282	5,176
	FFB yield (tonnes/weighted average mature hectares)	10.1	9.5	10.3	11.6	7.5

Management Discussion & Analysis
(Continued)

AT A GLANCE (CONTINUED)

Group Business Performance	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
8 Oil Mill Statistics					
• Malaysian Operations					
FFB processed (tonnes)	419,216	314,681	339,368	348,171	271,152
CPO production (tonnes)	78,729	60,757	64,938	67,971	52,693
PK production (tonnes)	17,758	13,719	15,581	17,118	13,195
Oil extraction rate (OER) (%)	18.8	19.3	19.1	19.5	19.4
Kernel extraction rate (KER) (%)	4.2	4.4	4.6	4.9	4.9
Mill processing capacity (tonnes/hour)	80	80	80	80	80
• Kalimantan Operations					
FFB processed (tonnes)	169,914	126,275	170,632	164,502	-
CPO production (tonnes)	32,256	27,037	36,331	37,336	-
PK production (tonnes)	4,922	3,806	5,043	4,578	-
OER (%)	19.0	21.4	21.3	22.7	-
KER (%)	2.9	3.0	3.0	2.8	-
Mill processing capacity (tonnes/hour)	45	45	45	45	-

United Malacca Berhad (UMB) was founded by the late Tun Tan Cheng Lock on 27 April 1910. As of 30 April 2023, 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 concerns raised by Non-Government Organisations (NGOs). Currently, the planting programme in Sulawesi has been deferred.

Average market prices of crude palm oil (CPO) and palm kernel (PK) in Malaysia fell to RM4,218 and RM2,043 respectively in April 2023. Lower prices of CPO and PK were due to high seasonal output beginning from the third quarter of calendar year 2022, increasing inventory for palm oil and falling prices of soybeans prompted by a recovery in global supply.

In the previous financial year ended 30 April 2022 (FY 2022), average market prices of CPO and PK hit their peak at RM6,867 in March 2022 and RM4,825 in February 2022 respectively, due to the catalytic impact of the Russia-Ukraine War launched in February 2022.

Additionally, an export ban imposed by the Indonesian government to support the republic’s mandatory biodiesel programme and fulfil its domestic market obligation caused scarcity in the global palm oil supply and drove up palm oil prices. CPO prices trended downwards in July 2022, remaining below RM4,250 in FY 2023.

In Malaysia, average prices of CPO and PK in FY 2023 dropped by 7% and 33% respectively to RM4,387 and RM2,309 per tonne from the FY 2022's average of RM4,706 and RM3,441 respectively.

Management Discussion & Analysis
(Continued)

AT A GLANCE (CONTINUED)

Prices for CPO and PK were subdued for UMB's Indonesian operations, averaging RM3,386 and RM1,952 per tonne respectively in FY 2023, a drop of 6% and 22% from the preceding year's record of RM3,613 and RM2,504 per tonne, respectively.

Group production of fresh fruit bunches (FFB) rose by 13% in FY 2023 compared with FY 2022. This was due to a 14% rise in output by 44,619 tonnes in UMB's Malaysian estates from the previous year. FFB output in Indonesian subsidiary, PT Lifere Agro Kapuas (LAK), increased by 10% or 5,672 tonnes from FY 2022. Higher output was due to management initiatives, including accelerating the recruitment of workers and installing water gates to control the outflow of flood water.

Meanwhile, accelerating costs of fertiliser, agrochemicals, diesel and labour elevated production costs in FY 2023 by 23% from the previous year's level. In May 2022, Malaysia raised the national minimum wage from the RM1,100 to RM1,200 range previously to RM1,500 for businesses in all sectors.

In FY 2023, UMB speeded up mechanisation in all estates, an initiative that has helped to minimise crop losses and maintain productivity, despite a shortage of labour.

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 achieve excellence in agriculture, grow crops sustainably and create value for all stakeholders

FINANCIAL MATTERS

- **Revenue**

  Despite lower CPO prices in FY 2023, Group revenue rose to RM604.5 million, an increase of 9% or RM50.5 million from RM554.0 million in the previous year. This was mainly due to higher CPO production of 110,985 tonnes, a 34% increment of 148,174 tonnes of FFB processed in FY 2023 - resulting from UMB Group's expanded FFB output and an uptick in FFB supplied by outsiders.

  Malaysian operations recorded a 30% jump in CPO production from 60,757 tonnes in FY 2022 to 78,729 tonnes in FY 2023. Meanwhile, in Kalimantan, CPO production spiked by 19% or 5,219 tonnes to 32,256 tonnes in FY 2023 from 27,037 tonnes in FY 2022.

- **Profit Before Tax**

  During FY 2023, the Group recorded pre-tax profit of RM82.2 million - a decline of 43% from the comparable figure of RM144.1 million in the previous year.

  Notably, FY 2023 pre-tax profit included RM3.8 million net reversal of impairment of bearer plants - comprising RM8.3 million reversal of impairment of bearer plants in Millian-Labau Plantations in Sabah, net of RM4.5 million impairment of bearer plants in WRL, RM3.6 million impairment of other asset in WRL, RM2.7 million reversal of discounted value of Plasma receivables and RM0.9 million loss on termination of lease liabilities. Excluding these four items, the Group would have recorded a slightly lower pre-tax profit of RM80.2 million in FY 2023.

  FY 2022 results 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 exceptional items, UMB would have recorded a pre-tax profit of RM159.1 million in FY 2022.

  Even though FFB production of UMB Group in FY 2023 for both Malaysian operations and Indonesian operations strengthened by 13% or 50,291 tonnes from FY 2022, pre-tax profit in FY 2023 was dampened by falling prices of CPO and PK and higher unit cost of materials and labour.

Management Discussion & Analysis
(Continued)

FINANCIAL MATTERS (CONTINUED)

- **Assets and Liabilities**

Right-of-use assets increased from RM788.4 million in FY 2022 to RM806.1 million in FY 2023, mainly due to payment of RM37.4 million for extending the tenure of three pieces of leasehold land in Machap Estate, totalling about 315 hectares, for another 99 years, after yearly depreciation of RM16.6 million.

After the RM3.6 million impairment in other asset in WRL, the carrying amount of other asset has been fully impaired in FY 2023.

Reduction in inventories from RM52.3 million in FY 2022 to RM36.3 million in FY 2023 was mainly due to lower CPO & PK closing stocks as of 30 April 2023.

Trade and other receivables edged up from RM88.2 million in FY 2022 to RM97.1 million in FY 2023, mainly due to higher Plasma receivables in LAK.

In FY 2023, the cash and cash equivalents increased by RM22.0 million, comprising the operating activities' proceeds, less capital expenditure and partial repayments of term loan and lease liabilities. After the payment of 15 sen single-tier dividends totalling RM31.5 million, the short term funds as well as cash and bank balances decreased to RM123.8 million in FY 2023 from RM133.3 million in FY 2022.

Reduction in lease liabilities from RM8.0 million in FY 2022 to RM3.0 million in FY 2023 was mainly due to the termination of lease liabilities which arose from the early termination of two compost-producing contracts with the contractor. Thereafter, UMB will take over the compost plants built by the contractor and self-manage the compost-producing process.

During FY 2023, UMB repaid partially the RM9.0 million term loan for LAK's mill. As of 30 April 2023, after foreign currency adjustment of RM2.1 million, outstanding bank borrowings totalled RM110.5 million compared with RM117.4 million in the previous year.

- **Investment Holdings**

Investment income of RM2.0 million in FY 2023 was attributable to interest income of RM2.4 million, net foreign exchange gain of RM1.7 million and fair value gain on short term funds of RM1.0 million, less interest expense of RM3.1 million.

During the previous financial year, investment income of RM5.4 million was attributable to a net foreign exchange gain of RM5.4 million, fair value gain on short term funds of RM0.8 million and interest income of RM0.7 million, less interest expense of RM1.4 million.

- **Plantation Finances**

Malaysian Operations

In FY 2023, Malaysian estates recorded plantation profit of RM91.3 million; a decrease of 38% from RM146.8 million in FY 2022.

Excluding depreciation, fair value changes on biological assets and interest expense on lease liabilities, Malaysian operations' EBITDA in FY 2023 totalled RM140.0 million – a reduction of 25% from RM186.2 million in FY 2022.

Despite a 14% rise in FFB production in FY 2023, EBITDA suffered from the double-barrelled impact of lower CPO prices and rising costs. In FY 2023, CPO prices eased to RM4,387/tonne from RM4,706/tonne previously while PK prices tumbled to RM2,309/tonne from RM3,441/tonne in the previous year.

Management Discussion & Analysis
(Continued)

FINANCIAL MATTERS (CONTINUED)

- **Plantation Finances (Continued)**

Malaysian Operations (Continued)

Meanwhile, expenditure in Malaysian operations jumped from RM147.2 million in FY 2022 to RM180.5 million in FY 2023, due to rising cost of labour and materials.

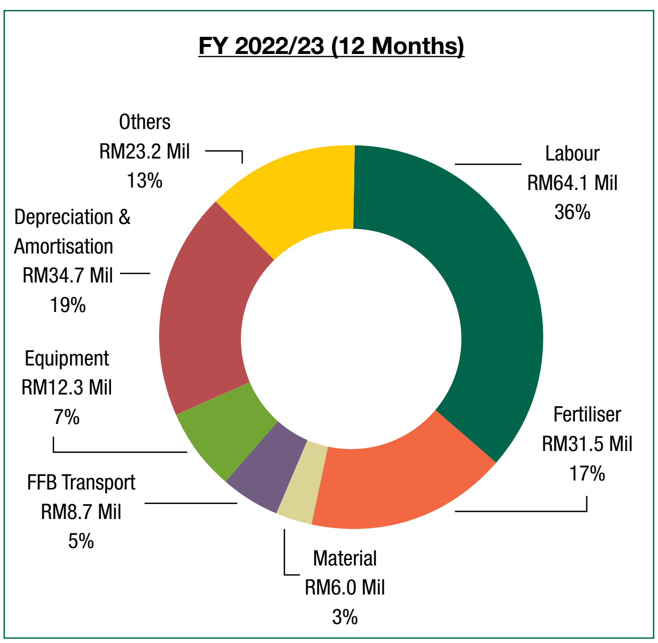
Going into 2023, labour is the most crucial element in oil palm plantations. Outlays on labour in Malaysia rose in May 2022, stemming from the continuing need to recruit new foreign workers and provide the necessary skills training. Consequently, labour continued to top production costs, accounting for 36% of the total in FY 2023 (FY 2022: 37%) or RM64.1 million (FY 2022: RM54.4 million) (see chart below on production costs).

In addition, rising prices caused spending on fertiliser to swell from RM20.0 million in FY 2022 to RM31.5 million in FY 2023.

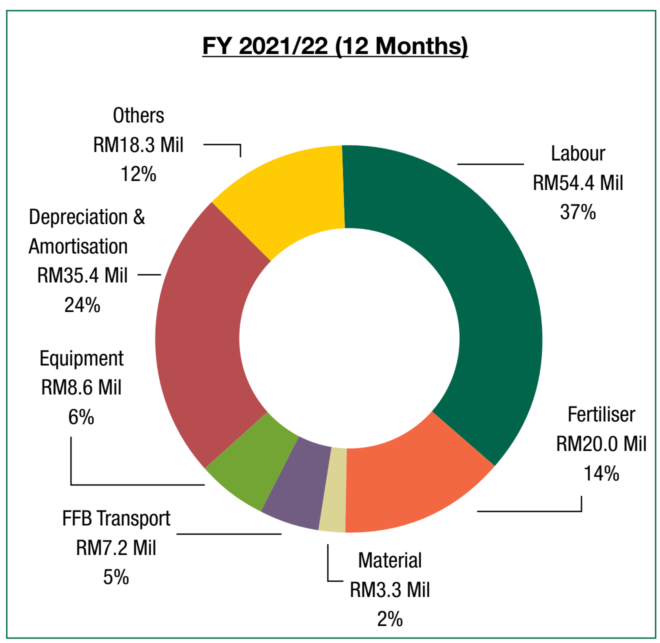
Going forward, UMB's senior management will prioritise improving yields, accelerating mechanisation, enhancing operational efficiency in oil mills and stepping up FFB collection through performance-based payments for harvesters.

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

MALAYSIA'S FFB PRODUCTION COST



Total cost: RM180.5 million



Total cost: RM147.2 million

Management Discussion & Analysis
(Continued)

FINANCIAL MATTERS (CONTINUED)

- **Plantation Finances (Continued)**

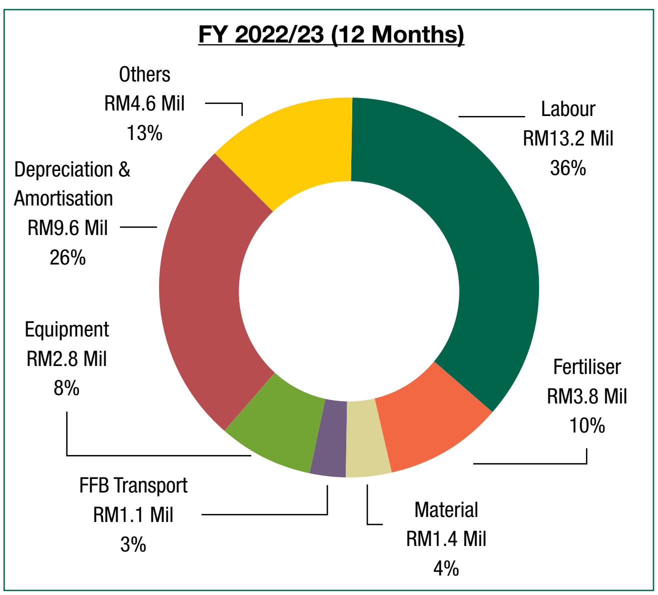
Indonesian Operations – Kalimantan

During FY 2023, Indonesian subsidiary, LAK reported a plantation loss of RM12.9 million compared with a RM7.3 million plantation profit in FY 2022. Excluding depreciation, fair value changes on biological assets and interest expense on mill loan, LAK's EBITDA plummeted by 63% from RM31.8 million in FY 2022 to RM11.8 million in FY 2023.

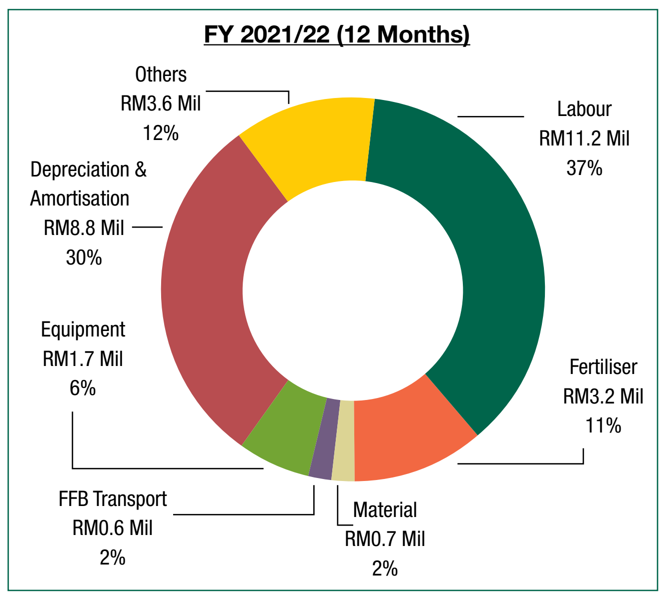
Similar to Malaysian operations, LAK's profits were diminished by lower CPO price of RM3,386/tonne (FY 2022: RM3,613/tonne) and PK price of RM1,952/tonne (FY 2022: RM2,504/tonne), although FFB production edged up by 10% or 5,672 tonnes. Another contributor to LAK's lower profits was a hike in cost of labour and materials.

Labour continued to account for a significant share of costs at 36% in FY 2023 (FY 2022: 37%) or RM13.2 million (FY 2022: RM11.2 million) (see chart below on production costs).

KALIMANTAN'S FFB PRODUCTION COST



Total Cost : RM 36.5 million



Total Cost : RM29.8 million

Indonesian Operations – Sulawesi

In FY 2021, work in Sulawesi was temporarily halted due to environmental concerns raised by Non-Government Organisations (NGOs).

In Sulawesi, the recoverable amount of intangible asset (HTI licence), bearer plants and other asset based on the value-in-use calculation using cash flow projections was lower than their carrying amounts.

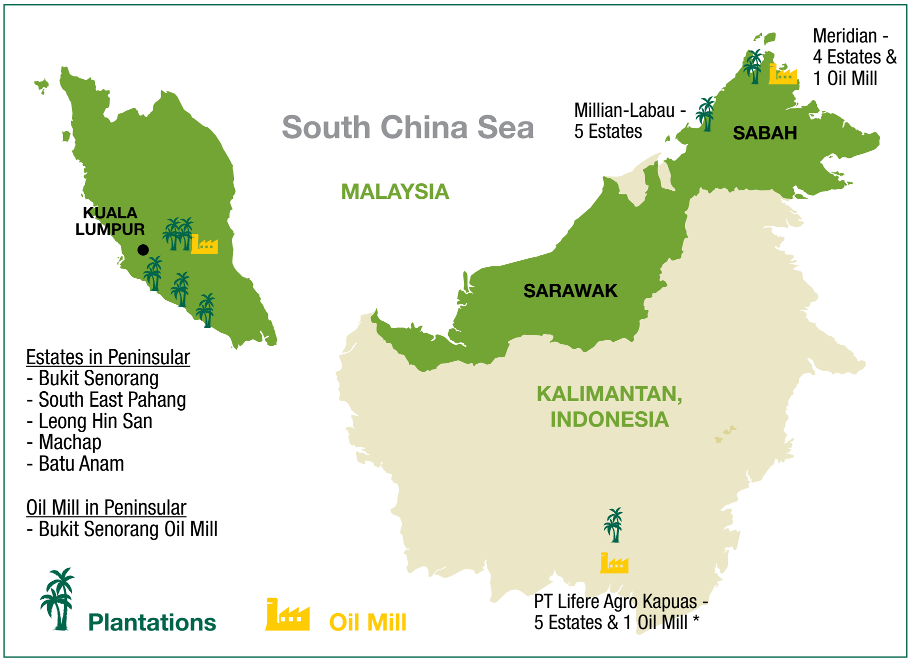
An impairment of intangible asset of RM12.3 million and RM16.0 million was recorded in FY 2022 and FY 2021, respectively.

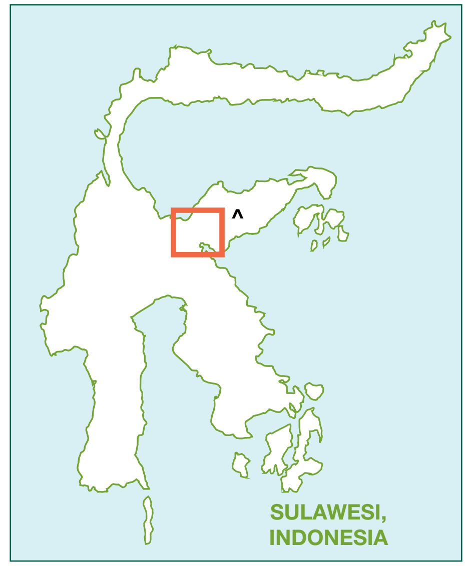
A further impairment of the bearer plants and other asset of RM4.5 million and RM3.6 million respectively, was recorded in FY 2023.

Management Discussion & Analysis
(Continued)

REVIEW OF OPERATIONS

MAP SHOWING GROUP'S ESTATES & MILLS





^ *Land with HTI Licence owned by WRL*
* *Commissioned in June 2019*

Plantation Operations

As at 30 April 2023, UMB's planted area in Malaysia totalled 18,949 hectares. An additional 23 hectares of oil palm reached maturity in FY 2023, 35 hectares of unplanted area was reclassified as matured planted area and 360 hectares of matured area was replanted; the result was total matured area shrank marginally from 18,125 hectares to 17,823 hectares or 94% of the total planted area in Malaysia.

Of the 1,126 hectares planted with immature palms in FY 2023, 54% are in Peninsular Malaysia and the remainder in Sabah. In financial year ending 30 April 2024 (FY 2024), 337 hectares will be declared matured.

LAK in Central Kalimantan has a land bank of 25,281 hectares, of which 52% or 13,043 hectares have been planted with oil palms. During the year under review, 246 hectares of planted oil palms reached maturity, enlarging the total matured area to 11,248 hectares. Of the immature area of 1,795 hectares, oil palms grown in 690 hectares will mature in FY 2024.

Breakdown of planted area:

	Malaysia	Indonesia (Inti)	Total exclude Plasma	Indonesia (Plasma *)	Total
	Ha	Ha	Ha	Ha	Ha
Matured	17,823	6,073	23,896	5,175	29,071
Immature	1,126	1,795	2,921	-	2,921
Total planted	**18,949**	**7,868**	**26,817**	**5,175**	**31,992**
Land clearing	-	845	845	-	845
Plantable	63	3,402	3,465	-	3,465
Unplantable ^	4,612	2,732	7,344	5,259	12,603
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.*

Management Discussion & Analysis
(Continued)

REVIEW OF OPERATIONS (CONTINUED)

Plantation Operations (Continued)

The age profile of UMB Group's planted oil palms is noteworthy - 40% are in prime production (aged 8 to 15 years), 4% are on an increasing yield trend (5 to 7 years) and 11% are immature palms of less than 5 years. Only 19% or 4,946 hectares of palms aged more than 20 years need to be progressively replanted. The average age of palms is 13.9 years - within the prime production bracket.

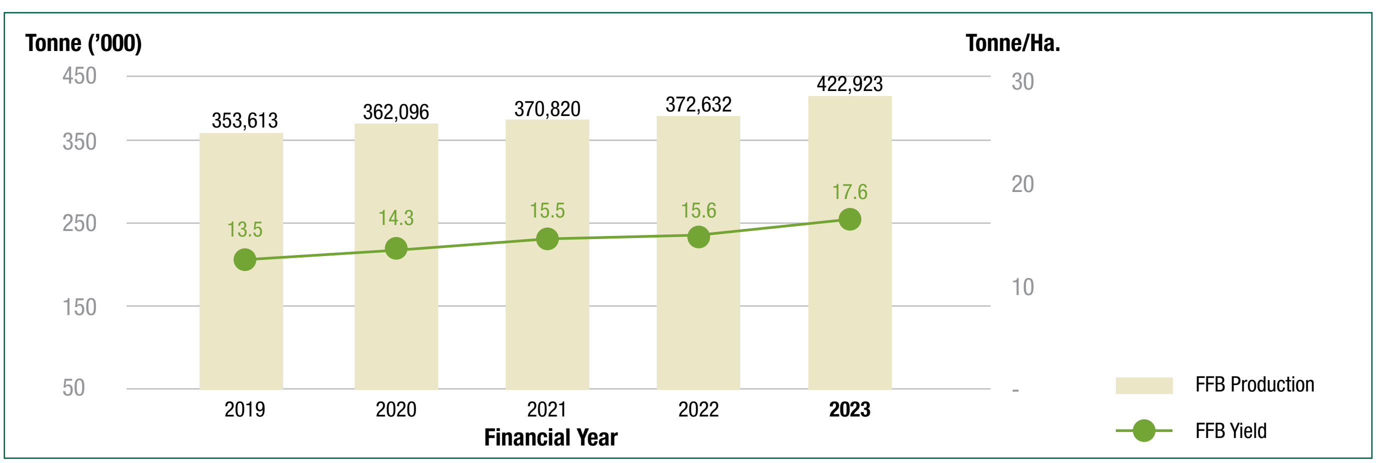
	Peninsular		Meridian		Millian-Labau		Malaysia		Indonesia *		Group	
	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%
≤ 4 years	603	11	523	8	-	-	1,126	6	1,795	23	2,921	11
5 - 7 years	321	6	-	-	-	-	321	2	783	10	1,104	4
8 - 15 years	535	9	437	7	4,574	68	5,546	29	5,290	67	10,836	40
16 - 20 years	2,756	49	2,059	32	2,195	32	7,010	37	-	-	7,010	26
21 - 25 years	1,321	23	3,486	53	-	-	4,807	25	-	-	4,807	18
> 25 years	139	2	-	-	-	-	139	1	-	-	139	1
	5,675	**100**	**6,505**	**100**	**6,769**	**100**	**18,949**	**100**	**7,868**	**100**	**26,817**	**100**
Average Age	16.3 years		18.9 years		13.5 years		16.2 years		8.4 years		13.9 years	

* *Excludes Plasma*

In FY 2023, FFB production from UMB's Malaysian estates totalled 361,825 tonnes - 14% improvement from FY 2022. FFB output in Sabah totalled 239,630 tonnes, nearly double that from Peninsular estates of 122,195 tonnes. This underscores the importance of Sabah estates' to UMB Group's profits.

UMB's Indonesian plantations contributed 61,098 tonnes of FFB in FY 2023 from a matured area of 6,073 hectares, a 10% improvement from FY 2022 due to extensive efforts to recruit new workers and installing water gates to control the outflow of water during the rainy season. With an average age of 8.4 years, favourable weather and adequate manpower, UMB is optimistic FFB output from LAK will consistently escalate in subsequent years.

