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

Annual Report **2020**

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This Annual Report is viewable on the Company's website at www.unitedmalacca.com.my and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 106th Annual General Meeting of the Company will be held at Grand Ballroom, Level 13, Double Tree Hotel by Hilton Melaka, Jalan Melaka Raya 23, Hatten City, 75000 Melaka on Tuesday, 29 September 2020 at 10.00 a.m. for the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2020 and the Reports of the Directors and Auditors. **Please refer Note 6**
2. To approve the payment of fees amounting to RM778,200 to the Directors of the Company and its subsidiaries for the financial year ended 30 April 2020. *(Refer Note 7)* **[Resolution 1]**
3. To approve the payment of remuneration (excluding Directors' fees) amounting to RM431,032 to the Directors of the Company for the financial year ended 30 April 2020. *(Refer Note 8)* **[Resolution 2]**
4. To re-elect the following Directors who retire by rotation pursuant to Clause 130 of the Company's Constitution:-
   (a) Mr. Teo Leng **[Resolution 3]**
   (b) Dato Dr. Nik Ramlah Binti Nik Mahmood **[Resolution 4]**
   (c) Mr. Ong Keng Siew **[Resolution 5]**

   To record the retirement of Tan Sri Dato' Ahmad Bin Mohd Don who retires pursuant to Clause 130 of the Company's Constitution and has decided not to seek re-election. He will remain a Director until the conclusion of the 106th Annual General Meeting.
5. To elect Mr. Tee Cheng Hua who retires pursuant to Clause 135 of the Company's Constitution. **[Resolution 6]**
6. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the financial year ending 30 April 2021 and to authorise the Board of Directors to determine their remuneration. **[Resolution 7]**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution with or without amendment as an Ordinary Resolution:-

7. **ORDINARY RESOLUTION**
   Approval for Mr. Tan Jiew Hoe to continue in office as an Independent Non-Executive Director

   "THAT approval be and is hereby given to Mr. Tan Jiew Hoe who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years shall continue in office as an Independent Non-Executive Director of the Company." **[Resolution8]**
8. To transact any other business of which due notice has been given.

By Order of the Board
Yong Yoke Hiong (SSM PC No. 201908001562) (MAICSA 7021707)
Pang Poh Chen (SSM PC No. 201908001514) (MACS 01405)
Company Secretaries
Melaka

Date: 28 August 2020

Notice of Annual General Meeting (cont'd)

NOTES:

(1) The 106th Annual General Meeting will be held at Grand Ballroom, Level 13, Double Tree Hotel by Hilton, Melaka which provides a larger space to facilitate social distancing amid the current COVID-19 pandemic.

To minimise the risk of infecting attendees at the 106th Annual General Meeting, the Company will take the following **precautionary measures:-**

1. All persons attending the AGM must undergo a temperature check and wear a mask;
2. All attendees should use hand sanitisers provided at places accessible to all;
3. All attendees should observe social distancing of at least 1 metre; and
4. Any person who displays Covid-19 symptoms or shows a body temperature of 37.5°C or more will not be allowed to attend the AGM.

The Company seeks the cooperation of all shareholders and other attendees to adhere to the precautionary measures.

(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 Annual General Meeting. Where a member appoints two (2) proxies, both appointments shall be invalid unless the member states the number of shares to be represented by each proxy.

(3) A proxy is valid only if the document appointing a proxy is deposited at the Registered Office of the Company at United Malacca Berhad Building, 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than twenty-four hours before the time appointed for holding the Annual General Meeting or any adjournment.

(4) Only members whose names appear in the Register of Members or are registered in the General Meeting Record of Depositors of proxies on or before 5.00 p.m. on 21 September 2020 shall be eligible to attend the Annual General Meeting.

(5) **Voting by poll**

Pursuant 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 106th AGM will be put to vote by poll.

(6) **Agenda 1**

The Audited Financial Statements for the financial year ended 30 April 2020 will be presented at the Company's Annual General Meeting in accordance with Section 340(1)(a) of the Companies Act, 2016. Agenda 1 is to present the Financial Statements together with the accompanying Reports to shareholders for discussion only. No voting is required.

(7) **Agenda 2**

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

Fees totalling RM778,200 payable to the Directors of the Company and its subsidiaries for the financial year ended 30 April 2020 are based on the existing quantum of Directors' fees listed in the table below:-

Directors' fees*	Since 2018
Non-Executive Chairperson	RM100,000 per annum
Non-Executive Director	RM60,000 per annum

*in relation to United Malacca Berhad

(8) **Agenda 3**

Remuneration (excluding Directors' fees) payable to the Directors of the Company for the financial year ended 30 April 2020 comprise the following:-

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

Resolution 2 seeks shareholders' approval to pay remuneration (excluding Directors' fees) totalling RM431,032 to the Non-Executive Chairperson and Non-Executive Directors for the financial year ended 30 April 2020.