GROUP'S FFB PRODUCTION OUTPUT & YIELDS OVER THE PAST 5 YEARS



Given numerous challenges the oil palm industry faces, UMB will focus on improving yields and reducing costs. Palms above 24 years will be replanted with high-yielding clonal and semi-clonal seedlings. For the current year under review, RM11.8 million was spent on nurturing immature oil palms planted over 1,126 hectares in Malaysia. About 494 hectares in Malaysia will be replanted in FY 2024.

Management Discussion & Analysis
(Continued)

REVIEW OF OPERATIONS (CONTINUED)

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 2023, FFB processed a total of 419,216 tonnes, a huge 33% improvement from 314,681 tonnes in the preceding year. UMB's own FFB accounted for 59% of the total crop processed.

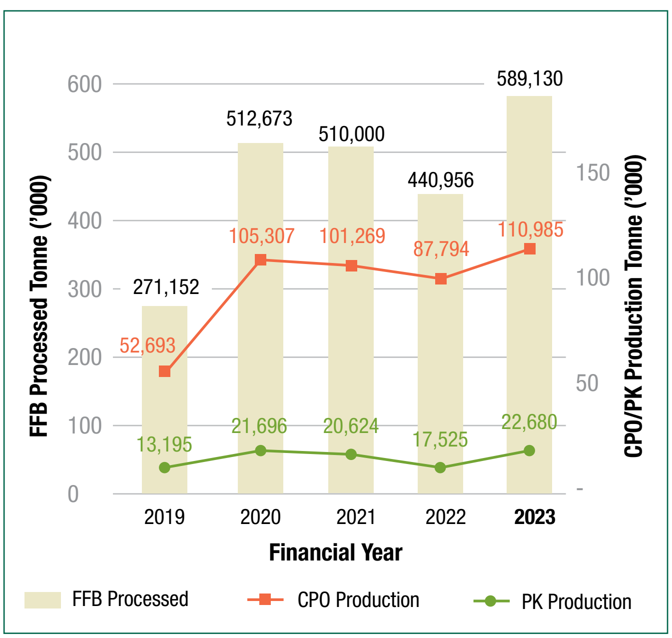
Both mills collectively produced 78,729 tonnes (2022: 60,757 tonnes) of CPO and 17,758 tonnes (FY 2022: 13,719 tonnes) of PK with an average oil extraction rate (OER) of 18.8% (FY 2022: 19.3%) and a 4.2% kernel extraction rate (KER) (2022: 4.4%).

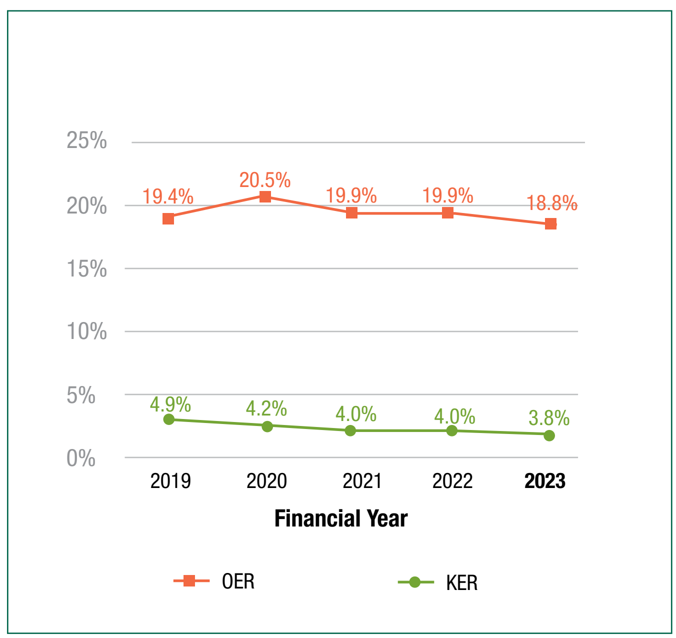
LAK's palm oil mill in Kalimantan – the Arwana palm oil mill with a FFB processing capacity of 45 tph – commenced operations in June 2019. FFB processed in FY 2023 totalled 169,914 tonnes, 35% higher than the 126,275 tonnes in the previous year.

During the year under review, CPO output totalled 32,256 tonnes (FY 2022: 27,037 tonnes) and 4,922 tonnes of PK (FY 2022: 3,806 tonnes). Despite higher output, Arwana palm oil mill achieved lower OER at 19.0% (FY 2022: 21.4%) and KER at 2.9% (FY 2022: 3.0%). Lower OER was due to LAK clearing the backlog of crops with reduced oil/kernel content compared with fresh crops.

FFB processed by the UMB Group in FY 2023 was 589,130 tonnes (FY 2022: 440,956 tonnes) with CPO output of 110,985 tonnes (FY 2022: 87,794 tonnes), 22,680 tonnes of PK (FY 2022: 17,525 tonnes), as well as OER of 18.8% (FY 2022: 19.9%) and KER of 3.8% (FY 2022: 4.0%).

GROUP'S PALM OIL MILL PERFORMANCE OVER THE PAST 5 YEARS





Management Discussion & Analysis
(Continued)

FORWARD-LOOKING STATEMENT

Sustained by a healthy age profile, a comprehensive replanting programme using high-yielding semi-clonal material and expanded mature hectarage in Kalimantan, Indonesia and barring devastating inclement weather, agronomically, better prospects are in sight for the UMB Group in FY 2024.

With Covid-19 ceasing to be categorised as a global pandemic, UMB is able to quicken the process of recruiting foreign workers to ensure sufficient manpower while simultaneously accelerating mechanisation in all estates.

Following the normalisation of CPO prices, stemming from the expected increase in CPO production, higher stocks of palm oil and reduced prices of competing vegetable oils like soybean, a new potential threat is the El Nino phenomenon. CPO prices are forecasted to rise, particularly in 2024, as the harsh dry season could inhibit the volume of FFB, dampening supply. If demand for palm oil rises, stimulated by stronger economic growth among buyers, CPO prices could accelerate.

To mitigate any damage the El-Nino phenomenon may inflict on FFB output, UMB will ensure all estates have continuous and uninterrupted water supply while ensuring the irrigation system will operate at all times.

As always. UMB's senior management will continually prioritise initiatives that stimulate higher yielding crops, reduce costs and strengthen environmentally-friendly policies and sustainability practices.

In line with UMB's diversification plan, two estates have further expanded trial planting of new crops such as pepper and pineapples, aside from stevia which was started in the previous financial year. Management will monitor the outcome of these trials and assess the feasibility of expanding their hectarage. These trials are aimed at generating more revenue streams and partly mitigating the impact of falling palm oil prices.

In FY 2024, the Group's capital expenditure will continue to be substantial. These include replanting costs in Malaysia, new planting in Kalimantan, Indonesia, upgrading workers' housing and constructing better access roads.

With healthy cash and cash equivalents totalling RM123.8 million as at 30 April 2023, the Group will be able to utilise a substantial proportion of internal funds for capital expenditure while paying stable dividends to shareholders. Although US interest rates could rise further in this calendar year, given UMB's significant cash resources, the impact of escalating interest rates will be mixed.

This Statement is made in accordance with the resolution of the Board of Directors passed on 27 July 2023.

OVERVIEW

Sustainability is vital to the continued success and growth of United Malacca Berhad ("UMB"). This Sustainability Statement ("SS") covers the company's sustainability initiatives for the reporting period from 1 May 2022 to 30 April 2023 (unless stated otherwise). UMB manages 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. Through data obtained from all UMB's operations, including its subsidiaries in Malaysia and Indonesia, environmental, social and governance aspects are taken into account in formulating policies and where possible, either implemented immediately or in the near term. Historical data are included for comparison and trend analysis.

Disclosures for this SS are prepared per the:

- Sustainability Reporting Guide (3rd Edition) by Bursa Malaysia Securities Berhad ("Bursa Malaysia");
- Global Reporting Initiatives ("GRI") Universal Standards; and
- United Nations Sustainable Development Goals ("SDG").

UMB welcomes suggestions and comments on how we can further improve our sustainability efforts and disclosure by email to umb@unitedmalacca.com.my.

SUSTAINABILITY GOVERNANCE

Our sustainability commitments are led by the Board and supported by the Executive Director, Chief Executive Officer ("CEO") and members of the management committee. Integrating sustainability practices across the company is the responsibility of the steering team comprising individuals from the Engineering Department, Sustainability Department and operating units.

Board of Directors

Oversees sustainability governance, framework, strategies and policies.

Internal Audit

Oversees periodic and ad-hoc audit or assurance activities with respect to sustainability management and reporting.

Executive Director

Provides stewardship and insights of the Group's sustainability initiatives.

Chief Executive Officer

Approves and determines sustainability strategic direction and targets.

Management Committee

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

Engineering and Sustainability Department

- Provides CEO with input for sustainability strategies,
- Proposes sustainability targets;
- Communicates sustainability policies to all operating units; and
- Coordinates and monitors the implementation of sustainability policies.

Operating Units

- Implements sustainability policies and practices.

Diagram 1 - Sustainability Governance Structure

Sustainability Statement
(Continued)

STAKEHOLDER ENGAGEMENT

Apart from UMB employees, UMB also maintains continuous engagement with other internal and external stakeholders through various channels. These engagements provide a platform for the stakeholders to raise their concerns; UMB is committed to adding value by addressing them.

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 / Email surveys • Announcements • Meetings	• Group's financial performance • Corporate changes • Corporate governance and compliance • Environmental, Social, and Governance (“ESG”) performance	• Sustainable business progress and performance • Governance reporting • ESG reporting
Government / Regulators	• Public / virtual seminars • Site visits, audits and inspections • Periodic reporting • Meetings	• Business ethics • Legal and policies compliance • Contribution to national sustainability goals	• Compliance with laws and regulations • Update on the latest changes in the laws and regulations
Local Communities, Smallholders, Plasma schemes	• Stakeholder meetings • Free, Prior and Informed Consent (FPIC) • Community outreach activities and development • Feedback forms • Get To Your Customer Day *(Hari Bersama Pelanggan)*	• Land matters, complaints and grievances • Environmental issues • Employment and business opportunities • Prices of fresh fruit bunches (“FFB”) and quality of FFB • Supply chain concerns	• Solutions to conflicts • Sharing of best agricultural practices • Awareness of sustainability policy and code of conduct • Community development and activities
Non-Governmental Organisations ("NGOs")	• Site Visits • Meetings • Collaboration and project partnership • Engagements • Policy and documentation reviews	• Sustainability related topics • Challenges faced by the palm oil industry	• Understand concerns and issues relating to the palm oil industry • Recommend and assist in improving sustainability policies and practices
Certification Bodies	• Audits • Meetings	• Laws, regulations and certifications requirements • Updates on the latest change in the industry	• 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 / Customers	• Discussions • Periodic Performance Evaluations • Product and technology trials • Site visits • Webinars • Email surveys	• Business ethics • Prompt delivery of goods and services • Product quality and services • Licensing, certification and traceability • Compliance with relevant laws and regulations • New products or technology • Supplier Code of Conduct	• Awareness of UMB's business ethics and Supplier Code of Conduct • Product and technology trials
Employees / Workers	• Meetings • Annual appraisals • Briefings / Training programmes • Complaints and grievances procedures • Memos	• Welfare and remuneration • Employee development • Sustainability practices • Operational performance and productivity • Human resource-related matters • Foreign workers	• Awareness of policies, SOP and sustainability practices • Improvement of performance and productivity • Training and development of employees • Resolution of complaints and grievances
Schools & Universities	• Provision of scholarships • Internship programmes	• Talent acquisition	• Opportunities for underprivileged students to further studies • Awareness of the palm oil industry

MATERIALITY ASSESSMENT

UMB's materiality matrix addresses key sustainability matters identified after considering the Company's and stakeholders' views on significant environmental, economic and social issues, impacts, risks and opportunities. In FY 2020, this exercise was conducted with the help of an independent sustainability consultant, KPMG. The materiality matters identified in FY 2020 remain relevant because there are no significant changes in UMB's scope of operations.

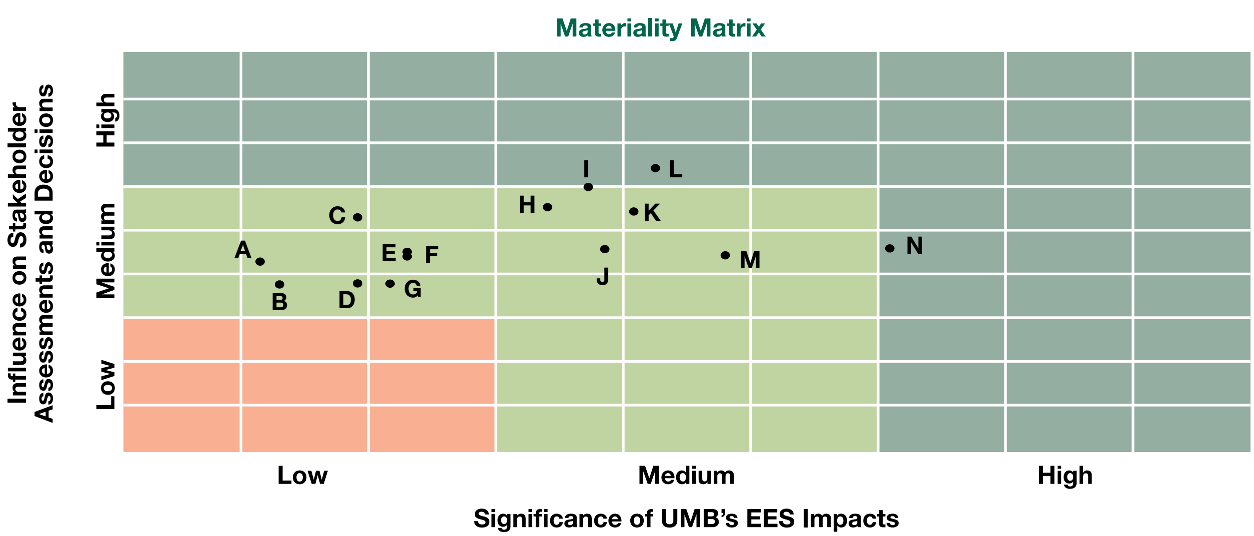


Diagram 2 - Stakeholder Prioritisation Matrix

Sustainability Statement
(Continued)

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 - Sustainability Agricultural Practices
J - Water Management
K - Workforce Management
L - Biodiversity & Land Management
M - Supply Chain Management
N - Occupational Safety & Health

The materiality matters are then mapped under the three (3) pillars; People, Planet and Profit and are benchmarked against the GRI and the SDGs. The tables below summarise UMB's key initiatives and values created.

Table 2 - Summary of Pillars and Material Matters

Sustainability Matters	Key initiatives	Values Created
Occupational Safety & Health • SDG 3 - Good Health and Wellbeing, SDG 8 - Decent Work and Economic Growth • GRI 403: Occupational Health & Safety 2018	• OSH training • Standard Operating Procedures ("SOP") • Work Instructions • Regulatory compliance	• Enhanced workers' knowledge of OSH • Enhanced OSH compliance
Workforce Management • SDG 4 - Quality Education, SDG 5 - Gender Equality, SDG 8 - Decent Work and Economic Growth, SDG 10 - Reduced Inequalities • GRI 405: Diversity & Equal Opportunity 2016, GRI 406: Non-Discrimination 2016, GRI 407: Freedom of Association & Collective Bargaining 2016	• Upgrading amenities in the estates • Improving employees' benefits and welfare • Facilitating continuous professional and personal growth • Prohibiting child labour	• Improve amenities in the estates • Enhance workers' skill • Improve training hours per employee per year

Sustainability Statement
(Continued)

MATERIALITY ASSESSMENT (CONTINUED)

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

Sustainability Matters	Key initiatives	Values Created
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 • GRI 408: Child Labour 2016, GRI 409: Forced or Compulsory Labour 2016	• Offering fair and equal employment opportunities • Forbidding illegal, forced, bonded or child labour • Ensuring freedom of association • Complying with the regulatory requirements • 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	• Improve the ethical recruitment process • Improve quality of life of workers on the plantation • Address grievances promptly
Community Engagement & Development • SDG 4 - Quality Education, SDG 8 - Decent Work and Economic Growth, SDG 11 - Sustainable Cities and Communities • GRI 411: Rights of Indigenous Peoples 2016, GRI 413: Local Communities 2016	• Instituting outreach programmes • Conducting stakeholder engagements • Undertaking Social Impact Assessment • PLASMA scheme • Offering scholarships and education grants	• Addressing stakeholders' concerns • Assisting children in getting a quality education
Personal Security • SDG 3 - Good Health and Wellbeing; SDG 8 - Decent Work and Economic Growth; SDG 16 - Peace, Justice and Strong Institution • GRI 410: Security Practices 2016	• Directing regular patrols • Expanding CCTV surveillance • Establishing *Persatuan Wanita* ("PERNITA") • Instituting harassment procedure	• No complaints about harassment • Encouraged more women to join the plantation industry

Sustainability Statement
(Continued)

MATERIALITY ASSESSMENT (CONTINUED)

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

Sustainability Matters	Key initiatives	Values Created
Biodiversity & Land Management • SDG 13 - Climate Action, SDG 15 - Life On Land • GRI 304: Biodiversity 2016	• High Conservation Value ("HCV") assessment • High Carbon Stock Approach ("HCSA") • Riparian protection • Zero burning policy	• Environmental and social risks are identified and addressed • Zero-burning on the plantation
Waste & Effluent • SDG 12 - Responsible Consumption and Production • GRI 301: Materials 2016, GRI 306: Waste 2020	• Compost organic waste into organic fertiliser to minimise the use of chemical fertilisers. • Reuse organic wastes from the palm oil mill • Treatment of palm oil mill effluent ("POME") to reduce the discharge of pollutants into rivers	• Enhanced regulatory compliance • Better management of wastes and effluent
Water Management • SDG 6 - Clean Water and Sanitisation, SDG 13 - Climate Action • GRI 303: Water and Effluents 2018	• Institute rainwater harvesting • Enhance awareness of saving water	• Optimal use of water and reduce wastage
Air Emissions • SDG 13 - Climate Action • GRI 305: Emissions 2016	• Install air pollution controls • Monitor stack emissions • Monitor GHG releases	• GHG monitoring • Enhanced regulatory compliance

Sustainability Statement
(Continued)

MATERIALITY ASSESSMENT (CONTINUED)

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

Sustainability Matters	Key initiatives	Values Created
Energy Efficiency • SDG 7 - Affordable and Clean Energy, SDG 13 - Climate Action • GRI 302: Energy 2016	• Install solar panels and photocells. • Use LED lights • Generate steam in the palm oil mill as a power source through steam turbines.	• GHG monitoring • Explore and expand renewable energy sources
Sustainable Agricultural Practices • SDG 13 - Climate Action, SDG 15 - Life On Land	• Institute Integrated Biological Pest Management • Reduce the use of inorganic fertiliser and pesticides • Improve agricultural technology • Adopt digitalisation in managing the plantation	• Good agricultural practices • Reduction of inorganic fertilisers
Supply Chain Management • SDG 12 - Responsible Consumption and Production • GRI 204: Procurement Practices 2016, GRI 308: Supplier Environmental Assessment 2016, GRI 414: Supplier Social Assessment 2016	• Ensure appropriate Purchasing and Tender Processes • Institute appropriate Sales Policies • Assess Suppliers • Mapping and monitoring supply chains • Instituting traceability of suppliers • Introduce Suppliers Code of Conduct	• Enhance Suppliers' Code of Conduct • Ensure procurement and award of the tenders are transparent
Ethical Business • SDG 16 - Peace, Justice and Strong Institutions • GRI 205: Anti-corruption 2016	• Institute Directors' Code of Ethics • Create awareness of Whistleblowing policy • Institute anti-bribery policy • Avoid Conflict of Interest	• Enhance business conduct and practices
Data Protection & Privacy • SDG 9 - Industry, Innovation and Infrastructure • GRI 418: Customer Privacy 2016	• Strengthen Cyber security • Augment Personal Data Protection	• Ensure no breach of data privacy

Pillar 1: PEOPLE

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

Through its Environment, Health and Safety ("EHS") policy, UMB is committed to providing a safe and healthy workplace for its employees, contractors and visitors. Although the World Health Organisation ("WHO") has declared an end to the COVID-19 pandemic, UMB management will remain vigilant and continue to prioritise employees' well-being and health.

To ensure the continuing safety and health of all employees, Standard Operating Procedures ("SOP"), Work Instructions ("WI"), and guidelines have been instituted. Monthly training is carried out at the site, focusing on different groups of workers to ensure they understand the safety and health risks associated with their work and are taught how to work safely. UMB also observes the Occupational Safety and Health Act 1994 (Act 514) and other regulatory requirements. The Person-In-Charge of the operating units and the EHS Department work together to ensure compliance. If new EHS requirements are introduced, initiatives are taken to comply in stages.

Hazard Identification, Risk Assessment and Risk Controls ("HIRARC") are conducted on all operations and control measures adopted to mitigate these risks. HIRARC is conducted by the Person-In-Charge of the operating units, assisted by the EHS department. HIRARC is reviewed at least once a year. To identify and mitigate workplace risks, UMB-appointed consultants conduct a Chemical Health Risk Assessment ("CHRA") and Noise Risk Assessment ("NRA") a minimum of once every five years. UMB progressively implements the recommendations in the assessment reports. UMB's Occupational Safety and Health Committee ("OSHC") meets quarterly to address safety and health issues at all operating units. OSH representatives and the OSHC conduct periodic checks on workplaces; its findings are presented during OSHC meetings and discussions are held to resolve issues.

Examples of training and wellness programmes conducted in UMB's operating units are:

Emergency response training in Arwana Palm Oil Mill

Blood donation drive in Head Office, Melaka

Sustainability Statement
(Continued)

OCCUPATIONAL SAFETY AND HEALTH ("OSH") (CONTINUED)


Staff is taking employee's blood pressure during a health talk in the Head Office in Melaka


Basic Life Support Training for First Aiders in Head Office

During blood donation drive in MPSB, Ladai Lasungku from Marmahat Estate donated blood and pledged his kidneys for donation.

Total EHS training in FY2023

Malaysia
3,382 Participants
4,688 hours

Kalimantan
178 Participants
557 hours

Note: EHS training includes training on MSPO and ISPO requirements

UMB conducts annual audits on sustainability and OSH requirements at all estates and palm oil mills to identify non-compliance. Shortcomings are identified by internal MSPO auditors and reported to the respective operating units and senior management during the annual management review meeting. UMB's incident reporting procedure enables prompt reporting and investigation of the incidents to determine the root causes and facilitate corrective action.

Table 3 - Safety Performance Data for Malaysia operations

Safety Performance	FY 2023	FY 2022	FY 2021
Fatalities	0	0	0
Accidents	142	134	212
Incident Rate ("IR")	118.69	102.96	146.25
Lost Time Injury Frequency Rate ("LTIFR")	37.72	34.02	36.15
Fatality Rate ("FaR")	0	0	0
Severity Rate ("SR")	124.44	122.10	119.4

Table 4 - Safety Performance Data for Kalimantan operations

Safety Performance	FY 2023	FY 2022	FY 2021
Fatalities	0	1	0
Accidents	244	128	70
Incident Rate ("IR")	157.72	96.68	45.63
Lost Time Injury Frequency Rate ("LTIFR")	1.61	1.80	0.31
Fatality Rate ("FaR")	0	0.76	0
Severity Rate ("SR")	15.82	2,196.81	0.31

Note: Higher number of accidents in FY 2023 compared with FY 2022 was likely due to better awareness of accident reporting

Sustainability Statement
(Continued)

WORKFORCE MANAGEMENT

UMB incentivises employees by providing competitive remuneration and welfare benefits. These benefits include medical benefits, medical insurance and interest-free motorcycle loans. UMB employees' handbook covers entitlement to benefits for staff level and above; the handbook is updated periodically to include new benefits.

One indicator that many are happy to work in the UMB group is long-service employees. There are 388 employees who have worked with UMB for over ten years, of which 77% were workers.

Like other plantation companies, UMB depends heavily on foreign workers from Indonesia, Bangladesh and India to work in the estates and palm oil mills. As COVID-19 travel restrictions were relaxed, the intake of new foreign labour helped to relieve the labour shortage. All employees and workers are given written contracts to detailing their responsibilities in the workplace and entitled benefits. Translators are employed to assist workers with Bahasa Malaysia issues.

Table 5 - Employee Data in Malaysia

Data on employees		FY 2023	FY 2022	FY 2021
Total workforce	Management	25	21	11
	Executive	91	87	56
	Staff	142	145	133
	Worker	2,458	2,228	2,263
	Total	**2,716**	**2,481**	**2,463**
Age group	Below 30	916	791	*49
	30 -50	1,606	1,496	*124
	Above 50	194	194	*27
Gender	Male	2,076	1,818	*137
	Female	640	663	*63
Locality	Local	708	617	**365
	Foreign	2,008	1,864	**1,898
Total turnover	-	39%	33%	
Turnover by age	Below 30	43%	45%	
	30 - 50	50%	48%	
	Above 50	7%	7%	
Turnover by gender	Male	75%	76%	
	Female	25%	24%	
Employees worked for more than ten years	Management, Executive and Staff	90	66	103
	Worker	298	255	

** Figures reflect staff, executive and management level only*
*** Figures include workers only*

Sustainability Statement
(Continued)

WORKFORCE MANAGEMENT (CONTINUED)

Table 6 - Employee data in Indonesia

Data on employees		FY 2023	FY 2022	FY 2021
Total workforce	Management	13	15	15
	Executive	64	61	67
	Staff	48	41	40
	Worker	1,679	1,274	1,370
	Total	**1,804**	**1,391**	**1,492**
Age group	Below 30	592	486	447
	30 -50	1,075	875	985
	Above 50	137	30	60
Gender	Male	1,515	1,127	1,237
	Female	289	264	255
Locality	Local	1,802	1,387	1,489
	Foreign	2	4	3
Total turnover	-	69%	68%	
Turnover by age	Below 30	39%	33%	
	30 - 50	56%	48%	
	Above 50	5%	4%	
Turnover by gender	Male	95%	94%	
	Female	5%	6%	

Note: Turnover rate in Malaysia and Indonesia comprise those who resigned, retired, absconded, were repatriated or terminated.

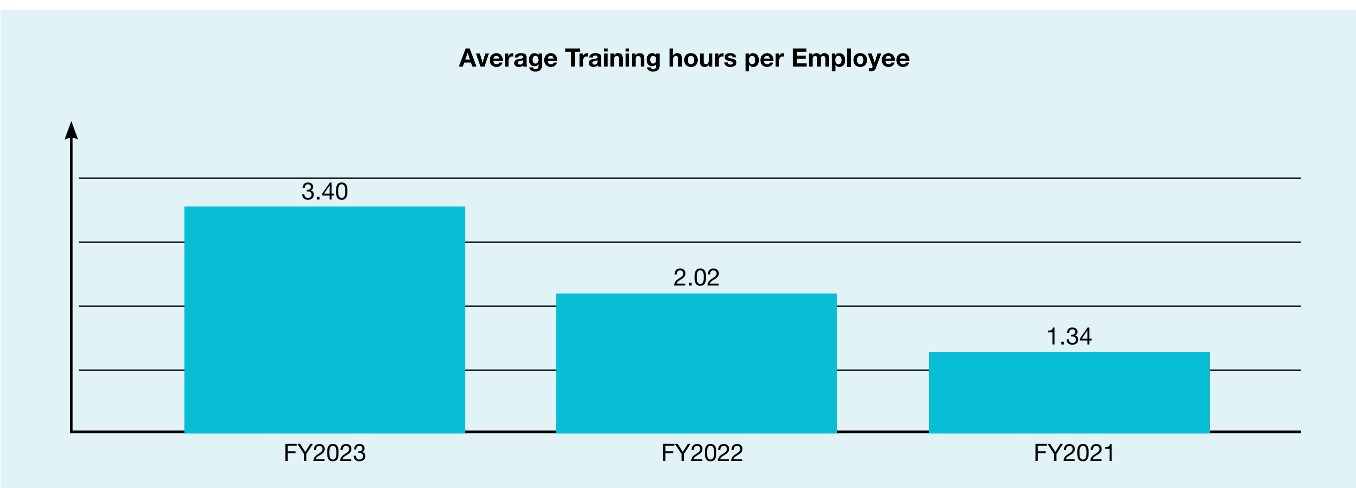


Chart 2 - Average Training Hours per Employee per Year in Malaysia

Note:
1. *Data reflects training for Management, Executives and Staff only.*
2. *UMB's target to achieve average training hours per employee of 4.5 in FY 2024.*

Sustainability Statement
(Continued)

HUMAN RIGHTS AND LABOUR PRACTICES

UMB respects its staff and workers have the right to become members of labour unions, such as the National Union of Plantation Workers ("NUPW"). UMB signed one collective agreement with the NUPW on 8th April 2022 to set the baseline of workers' wages and employment conditions. Unionised labour represents 5.74% of UMB's total workforce in Malaysia and 5% in Indonesia.

Apart from providing free medical treatment for workers and their dependents, free transportation is provided if treatment from the panel clinics or hospitals outside the plantation is needed. Every fortnight, Visiting Medical Officers ("VMO") visit clinics in the estates to check the sanitary conditions of workers' quarters, creches as well as the general welfare of the workers.

Workers are provided free accommodation in mostly concrete terraced houses while facilities like water and electricity are subsidised. Every week, Estate management checks all houses to ensure the buildings and facilities are in good condition and in working order. Regular maintenance and upgrading work are conducted while complaints are addressed promptly. New quarters are also built yearly in stages to meet the Employees' Minimum Standards of Housing and Amenities (Amendment) Act 2019.

A pilot project titled Ethical Recruitment Due Diligence Tool ("ERDD") was initiated in FY 2022 and continues today with the support from Industrial Oxygen Incorporated ("IOI") Berhad and Earthworm Foundation ("EF") in Bukit Senorang estates and palm oil mill in Pahang. ERDD aims to uphold workers' rights and avoid human rights violations in UMB operations. The ERDD project has helped UMB to improve the ethical recruitment of workers, to select responsible recruitment agents, and to conduct meaningful orientation programmes for workers - for pre-departures and post-arrivals.

UMB's Grievances process enables employees to raise their concerns. This initiative aims to protect workers' rights and enhance management's accountability. Grievances are handled by designated personnel at different levels based on the issue received and the personnel involved.

Workers' quarters in Sabah on the left and PT LAK in Kalimantan on the right

PERSONAL SECURITY

To ensure personal security at the workplace, UMB has installed CCTV cameras in critical areas, instituted fingerprint or card-enabled access at entrances to some offices, street lights in estates' living quarters and regular patrols by security guards along the estate boundaries. In an emergency, employees can contact the person in charge ("PIC") or the authorities whose contact numbers are displayed at visually prominent places.

UMB strongly supports the participation of women - from the boardroom to the estates. Datin Paduka Tan Siok Choo was unanimously elected as chairperson in July 2011; since then, she has chaired the Group. In FY 2024, including the chairperson, UMB will have three women directors out of a total of nine directors. UMB encourages women to work in its offices and its estates.

In FY 2023, UMB appointed two women assistant managers and one cadet planter. In time, UMB is hopeful and confident the two assistant managers will be promoted to higher positions of authority. On the estates and for their personal safety, women are assigned to work in groups, and a female mandore is appointed to supervise them.

In FY 2022, Persatuan Wanita ("PERNITA") was set up in Meridian Palm Oil Mill ("MPOM") in Sabah exclusively for female employees. One objective is instituting recreational programmes for its members - for example hiking while fostering cooperation or gotong-royong as well as addressing workplace issues and grievances.

Sustainability Statement
(Continued)

COMMUNITY ENGAGEMENT AND DEVELOPMENT

In FY 2023, through outreach programmes, UMB contributed RM198,139 in Malaysia and RM65,324 in Indonesia. Significant donations included:

- RM21,045 worth of crusher run to build a road for villagers in Kampung Manduring in Tanjung Nipis, Sabah.
- RM30,000 cash to Montfort Youth Training Centre, Sabah.
- RM50,0000 for UTAR Hospital through Econsave and Sin Chew Charity Night cum UTAR 20th Anniversary Dinner.
- RM9,294 worth of laptops for the Plantation Industries and Commodities Ministry's organised 'Mari Kenali Sawit' tour programme involving national and private secondary schools in Malaysia.

Our empowered female assistant managers, Nor Aqilah binti Jasmani in Sabah and Nurul Nabilah binti Ahmad in Pahang. Aqilah and Nabilah have served the company for more than two years.

UMB presented donation cheques to various welfare organisations during the Annual Dinner

Apart from donating cash and merchandise, UMB works closely with local communities by offering business and employment opportunities. UMB also repairs roads so villagers can easily commute from one place to another. In line with its belief that education is key to helping families improve their lives, UMB has set up two Community Learning Centres ("CLC") managed by Indonesian teachers to educate Indonesian children in UMB's oil palm plantations in Sabah.

Scholarships are awarded to applicants based on their academic qualifications, character and family finances. To date, scholarships have been awarded to 18 women applying to study at universities, since the establishment of United Malacca University Scholarship ("UMUS") in 2006.

Table 7 - Scholarships Awarded

	Scholarships	Financial Year		
		FY 2023	FY2022	FY2021
United Malacca University Scholarship ("UMUS")	Contribution (RM)	58,000	61,000	73,000
	Number of recipients	7	8	9
Tun Tan Siew Sin Scholarship	Contribution (RM)	7,500	6,000	0
	Number of recipients	5	4	0
Educational Aid	Contribution (RM)	400	1,720	3,160
	Number of recipients	1	4	8
Total Contribution (RM)		**65,900**	**68,720**	**76,160**

Sustainability Statement
(Continued)

COMMUNITY ENGAGEMENT AND DEVELOPMENT (CONTINUED)

Table 8 - Breakdown of UMUS Award Recipients

Category	Female	Male	Total
Completed bond, but left service	8	14	22
In employment	5	5	10
Still studying	2	4	6
Withdrew from scholarship	3	4	7
	18	**27**	**45**

Note: The above information is taken from the year UMUS was established in 2006.


Pupils performing during the CLC Opening in MPSB


A teacher conducting class in CLC in MLP

UMB meets stakeholders every year. This meeting enables stakeholders to raise their grievances and suggest improvements. All stakeholder grievances and enquiries are recorded and monitored until resolved. Stakeholders also may raise their concerns through the Complaints and Grievances form available on the company's website or via the Whistleblowing channel. During these meetings, UMB takes the opportunity to share its policy with its stakeholders.


UMB meetings with stakeholders

To date, 5,175 Ha under the PLASMA scheme has been planted with oil palms benefiting 2,533 farmers. Apart from the scheme, UMB also assists smallholders by sharing knowledge on oil palm cultivation and best management practices. Managing the smallholders' oil palm enables UMB to comply fully with the zero-burning policy in PT LAK.

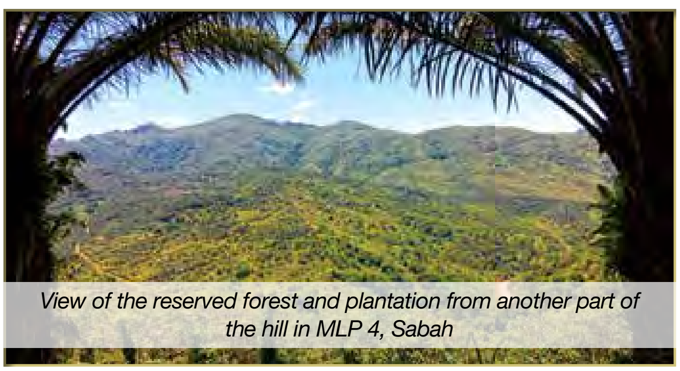
Sustainability Statement
(Continued)

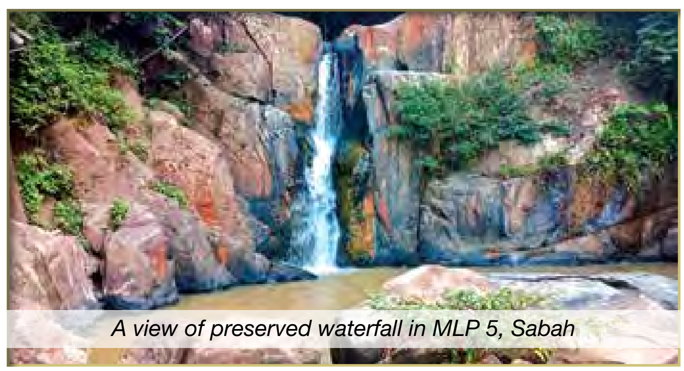
Pillar 2: PLANET

BIODIVERSITY & LAND MANAGEMENT

UMB adopted some key initiatives to preserve biodiversity in line with its Sustainable Palm Oil Policy. Apart from High Conservation Value ("HCV"), High Carbon Stock ("HCS") and Social Impact assessments ("SIA"), UMB also carries out Environmental Impact Assessments ("EIA") for areas identified and planned for replanting in Sabah. EIA is required to be carried out at the future replanting areas to conform with Sabah's local law. UMB engages a consultant based in Sabah to carry out the EIAs. The EIA enables UMB to address environmental and social issues in its operating units. The total HCV areas in Malaysia are 1,496.78 and PT LAK 1,018.69 Ha, respectively.

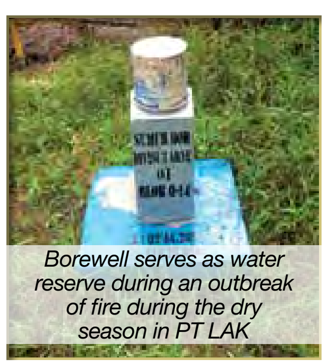

An old ancestral tomb preserved in PT LAK


View of the reserved forest and plantation from another part of the hill in MLP 4, Sabah


A view of preserved waterfall in MLP 5, Sabah

UMB prohibits open burning on all its estates. To enhance workers and locals' awareness of UMB's zero-burning policy, signs are set up and reminders are given during musters. In PT LAK, hotspots for outbreaks of fires are monitored, and watch towers are erected and manned to detect easily any smoke within the concession. The fully-equipped firefighting team, Pemadam Kebakaran ("DAMKAR"), continually monitors forest and land fires in PT LAK and surrounding areas. DAMKAR team undergoes annual firefighting training and practices. Bore wells are dug to source water for emergencies during the dry seasons. No outbreak of fire was reported in FY 2023.


Watch towers in PT LAK


Borewell serves as water reserve during an outbreak of fire during the dry season in PT LAK

To protect all riparian zones, UMB does not use pesticides or chemicals in these areas. Vegetation in these areas is left to grow naturally. Raw water sources and treated water samples are routinely collected and analysed to ensure the water is safe for human consumption and in line with legal requirements.

Sustainability Statement
(Continued)

WASTES AND EFFLUENTS

UMB takes proactive steps to reduce all types of waste in its operating units. All Empty Fruit Bunches ("EFB") processed in palm oil mills are sent to covered areas to produce compost. Palm oil mill effluent ("POME") is also used to generate compost. Excess POME in ponds is treated to reduce the Chemical Oxygen Demand ("COD"), Biological Oxygen Demand ("BOD"), and other parameters to a certain level to meet statutory requirements before being applied in the fields.

All hazardous wastes are disposed of following the local regulations. In the estates, pesticide containers are triple-rinsed before disposing of them. Biomass, such as fronds, is stacked in the field for mulching. Recycling of wastes is adopted wherever possible such as collecting empty water bottles, aluminium cans and papers. Domestic wastes are disposed of to the local council or sent to the landfills. The landfills in the estates are monitored and maintained as per local or certification requirements.

Table 9 - POME generated and channelled to compost plants

POME Generated	FY 2023	FY 2022	FY 2021
Bukit Senorang Palm Oil Mill	132,187	62,570	189,882
Meridian Palm Oil Mill	185,047	143,982	125,853
Arwana Palm Oil Mill	100,008	67,726	77,216
POME Channelled to Compost Plants	**FY 2023**	**FY 2022**	**FY 2021**
Bukit Senorang Palm Oil Mill	80,321	47,596	87,216
Meridian Palm Oil Mill	135,054	66,328	59,204
Arwana Palm Oil Mill	103,140	70,893	79,877

Table 10 - Breakdown of wastes in Malaysia

<table>
<tr><th colspan="2">Wastes</th><th>FY 2023</th><th>FY 2022</th></tr>
<tr><td rowspan="3">Scheduled waste disposed off (MT)</td><td>SW1 - Metal & Metal-Bearing Wastes</td><td>0.52</td><td>1.38</td></tr>
<tr><td>SW3 - Wastes Containing Principally Organic Constituents</td><td>8.68</td><td>9.84</td></tr>
<tr><td>SW4 - Wastes Containing Either Organic or Inorganic Constituents</td><td>7.81</td><td>4.39</td></tr>
<tr><td rowspan="4">Recyclable waste (MT)</td><td>Metal/ Aluminium cans</td><td>0.38</td><td>2.40</td></tr>
<tr><td>Plastic Containers</td><td>0.46</td><td>0.32</td></tr>
<tr><td>Paper</td><td>0.37</td><td>0.82</td></tr>
<tr><td>Glass</td><td>0.09</td><td>0.03</td></tr>
<tr><td colspan="2">Domestic waste disposed off (MT)</td><td>742.35</td><td>864.03</td></tr>
</table>

Note: Restatement of scheduled wastes for FY 2022 takes into account amount disposed off, for comparison purposes

Sustainability Statement
(Continued)

WASTES AND EFFLUENTS (CONTINUED)

Table 11 - Breakdown of wastes in PT LAK

Wastes		FY 2023	FY 2022
Scheduled waste disposed off (MT)	SW1 - Metal & Metal-Bearing Wastes	0.51	0.11
	SW3 - Wastes Containing Principally Organic Constituents	3.68	1.78
	SW4 - Wastes Containing Either Organic or Inorganic Constituents	1.21	0.99
Recyclable waste (MT)	Metal/ Aluminium cans	23.71	-
	Plastic Containers	-	-
	Paper	-	-
	Glass	-	-
Domestic waste disposed off (MT)		28.73	24.28

WATER MANAGEMENT

UMB continues to improve water efficiency by recycling and reusing water. The rejected reverse osmosis water is reutilised in Arwana Palm Oil Mill for palm oil mill processing. Other measures include rainwater collection and efficient irrigation to save resources. Desilting drains and installation of High-Density Polyethylene ("HDPE") help to hold back water along the pipes. Silt pits are constructed to collect surface water run-off.

Cover crops are also planted to increase moisture retention and reduce water run-off. Water is managed depending on the risks at the operating units. Leakages of water are addressed immediately to avoid waste. Employees are also encouraged to use water responsibly.

Table 12 - Water consumption for domestic use and in the palm oil mill

	FY 2023	FY 2022
Domestic Use (m^3)		
Malaysia	326,089	275,891
PT LAK, Indonesia	13,425	11,719
Water consumption in the mill (m^3/mT FFB processed)		
BSPOM	1.81	1.39
MPOM	1.49	1.46
APOM	1.01	0.93

Note:
1. *Increased water consumption for domestic use is due to the intake of new foreign workers in estates in Malaysia.*
2. *Increased water consumption in the palm oil mill is due to higher FFB processing and mill maintenance.*
3. *Water consumption for domestic use in PT LAK and Arwana Palm Oil Mill for FY 2022 restated to align with the data collection method in FY 2023.*

AIR EMISSIONS

UMB utilises electrostatic precipitators ("ESP") to reduce the pollutants palm oil mills emit. Some measures that UMB adopted to create a cleaner environment include installing a Continuous Emission Monitoring System ("CEMS"), stack emissions monitoring every six months and monitoring POME discharges. In Indonesia, the requirements for air emissions are almost similar to Malaysian law.

In the reporting year, UMB continues to use ISPO Calculator version 9.1, the same as Indonesian operations, to monitor the release of Green House Gases ("GHG"). UMB aims to explore practical innovations to reduce GHG at operations.

Table 13 - GHG emission in Malaysia and Indonesia

	Malaysia[1]		Indonesia[3]	
	FY 2023	FY 2022	FY 2023	FY 2022
With Palm Oil Mill				
tCO_2 /Mt FFB	0.223	0.216	-0.240	-1.589
tCO_2 /Mt CPO	1.012	0.946	-1.110	-6.634
Without Palm Oil Mill [2]				
tCO_2 /Mt FFB	-0.240	-0.262		

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.*

ENERGY EFFICIENCY

UMB has been exploring alternative energy sources to minimise, if not mitigate, the negative impact on the environment. Apart from installing solar panels in the estates on a smaller scale, UMB has ventured into solar panel installation on a larger scale in Bukit Senorang Palm Oil Mill ("BSPOM"), with a capacity of 363.4kWp. Initiated in September 2021 and operational in February 2023, the solar panels were installed on the roof of the compost plant. In March 2023, Datin Paduka Tan Siok Choo launched the project, at a ceremony attended by the Board of Directors.

Since its inception during the financial year ended 30 April 2023, the solar panels' project generated 105,758 kWh of electricity. Excess electricity generated and fed to the national grid totalled 3,953 kWh. After embarking on the solar project, the three months results showed UMB achieved cost savings of RM42,170 - the amount UMB would have to pay Tenaga Nasional Berhad for electricity consumption. Additionally, UMB avoided emitting 105.44 tCO2 of GHG, equivalent to planting 5,710 trees. In the long run, the project is expected to reduce costs and reduce the emission of greenhouse gases, thereby improving the environment.

Solar panels installed on the compost plant roof in BSPOM

Sustainability Statement
(Continued)

ENERGY EFFICIENCY (CONTINUED)

Besides solar panels, UMB continues to use palm fibres to reduce fossil fuel use in its palm oil mill operations. In palm oil mills, palm fibres are used in boilers to generate steam to drive the steam turbine that converts mechanical energy into electrical energy; this reduces UMB's dependence on fossil fuels. Machinery is changed or properly maintained to enhance efficiency and minimise fuel consumption. To save energy use, employees are encouraged to switch off equipment and electrical appliances at home and offices when not in use.

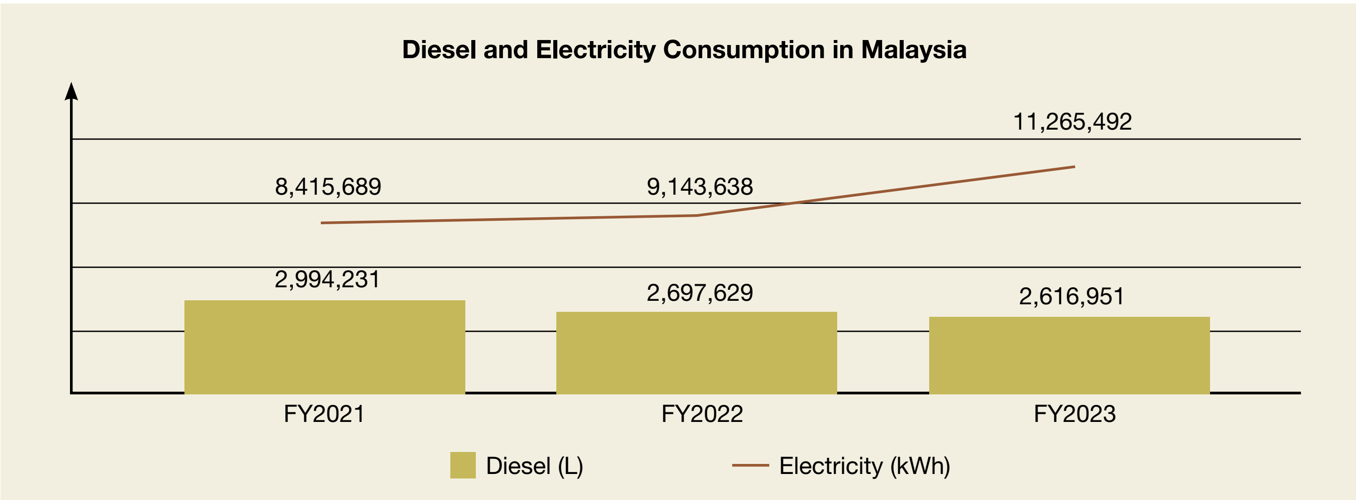


Chart 2: Electricity and fuel consumption in Malaysia

Note:
1. *Data on diesel excludes consumption by contractors, including the regional office in MPSB.*
2. *Electricity data is only from operating units with meters, including Head Office.*
3. *The increase in electricity is due to the higher amount of FFB processed in the palm oil mills.*

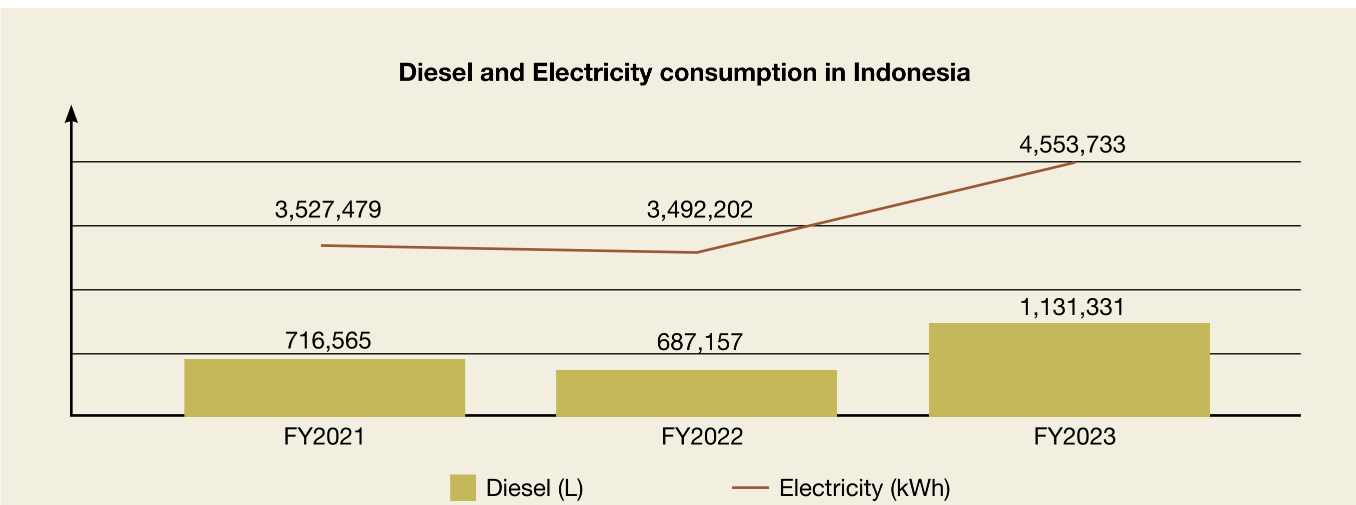


Chart 3: Electricity and fuel consumption in Indonesia

Note:
1. *Higher diesel consumption is due to a greater number of trips to evacuate FFB to the palm oil mill.*
2. *The increase in electricity is due to more FFB processed in the palm oil mill.*

Pillar 3: PROFIT

SUSTAINABLE AGRICULTURAL PRACTICES

Agronomists and plantation operations have been working closely to enhance crop yields and reduce reliance on manual labour through mechanisation. UMB's field operations, evacuating fresh fruit bunches, upkeep of fields and applying fertiliser is now mechanised. Mechanisation is also implemented progressively in Indonesia. Mechanisation in UMB has increased productivity, lowered costs, and speeded up estate operations.