(9) **Explanatory Note on Special Business**

Ordinary Resolution No. 8

The Nomination and Remuneration Committee conducted an annual performance evaluation and assessment of Mr. Tan Jiew Hoe, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years. The Board is of the opinion that given the Company's core business is planting oil palms that mature in four years and reach prime age in seven years, long-serving directors are appropriate for plantation companies where a long-term prospective is paramount. Therefore, the Board recommends retaining Mr. Tan Jiew Hoe as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF THE 106TH ANNUAL GENERAL MEETING

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

The Director who is standing for election is Mr. Tee Cheng Hua.

Further details of Mr. Tee can be found in the Profile of Directors on page 13 of this Annual Report. His holding of shares, direct or indirect in United Malacca Berhad, is listed in the Analysis of Shareholdings on page 223 of this Annual Report.

The following Directors whose profile are as set out on pages 10 to 12 of the Annual Report are standing for re-election:-

(1) Mr. Teo Leng
(2) Dato Dr. Nik Ramlah Binti Nik Mahmood
(3) Mr. Ong Keng Siew

Mr. Tan Jiew Hoe, whose profile is set out on page 9 of the Annual Report is seeking to continue as an Independent Non-Executive Director.

The details of Directors' attendance at Board Meetings held during the financial year ended 30 April 2020 are as follows:-

Directors	Attendance
Datin Paduka Tan Siok Choo	5 of 5 Meetings
Tan Sri Dato' Ahmad Bin Mohd Don	5 of 5 Meetings
Mr. Tan Jiew Hoe	5 of 5 Meetings
Mr. Teo Leng	5 of 5 Meetings
Dato Dr. Nik Ramlah Binti Nik Mahmood	5 of 5 Meetings
Mr. Ong Keng Siew	5 of 5 Meetings
Mr. Tee Cheng Hua (appointed on 1 October 2019)	1 of 1 Meeting

GROUP HIGHLIGHTS

	2020	2019
PRODUCTION		
	tonne	**tonne**
Crude palm oil	105,307	52,693
Palm kernel	21,696	13,195
Fresh fruit bunches	362,096	353,613
FINANCIAL		
	RM'000	**RM'000**
Revenue	293,982	203,741
Profit/(Loss):		
Before tax	8,281	(48,892)
Net of tax	14,554	(41,175)
Profit/(Loss) net of tax attributable to:		
Owners of the Company	16,307	(39,027)
Non-controlling interests	(1,753)	(2,148)
	14,554	(41,175)
	Sen	**Sen**
Earnings/(Loss) per share attributable to owners of the Company:		
Basic/Diluted	7.78	(18.61)
Dividend per share:		
Gross/Net	8.00	8.00
	RM'000	**RM'000**
Total assets	1,791,003	1,855,242
	RM	**RM**
Net assets per share attributable to owners of the Company	6.28	6.29

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Tan Sri Dato' Ahmad Bin Mohd Don
Senior Independent Non-Executive Director

Mr. Tan Jiew Hoe
Independent Non-Executive Director

Mr. Teo Leng
Non-Independent Non-Executive Director

Dato Dr. Nik Ramlah Binti Nik Mahmood
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
Alternate Director to Mr. Tee Cheng Hua

AUDIT COMMITTEE

Mr. Ong Keng Siew *(Chairman)*
Tan Sri Dato' Ahmad Bin Mohd Don
Mr. Tan Jiew Hoe
Dato Dr. Nik Ramlah Binti Nik Mahmood

NOMINATION AND REMUNERATION COMMITTEE

Dato Dr. Nik Ramlah Binti Nik Mahmood *(Chairperson)*
Tan Sri Dato' Ahmad Bin Mohd Don
Mr. Tan Jiew Hoe
Mr. Ong Keng Siew

TENDER COMMITTEE

Mr. Tee Cheng Hua *(Chairman)*
Datin Paduka Tan Siok Choo
Tan Sri Dato' Ahmad Bin Mohd Don
Mr. Teo Leng

EXECUTIVE COMMITTEE

Mr. Teo Leng *(Chairman)*
Datin Paduka Tan Siok Choo
Mr. Tee Cheng Hua
Mr. Peter Benjamin