Recycling empty fresh fruit bunches and mill biomass back to the land reduces the need for inorganic fertiliser while boosting yields. Stacking cut fronds protects the bare ground, enhances the retention of soil moisture, recycles nutrients and suppresses weed growth. Application of compost to the least fertile soil areas increases the volume of organic matter, improves soil fertility and increases the palms' response to mineral fertiliser.

During the reporting year, UMB's key initiatives implemented include an Integrated Pest Management System ("IPMS") to deter pests and planting beneficial plants like Antigonon leptopus and Turnera subulata. Drones deployed for GIS mapping help to identify boundaries, planted and vacant areas and count palms. An agronomic trial is on-going for compacted fertiliser containing four significant nutrients (nitrogen, phosphorus, potassium and boron) that theoretically reduces the number of application rounds in hilly terrain.

Table 14 - Quantum of Pesticides used in UMB's Malaysian and Indonesian operations

	FY 2023	FY 2022	FY 2021
Malaysia Total (kg/hectare)	0.98	1.13	0.59
Malaysia Total (Litre/hectare)	0.04	0.06	0.04
Indonesia Total (kg/hectare)	0.21	0.25	0.57
Indonesia Total (Litre/hectare)	0.00	0.00	0.02

Table 15 - Quantum of herbicides used in UMB's Malaysian and Indonesian operations

	FY 2023	FY 2022	FY 2021
Malaysia Total (kg/hectare)	0.18	0.10	0.19
Malaysia Total (Litre/hectare)	3.10	2.63	2.40
Indonesia Total (kg/hectare)	0.08	0.00	0.08
Indonesia Total (Litre/hectare)	1.93	2.19	2.49

Sustainability Statement
(Continued)

SUSTAINABLE AGRICULTURAL PRACTICES (CONTINUED)

Table 16 - Quantum of compost generated versus applied and reduction of inorganic fertiliser used

	FY 2023	FY 2022	FY 2021
Pahang			
Compost generated (MT)	30,245	20,495	32,317
Compost applied in the field (MT)	30,245	19,789	24,576
Reduction of inorganic fertiliser (%)	60%	36%	63%
Sabah			
Compost generated (MT)	58,393	29,541	36,466
Compost applied in the field (MT)	53,495	24,585	32,466
Reduction of inorganic fertiliser (%)	50%	16%	43%
PT LAK			
Compost generated (MT)	40,779	22,730	40,951
Compost applied in the field (MT)	40,885	45,622	47,433
Reduction of inorganic fertiliser (%)	18%	18%	32%

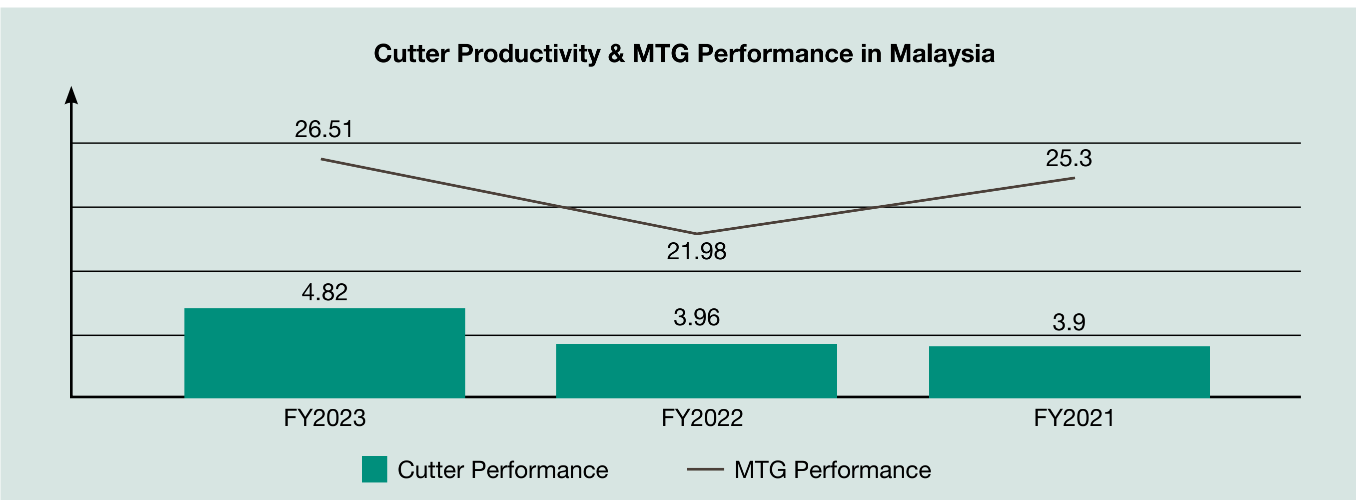


Chart 4 - Cutter productivity and MTG performance in Malaysia

Note:
The target for cutter productivity per day is 4
The target for MTG performance per day is 25

Table 17 - UMB's Investments in Machinery in Malaysia

Machinery & Facilities	Description and Outcome of Investment	Amount of Investment (RM)
Crawlers	To assist in collecting FFB	1,111,850
Mini Tractor Grabbers	To assist in collecting FFB	342,000
Scissor Lifts	To assist FFB evacuation	141,600
Mist blowers	To assist in spraying	71,190

Sustainability Statement
(Continued)

SUSTAINABLE AGRICULTURAL PRACTICES (CONTINUED)

Table 18 - Investments in Machinery in Indonesia

Machinery & Facilities	Description and Outcome of Investment	Amount of Investment (RM)
Yanmar EF514T C/W 2.9 meter with FFB Grabbers	To assist in collecting FFB	295,508
Small infield machinery	To assist in collecting FFB	288,750
Mini Tractor Grabbers (MTG)	To assist in collecting FFB	277,068
Crawler Startrac SA 08535Y, 8.5 HP C/W Sprayer CYS400 AR30 Pumps	To assist in spraying	230,496
Crawler Startrac SA 08535Y, 8.5 HP C/W SYFS 300 Spreaders	To assist in collecting FFB and manuring	164,302
4WD-Wuzheng Badak Super WEA18-11, 2.4 m Scissor lifts cap. 1 mt	To assist in collecting FFB	127,068
Air Blast Sprayers	To assist in maintaining the field and controlling pests and disease	116,360
Container Bins Cap 6 Tons	To assist in collecting FFB	27,482
Crawler Startracs SA08535Y, 8.5 HP With Bucket	To assist in collecting FFB	1,287

Apart from machinery, UMB embraces digitalisation to help manage the estate more efficiently. Malaysian estates have fully adopted the Lintramax Quarto Connect ("QC") system. QC is a software enabling staff in the estates to record in-field data online. QC covers five key daily estate operations, including recording daily attendance at the muster ground, assigning tasks to the workers in the respective fields, determining the correct bunch count, and accelerating crop evacuation with GPS assistance. In addition, QC assists the appointed personnel to record the work progress, quality of application, hours of overtime, additional piece rate work, and resources used per task.

Weighbridge Management System with Quick Response ("QR") Code increases operational efficiency by employing vehicle registration and identification systems and eliminating long queues or overcrowding at the weighbridge. By recording data in real time, this reduces opportunities for malpractices and theft, thus reducing operating losses. Digital weighbridge solutions facilitate easier integration with Lintramax Quarto System, the accounting system used by Malaysian operations, to achieve cost optimisation.

SUPPLY CHAIN MANAGEMENT

UMB ensures policies regulating the sourcing of goods and services, contract negotiations, and relationship with suppliers are in place. Key purchasing is centralised at headquarters. Review and award of major purchases and projects are deliberated through the tender committee to ensure transparency in the procurement process. Initiatives such as Spend Analysis, Vendor Pre-qualification Assessment, and Vendor Performance Assessment are in place to optimise the procurement process.

During the reporting year, a pre-qualification assessment was carried out on all vendors before inviting them to participate in the tender. To ensure cost effective supply chain management, 90% of the approved vendors listed were assessed on their performance for the past 12 months. UMB also held ongoing discussions with vendors and suppliers regarding prices, quality and quantity. A total of 17 dialogues were conducted; 4 in West Malaysia, 6 in Sabah and 7 in Indonesia.

Sustainability Statement
(Continued)

SUPPLY CHAIN MANAGEMENT (CONTINUED)

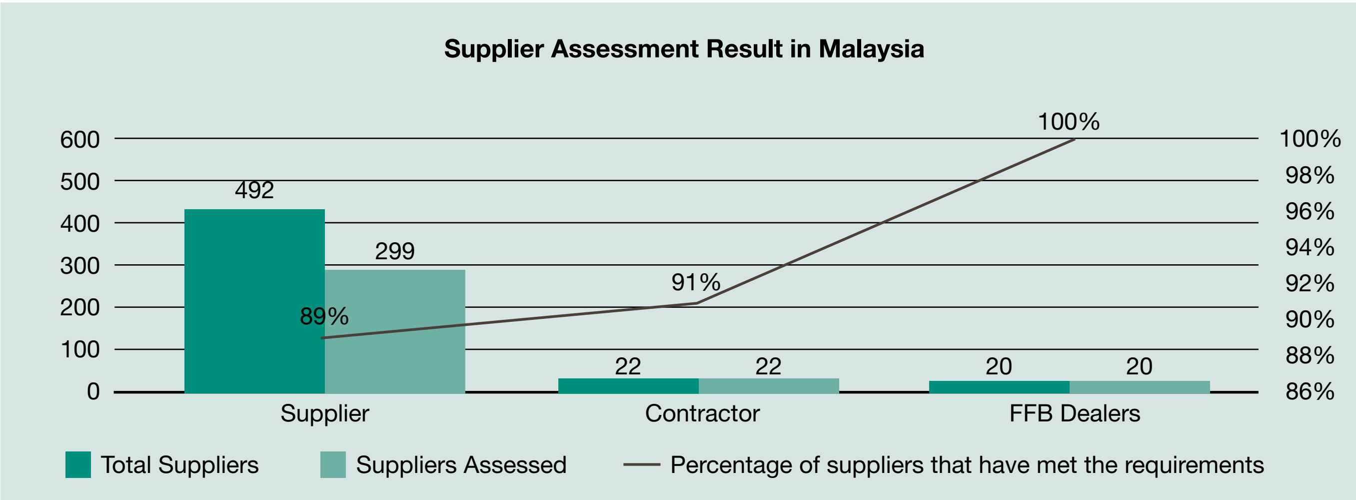


Chart 5 - Supplier assessment conducted in FY 2023 in Malaysia

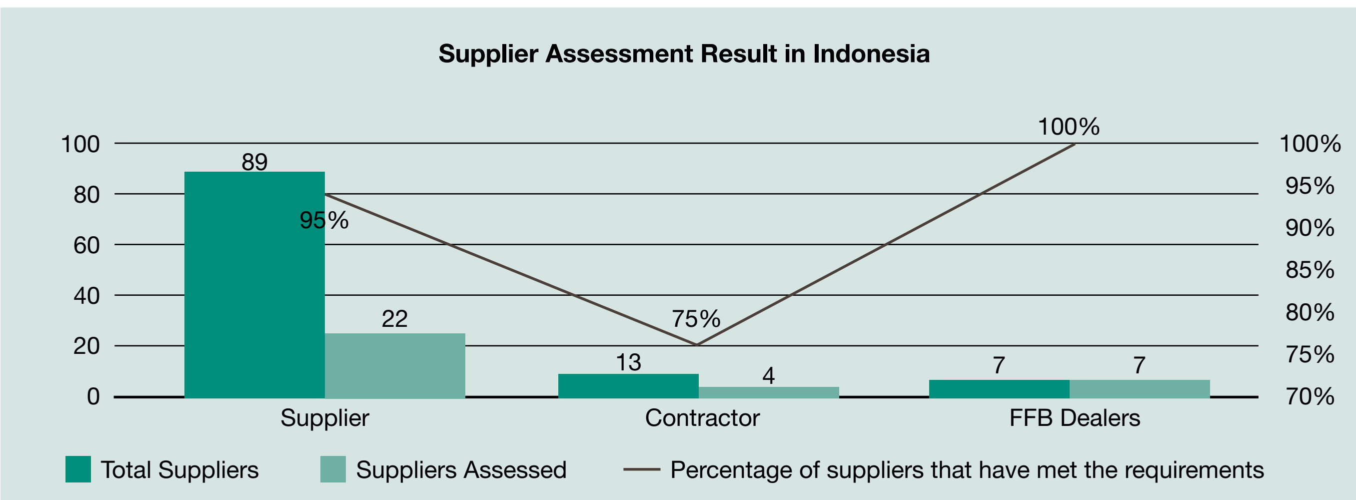


Chart 6 - Supplier assessment conducted in FY 2023 in Indonesia

Table 18 - FFB Procured from smallholders in Malaysia and Indonesia

	FY 2023	FY 2022	FY 2021
Malaysia			
Total spending on smallholders (RM million)	8.6	4.6	5.3
Number of smallholders engaged	101	122	140
Indonesia			
Total spending on smallholders (RM million)	27.2	18.21	
Number of smallholders engaged	204	204	

Note: The increase in the spending on smallholders is directly proportional to the higher FFB purchase price

SUPPLY CHAIN MANAGEMENT (CONTINUED)

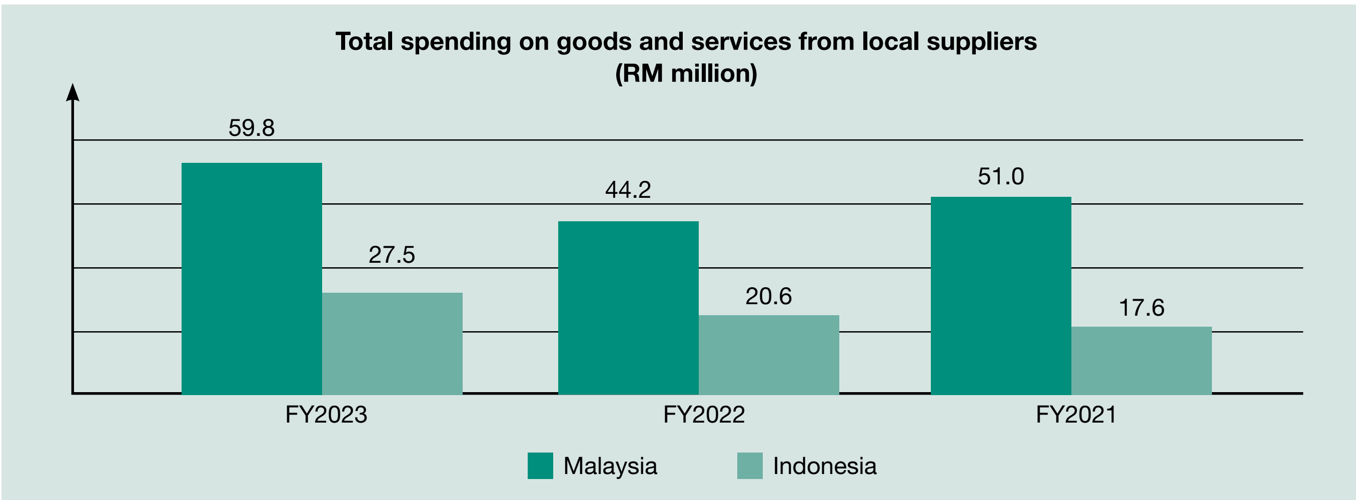


Chart 7 - Spending on supplies in Malaysia and Indonesia

Note: The increase in spending on supplies contributed by the higher price of fertiliser purchase and road maintenance

Launched in November 2022, UMB's Supplier Code of Conduct ("SCOC") is in line with UMB's Sustainable Palm Oil Policy ("SPOP"). SCOC is a statement of requirements to support UMB's commitment to ensuring its products are produced sustainably; UMB expects all its vendors and suppliers to adopt the principles of the SCOC within their operations and supply chains. UMB is currently getting vendors and suppliers to agree to comply with the SCOC.

Traceability and transparency have become critical in demonstrating to buyers that products purchased have been grown sustainably. The main challenges that UMB faces would be reluctance of FFB suppliers to share data required for traceability and to ensure due diligence throughout the supply chain. To address this issue, UMB continues to collaborate with EF, IOI and Malaysian Palm Oil Board ("MPOB") on a project called Supply Chain Mapping and Monitoring ("SCMM") in Meridian Plantations Sdn Bhd in Sabah, funded by PZ Cussons.

Apart from improving traceability, the programme aims to address smallholders' issues involving deforestation and improving their livelihood through income diversification. Engagements were undertaken in Kampung Golong, Kampung Pinangkau and Kampung Tengkarasan in Sabah in February 2023.

Engagement with smallholders in villages near MPOM

SUPPLY CHAIN MANAGEMENT (CONTINUED)

In another collaboration with EF, IOI and MPOB, MPOM organised the annual Mill Engagement Day, bringing together suppliers for a knowledge and technology-sharing session in March 2023. Suppliers were invited to set up booths; this enabled smallholders to deal directly with suppliers of products they were interested such as seedlings, pesticides and machinery. MPOB also set up a booth to assist smallholders with licensing issues and registration of businesses. In contrast, EF booth focused on income diversification. Furthermore, MPOB briefed smallholders on the importance of obtaining MSPO certification and complying with UMB's SCOC.

Mill Engagement Day in MPOM

In a separate engagement in Pahang, UMB invited MPOB and the Malaysian Palm Oil Certification Council ("MPOCC") to brief UMB's FFB dealers on the importance and benefits of subscribing to MSPO. Following a review of UMB's progress in achieving traceability, UMB revised its plan to achieve 100% Traceability to Plantation ("TTP") by FY 2026.

Engagement with FFB dealers in Pahang

ETHICAL BUSINESS

UMB continues to implement responsible and ethical business policies and practices with zero tolerance for fraud, bribery and corruption in all its business dealings in all the countries where it operates. UMB allows giving gifts of a reasonable value, not in cash and not corruptly given. In the reporting year, UMB has changed its Anti-Bribery and Whistleblowing policies and procedures. Such changes include appointing an Executive Director as the receiver of complaints above bribery.

In addition, the Audit Committee Chairman and Head of Internal Audit were appointed as receivers of complaints directed through the Whistleblowing channel or via an email to whistleblowing@unitedmalacca.com.my. The audit committee will investigate the report received and report the findings to the Board of Directors. The definition of gratification is also spelt out. Employees will also have to declare if their personal interest may contradict the interest of the company. In-house anti-bribery training has been and will continue to be conducted in all the operating units.

DATA PROTECTION & PRIVACY

UMB continues to implement Access Management Policy and Change Management Policy in managing IT and cyber security. Other initiatives include enhanced cloud technology and anti-virus software installed in all UMB's computers and devices. During the reporting year, UMB recorded zero complaints concerning breaches of customer privacy, leaks, thefts or loss of customer data. To foster awareness in protecting sensitive data, UMB aims to provide annual cyber security awareness training and updates on IT security threats.

CONCLUSION

Sustainability is an ongoing journey. UMB's aim is to become an environmentally sustainable and socially equitable business.

This Sustainability Statement was approved by the Board on 27 July 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Headquartered in Malacca, the UMB Group comprises the parent company, United Malacca Berhad ("UMB"), and its subsidiaries in Malaysia, Singapore and Indonesia. The Corporate Governance Overview Statement ("CGOS") outlines the UMB Group's corporate governance approach, practices, focus areas and priorities.

Supplementing this CGOS is the Corporate Governance Report ("CG Report") for the financial year ended 30 April 2023. The CG Report details the UMB Group's compliance with the Malaysian Code on Corporate Governance 2021 ("MCCG") and is available on UMB's website, www.unitedmalacca.com.my.

To better understand UMB Group's corporate governance principles and practices, this CGOS should be read together with the Statement on Risk Management and Internal Controls and Audit Committee Report.

UMB GROUP'S CORPORATE GOVERNANCE APPROACH

UMB's Board of Directors ("the Board") recognises corporate governance and sustainable practices are essential to developing added value for its stakeholders. To facilitate improved decision-making, the Board prioritises strengthening the governance framework.

UMB Group is committed to the following principles:

- upholding the highest standard of ethical conduct with particular emphasis on integrity;
- incorporating economic, environmental, and social considerations in all its operations;
- 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 Board regularly reviews and updates the Group's corporate governance framework.

SUMMARY OF UMB GROUP'S CORPORATE GOVERNANCE PRACTICES

Following Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia ("the Listing Requirements"), this CGOS outlines UMB Group's Corporate Governance Practices for the financial year ended 30 April 2023 (FY 2023) based on MCCG's three 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

The CG Report documents the extent of UMB Group's adherence to MCCG's Practices in FY 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board has constituted two Committees - Audit Committee and the Nomination and Remuneration Committee ("NRC"). Their terms of reference set out each Board Committee's responsibilities. Directors keep abreast of the Board Committees' activities through the Committees' minutes of meetings, briefings and reports.

The Board Charter outlines the responsibilities of the Board, individual Directors, Executive Director 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. The most recent changes to the Board Charter were made to include responsibilities of Executive Director.

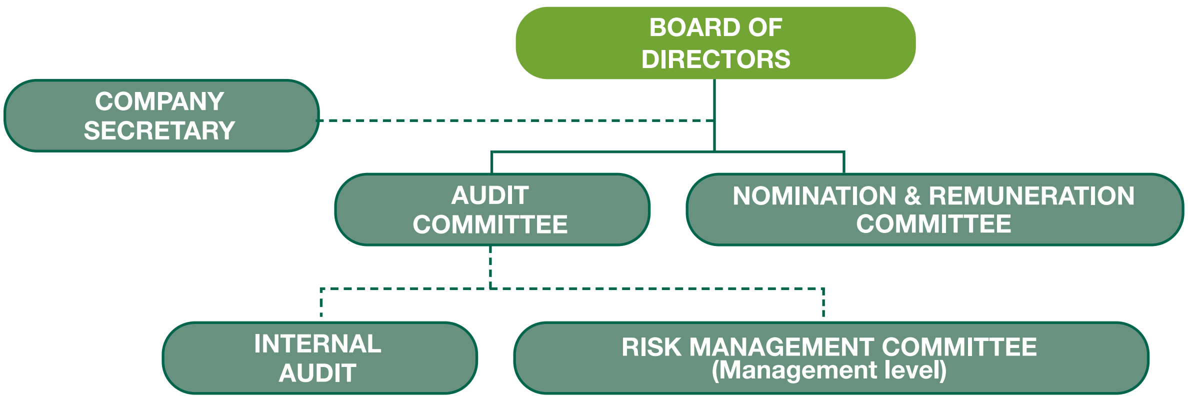
Corporate Governance Overview Statement
(Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Responsibilities (Continued)

Recommendations from the Board Committees are forwarded to the Board for approval and action.

UMB's governance structure is as follows:



In line with good corporate governance, the roles and responsibilities of the Chairperson, Executive Director ("ED") and the Chief Executive Officer ("CEO") are clearly defined. The Chairperson oversees the conduct, governance and effectiveness of the Board. Providing a link between the CEO and the Board, the ED also facilitates faster decision making while the CEO manages the Group's day-to-day operations and liaises between the ED, managers and employees.

In FY 2023, the Board met six times to discuss and approve the financial results, annual business plan as well as the budgets for the Group, including that for the Indonesian subsidiaries. Whenever necessary, the Board also discusses regulatory compliance matters.

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

Individual Director's attendance at meetings of the Board and Board Committees during the financial year ended 30 April 2023 is listed as below:

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

■ Chairperson of Board / Chairman of Board Committees ■ Member

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

Corporate Governance Overview Statement
(Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Responsibilities (Continued)

[a] Mr. Tee Cheng Hua was appointed NRC member effective 1 February 2023.
[b] Dato' Sri Tee Lip Sin was appointed Executive Director effective 1 January 2023. On that date, he ceased to be a NRC member.
[c] Datin Noor Azimah Binti Abd. Rahim was appointed an Independent Non-Executive Director effective 1 May 2023, i.e. after FY 30 April 2023.

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 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's composition complies with Paragraph 15.02(1) of the Listing Requirements which stipulates at least two Directors or 1/3 of the Board, whichever is the higher, are independent and one director is a woman.

Effective 1 January 2023, Dato' Sri Tee Lip Sin was re-designated UMB's Executive Director ("ED"). As ED, Dato' Sri Tee Lip Sin assists the Board in overseeing UMB Group's strategic plans and collaborating with UMB Management to implement policies and tenders. The ED also ensures Board's decisions are implemented expeditiously and fully. After Dato' Sri Tee Lip Sin's appointment as ED, effective 1 January 2023, the Board dissolved the Executive Committee and the Board Tender Committee.

On 1 May 2023, the Board welcomed Datin Noor Azimah Binti Abd Rahim as UMB's Independent Non-Executive Director. The Board believes an additional independent female director improves the gender balance to the still male-dominant Board. Trained as a Management Accountant and having worked for the Adviser in Bank Negara, Datin Noor Azimah brings a valued economic perspective to corporate decision-making and oversight. Prior to her appointment as UMB director, Datin Noor Azimah declared she complied with regulatory requirements and with UMB's Fit and Proper Policy. Datin Noor Azimah's profile can be read on page 16 of this Annual Report.

The Board now comprises eight Non-Executive Directors and one Executive Director; four of the nine are Independent Directors while three of the nine women. UMB Directors have varying academic qualifications and work experience; a result of the Board's periodic review its size and composition.

In recommending the appointment of potential Directors, the Nomination and Remuneration Committee ("NRC") assesses the candidate's expertise and work experience.

Through the NRC, the Board reviews its performance, that of individual directors and Board Committees annually. For FY 2023, 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 questionnaire given to each director.

The Board Performance Evaluation was divided into three sections – Board Performance Assessment, Board Committee Assessment and Board of Directors' Self-Assessment. UMB Board was assessed as above average in interaction, participation, integrity, independence, self-development and competencies. High average ratings in the evaluation exercise indicates the overall performance of the Board, Board Committees and individual Directors is satisfactory.

In accordance with UMB's Fit and Proper Policy, the NRC also assessed the eligibility of Mr. Ong Keng Siew, Mr. Tee Cheng Hua and Datin Noor Azimah Binti Abd Rahim, for re-election/election as directors at the forthcoming 109th Annual General Meeting. Based on the fit and proper criteria and declaration made by the said Directors, the NRC ascertained their suitability for re-election/election and recommended to the Board their re-election/election at the forthcoming 109th Annual General Meeting.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training

To effectively discharge their roles and responsibilities, the Board acknowledges the importance of continuous training for Directors to keep abreast of industry developments as well as enhance their knowledge.

In line with Paragraph 15.08 of Bursa Malaysia's Listing Requirements, the NRC assessed and determined the training needs for individual Directors during the financial year ended 30 April 2023.

Seminars and training programmes attended by the Directors in FY 2023 are as follows:

Attended by	Listing of training programmes attended	Date
Datin Paduka Tan Siok Choo	• International Conference on Tropical Agriculture IR 4.0 (ICTA 2022) by Academy of Tropical Agricultural Sciences Association (ATAS).	26-27 May 2022
	• Launch of the 26th the Malaysia Economic Monitor "Catching Up: Inclusive Recovery & Growth for Lagging States" by World Bank Group.	16 June 2022
	• Malaysian Bar Council Joint Conference on Political Financing Act: Current Status, Challenges & the Way Move Forward by IDEAS.	23 June 2022
	• Values as a Source of Competitive Advantage by Asia School of Business (ASB).	28 July 2022
	• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers by Bursa Malaysia.	16 August 2022
	• Sustainable Development: The Future of Work and Talent for a Future Malaysian Economy by Jeffrey Sachs Centre.	23 August 2022
	• KLSCAH Webinar Series no. 67: First Ex-PM Jailed for Corruption – Malaysia's Milestone by The Kuala Lumpur and Selangor Chinese Assembly Hall (KLSCAH).	29 August 2022
	• Praxis 2022 "Building a Better Malaysia" by Institute of Strategic and International Studies (ISIS) Malaysia.	3-4 October 2022
	• Board's Role in Value Creation by Asia School of Business (ASB).	5 October 2022
	• Oils and Fats International Congress 2022 (OFIC 2022) by Malaysian Oil Scientists' & Technologists' Association (MOSTA).	18-19 October 2022
	• Investing in the Age of Geopolitical Transformation by Tan Sri Andrew Sheng.	27 October 2022
	• Carbon Tax and Carbon Pricing by CEO Action Network (CAN).	10 November 2022
	• Delivering on Half a Million Hectares of Forest Conservation and Restoration by Lestari Capital.	30 November 2022
	• Malaysia's Voluntary Carbon Market Exchange by Bursa Malaysia.	9 December 2022
	• Strengthening EU-Malaysia relations – bilateral & multilateral engagements, opportunities & challenges by ISIS Malaysia.	22 February 2023
	• 34th Palm & Lauric Oils Price Outlook Conference (POC2023) by Bursa Malaysia.	7-8 March 2023
	• FTSE4GOOD ESG Rating for All PLCs by Institute of Corporate Directors Malaysia (ICDM).	14 April 2023

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	• International Conference on Tropical Agriculture IR 4.0 (ICTA 2022) by Academy of Tropical Agricultural Sciences Association (ATAS).	26-27 May 2022
	• Oils and Fats International Congress 2022 (OFIC 2022) by Malaysian Oil Scientists' & Technologists' Association (MOSTA).	18-19 October 2022
Mr. Teo Leng	• Values as a Source of Competitive Advantage by Asia School of Business (ASB).	28 July 2022
	• Board's Role in Value Creation by Asia School of Business (ASB).	5 October 2022
	• Oils and Fats International Congress 2022 (OFIC 2022) by Malaysian Oil Scientists' & Technologists' Association (MOSTA).	18-19 October 2022
	• 34th Palm & Lauric Oils Price Outlook Conference (POC2023) by Bursa Malaysia.	7-8 March 2023
Dato Dr. Nik Ramlah Binti Nik Mahmood	• Invest ASEAN 2022: Framing a Future by Maybank Investment Bank	8 June 2022
	• ICMR Lecture Series – Innovation through Collaboration – Planning for more inclusive and Sustainable Capital Market Post COVID-19 by Institute for Capital Market Research.	20 July 2022
	• Values as a Source of Competitive Advantage by Asia School of Business (ASB).	28 July 2022
	• Roundtable on Islamic Finance – The Future of Finance and Society by INCEIF University.	29 July 2022
	• IIC-SIDC Corporate Governance Conference 2022 – Investment Stewardship in Times of Heightened Sustainability Demands by Securities Industry Development Corporation.	23 September 2022
Mr. Ong Keng Siew	• Key Amendments to Listing Requirements 2022 by CKM Advisory Sdn Bhd.	11 May 2022
	• Related Party Transactions Simplified by CKM Advisory Sdn Bhd	12 May 2022
	• International Conference on Tropical Agriculture IR 4.0 (ICTA 2022) by Academy of Tropical Agricultural Sciences Association (ATAS).	26-27 May 2022
	• Roles and Responsibilities of Directors in relation to Financial Statements (Training Needs as required by Bursa Securities) by Tricor Hive Sdn. Bhd.	5 July 2022
	• Benefit of a Well-Planned Legacy by Mr. Lee Woon Shiu, DBS Bank.	20 July 2022
	• Peer-To-Peer Financing by Fundaztic.	26 August 2022
	• Talk on "Corporate Governance & Remuneration Practices for the ESG World" by The Iclif Executive Education Center.	6 September 2022
	• Board's Role in Value Creation by Asia School of Business (ASB).	5 October 2022
	• Oils and Fats International Congress 2022 (OFIC 2022) by Malaysian Oil Scientists' & Technologists' Association (MOSTA).	18-19 October 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. Ong Keng Siew	• Investing in the Age of Geopolitical Transformation by Tan Sri Andrew Sheng.	27 October 2022
	• Cybersecurity Business Continuity, Sustainability & ESG by Tricor Hive Sdn. Bhd.	8 December 2022
	• 34th Palm & Lauric Oils Price Outlook Conference (POC2023) by Bursa Malaysia.	7-8 March 2023
Mr. Tee Cheng Hua	• International Conference on Tropical Agriculture IR 4.0 (ICTA 2022) by Academy of Tropical Agricultural Sciences Association (ATAS).	26-27 May 2022
	• Oils and Fats International Congress 2022 (OFIC 2022) by Malaysian Oil Scientists' & Technologists' Association (MOSTA).	18-19 October 2022
Dato' Sri Tee Lip Sin	• International Conference on Tropical Agriculture IR 4.0 (ICTA 2022) by Academy of Tropical Agricultural Sciences Association (ATAS).	26-27 May 2022
	• 5th Annual Plantation Management by Trueventus Sdn. Bhd.	20-21 July 2022
	• Tax Reimagined: Designing and Building a Tax Function Fit for the Future by KPMG.	18 April 2023
Mr. Han Kee Juan	• Raising Defences, Section 17A, MACC Act by Asia School Business (ASB).	29 November 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 and in line with industry norms, the Board has adopted a Remuneration Policy that offers fair rewards for achieving key deliverables.

In contrast, directors' remuneration encompasses a fixed fee for the Chairperson and members of the Board and Board Committees, meeting allowances and other benefits as disclosed in the Remuneration Policy.

The Board determines the quantum of fees and other remuneration/benefits payable to the Directors, subject to shareholders' approval at the Company's Annual General Meeting. For FY 2023, the Board maintained the following quantum of fees for Directors and members of Committees:

UMB Board - Fixed Annual Fee	FY2022/2023
Chairperson	RM120,000
Director	RM70,000

UMB Board Committees – Fixed Annual Fee for FY 2022/2023	Chairperson	Member
Audit Committee	RM40,000	RM30,000
Nomination and Remuneration Committee	RM30,000	RM20,000
Executive Committee	RM40,000	RM30,000
Board Tender Committee	RM20,000	RM10,000

Effective 1 January 2023, the Board dissolved the Executive Committee and the Board Tender Committee. Fees payable to the Chairperson/members of these Committees will be pro-rated according to the months of service.

Corporate Governance Overview Statement
(Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Remuneration (Continued)

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

Remuneration for the ED, CEO, and key senior management includes basic salary, performance-based bonus, benefits-in-kind and other incentives. The remuneration package is structured to link rewards to Group and individual performance. Based on NRC's recommendations, the Board determines and approves the remuneration package of the ED and CEO. The ED abstains from participating in decision-making for his remuneration. For Key Senior Management, the NRC reviews and makes its recommendations annually to the Board for its approval.

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 policies. To enhance internal audit's effectiveness and buttress its independence, the Internal Auditor reports directly to the AC. Additionally, the AC assesses the Internal Auditor's remuneration and recommends it to the Board for final approval.

In addition, UMB's External Auditor's Independence Policy governs the external auditor's selection, appointment and assessment. To ensure the External Auditor's independence and objectivity is not compromised, the AC reviews the non-audit services rendered by the external auditors, their proposed fees and the threshold that would jeopardise the External Auditor's independence. 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 Auditor, Messrs Ernst & Young PLT 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 minority shareholders' interests.

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 ("IAD") regularly reviews UMB's risk management and internal control policies. To reinforce IAD's effectiveness and independence, the AC ensures the IAD 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Anti-Bribery Policy

UMB Group is committed to adhering to high ethical values in its operations and dealings with third parties. UMB Group's Anti-Bribery Policy sets out behavioural guidelines for all management and staff to avoid bribery and corruption risks in all dealings within and outside the Group.

Whistleblowing Policy

The Board and UMB Group are committed to maintaining good work ethics, integrity, and transparency in its business dealings and operations. UMB Group's Whistleblowing Policy encapsulates the governance standards to ensure ethical conduct by all UMB Group employees. The whistleblowing platform on UMB website provides a confidential and secure avenue for employees to report any wrongdoing or improper conduct without fear of retribution.

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

Engagement with Stakeholders

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

UMB's website, www.unitedmalacca.com.my, is accessible at all times to shareholders, investors and the public and includes all announcements to Bursa Malaysia, quarterly financial reports, analysts' reports, summaries of the minutes of annual general meetings, the Board Committees' terms of reference, UMB's mission & vision, UMB Constitution, the Board Charter and the following codes and policies:

- Directors' Code of Ethics
- Code of Conduct
- Fit and Proper Policy
- Anti-Bribery Policy
- Whistleblowing Policy
- Dividend Policy
- Remuneration Policy
- External Auditors' Independency Policy
- Sustainable Palm Oil Policy

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 before the AGM.

UMB conducted its 108th AGM on 28 September 2022. All eight members of the Board, including the Chief Executive Officer, Chief Financial Officer, the Company Secretaries, and the External Auditors, Messrs. Ernst & Young PLT, were present during the AGM.

All resolutions were voted by poll during the 108th AGM. The scrutineer, Boardroom Corporate Services Sdn. Bhd. verified the poll results and the Chairperson declared the resolutions duly passed.

This Corporate Governance Overview Statement was approved by the Board on 28 June 2023.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 30 April 2023

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 2023.

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.

(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.

Audit Committee Report
For the Financial Year Ended 30 April 2023
(Continued)

2.0 COMPOSITION (CONTINUED)

(iv) (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 2023, 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	4 out of 5
Dato Dr. Nik Ramlah binti Nik Mahmood	4 out of 5
Mr. Han Kee Juan	5 out of 5

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 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.

Audit Committee Report
For the Financial Year Ended 30 April 2023
(Continued)

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 2023.

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 2023 Audit Plan dated 27 December 2022 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 2023.

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.

Audit Committee Report
For the Financial Year Ended 30 April 2023
(Continued)

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 2023 and recommended them to the Board.

5.2.6 Met with the external auditors on 21 September 2022 and 27 March 2023 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 i.e., 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 27 March 2023 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 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 Control before submission to the Board for approval and inclusion in the 2023 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 2023
(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 8 audit executives in the IAD.

6.3 The IAD had conducted risk-based audit engagements as stipulated in the Annual Audit Plan for FY 2023. 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 2023 was RM 1,248,036 [2022: RM 1,006,894].

6.6 IAD issued 35 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 fertilizers 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 5 special investigation audits during the year under review.

This Audit Committee Report was approved by the Board on 28 June 2023.

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 2023.

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

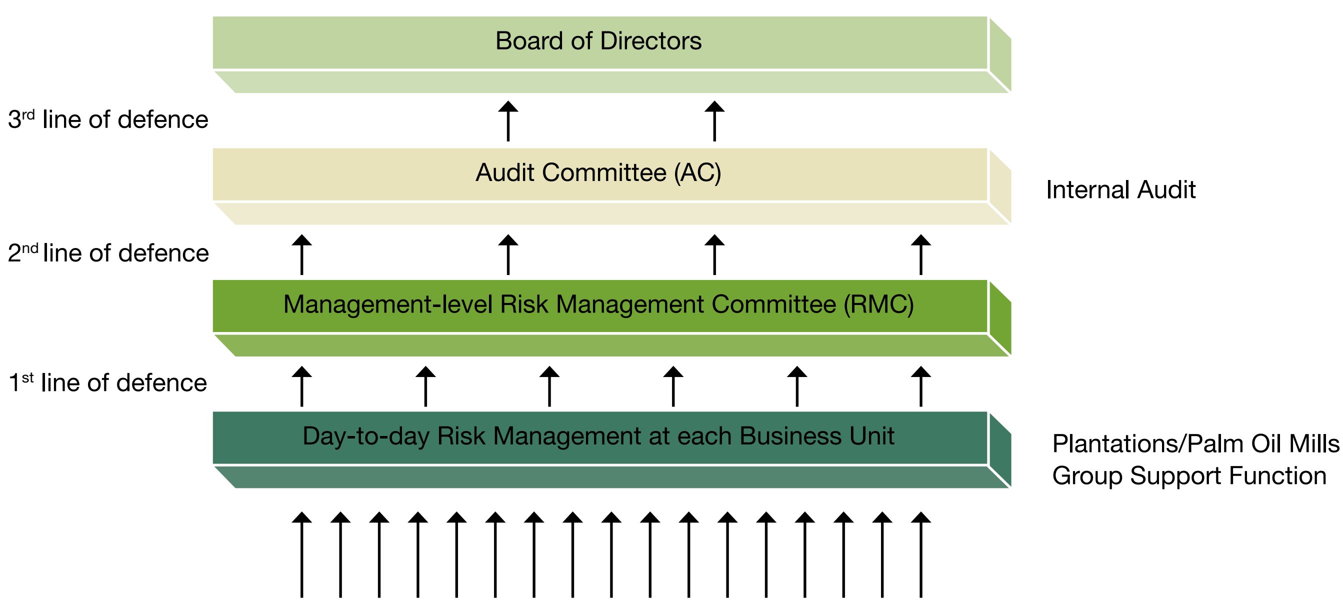
To safeguard stakeholders' interests, the UMB Board prioritises maintaining a sound system of internal controls as well as identifying and managing risks affecting UMB's operations.

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.

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.

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

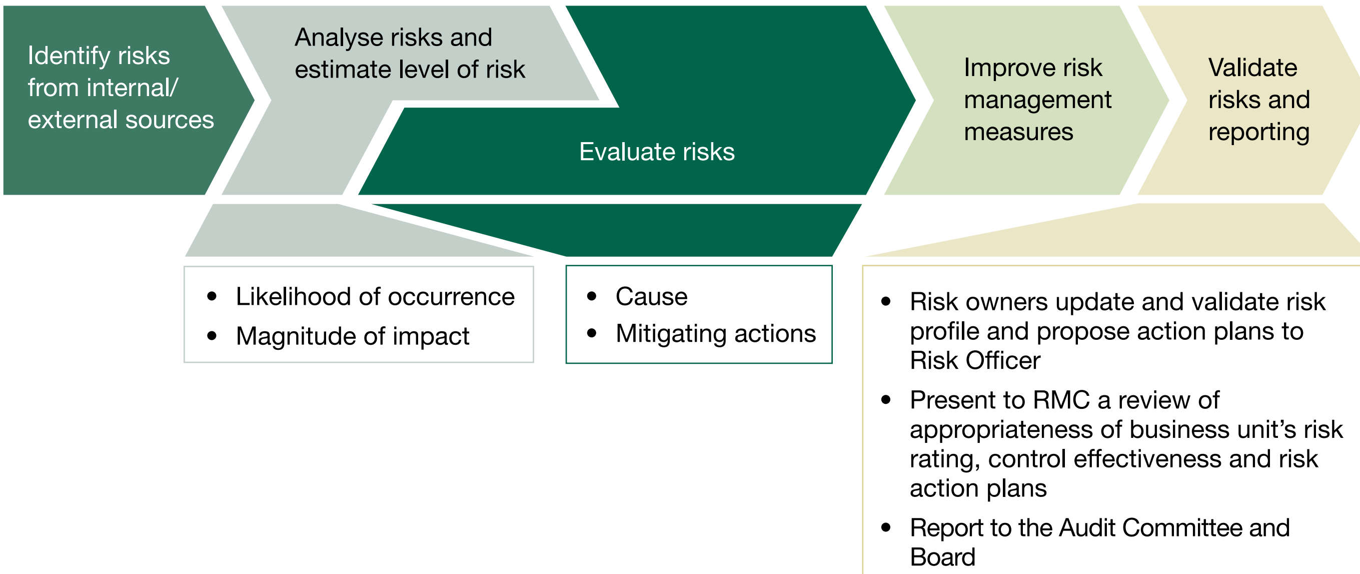
3rd Line of Defence: Audit Committee ensures the adequacy and integrity of Risk Management and Internal Control Systems

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.

Statement on Risk Management and Internal Controls
(Continued)

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; thereafter the risks are compiled into a risk rating matrix. Based on the risk rating matrix, Management will prioritise risks and follow-up measures.

Statement on Risk Management and Internal Controls
(Continued)

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	A shortage of harvesters and field workers due to high dependency on foreign workers.	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 for activities like collecting fresh fruit bunches (FFB) as well as application of fertilisers and spraying insecticides.
Operational risk	Adverse weather	Prolonged dry weather will lower production of FFB.	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 to the oil palms.
		Heavy rain and flooding will affect estate operations – difficulty accessing the fields will affect harvesting and transporting of FFB.	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 Lifere Agro Kapuas, coconut trunks or Galam wood are placed on top of the roads to enable lorries to pass through the waterlogged areas. Plastic drums, boats and crawlers are used to evacuate FFB from the waterlogged fields to the collection points.
Business and investment risks	Inappropriate 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.
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 FFB harvested from its own estates. Marketing personnel keep abreast of the outlook for CPO and PK prices via online business websites.

Statement on Risk Management and Internal Controls
(Continued)

SIGNIFICANT RISK FACTORS (CONTINUED)

Type of Risk	Risks Outlined	Risk Description	Risk Management Strategies
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 40(d) of the audited financial statements.	UMB's risk management objectives and hypothetical sensitivity analysis is set out in Note 40(d) to the Financial Statements of the Annual Report on page 181.
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.

- **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.

Statement on Risk Management and Internal Controls
(Continued)

INTERNAL CONTROL FRAMEWORK (CONTINUED)

2. Integrity and Ethical Values (Continued)

- **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.

6. Board Committees and Executive Director

On 1 January 2023, Dato' Sri Tee Lip Sin, a Non-Independent Director was appointed as Executive Director (ED) of UMB. The ED assists the Board in overseeing UMB Group's strategic plans and policies (including tender awards), and works with the UMB Management team to implement business plans for UMB Group.

Given this executive directorial role assumed by Dato' Sri Tee Lip Sin, the Board of Directors announced the dissolution of the Executive Committee and the Board Tender Committee (BTC) with effect from 1 January 2023.

Currently, UMB has two (2) Board Committees collectively involving five (5) 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.

Statement on Risk Management and Internal Controls
(Continued)

INTERNAL CONTROL FRAMEWORK (CONTINUED)

6. Board Committees and Executive Director (Continued)

Currently, UMB has two (2) Board Committees collectively involving five (5) Directors (continued):

- **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.

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.

9. Management Tender Committee

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

Tender Approval limit	Before 1 January 2023 Authorised by	Effective 1 January 2023 Authorised by
Tender up to RM300,000	CEO	CEO
Tender above RM300,000	BTC	ED

10. 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.

11. Estate and Palm Oil Mill Visits

The ED, 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.

12. 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.

Statement on Risk Management and Internal Controls
(Continued)

INTERNAL CONTROL FRAMEWORK (CONTINUED)

13. 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.

14. 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.

15. 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 ED, AC, and 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 AC's Report of this Annual Report.

Statement on Risk Management and Internal Controls
(Continued)

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 2023.

Reviewing this Statement by the external auditors 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 auditors states nothing has caused them to believe this Statement, in all material aspects, 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 ED, 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 was approved by the Board on 27 July 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the Audited Financial Statements

Paragraph 15.26(a) of Bursa Malaysia's Main Market Listing Requirements states the annual report shall include a statement by the Board of Directors explaining its responsibility for preparing the annual audited financial statements.

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements following the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the Companies Act 2016's requirements in Malaysia.

The directors' responsibility includes:

- Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of these financial statements free from material misstatement.
- Selecting and applying appropriate accounting policies.
- Making accounting estimates that are reasonable in the circumstances.
- Maintaining adequate accounting records and an effective system of risk management.
- Safeguarding the assets of the Company and hence taking reasonable steps to prevent and detect fraud and other irregularities.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Ensured applicable accounting standards were followed.
- Assessed the Group's and Company's ability to continue as a going concern.

In the opinion of the Board of Directors, the audited financial statements set out on pages 94 to 184 were prepared in accordance with the applicable reporting standards, laws, and regulations to give a true and fair view of the financial performance, assets, liabilities, and cash flow of the Group and the Company for the year ended 30 April 2023.

This Statement was approved by the Board on 27 July 2023.

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 2023 (FY 2023) 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 RM35,000 (please refer to page 133 of the audited financial statements).

3. Recurrent Related Party Transactions ("RRPT")

Name of Transacting Party	Nature of Transaction	Related Party #	FY 2023 (RM million)
UMB Group of Companies	Purchase of 1,119.78 tonnes of NK Mixture Fertiliser and 44.83 tonnes of Rock Phosphate 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	2.68
	Sale of oil palm fresh fruit bunches	(i) Prosper Capital Holdings Sdn. Bhd. (ii) Far East Holdings Berhad (iii) Cheekah-Kemayan Plantations Sdn. Bhd.	0.24 0.04 0.30
		Total	**3.26**

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 12,207,178 shares (5.82%) in UMB as at 31 July 2023 is a substantial shareholder of CI Resource Limited and Far East Holdings Berhad.

Prosper Capital Holdings Sdn. Bhd. which is a major shareholder of UMB with equity interest of 18.96% as at 31 July 2023 (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 31 July 2023 in UMB is a wholly owned subsidiary of Phosphate Resources Limited which is wholly owned by CI Resources 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 with 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.

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 2023 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 2023.

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, cultivation of coconut 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/(loss) for the financial year	55,521	(23,083)
Attributable to:		
Owners of the Company	61,326	(23,083)
Non-controlling interests	(5,805)	-
	55,521	(23,083)

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 as disclosed in Notes 8 and 10(a).

Dividends

The amounts of dividends paid by the Company since 30 April 2022 were as follows:

	RM'000
In respect of the financial year ended 30 April 2022 as reported in the directors' report of that financial year:	
Second interim single-tier dividend of 5 sen, on 209,769,201 ordinary shares, declared on 28 June 2022 and paid on 19 August 2022	10,488
Special single-tier dividend of 5 sen, on 209,769,201 ordinary shares, declared on 28 June 2022 and paid on 19 August 2022	10,489
In respect of the financial year ended 30 April 2023:	
First interim single-tier dividend of 5 sen, on 209,769,201 ordinary shares, declared on 27 December 2022 and paid on 20 January 2023	10,488
	31,465

Directors' Report
(Continued)

Dividends (continued)

On 28 June 2023, the directors declared a second interim single-tier dividend of 7 sen per ordinary share in respect of the financial year ended 30 April 2023 on 209,769,201 ordinary shares, amounting to approximately RM14,684,000 which are payable on 18 August 2023. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2024.

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	
Datin Noor Azimah binti Abd Rahim	(Appointed on 1 May 2023)

* 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	
Er Hock Swee (Alternate director to Young Lee Chern)	(Appointed on 1 January 2023)
Winston Chua Eng Meng	(Resigned on 19 August 2022)
Kiswanto	(Resigned on 19 July 2022)
Aziz Putera	(Resigned on 26 October 2022)
Dr Kartika Dianningsih Antono	
Leneke Santoso	
Lucky Christian Siburian	(Appointed on 19 July 2022 and resigned on 26 October 2022)
Tee Tong Heng	(Appointed on 2 November 2022)
Pradana Kurnia Setiawan	(Appointed on 2 November 2022)
Agustino Hasril	(Appointed on 14 November 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 35 to the financial statements.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	838	610
Salaries and other emoluments	553	553
Contributions to defined contribution plan	23	23
Social security contributions	1	1
Estimated money value of benefits-in-kind	31	31
	1,446	1,218

Directors' Report
(Continued)

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 RM27,000.

Directors' interests

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

		Number of ordinary shares			
Name of director		**1.5.2022**	**Acquired**	**Transferred**	**30.4.2023**
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		1,868,400	-	-	1,868,400
Han Kee Juan		130,000	10,000	-	140,000
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	41,925,100	3,512,900	(30,000)	45,408,000
Dato' Sri Tee Lip Sin	v	46,021,600	3,551,900	-	49,573,500
Han Kee Juan	vi	50,000	193,400	-	243,400

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, children 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.

Directors' Report
(Continued)

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.

Significant event and event occuring after the reporting date

Details of significant event and event occuring after the reporting date during the financial year are disclosed in Note 42 to the financial statements.

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, retire and do not seek for re-appointment at the forthcoming Annual General Meeting ("AGM") of the Company.

Auditors' remuneration are as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	350	174
Member firm of Ernst & Young Global	136	-
	486	174

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 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 August 2023.

Dato' Sri Tee Lip Sin **Ong Keng Siew**

STATEMENT BY DIRECTORS

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

We, Dato' Sri Tee Lip Sin 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 104 to 184 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 2023 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 11 August 2023.

Dato' Sri Tee Lip Sin

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 104 to 184 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 11 August 2023.

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 2023 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 104 to 184.

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 2023, 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.

Impairment assessment of goodwill

As at 30 April 2023, 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)

<u>Impairment assessment of goodwill (continued)</u>

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.

<u>Impairment assessment of property, plant and equipment, right-of-use assets and intangible asset</u>

As at 30 April 2023, the carrying amount of the property, plant and equipment, right-of-use assets and intangible asset of the Group are RM681.2 million, RM806.1 million and RM233 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 2023. 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.

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 investment in subsidiaries

As at 30 April 2023, the Company's carrying amount of the investment in subsidiaries is RM345.4 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 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.

- 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
11 August 2023

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 April 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	7	604,497	553,962	170,639	191,697
Cost of sales		(495,640)	(375,568)	(79,812)	(67,809)
Gross profit		108,857	178,394	90,827	123,888
Other income	8	15,093	12,148	9,678	1,396
Administrative expenses		(24,475)	(25,253)	(9,491)	(9,007)
Other expenses	10(a)	(9,734)	(15,490)	(96,152)	(12,175)
Operating profit/(loss)		89,741	149,799	(5,138)	104,102
Interest expense	9	(7,520)	(5,664)	(3,166)	(1,432)
Profit/(loss) before tax	10(b)	82,221	144,135	(8,304)	102,670
Taxation	13	(26,700)	(35,784)	(14,779)	(19,390)
Profit/(loss) for the financial year		55,521	108,351	(23,083)	83,280
Other comprehensive income:					
Item that will be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		2,552	12,482	-	-
		2,552	12,482	-	-
Items that will not be subsequently reclassified to profit or loss:					
Actuarial loss on retirement benefit obligation		(44)	(265)	-	-
Deferred tax effect		10	50	-	-
		(34)	(215)	-	-
Total comprehensive income/(loss) for the financial year		58,039	120,618	(23,083)	83,280
Profit/(loss) for the financial year attributable to:					
Owners of the Company		61,326	108,189	(23,083)	83,280
Non-controlling interests		(5,805)	162	-	-
		55,521	108,351	(23,083)	83,280
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		63,375	118,371	(23,083)	83,280
Non-controlling interests		(5,336)	2,247	-	-
		58,039	120,618	(23,083)	83,280
Earnings per share attributable to owners of the Company (sen per share):					
Basic	14(a)	29.24	51.58		
Diluted	14(b)	29.24	51.58		

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

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	681,180	671,298	228,106	224,384
Right-of-use assets	17	806,120	788,442	352,379	320,587
Goodwill on consolidation	18	82,474	82,474	-	-
Investment in subsidiaries	19	-	-	345,437	437,406
Intangible asset	20	233	234	-	-
Other asset	21	-	3,501	-	-
Trade and other receivables	24	-	15,647	-	-
		1,570,007	1,561,596	925,922	982,377
Current assets					
Inventories	22	36,288	52,329	1,969	2,947
Biological assets	23	10,840	15,939	3,345	6,432
Trade and other receivables	24	97,054	72,574	225,227	192,638
Income tax recoverable		3,951	-	151	-
Short term funds	25	50,133	75,103	22,722	54,289
Cash and bank balances	26	73,670	58,161	19,633	18,529
		271,936	274,106	273,047	274,835
Total assets		1,841,943	1,835,702	1,198,969	1,257,212
Equity and liabilities					
Equity					
Share capital	27	255,375	255,375	255,375	255,375
Foreign currency translation reserve	28	(3,949)	(6,026)	-	-
Retained earnings	29	1,182,385	1,152,552	782,304	836,852
Equity attributable to owners of the Company		1,433,811	1,401,901	1,037,679	1,092,227
Non-controlling interests		33,578	38,914	-	-
Total equity		1,467,389	1,440,815	1,037,679	1,092,227
Non-current liabilities					
Bank borrowings	30	-	43,044	-	-
Lease liabilities	31	2,404	7,026	1,377	1,021
Retirement benefit obligation	32	1,059	1,037	-	-
Deferred tax liabilities	33	194,640	196,272	79,598	78,684
		198,103	247,379	80,975	79,705
Current liabilities					
Bank borrowings	30	110,496	74,344	66,878	65,250
Lease liabilities	31	590	925	286	176
Trade and other payables	34	65,365	63,626	13,151	13,649
Income tax payable		-	8,613	-	6,205
		176,451	147,508	80,315	85,280
Total liabilities		374,554	394,887	161,290	164,985
Total equity and liabilities		1,841,943	1,835,702	1,198,969	1,257,212

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 2023

	← Attributable to owners of the Company →					
		Non-distributable	Distributable			
	Share capital (Note 27) RM'000	Foreign currency translation reserve (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 2022	255,375	(6,026)	1,152,552	1,401,901	38,914	1,440,815
Total comprehensive income:						
Profit/(loss) for the financial year	-	-	61,326	61,326	(5,805)	55,521
Actuarial loss on retirement benefit obligation, net of tax	-	-	(28)	(28)	(6)	(34)
Exchange differences on translation of foreign operations	-	2,077	-	2,077	475	2,552
	-	2,077	61,298	63,375	(5,336)	58,039
Transaction with owners:						
Dividends (Note 15)	-	-	(31,465)	(31,465)	-	(31,465)
	-	-	(31,465)	(31,465)	-	(31,465)
At 30 April 2023	255,375	(3,949)	1,182,385	1,433,811	33,578	1,467,389
At 1 May 2021	255,375	(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	2,121	12,482
	-	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)	1,152,552	1,401,901	38,914	1,440,815

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 2023

	← Attributable to owners of the Company →		
		Distributable	
	Share capital (Note 27) RM'000	Retained earnings (Note 29) RM'000	Total equity RM'000
At 1 May 2022	255,375	836,852	1,092,227
Total comprehensive loss:			
Loss for the financial year	-	(23,083)	(23,083)
	-	(23,083)	(23,083)
Transaction with owners:			
Dividends (Note 15)	-	(31,465)	(31,465)
	-	(31,465)	(31,465)
At 30 April 2023	255,375	782,304	1,037,679
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

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Operating activities					
Profit/(loss) before tax		82,221	144,135	(8,304)	102,670
Adjustments for:					
Depreciation of:					
- Property, plant and equipment	10(b)	48,954	48,571	13,491	13,372
- Right-of-use assets	10(b)	14,882	14,610	5,946	5,713
Discounting value of Plasma receivables	10(a)	-	2,709	-	-
Fair value changes on biological assets (net)	8,10(a)	5,165	(3,430)	3,087	(126)
Gain on disposal of property, plant and equipment	8	(769)	(184)	(248)	(42)
Impairment of:					
- Intangible asset	10(a)	-	12,336	-	-
- Investment in subsidiaries	10(a)	-	-	91,969	8,647
- Other asset	10(a)	3,569	-	-	-
Interest expense	9	7,520	5,664	3,166	1,432
Interest income	8	(2,368)	(670)	-	-
Inventories written down	10(b)	1,165	-	-	-
Inventories written off	10(a)	-	283	-	-
Loss on termination of lease liabilities	10(a)	611	-	-	-
Margin loss on termination of lease liabilities	10(a)	291	-	-	-
Net fair value gains on short term funds:					
- Realised	7,8	(316)	(751)	(186)	(506)
- Unrealised	7,8	(689)	(5)	(290)	(1)
Net reversal of impairment of bearer plants	8	(3,816)	-	(8,288)	-
Net unrealised foreign exchange (gain)/loss	8,10(a)	(1,730)	(4,639)	1,074	3,497
Property, plant and equipment written off	10(a)	70	162	22	31
Retirement benefit obligation	11	12	199	-	-
Reversal of discounting value of Plasma receivables	8	(2,715)	-	-	-
Operating cash flows before changes in working capital		152,057	218,990	101,439	134,687
Changes in working capital:					
Inventories		15,044	(23,452)	978	(126)
Trade and other receivables		(4,365)	(1,234)	(8,214)	10,381
Trade and other payables		833	7,030	(568)	2,442
Cash flows from operations		163,569	201,334	93,635	147,384
Interest received		2,332	654	-	-
Interest paid		(7,455)	(5,635)	(3,096)	(1,403)
Income taxes refunded		-	2,193	-	-
Income taxes paid		(40,911)	(30,123)	(20,221)	(15,474)
Retirement benefit obligation paid	32	(48)	(282)	-	-
Net cash flows from operating activities		117,487	168,141	70,318	130,507

Statements of Cash Flows

For the financial year ended 30 April 2023
(Continued)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Investing activities					
Purchase of property, plant and equipment	16(c)	(50,575)	(39,007)	(8,562)	(9,710)
Proceeds from disposal of property, plant and equipment		1,137	272	258	124
Additions of right-of-use assets	17	(37,443)	(313)	(37,443)	-
Proceeds from disposal of right-of-use assets		413	-	-	-
Additions of other asset	21	(21)	-	-	-
Net withdrawals/(placements) of short term funds		25,975	(64,010)	32,043	(47,725)
Placements of deposits with maturity period of more than 3 months	26(a)	(5,272)	-	(5,272)	-
Loans to subsidiaries	35(a)	-	-	(23,821)	(28,799)
Net cash flows used in investing activities		(65,786)	(103,058)	(42,797)	(86,110)
Financing activities					
Dividends paid	15	(31,465)	(25,172)	(31,465)	(25,172)
Repayment of revolving credit		-	(8,739)	-	(8,739)
Repayment of term loan		(8,956)	(5,907)	-	-
Payment of principal portion of lease liabilities	31	(1,053)	(719)	(224)	(14)
Net cash flows used in financing activities		(41,474)	(40,537)	(31,689)	(33,925)
Net increase/(decrease) in cash and cash equivalents		10,227	24,546	(4,168)	10,472
Effect of foreign exchange rate changes		10	411	-	-
Cash and cash equivalents at beginning of financial year		58,161	33,204	18,529	8,057
Cash and cash equivalents at end of financial year	26(a)	68,398	58,161	14,361	18,529

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 April 2023

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, cultivation of coconut 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 January 2022 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 2022, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022.

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

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

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

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
• 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 112: *Income Taxes*	1 January 2023
• Amendments to MFRS 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
• Amendments to MFRS 101: *Non-current Liabilities with Covenants*	1 January 2024
• 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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

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).

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

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:

	2023 RM	2022 RM
1 United States Dollar ("USD")	4.4585	4.3500
100 Indonesian Rupiah ("IDR")	0.0304	0.0300

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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

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 2023
(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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

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 2023
(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 2023
(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.

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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

5. Summary of significant accounting policies (continued)

5.21 Leases (continued)

Group as a lessee (continued)

(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.

(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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

5. Summary of significant accounting policies (continued)

5.21 Leases (continued)

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.

5.23 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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

5. Summary of significant accounting policies (continued)

5.23 Taxes (continued)

(b) Deferred tax (continued)

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.

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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

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.

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

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

5. Summary of significant accounting policies (continued)

5.26 Fair value measurement (continued)

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 judgment, 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.

6.2 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, intangible asset and other asset

The Group and the Company review the carrying amounts of the property, plant and equipment, right-of-use assets, intangible asset and other 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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

6. Significant accounting judgments, estimates and assumptions (continued)

6.2 Estimates and assumptions (continued)

(a) Impairment of property, plant and equipment, right-of-use assets, intangible asset and other asset (continued)

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 judgment 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, 20 and 21.

(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 judgment 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.

(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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

7. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers ^:				
- Fresh fruit bunches	96,703	122,226	128,290	147,013
- Palm oil milling products	507,794	431,736	-	-
	604,497	553,962	128,290	147,013
Revenue from other sources:				
Interest income from:				
- Loan to subsidiaries *	-	-	11,489	9,850
- Short term deposits	-	-	954	152
Net fair value gains on short term funds:				
- Realised	-	-	186	506
- Unrealised	-	-	290	1
Dividend income from subsidiaries	-	-	29,430	34,175
	-	-	42,349	44,684
	604,497	553,962	170,639	191,697

^ 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% (2022: 6.7%) per annum as per disclosed in Note 24(c).

8. Other income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value changes on biological assets (net)	-	3,430	-	126
Gain on disposal of property, plant and equipment	769	184	248	42
Insurance claim received	480	48	383	2
Insurance commission received	239	226	239	226
Interest income	2,368	670	-	-
Management fee received	1,071	697	-	-
Miscellaneous income	683	549	363	74
Net foreign exchange gain:				
- Realised	-	753	6	732
- Unrealised	1,730	4,639	-	-
Net fair value gains on short term funds:				
- Realised	316	751	-	-
- Unrealised	689	5	-	-
Net rental income	217	196	151	194
Net reversal of impairment of bearer plants (Note 16 (d))	3,816	-	8,288	-
Reversal of discounting value of Plasma receivables (Note 36(a))	2,715	-	-	-
	15,093	12,148	9,678	1,396

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

9. Interest expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
- Lease liabilities (Note 31)	500	429	83	4
- Loan from a subsidiary *	-	-	18	14
- Revolving credits	3,065	1,414	3,065	1,414
- Term loan	3,955	3,821	-	-
	7,520	5,664	3,166	1,432

* 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 (2022: 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/(loss) before tax

(a) Other expenses

The other expenses included in the statements of comprehensive income comprise of the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Discounting value of Plasma receivables (Note 24 and 36(a))	-	2,709	-	-
Fair value changes on biological assets (net)	5,165	-	3,087	-
Inventories written off	-	283	-	-
Impairment of:				
- Intangible asset (Note 20)	-	12,336	-	-
- Investment in subsidiaries (Note 19)	-	-	91,969	8,647
- Other asset (Note 21)	3,569	-	-	-
Loss on termination of lease liabilities	611	-	-	-
Margin loss on termination of lease liabilities	291	-	-	-
Net foreign exchange loss:				
- Realised	28	-	-	-
- Unrealised	-	-	1,074	3,497
Property, plant and equipment written off	70	162	22	31
	9,734	15,490	96,152	12,175

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

10. Other expenses and profit/(loss) before tax (continued)

(b) Profit/(loss) before tax

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Auditors' remuneration:				
- Statutory audits				
- Ernst & Young PLT	315	270	139	128
- Member firm of Ernst & Young Global	136	200	-	-
- Other auditors	59	40	-	-
- Other services				
- Ernst & Young PLT	35	37	35	37
Depreciation of:				
- Property, plant and equipment (Note 16)	48,954	48,571	13,491	13,372
- Right-of-use assets (Note 17)	14,882	14,610	5,946	5,713
Employee benefits expense (Note 11)	94,505	79,782	32,262	26,573
Inventories written down	1,165	-	-	-
Non-executive directors' remuneration (Note 12)	1,129	1,325	901	1,055

11. Employee benefits expense

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Wages and salaries	96,859	80,881	29,641	25,145
Contributions to defined contribution plan	5,393	3,999	1,533	1,214
Social security contributions	723	1,107	225	219
Retirement benefit obligation (Note 32)	12	199	-	-
Other staff related expenses	7,352	5,322	2,105	1,083
	110,339	91,508	33,504	27,661
Less : Amount capitalised in bearer plants	(7,819)	(5,923)	(1,242)	(1,088)
Amount charged to Plasma receivables	(8,015)	(5,803)	-	-
	94,505	79,782	32,262	26,573

Included in the employee benefits expense of the Group and the Company is an executive director's remuneration amounting to RM286,000 (2022: Nil) as disclosed in Note 12.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

12. Directors' remuneration

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Executive				
Director of the Company:				
Fees	70	-	70	-
Salaries and other emoluments	192	-	192	-
Contributions to defined contribution plan	23	-	23	-
Social security contributions	1	-	1	-
Total excluding benefits-in-kind	286	-	286	-
Non-executive				
Directors of the Company:				
Fees	732	796	540	604
Other emoluments	361	451	361	451
Total excluding benefits-in-kind	1,093	1,247	901	1,055
Estimated money value of benefits-in-kind	31	31	31	31
Total including benefits-in-kind	1,124	1,278	932	1,086
Directors of subsidiaries:				
Fees, representing total excluding benefits-in-kind	36	78	-	-
Total directors' remuneration	1,446	1,356	1,218	1,086
Analysis of directors' remuneration:				
Total executive director's remuneration excluding benefits-in-kind (Note 11 and 35(c))	286	-	286	-
Total non-executive directors' remuneration excluding benefits-in-kind (Note 10(b) and 35(c))	1,129	1,325	901	1,055
Estimated money value of benefits-in-kind	31	31	31	31
	1,446	1,356	1,218	1,086

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

12. Directors' remuneration (continued)

The details of remuneration received or receivable by each director of the Company during the financial year are as follows:

	Fees RM'000	Salaries and other emoluments RM'000	Contributions to defined contribution plan RM'000	Social security contributions RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Group						
2023						
Executive director:						
Dato' Sri Tee Lip Sin *	70	192	23	1	-	286
Non-executive directors:						
Datin Paduka Tan Siok Choo	168	38	-	-	31	237
Tan Jiew Hoe	106	43	-	-	-	149
Teo Leng	106	39	-	-	-	145
Dato Dr. Nik Ramlah binti Nik Mahmood	106	70	-	-	-	176
Ong Keng Siew	106	72	-	-	-	178
Tee Cheng Hua	70	48	-	-	-	118
Han Kee Juan	70	51	-	-	-	121
	732	361	-	-	31	1,124
	802	553	23	1	31	1,410

* Dato' Sri Tee Lip Sin has been appointed as executive director of the Company effective 1 January 2023.

	Fees RM'000	Salaries and other emoluments RM'000	Contributions to defined contribution plan RM'000	Social security contributions RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
2022						
Non-executive directors:						
Datin Paduka Tan Siok Choo	168	51	-	-	31	250
Tan Sri Dato' Ahmad bin Mohd Don	106	63	-	-	-	169
Tan Jiew Hoe	106	61	-	-	-	167
Teo Leng	106	73	-	-	-	179
Dato Dr. Nik Ramlah binti Nik Mahmood	106	73	-	-	-	179
Ong Keng Siew	70	61	-	-	-	131
Tee Cheng Hua	70	24	-	-	-	94
Dato' Sri Tee Lip Sin	64	45	-	-	-	109
	796	451	-	-	31	1,278

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

12. Directors' remuneration (continued)

The details of remuneration received or receivable by each director of the Company during the financial year are as follows (continued):

	Fees RM'000	Salaries and other emoluments RM'000	Contributions to defined contribution plan RM'000	Social security contributions RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Company						
2023						
Executive director:						
Dato' Sri Tee Lip Sin *	70	192	23	1	-	286
Non-executive directors:						
Datin Paduka Tan Siok Choo	120	38	-	-	31	189
Tan Jiew Hoe	70	43	-	-	-	113
Teo Leng	70	39	-	-	-	109
Dato Dr. Nik Ramlah binti Nik Mahmood	70	70	-	-	-	140
Ong Keng Siew	70	72	-	-	-	142
Tee Cheng Hua	70	48	-	-	-	118
Han Kee Juan	70	51	-	-	-	121
	540	361	-	-	31	932
	610	553	23	1	31	1,218

* Dato' Sri Tee Lip Sin has been appointed as executive director of the Company effective 1 January 2023.

	Fees RM'000	Salaries and other emoluments RM'000	Contributions to defined contribution plan RM'000	Social security contributions RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
2022						
Non-executive directors:						
Datin Paduka Tan Siok Choo	120	51	-	-	31	202
Tan Sri Dato' Ahmad bin Mohd Don	70	63	-	-	-	133
Tan Jiew Hoe	70	61	-	-	-	131
Teo Leng	70	73	-	-	-	143
Dato Dr. Nik Ramlah binti Nik Mahmood	70	73	-	-	-	143
Ong Keng Siew	70	61	-	-	-	131
Tee Cheng Hua	70	24	-	-	-	94
Dato' Sri Tee Lip Sin	64	45	-	-	-	109
	604	451	-	-	31	1,086

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

12. Directors' remuneration (continued)

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	
	2023	**2022**
Executive director:		
RM250,001 - RM300,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	4	2
RM150,001 - RM200,000	2	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 2023 and 30 April 2022 are:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Statements of comprehensive income:				
Current income tax:				
- Current financial year	27,500	39,541	12,917	20,541
- Overprovision in prior financial years	(252)	(824)	(201)	(312)
Real property gain tax	12	-	-	-
Overprovision of real property gain tax in prior financial years	-	(78)	-	(78)
Withholding tax	1,421	1,024	1,149	985
	28,681	39,663	13,865	21,136
Deferred tax (Note 33):				
Relating to reversal and origination of temporary differences	(2,980)	(3,068)	40	(1,995)
Effect of change in foreign tax rate *	-	2,476	-	-
Under/(over)provision in prior financial years	999	(3,287)	874	249
	(1,981)	(3,879)	914	(1,746)
	26,700	35,784	14,779	19,390

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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% (2022: 17%) and 22% (2022: 22%) respectively.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

13. Taxation (continued)

Major components of taxation (continued)

* 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 ended 30 April 2023. As such, the deferred tax in financial year ended 30 April 2021 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% was computed using statutory tax rate of 22% in financial year ended 30 April 2022.

Reconciliation between taxation and accounting profit/(loss)

The reconciliation between taxation and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 30 April 2023 and 30 April 2022 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(loss) before tax	82,221	144,135	(8,304)	102,670
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	19,733	34,592	(1,993)	24,641
Effect of different tax rates in foreign jurisdiction	218	(20)	-	-
Adjustments:				
Effect of change in foreign tax rate on deferred tax	-	2,476	-	-
Effect of income not subject to tax	(3,124)	(3,924)	(9,455)	(10,028)
Effect of expenses not deductible for tax purposes	7,693	6,608	24,405	3,933
Effect of utilisation of tax losses	-	(646)	-	-
Effect of utilisation of reinvestment allowance	-	(137)	-	-
Overprovision of income tax in prior financial years	(252)	(824)	(201)	(312)
Under/(over)provision of deferred tax in prior financial years	999	(3,287)	874	249
Real property gain tax	12	-	-	-
Overprovision of real property gain tax in prior financial years	-	(78)	-	(78)
Withholding tax	1,421	1,024	1,149	985
	26,700	35,784	14,779	19,390

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

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	
	2023	**2022**
Profit net of tax for the financial year attributable to owners of the Company (RM'000)	61,326	108,189
Weighted average number of ordinary shares in issue ('000 unit)	209,769	209,769
Basic earnings per share (sen)	29.24	51.58

(b) Diluted earnings per share

The diluted earnings per ordinary share of the Group for the financial years ended 30 April 2023 and 30 April 2022 are the same as the basic earnings per ordinary share of the Group.

15. Dividends

	Group and Company	
	2023	**2022**
	RM'000	**RM'000**
Recognised during the financial year:		
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
Second interim dividend for financial year ended 30 April 2022:		
- single-tier dividend of 5 sen on 209,769,201 ordinary shares	10,488	-
Special dividend for financial year ended 30 April 2022:		
- single-tier dividend of 5 sen on 209,769,201 ordinary shares	10,489	-
First interim dividend for financial year ended 30 April 2023:		
- single-tier dividend of 5 sen on 209,769,201 ordinary shares	10,488	-
	31,465	25,172

On 28 June 2023, the directors declared a second interim single-tier dividend of 7 sen per ordinary share in respect of the financial year ended 30 April 2023 on 209,769,201 ordinary shares, amounting to approximately RM14,684,000 which are payable on 18 August 2023. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2024.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

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								
2023								
At cost:								
At 1 May 2022	108,875	592,041	238,190	106,623	14,162	65,199	14,539	1,139,629
Additions	-	17,680	6,445	5,210	985	2,012	21,777	54,109
Disposals	-	-	(350)	(1)	-	(3,616)	-	(3,967)
Written off	-	(4,656)	(497)	(732)	(160)	(1,971)	-	(8,016)
Reclassifications	-	-	13,250	3,357	77	(242)	(16,442)	-
Exchange differences	-	2,508	1,911	381	62	211	162	5,235
At 30 April 2023	108,875	607,573	258,949	114,838	15,126	61,593	20,036	1,186,990
Accumulated depreciation and impairment losses:								
At 1 May 2022	-	292,012	61,992	58,823	10,359	45,145	-	468,331
Depreciation charge for the financial year:	-	21,311	15,029	8,388	1,457	5,058	-	51,243
- Recognised in statements of comprehensive income (Note 10(b))	-	21,311	13,712	7,889	1,348	4,694	-	48,954
- Capitalised in bearer plants (Note 16(b))	-	-	1,022	378	87	300	-	1,787
- Charged to Plasma receivables (Note 36(a))	-	-	295	121	22	64	-	502
Disposals	-	-	(38)	(1)	-	(3,560)	-	(3,599)
Written off	-	(4,656)	(496)	(719)	(151)	(1,924)	-	(7,946)
Reclassifications	-	-	-	62	-	(62)	-	-
Net reversal of impairment recognised in statements of comprehensive income (Note 8)	-	(3,816)	-	-	-	-	-	(3,816)
Exchange differences	-	614	579	221	55	128	-	1,597
At 30 April 2023	-	305,465	77,066	66,774	11,720	44,785	-	505,810
Analysed as:								
Accumulated depreciation	-	252,468	77,066	66,774	11,720	44,785	-	452,813
Accumulated impairment losses	-	52,997	-	-	-	-	-	52,997
	-	305,465	77,066	66,774	11,720	44,785	-	505,810
Net carrying amount:								
At 30 April 2023	108,875	302,108	181,883	48,064	3,406	16,808	20,036	681,180

Notes to the Financial Statements
For the financial year ended 30 April 2023
(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)								
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 36(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 2023
(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								
2023								
At cost:								
At 1 May 2022	68,225	274,332	49,597	10,722	5,513	21,754	4,159	434,302
Additions	-	1,958	585	815	513	614	4,620	9,105
Disposals	-	-	-	(1)	-	(1,165)	-	(1,166)
Written off	-	-	(384)	(111)	(97)	(150)	-	(742)
Reclassifications	-	-	6,376	70	-	(70)	(6,376)	-
At 30 April 2023	68,225	276,290	56,174	11,495	5,929	20,983	2,403	441,499
Accumulated depreciation and impairment losses:								
At 1 May 2022	-	166,778	15,423	7,208	4,605	15,904	-	209,918
Depreciation charge for the financial year:	-	8,681	2,385	789	340	1,444	-	13,639
- Recognised in statements of comprehensive income (Note 10(b))	-	8,681	2,330	760	320	1,400	-	13,491
- Capitalised in bearer plants (Note 16(b))	-	-	55	29	20	44	-	148
Disposals	-	-	-	(1)	-	(1,155)	-	(1,156)
Written off	-	-	(383)	(98)	(91)	(148)	-	(720)
Reclassifications	-	-	-	15	-	(15)	-	-
Net reversal of impairment recognised in statements of comprehensive income (Note 8)	-	(8,288)	-	-	-	-	-	(8,288)
At 30 April 2023	-	167,171	17,425	7,913	4,854	16,030	-	213,393
Analysed as:								
Accumulated depreciation	-	118,646	17,425	7,913	4,854	16,030	-	164,868
Accumulated impairment losses	-	48,525	-	-	-	-	-	48,525
	-	167,171	17,425	7,913	4,854	16,030	-	213,393
Net carrying amount:								
At 30 April 2023	68,225	109,119	38,749	3,582	1,075	4,953	2,403	228,106

Notes to the Financial Statements
For the financial year ended 30 April 2023
(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)								
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

(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 RM61,674,000 (2022: RM66,389,000) were pledged to secure the IDR term loan as disclosed in Note 30(b)(ii).

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

16. Property, plant and equipment (continued)

(b) Capitalisation of depreciation and amortisation

Included in additions of bearer plants during the financial year are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment capitalised (Note 16)	1,787	1,735	148	147
Depreciation of right-of-use assets capitalised (Note 17(b))	1,742	1,678	395	386
Amortisation of intangible asset capitalised (Note 20)	5	5	-	-
	3,534	3,418	543	533

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total additions of property, plant and equipment	54,109	42,425	9,105	10,243
Less:				
Depreciation of property, plant and equipment capitalised (Note 16)	(1,787)	(1,735)	(148)	(147)
Depreciation of right-of-use assets capitalised (Note 17(b))	(1,742)	(1,678)	(395)	(386)
Amortisation of intangible asset capitalised (Note 20)	(5)	(5)	-	-
Total cash outflows on additions of property, plant and equipment	50,575	39,007	8,562	9,710

(d) Net reversal of impairment of bearer plants

Summary of net reversal of impairment of bearer plants

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Reversal of impairment of bearer plants in Millian-Labau Plantations, Sabah		8,288	-	8,288	-
Impairment of bearer plants in Sulawesi		(4,472)	-	-	-
	8	3,816	-	8,288	-

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

16. Property, plant and equipment (continued)

(d) Net reversal of impairment of bearer plants (continued)

(i) Reversal of impairment of bearer plants in Millian-Labau Plantations, Sabah

During the financial year ended 30 April 2020, an impairment of RM56,813,000 represented the write-down of the value of bearer plants which are located in Millian-Labau Plantations, Sabah, was recognised in statements of comprehensive income, due to the unsatisfactory performance of the said bearer plants.

Bearer plants were tested for reversal of impairment or further impairment by comparing the carrying amount with their recoverable amount. The recoverable amount of bearer plants was determined based on value-in-use calculations using cash flow projections for a master plan covering 25 years.

The key assumptions used by management in undertaking the impairment testing 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 10.5% (2022: 8.8%) which reflect the specific risks of the oil palm industry in Malaysia.

In view of the recovery of the performance of the said bearer plants, a reversal of impairment of RM8,288,000 (2022: Nil) represented the partially write-back of the value of the said bearer plants was recognised in statements of comprehensive income.

(ii) Impairment of bearer plants in Sulawesi

The Indonesian subsidiary of the Company, PT Wana Rindang Lestari 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.

During the financial year ended 30 April 2021, work in Sulawesi was temporarily halted due to environmental concerns raised by Non-Governmental Organisations (“NGOs”).

As a result, the coconut planting programme in Sulawesi has been deferred.

The said bearer plants were tested for impairment by comparing the carrying amount with their recoverable amount. The recoverable amount of bearer plants 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 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 17.0% (2022: 12.6%) which reflect the specific risks of the coconut industry in Indonesia.

Accordingly, the impairment assessment of the said bearer plants asset gave rise to an impairment loss of RM4,472,000 for the financial year ended 30 April 2023 (2022: Nil).

Notes to the Financial Statements
For the financial year ended 30 April 2023
(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					
2023					
At cost:					
At 1 May 2022	710,332	156,185	7,734	1,978	876,229
Additions	37,443*	-	-	1,687	39,130
Disposal	(450)	-	-	-	(450)
Reversal ^	-	-	(7,734)	-	(7,734)
Exchange differences	-	2,217	-	-	2,217
At 30 April 2023	747,325	158,402	-	3,665	909,392
Accumulated depreciation:					
At 1 May 2022	55,564	30,812	1,165	246	87,787
Depreciation charge for the financial year:	11,107	4,639	367	511	16,624
- Recognised in statements of comprehensive income (Note 10(b))	10,316	3,688	367	511	14,882
- Capitalised in bearer plants (Note 16(b))	791	951	-	-	1,742
Disposal	(37)	-	-	-	(37)
Reversal ^	-	-	(1,532)	-	(1,532)
Exchange differences	-	430	-	-	430
At 30 April 2023	66,634	35,881	-	757	103,272
Net carrying amount:					
At 30 April 2023	680,691	122,521	-	2,908	806,120

* Premium for the extension of lease tenure of 315 hectares leasehold land. The details can be referred to Note 42.

^ Reversal upon termination of lease liabilities.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

17. Right-of-use assets (continued)

	Long term leasehold land RM'000	Prepaid land lease payments RM'000	Buildings RM'000	Tractors RM'000	Total RM'000
Group (continued)					
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

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

17. Right-of-use assets (continued)

	Long term leasehold land RM'000	Tractors RM'000	Total RM'000
Company			
2023			
At cost:			
At 1 May 2022	349,802	1,211	351,013
Additions	37,443*	690	38,133
At 30 April 2023	387,245	1,901	389,146
Accumulated depreciation:			
At 1 May 2022	30,409	17	30,426
Depreciation charge for the financial year:	6,082	259	6,341
- Recognised in statements of comprehensive income (Note 10(b))	5,687	259	5,946
- Capitalised in bearer plants (Note 16(b))	395	-	395
At 30 April 2023	36,491	276	36,767
Net carrying amount:			
At 30 April 2023	350,754	1,625	352,379
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

* Premium for the extension of lease tenure of 315 hectares leasehold land. The details can be referred to Note 42.

Notes to the Financial Statements

For the financial year ended 30 April 2023
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17. Right-of-use assets (continued)

(a) Assets pledged as security

Certain long term leasehold land of the Company in Sabah with net carrying amount of RM289,169,000 (2022: RM292,974,000) were mortagaged to secure the Company's loan from a subsidiary as disclosed in Note 34(c).

(b) 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Total additions of right-of-use assets	39,130	1,524	38,133	1,211
Less:				
Additions by way of lease liabilities (Note 31)	(1,687)	(1,211)	(690)	(1,211)
Total cash outflows on additions of right-of-use assets	37,443	313	37,443	-

18. Goodwill on consolidation

	Group	
	2023 RM'000	**2022 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.

<u>Impairment test for goodwill on consolidation</u>

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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

18. Goodwill on consolidation (continued)

<u>Impairment test for goodwill on consolidation (continued)</u>

Key assumptions used in value-in-use calculations (continued)

(b) Discount rate

The post-tax discount rates applied on the post-tax cash flow projections ranged from 10.5% to 15.0% (2022: 8.8% to 11.5%) which reflect the specific risks of the oil palm industry.

(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	
	2023	**2022**
	RM'000	**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	(114,894)	(22,925)
	204,483	296,452
	345,437	437,406

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 RM437,406,000 are investment in Clifton Cove Pte. Ltd. ("Clifton") with a carrying amount of RM8,350,000 and investment International Natural Resources Pte. Ltd. ("INR") with a carrying amount of RM287,339,000.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

19. Investment in subsidiaries (continued)

a. Impairment of investment in Clifton

The Company held 100% shares of Clifton, which held the 60% shares of PT Wana Rindang Lestari ("WRL") through PT Bintang Gemilang Permai ("BGP").

WRL engaged in cultivation of coconut 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.

During the financial year ended 30 April 2021, work in Sulawesi was temporarily halted due to environmental concerns raised by NGOs.

As a result, the planting programme in Sulawesi has been deferred.

Investment in this subsidiary was tested for impairment by comparing the carrying amount with its recoverable amount. The recoverable amount of investment in this 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 this 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 17.0% (2022: 12.6%) which reflect the specific risks of the investment in this subsidiary.

Accordingly, the impairment assessment of investment in this subsidiary gave rise to an impairment loss of RM5,069,000 for the financial year ended 30 April 2023 (2022: RM8,647,000).

b. Impairment of investment in INR

The Company held 88.2% shares of INR, which held the 94.1% shares of PT Lifere Agro Kapuas ("LAK"). As a result, the Company held 83% shares of LAK through INR.

The principal activities of LAK are cultivation of oil palm and palm oil milling. LAK has obtained the plantation licence ("Izin Usaha Perkebunan") over approximately 24,929 hectares of oil palm plantation located in Mantangai district, Kapuas Barat district, Dadahup district and Kapuas Murung district, Kapuas Regency, Kalimantan Tengah, Republic of Indonesia out of which 5,075 hectares have been registered in the name of LAK under the Hak Guna Usaha ("HGU") and Hak Guna Bangunan ("HGB"). In addition, LAK also owned an palm oil mill with a Fresh Fruit Bunches ("FFB") processing capacity of 45 tonnes per hour which commenced operations in June 2019.

The increase of investment risks in Indonesia has resulted in the timing and extent of the future economics benefits that can derived from LAK becoming uncertain.

Investment in this subsidiary was tested for impairment by comparing the carrying amount with its recoverable amount. The recoverable amount of investment in this subsidiary was determined based on value-in-use calculations using cash flow projections for a master plan covering 25 years.

The key assumptions used by management in undertaking the impairment testing of investment in this 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 15.0% (2022: 11.5%) which reflect the specific risks of the investment in this subsidiary.

Accordingly, the impairment assessment of investment in this subsidiary gave rise to an impairment loss of RM86,900,000 for the financial year ended 30 April 2023 (2022: Nil).

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

19. Investment in subsidiaries (continued)

Summary of impairment of investment in subsidiaries

	Note	Company 2023 RM'000	Company 2022 RM'000
Impairment of invesment in:			
- Clifton		5,069	8,647
- INR		86,900	-
	10(a)	91,969	8,647

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest held by the Group 2023	% of ownership interest held by the Group 2022	% of ownership interest held by non-controlling interests 2023	% of ownership interest held by non-controlling interests 2022	Principal activities
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") [ii]	Indonesia	60	60	40	40	Cultivation of coconut

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Summarised statements of comprehensive income										
Revenue	-	-	119,099	101,888	-	-	-	-	119,099	101,888
Profit/(loss) for the financial year	900	127	(17,001)	1,689	22	(48)	(8,329)	(307)	(24,408)	1,461
Profit/(loss) for the financial year attributable to:										
- The Company	794	112	(14,110)	1,402	14	(31)	(5,301)	(184)	(18,603)	1,299
- Non-controlling interests	106	15	(2,891)	287	8	(17)	(3,028)	(123)	(5,805)	162
	900	127	(17,001)	1,689	22	(48)	(8,329)	(307)	(24,408)	1,461
Other comprehensive income/(loss) for the financial year	425	2,144	2,122	9,951	(2)	(7)	146	355	2,691	12,443
Other comprehensive income/(loss) for the financial year attributable to:										
- The Company	375	1,891	1,761	8,258	(1)	(4)	87	213	2,222	10,358
- Non-controlling interests	50	253	361	1,693	(1)	(3)	59	142	469	2,085
	425	2,144	2,122	9,951	(2)	(7)	146	355	2,691	12,443
Total comprehensive income/(loss) for the financial year attributable to:										
- The Company	1,169	2,003	(12,349)	9,660	13	(35)	(5,214)	29	(16,381)	11,657
- Non-controlling interests	156	268	(2,530)	1,980	7	(20)	(2,969)	19	(5,336)	2,247
	1,325	2,271	(14,879)	11,640	20	(55)	(8,183)	48	(21,717)	13,904

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

19. **Investment in subsidiaries (continued)**

Summarised financial information of subsidiaries which have non-controlling interests (continued)

	INR		LAK		BGP		WRL		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Summarised statements of financial position										
Non-current assets	139,187	139,187	232,039	250,157	-	-	5,493	10,867	376,719	400,211
Current assets	47,171	44,910	116,310	88,359	1,617	9	313	844	165,411	134,122
Total assets	186,358	184,097	348,349	338,516	1,617	9	5,806	11,711	542,130	534,333
Non-current liabilities	-	-	47,201	65,487	-	-	-	-	47,201	65,487
Current liabilities	938	671	237,511	196,460	1,770	182	1,697	179	241,916	197,492
Total liabilities	938	671	284,712	261,947	1,770	182	1,697	179	289,117	262,979
Net assets/(liabilities)	185,420	183,426	63,637	76,569	(153)	(173)	4,109	11,532	253,013	271,354
Equity attributable to:										
- The Company	164,103	162,265	52,966	63,368	(99)	(112)	2,465	6,919	219,435	232,440
- Non-controlling interests	21,317	21,161	10,671	13,201	(54)	(61)	1,644	4,613	33,578	38,914
	185,420	183,426	63,637	76,569	(153)	(173)	4,109	11,532	253,013	271,354
Summarised statements of cash flows										
Net cash flows from/(used in) operating activities	51	21	26,496	17,385	57	(1)	1,824	(330)	28,428	17,075
Net cash flows used in investing activities	-	-	(14,265)	(13,570)	-	-	(1,836)	(2,166)	(16,101)	(15,736)
Net cash flows used in financing activities	-	-	(8,956)	(5,907)	-	-	-	-	(8,956)	(5,907)
Net increase/(decrease) in cash and cash equivalents	51	21	3,275	(2,092)	57	(1)	(12)	(2,496)	3,371	(4,568)
Effect of foreign exchange rate changes	(1)	4	392	410	2	1	4	89	397	504
Cash and cash equivalents at beginning of financial year	61	36	6,552	8,234	9	9	318	2,725	6,940	11,004
Cash and cash equivalents at end of financial year	111	61	10,219	6,552	68	9	310	318	10,708	6,940

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(Continued)

20. Intangible asset

	Group 2023 RM'000	Group 2022 RM'000
At cost:		
At beginning of financial year	30,057	30,044
Exchange differences	4	13
At end of financial year	30,061	30,057
Accumulated amortisation and impairment losses:		
At beginning of financial year	29,823	17,482
Amortisation for the financial year capitalised in bearer plants (Note 16(b))	5	5
Impairment recognised in statements of comprehensive income (Note 10(a))	-	12,336
At end of financial year	29,828	29,823
Analysed as:		
Accumulated amortisation	1,458	1,453
Accumulated impairment losses	28,370	28,370
	29,828	29,823
Net carrying amount	233	234

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 financial year ended 30 April 2021, work in Sulawesi was temporarily halted due to environmental concerns raised by NGOs.

As a result, the planting programme in Sulawesi has been deferred.

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 17.0% (2022: 12.6%) 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 previous financial year ended 30 April 2022 as disclosed in Note 10(a) to the financial statements.

No further impairment of intangible asset was provided during the current financial year.

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 RM252,000 (2022: RM1,590,000)/decrease by RM807,000 (2022: RM2,057,000) respectively.

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For the financial year ended 30 April 2023
(Continued)

21. Other asset

	Group	
	2023 RM'000	2022 RM'000
At cost:		
At beginning of financial year	3,501	3,538
Additions	21	-
Reclassified to property, plant and equipment (Note 16)	-	(230)
Impairment recognised in statements of comprehensive income (Note 10(a))	(3,569)	-
Exchange differences	47	193
At end of financial year	-	3,501

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.

Impairment of other asset

During the financial year ended 30 April 2021, work in Sulawesi was temporarily halted due to environmental concerns raised by NGOs.

As a result, the planting programme in Sulawesi has been deferred.

Currently, the Group has no development plan of agroforestry plantations on an area measuring approximately 59,920 hectares in the Regencies of Tojo Una-Una and Morowali, Province of Central Sulawesi. Accordingly, impairment loss of RM3,569,000 for the other asset has been provided for the current financial year as disclosed in Note 10(a) to the financial statements.

22. Inventories

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost:				
Produce stocks	169	30,649	-	-
Nursery stocks	3,334	4,051	-	61
Estate and palm oil mill stores	15,101	17,629	1,969	2,886
	18,604	52,329	1,969	2,947
At net realisable value:				
Produce stocks	17,684	-	-	-
	36,288	52,329	1,969	2,947

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company was RM84,963,000 (2022: RM44,623,000) and RM16,677,000 (2022: RM12,335,000) respectively.

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23. Biological assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At carrying amount:				
At beginning of financial year	15,939	12,429	6,432	6,306
Transferred to produce stocks	(15,939)	(12,429)	(6,432)	(6,306)
Fair value changes	10,774	15,859	3,345	6,432
Exchange differences	66	80	-	-
At end of financial year	10,840	15,939	3,345	6,432

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.

The key assumptions to determine the fair value are as follows:

	Group		Company	
	2023	2022	2023	2022
Oil palm FFB production (tonne)	34,748	29,426	10,770	10,483
Average FFB selling price (RM/tonne)	685	1,228	731	1,391

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(Continued)

24. Trade and other receivables

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current					
Other receivable:					
Plasma receivables		-	18,356	-	-
Less: Discounting value recognised in statements of comprehensive income (Note 10(a))		-	(2,709)	-	-
	36(a)	-	15,647	-	-
Current					
Trade receivables:	(a)				
Amount due from a subsidiary		-	-	1,640	3,287
Third parties		11,178	18,543	3,832	5,932
		11,178	18,543	5,472	9,219
Other receivables:					
Amounts due from subsidiaries	(b)	-	-	10,258	8,599
Loans to subsidiaries	(c)	-	-	207,750	173,430
Deposits		445	390	340	288
VAT receivable		1,449	1,250	-	-
Prepayments of operating expenses		5,938	2,642	530	403
Interest receivable		72	21	34	14
Plasma receivables	36(a)	76,759	47,859	-	-
Sundry receivables		1,213	1,869	843	685
		85,876	54,031	219,755	183,419
		97,054	72,574	225,227	192,638
Total trade and other receivables		97,054	88,221	225,227	192,638

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

24. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Neither past due nor impaired	11,178	18,543	5,472	9,219

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% (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
In Malaysia				
- income trust funds	50,133	75,103	50,133	75,103

	Company			
	Carrying amount		Fair value	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
In Malaysia				
- income trust funds	22,722	54,289	22,722	54,289

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26. Cash and bank balances

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash at banks and on hand	9,467	7,792	290	288
Deposits with:				
- licensed commercial banks	5,736	37,321	714	9,005
- licensed investment banks	58,467	13,048	18,629	9,236
	73,670	58,161	19,633	18,529

(a) Cash and cash equivalents

For the purpose of statements of cash flows, the cash and cash equivalents as at the reporting date are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	73,670	58,161	19,633	18,529
Less: Deposits with a licensed bank with maturity period of more than 3 months	(5,272)	-	(5,272)	-
Cash and cash equivalents	68,398	58,161	14,361	18,529

(b) 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	
	2023 %	2022 %	2023 %	2022 %
Deposits with:				
- licensed commercial banks				
- maturity period less than 3 months	2.35	1.54	2.53	1.55
- licensed investment banks				
- maturity period less than 3 months	2.96	1.95	2.84	2.05
- maturity period more than 3 months	3.60	-	3.60	-

(c) Varying periods of deposits

The varying periods of deposits at the reporting date are as follows:

	Group		Company	
	2023 days	2022 days	2023 days	2022 days
Deposits with:				
- licensed commercial banks				
- maturity period less than 3 months	4 - 8	6 - 18	6 - 7	7 - 13
- licensed investment banks				
- maturity period less than 3 months	6 - 38	29 - 30	6 - 28	29 - 30
- maturity period more than 3 months	122 - 124	-	122 - 124	-

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

27. Share capital

	Group and Company			
	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 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.

28. Foreign currency translation reserve

	Group	
	2023 RM'000	2022 RM'000
At beginning of financial year	(6,026)	(16,387)
Other comprehensive income:		
Exchange differences on translation of foreign operations	2,552	12,482
Less: non-controlling interests	(475)	(2,121)
	2,077	10,361
At end of financial year	(3,949)	(6,026)

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.

29. Retained earnings

The Company may distribute dividends out of its entire retained profits as of 30 April 2023 and 30 April 2022 under the single-tier system.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

30. Bank borrowings

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Secured:				
Term loan (in IDR)	-	43,044	-	-
Current				
Secured:				
Term loan (in IDR) *	43,618	9,094	-	-
Revolving credits (in USD)	66,878	65,250	66,878	65,250
	110,496	74,344	66,878	65,250
Total bank borrowings	110,496	117,388	66,878	65,250
Analysis by type of bank borrowings:				
Secured:				
Term loan (in IDR)	43,618	52,138	-	-
Revolving credits (in USD)	66,878	65,250	66,878	65,250
	110,496	117,388	66,878	65,250
Analysis by maturity:				
- Less than one year	110,496	74,344	66,878	65,250
- More than one year and less than two years	-	10,913	-	-
- More than two years and less than five years	-	29,706	-	-
- More than five years	-	2,425	-	-
	110,496	117,388	66,878	65,250

* The term loan in IDR amounting to RM43,618,000 for an Indonesian subsidiary has been classified under current liabilities at the reporting date as such Indonesian subsidiary did not comply with certain financial covenants set by the lending bank during the current financial year.

However, as of the date of signing the audited financial statements, the lending bank did not issue any letter to request the immediate repayment of the said term loan. As such, the Indonesian subsidiary shall continue to repay the monthly instalments and interest based on the existing repayment schedule. The last monthly instalment of the said term loan shall fall on October 2027.

(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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

30. Bank borrowings (continued)

(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 40(a). In addition, certain buildings and plant and machinery of a subsidiary with net carrying amount of RM61,674,000 (2022: RM66,389,000) were pledged to secure this IDR term loan as disclosed in Note 16(a)(ii).

(c) Changes in liabilities arising from financing activities

	At 1 May 2022 RM'000	Repayment RM'000	Exchange differences RM'000	At 30 April 2023 RM'000
2023				
Group				
Term loan	52,138	(8,956)	436	43,618
Revolving credits	65,250	-	1,628	66,878
	117,388	(8,956)	2,064	110,496
Company				
Revolving credits	65,250	-	1,628	66,878

	At 1 May 2021 RM'000	Repayment RM'000	Exchange differences RM'000	At 30 April 2022 RM'000
2022				
Group				
Term loan	55,096	(5,907)	2,949	52,138
Revolving credits	69,658	(8,739)	4,331	65,250
	124,754	(14,646)	7,280	117,388
Company				
Revolving credits	69,658	(8,739)	4,331	65,250

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

31. Lease liabilities

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of financial year	7,951	7,459	1,197	-
Additions (Note 17(b))	1,687	1,211	690	1,211
Accretion of interest recognised in statements of comprehensive income (Note 9)	500	429	83	4
Termination of lease liabilities	(5,591)	-	-	-
Payment of principal portion	(1,053)	(719)	(224)	(14)
Payment of interest	(500)	(429)	(83)	(4)
At end of financial year	2,994	7,951	1,663	1,197

Breakdown:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current	590	925	286	176
Non-current	2,404	7,026	1,377	1,021
	2,994	7,951	1,663	1,197

Analysis by maturity:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
- Less than one year	590	925	286	176
- More than one year and less than two years	628	981	303	186
- More than two years and less than five years	1,625	3,031	1,005	623
- More than five years	151	3,014	69	212
	2,994	7,951	1,663	1,197

32. Retirement benefit obligation

	Group	
	2023 RM'000	2022 RM'000
At beginning of financial year	1,037	805
Expenses recognised in statements of comprehensive income (Note 11)	12	199
- Current service cost	468	411
- Interest cost	74	53
- Settlement cost	(530)	(199)
- Adjustment during the current financial year	-	(66)
Actuarial loss recognised in other comprehensive income	44	265
Payment during the financial year	(48)	(282)
Exchange differences	14	50
At end of financial year	1,059	1,037
Present value of obligation/recognised liability for retirement benefit obligation	1,059	1,037

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

32. Retirement benefit obligation (continued)

(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 2023 and 30 April 2022 are determined based on the actuarial valuations performed by an independent actuary on 26 June 2023 and 23 June 2022 respectively.

(c) Principal actuarial assumptions used at the reporting date in respect of the Group's defined benefit plan are as follows:

	2023	2022
Discount rate (% p.a.)	5.94 - 7.10	4.18 - 7.46
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	
		2023 RM'000	2022 RM'000
Discount rate	+ 1%	(433)	(391)
	- 1%	538	470
Future salary	+ 1%	542	473
	- 1%	(428)	(388)

33. Deferred tax liabilities

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of financial year	196,272	198,983	78,684	80,430
Recognised in statements of comprehensive income (Note 13)	(1,981)	(3,879)	914	(1,746)
Recognised in other comprehensive income	(10)	(50)	-	-
Exchange differences	359	1,218	-	-
At end of financial year	194,640	196,272	79,598	78,684
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	194,640	196,272	79,598	78,684
	194,640	196,272	79,598	78,684

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

33. Deferred tax liabilities (continued)

Deferred tax as at 30 April relates to the following:

	At 1 May 2022 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 2023 RM'000
Group					
2023					
Deferred tax assets:					
Provisions	(2,584)	1,075	(10)	3	(1,516)
Lease liabilities	(1,907)	1,189	-	-	(718)
Unabsorbed capital allowances and tax losses	(7,132)	(2,523)	-	(167)	(9,822)
	(11,623)	(259)	(10)	(164)	(12,056)
Deferred tax liabilities:					
Foreign source interest income	-	2,331	-	-	2,331
Property, plant and equipment	58,023	186	-	201	58,410
Right-of-use assets	146,075	(2,976)	-	310	143,409
Biological assets	3,797	(1,263)	-	12	2,546
	207,895	(1,722)	-	523	206,696
	196,272	(1,981)	(10)	359	194,640

	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	(126)	(1,781)	-	-	(1,907)
Unabsorbed capital allowances and tax losses	(8,677)	1,961	-	(416)	(7,132)
	(9,853)	(1,273)	(50)	(447)	(11,623)
Deferred tax liabilities:					
Property, plant and equipment	59,959	(2,342)	-	406	58,023
Right-of-use assets	145,922	(1,089)	-	1,242	146,075
Biological assets	2,955	825	-	17	3,797
	208,836	(2,606)	-	1,665	207,895
	198,983	(3,879)	(50)	1,218	196,272

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

33. Deferred tax liabilities (continued)

	At 1 May 2022 RM'000	Recognised in statements of comprehensive income (Note 13) RM'000	At 30 April 2023 RM'000
Company			
2023			
Deferred tax assets:			
Provisions	(977)	175	(802)
Lease liabilities	(287)	(112)	(399)
	(1,264)	63	(1,201)
Deferred tax liabilities:			
Foreign source interest income	-	2,331	2,331
Property, plant and equipment	29,118	236	29,354
Right-of-use assets	49,287	(975)	48,312
Biological assets	1,543	(741)	802
	79,948	851	80,799
	78,684	914	79,598

	At 1 May 2021 RM'000	Recognised in statements of comprehensive income (Note 13) RM'000	At 30 April 2022 RM'000
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

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

34. Trade and other payables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables:	(a)				
Third parties		15,649	17,435	1,972	2,234
Other payables:	(a)				
Advance from customers		545	910	-	-
Directors' fees and other emoluments		1,295	1,325	1,012	1,055
Amount due to a subsidiary	(b)	-	-	-	162
Loan from a subsidiary	(c)	-	-	500	500
Balance outstanding on acquisition of land		596	596	-	-
Balance outstanding on acquisition of office lots		-	188	-	-
Interest payable		368	303	145	75
Accruals and sundry payables		46,912	42,869	9,522	9,623
		49,716	46,191	11,179	11,415
		65,365	63,626	13,151	13,649

(a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days (2022: 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 (2022: 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 RM289,169,000 (2022: RM292,974,000) as disclosed in Note 17(a). The loan is repayable on demand.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

35. 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Subsidiaries				
- Sale of oil palm fresh fruit bunches	-	-	32,519	27,040
- Administrative expenses charged	-	-	5,879	5,690
- Loans to subsidiaries	-	-	23,821	28,799
- Purchase of property, plant and equipment	-	-	-	279
- Sale of property, plant and equipment	-	-	-	70
Companies in which certain directors of the Company are directors				
- Sale of oil palm fresh fruit bunches	575	1,296	160	339
- Purchase of oil palm fresh fruit bunches	-	1,640	-	-
- Purchase of fertiliser	4,805	2,176	2,164	1,155
Company in which certain director of the Company is director of its Holding Company				
- Purchase of property, plant and equipment and related maintenance service	1,132	-	-	-

(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 2023 and 30 April 2022:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Companies in which certain directors of the Company are directors				
- Trade receivables	-	1,296	-	339
- Trade payable	1,411	583	723	370
Company in which certain director of the Company is director of its Holding Company				
- Other payable	57	-	-	-

Notes to the Financial Statements
For the financial year ended 30 April 2023
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35. Related party disclosures (continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management, being the Chief Executive Officer, Chief Financial Officer, Head of Group Administration & Corporate Affairs and Human Resource, Head of Group Audit, General Manager (Plantation) and Acting Head of Engineering/Mill Controller, during the financial year were as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Short-term employee benefits	3,610	4,370	3,382	3,494
Contributions to defined contribution plan	356	366	356	366
Social security contributions	5	5	5	5
	3,971	4,741	3,743	3,865

Included in the total compensation of key management personnel of the Group and of the Company was executive director's remuneration amounting to RM286,000 (2022: Nil) respectively and non-executive directors' remuneration amounting to RM1,129,000 (2022: RM1,325,000) and RM901,000 (2022: RM1,055,000) respectively as disclosed in Note 12.

36. 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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

36. Commitments (continued)

(a) Plasma receivables (continued)

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	
	2023 RM'000	2022 RM'000
At beginning of financial year	63,506	55,859
Additional maintenance costs, net of proceeds from fresh fruit bunches	8,874	6,468
Depreciation of property, plant and equipment charged (Note 16)	502	569
Reversal of discounting value of Plasma receivables (Note 8)	2,715	-
Discounting value of Plasma receivables (Note 10(a))	-	(2,709)
Exchange differences (IDR to RM)	1,162	3,319
At end of financial year	76,759	63,506
Breakdown:		
Non-current (Note 24)	-	15,647
Current (Note 24)	76,759	47,859
	76,759	63,506

(b) Capital commitments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure approved and contracted for:				
Bearer plants	831	2,341	-	-
Purchase of other property, plant and equipment	18,279	16,525	10,349	3,789
	19,110	18,866	10,349	3,789
Capital expenditure approved but not contracted for:				
Bearer plants	18,695	26,393	1,566	1,025
Construction of new palm oil mill - Malaysia	56,279	-	-	-
Purchase of other property, plant and equipment	45,984	45,419	16,501	14,089
	120,958	71,812	18,067	15,114
	140,068	90,678	28,416	18,903

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For the financial year ended 30 April 2023
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37. 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 net reversal of impairment/ impairment of bearer plants, impairment of intangible asset and other asset, reversal of discounting value/discounting value of Plasma receivables and loss on termination of lease liabilities 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.

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
2023			
Revenue:			
Total sale of oil palm products	689,046	-	689,046
Inter-company sales	(84,549)	-	(84,549)
Total revenue	604,497	-	604,497
Results:			
Segment results	78,151	2,010	80,161
Net reversal of impairment of bearer plants			3,816
Reversal of discounting value of Plasma receivables			2,715
Impairment of other asset			(3,569)
Loss on termination of lease liabilities			(611)
Margin loss on termination of lease liabilities			(291)
Profit before tax			82,221
Taxation			(26,700)
Profit for the financial year			55,521

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

37. 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
2023 (continued)			
Assets:			
Segment assets	1,718,068	123,875	1,841,943
Other segment information:			
Material income			
Interest income	-	2,368	2,368
Management fee received	1,071	-	1,071
Net unrealised foreign exchange gain	-	1,730	1,730
Net fair value gains on short term funds:			
- realised	-	316	316
- unrealised	-	689	689
Material expenses			
Depreciation of property, plant and equipment	48,954	-	48,954
Depreciation of right-of-use assets	14,882	-	14,882
Fair value changes on biological assets (net)	5,165	-	5,165
Interest expense	4,455	3,065	7,520
Additions to non-current assets			
Purchase of property, plant and equipment	54,109	-	54,109
Additions of right-of-use assets	39,130	-	39,130
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

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For the financial year ended 30 April 2023
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37. 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
2022 (continued)			
Assets:			
Segment assets	1,702,417	133,285	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	4,250	1,414	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

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	485,398	452,074	1,126,312	1,093,478
Indonesia	119,099	101,888	443,695	468,118
	604,497	553,962	1,570,007	1,561,596

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

37. Segment information (continued)

(b) Geographical segments (continued)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2023 RM'000	2022 RM'000
Property, plant and equipment	681,180	671,298
Right-of-use assets	806,120	788,442
Goodwill on consolidation	82,474	82,474
Intangible asset	233	234
Other asset	-	3,501
Trade and other receivables	-	15,647
	1,570,007	1,561,596

38. Financial assets and liabilities

(a) Financial assets

Financial assets measured at amortised cost

Total financial assets measured at amortised cost of the Group and of the Company at the reporting date consist of the following:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade and other receivables *	24	91,116	85,579	224,697	192,235
Cash and bank balances	26	73,670	58,161	19,633	18,529
		164,786	143,740	244,330	210,764

* Excluding prepayments of the Group and of the Company amounting to RM5,938,000 (2022: RM2,462,000) and RM530,000 (2022: RM403,000) which are not recoverable in cash.

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:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Short term funds	25	50,133	75,103	22,722	54,289

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For the financial year ended 30 April 2023
(Continued)

38. Financial assets and liabilities (continued)

(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:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Bank borrowings	30	110,496	117,388	66,878	65,250
Lease liabilities	31	2,994	7,951	1,663	1,197
Trade and other payables	34	65,365	63,626	13,151	13,649
		178,855	188,965	81,692	80,096

39. 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:

<u>Level 1</u>
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

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

<u>Level 3</u>
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(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 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Fair value Level 1					
Short term funds	25	50,133	75,103	22,722	54,289

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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

39. Fair value measurement (continued)

(b) Financial instruments that are not measured at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2023				
Financial liabilities:				
Lease liabilities	2,994	3,263	1,663	1,817
2022				
Financial liabilities:				
Lease liabilities	7,951	9,186	1,197	1,331

(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 *	38(a)
Bank borrowings	38(b)
Trade and other payables	38(b)

* Excluding prepayments.

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.

39. Fair value measurement (continued)

(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	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fair value Level 3					
Biological assets	23	10,840	15,939	3,345	6,432

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.

40. 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.

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

40. 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	
	2023	**2022**	**2023**	**2022**
	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))	43,618	52,138	43,618	52,138
Corporate guarantees for bank borrowing facilities granted by financial institution to cooperatives under Plasma Scheme in Indonesia	53,362	62,600	-	-
	96,980	114,738	43,618	52,138

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 2023
(Continued)

40. 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 2023				
Group				
Bank borrowings	116,949	-	-	116,949
Lease liabilities	759	2,564	154	3,477
Trade and other payables	65,365	-	-	65,365
Total undiscounted financial liabilities	183,073	2,564	154	185,791
Company				
Bank borrowings	71,004	-	-	71,004
Lease liabilities	377	1,487	70	1,934
Trade and other payables	13,151	-	-	13,151
Total undiscounted financial liabilities	84,532	1,487	70	86,089
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 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.

Notes to the Financial Statements
For the financial year ended 30 April 2023
(Continued)

40. 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 loan 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 2023. 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.

<u>Sensitivity analysis for interest rate risk</u>

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 RM105,000 (2022: RM201,000) and RM276,000 (2022: RM173,000) lower/higher respectively, arising mainly as a result of higher/lower interest expense on term loan 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 RM66,878,000 (2022: RM65,250,000). The Group's and the Company's exposure to foreign currency changes for all other currencies is not material.

<u>Sensitivity analysis for foreign currency risk</u>

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 2023: USD1 = RM4.4585; 2022: USD1 = RM4.3500), assuming all other variables remain unchanged, is RM669,000 (2022: RM653,000).

(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 2023
(Continued)

40. 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Increase/(decrease) on profit net of tax				
Malaysian operations				
Base CPO price:				
2023: RM4,387				
2022: RM4,706				
- CPO price 10% higher	21,581	18,980	9,362	8,783
- CPO price 10% lower	(21,363)	(20,017)	(9,254)	(9,241)
Base PK price:				
2023: RM2,309				
2022: RM3,441				
- PK price 10% higher	2,740	3,646	1,180	1,646
- PK price 10% lower	(2,740)	(3,646)	(1,180)	(1,646)
Indonesian operations				
Base CPO price:				
2023: RM3,386				
2022: RM3,613				
- CPO price 10% higher	3,063	3,444	-	-
- CPO price 10% lower	(3,063)	(3,444)	-	-
Base PK price:				
2023: RM1,952				
2022: RM2,504				
- PK price 10% higher	269	326	-	-
- PK price 10% lower	(269)	(326)	-	-

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

40. Financial risk management objective and policies (continued)

(e) Market price risk (continued)

(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.

<u>Sensitivity analysis for equity price risk</u>

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:

	2023		2022	
	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%	5,013	5,013	7,510	7,510
- Market value - 10%	(5,013)	(5,013)	(7,510)	(7,510)
Company				
Short term funds				
Investment in income trust funds				
- Market value + 10%	2,272	2,272	5,429	5,429
- Market value - 10%	(2,272)	(2,272)	(5,429)	(5,429)

Notes to the Financial Statements

For the financial year ended 30 April 2023
(Continued)

41. 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 2023 and 30 April 2022.

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.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Bank borrowings	30	110,496	117,388	66,878	65,250
Lease liabilities	31	2,994	7,951	1,663	1,197
Trade and other payables	34	65,365	63,626	13,151	13,649
Less: - Cash and bank balances	26	(73,670)	(58,161)	(19,633)	(18,529)
- Short term funds	25	(50,133)	(75,103)	(22,722)	(54,289)
Net debt		55,052	55,701	39,337	7,278
Equity attributable to owners of the Company		1,433,811	1,401,901	1,037,679	1,092,227
Capital and net debt		1,488,863	1,457,602	1,077,016	1,099,505
Gearing ratio		4%	4%	4%	1%

42. Significant event and event occuring after reporting date

Extension of leasehold land in Machap Estate

The Melaka State Government approved the Company's application to extend the lease tenure of three pieces of leasehold land in Machap Estate, measuring about 315 hectares, out of a total of 378 hectares for another 99 years for a premium sum of RM37,443,000, subject to the governing policy of the applicant handing over part of the land in a ratio of 1/6 to the Melaka State Government. As of 30 April 2023, the Company paid the premium sum of RM37,443,000 (Note 17).

The Company had applied to lease the 1/6 land area measuring 63 hectares but was unsuccessful. On 20 July 2023, the Company handed over 63 hectares of land to the Melaka State Government.

As a result, the Company will depreciate the carrying amount of property, plant and equipment and right-of-use assets amounting to RM295,000 and RM131,000, respectively, in the first quarter of the financial year ending 30 April 2024.

43. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 April 2023 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 August 2023.

LIST OF PROPERTIES HELD

As at 30 April 2023

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2023 RM'000
MALAYSIA					
Machap Estate Alor Gajah P.O. 78000 Alor Gajah Melaka	Freehold Leasehold (expiring on: 20-12-2024^ 25-04-2025^ 21-03-2038 22-10-2048 25-10-2053)	311.8 221.8 156.4 348.4 20.3 126.2	Oil palm estate	2017 *	94,701
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	866.9	Oil palm estate	2017 *	54,482
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.7	Oil palm estate	2017 *	46,443
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 *	76,061
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 *	67,690
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 *	69,134
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 *	126,551

List of Properties Held

As at 30 April 2023
(Continued)

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2023 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 *	91,964
Millian-Labau Estates 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 *	406,222
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: 17 years)	2017 *	9,805
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: 13 years)	2017 *	1,132
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: 22 years)	2017 *	733
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands, Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 36 years)	2017 *	505
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: 23 years)	2017 *	630

List of Properties Held

As at 30 April 2023
(Continued)

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2023 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 *	341,783
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: 4 years)	2020	3,923
TOTAL					**1,391,759**

Include freehold land, bearer plants, buildings, long term leasehold land and prepaid land lease payments.

^ As of 30 April 2023, the Company obtained a new lease tenure of another 99 years for 315 hectares out of 378 hectares of these leasehold lands at a premium sum of RM37,443,000. On 20 July 2023, the Company handed over 63 hectares of the land to the Melaka State Government to comply with the governing policy requiring the applicant to hand over part of the land in a ratio of 1/6 when applying for new lease tenure. As of 31 July 2023, the new land titles for the 315 hectares of leasehold land are still in the process of issuance by the Land Office. Therefore, the list of properties held as of 30 April 2023 still shows the land area at 378 hectares, i.e. 221.8 and 156.4 hectares, respectively.

ANALYSIS OF SHAREHOLDINGS

As at 31 July 2023

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	224	10,799	0.005
100 to 1,000	832	650,687	0.310
1,001 to 10,000	3,705	14,846,392	7.077
10,001 to 100,000	1,062	28,545,017	13.608
100,001 to less than 5% of issued shares	138	88,981,119	42.419
5% and above of issued shares	5	76,735,187	36.581
	5,966	**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	58,402,078	27.84
Dato' Sri Tee Lip Sin	1,868,400	0.89	62,572,578	29.83
Han Kee Juan	140,000	0.07	243,400	0.12
Datin Noor Azimah Binti Abd. Rahim	-	-	-	-

Name of Chief Executive Officer	Direct shareholdings	% of issued shares	Indirect shareholdings	% of issued shares
Young Lee Chern	-	-	-	-

Analysis of Shareholdings

As at 31 July 2023
(Continued)

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
Prosper Capital Holdings Sdn. Bhd.	27,559,700	12,207,178*1	39,766,878	18.96
Oversea-Chinese Banking Corporation Limited	-	28,185,701*2	28,185,701	13.44
Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	-	28,185,701	13.44
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
Prosper Trading Sdn. Bhd.	12,207,178	-	12,207,178	5.82
Datin Paduka Tan Siok Choo	4,527,197	7,641,343*3	12,168,540	5.80

1. Prosper Capital Holdings Sdn. Bhd. is deemed interested by indirect interest through Prosper Trading Sdn. Bhd..
2. Oversea-Chinese Banking Corporation Limited is deemed interested by indirect interest through Malaysia Nominees (Tempatan) Sdn. Bhd. - for Great Eastern Life Assurance (Malaysia) Berhad.
3. Datin Paduka Tan Siok Choo is deemed interested by virtue of interests of her siblings and 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)	Prosper Capital Holdings Sdn. Bhd.	17,959,800	8.56
3)	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	15,944,686	7.60
4)	Cheekah-Kemayan Plantations Sdn. Bhd.	13,018,700	6.21
5)	Prosper Trading Sdn. Bhd.	10,656,678	5.08
6)	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Prosper Capital Holdings Sdn. Bhd.	9,599,900	4.58
7)	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt An for Bank of Singapore Limited (Foreign)	7,514,000	3.58
8)	Tan Siok Lee	3,979,738	1.90
9)	Datin Paduka Tan Siok Choo	3,900,197	1.86
10)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	3,600,138	1.72

Analysis of Shareholdings

As at 31 July 2023
(Continued)

		No. of shares	% of issued shares
11)	Tan Siok Eng	3,502,480	1.67
12)	Azimat Pelangi Sdn. Bhd.	3,469,400	1.65
13)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (Par 1 ACB Fund)	2,895,200	1.38
14)	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt An for OCBC Securities Private Limited (Client A/C-NR)	2,620,093	1.25
15)	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (SHF)	2,535,040	1.21
16)	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (M09)	2,124,800	1.01
17)	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tee Lip Jen (E-KLG)	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)	CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt An for DBS Bank LTD (SFS-PB)	1,791,000	0.85
21)	Tan Kee Lock Sdn. Bhd.	1,600,000	0.76
22)	Prosper Trading Sdn. Bhd.	1,550,500	0.74
23)	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tee Lip Hian (E-KLG)	1,480,000	0.71
24)	Mergeboom (M) Sdn. Bhd.	1,099,500	0.52
25)	Tee Chain Yee	1,074,500	0.51
26)	Chee Bay Hoon & Co. Sdn. Bhd.	1,060,000	0.51
27)	Tee Cheng Hua Holdings Sdn. Bhd.	1,000,000	0.48
28)	Amanahraya Trustees Berhad - Public Smallcap Fund	913,800	0.44
29)	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	902,000	0.43
30)	Tee Lip Chuan	880,400	0.42
		141,430,072	**67.43**

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

FORM OF PROXY

I/We ....
(FULL NAME IN CAPITAL)

NRIC/Company No .... Tel No ....

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 109th Annual General Meeting of the Company to be held at Level 1, AMES Hotel, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Wednesday, 27 September 2023 at 11.30 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 2023.		
No. 2	Approval for payment of Directors' remuneration (excluding Directors' fees) for the financial year ended 30 April 2023.		
No. 3	Re-election of Mr. Ong Keng Siew, a Director retiring by rotation in accordance with Clause 130 of the Company's Constitution.		
No. 4	Re-election of Mr. Tee Cheng Hua, a Director retiring by rotation in accordance with Clause 130 of the Company's Constitution.		
No. 5	Election of Datin Noor Azimah Binti Abd. Rahim, a Director retiring in accordance with Clause 135 of the Company's Constitution.		
No. 6	Appointment of Messrs. Crowe Malaysia PLT as the Company's Auditors in place of Messrs. Ernst & Young PL, and fixing of their remuneration.		

Dated this .... day of 2023

No. of Shares Held	
CDS Account No.	

....
(Signature(s)/Common Seal of Shareholder)

Notes:

1. *Only members whose name registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 20 September 2023 shall be eligible to attend and vote at the 109th 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.*

Please Fold Here

Affix
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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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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