SECRETARIES

Ms. Yong Yoke Hiong (Maicsa 7021707)
(SSM Practising Certificate No. 201908001562)
Ms. Pang Poh Chen (Macs 01405)
(SSM Practising Certificate No. 201908001514)

SENIOR MANAGEMENT

Mr. Peter Benjamin
Chief Executive Officer
Mr. Young Lee Chern
Chief Operating Officer / Chief Financial Officer
Ms. Yong Yoke Hiong
Head of Group Administration & Corporate Affairs
En. Abdul Razak Bin Md Aris
Head of Group Audit
Mr. Fabian Fernandez
Head of Engineering / Mill Controller
En. Muhamad Saipul'ilah Bin Che Idris
Plantation Controller
Mr. Winston Chua Eng Meng
General Manager (Plantation) - PT LAK
Ms. Manjeet Kaur A/P Balwant Singh
Senior Manager (Human Resource)

HEAD OFFICE/REGISTERED OFFICE

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

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

DATE AND PLACE OF INCORPORATION

Incorporated on 27 April 1910 in Malaysia

AUDITORS

Ernst & Young PLT
Level 16-1, Jaya99, 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

Chairperson & Non-Independent Non-Executive Director

A Malaysian, Datin Paduka Tan Siok Choo, aged 68, is the Chairperson. She joined the Board as an Independent Non-Executive Director on 8 December 1988 and was unanimously elected by the Directors as Chairperson in July 2011. On 17 July 2014, she was re-designated a Non-Independent Non-Executive Director.

A member of the Executive Committee and Tender Committee, she sits on the Board of the Group's subsidiaries: Leong Hin San Sdn Bhd, Meridian Plantations Sdn Bhd, Syarikat Penanaman Bukit Senorang Sdn Bhd, South-East Pahang Oil Palm Berhad and Vintage Plantations Sdn Bhd. She is the President Commissioner of PT Lifere Agro Kapuas as well as a Commissioner of PT Bintang Gemilang Permai, PT Wana Rindang Lestari and PT Usaha Mulia Bahagia, the Group's subsidiaries in Indonesia.

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

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

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

She is a Trustee of the Tun Tan Cheng Lock 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 five Board Meetings held during the financial year ended 30 April 2020.

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 (cont'd)

Tan Sri Dato' Ahmad Bin Mohd Don

Senior Independent Non-Executive Director

Tan Sri Dato' Ahmad Bin Mohd Don, aged 73 and a Malaysian was appointed an Independent Non-Executive Director on 1 October 2006. He is a member of the Audit Committee, Tender Committee as well as member of the Nomination and Remuneration Committee.

He is a Director of International Natural Resources Pte Ltd, the Group's subsidiary in Singapore. He is also a Commissioner of PT Lifere Agro Kapuas, PT Bintang Gemilang Permai and PT Wana Rindang Lestari, the Group's subsidiaries in Indonesia.

Tan Sri Dato' Ahmad graduated with a Bsc. Econ. Honours Degree from the Aberystwyth University, United Kingdom in 1969. He is a Fellow of The Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Dato' Ahmad started his career with the Corp of Accountants, Government of Malaysia between 1972 and 1973 before joining the private sector. Between 1973 and 1980, he served as the Financial Controller in companies such as Syarikat Jengka Sdn. Bhd., Mansfield Berhad as well as Pernas Securities Sdn. Bhd. where he was also the Company Secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as General Manager, Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991 he was appointed the Group Managing Director and Chief Executive Officer, a position which he held until 1994.

Tan Sri Dato' Ahmad was the Governor of Bank Negara Malaysia from May 1994 to August 1998. He was Chairman of Zurich Takaful Malaysia Berhad, Zurich Life Insurance Malaysia Berhad and Hap Seng Plantations Holdings Berhad.

Currently, he is the Chairman and Independent Non-Executive Director of Alliance Bank Malaysia Berhad. He joined Malaysian Genomics Resources Centre Berhad as an Independent Non-Executive Director on 5 May 2020.

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 five Board Meetings held during the financial year ended 30 April 2020.

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 during the financial year.

Profile of Directors (cont'd)

Mr. Tan Jiew Hoe

Independent Non-Executive Director

Mr. Tan Jiew Hoe, aged 73 and a Singaporean, joined the Board as Alternate Director on 9 June 1997 and was subsequently appointed as Director on 30 March 2007. He is a member of the Audit Committee as well as a member of Nomination and Remuneration 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, Mr. Tan was awarded silver medal for 10-19 years' service as a Director of Singapore Chinese Girls School by Ministry of Education. Subsequently in 2010 he received a gold medal for more than 20 years of service as a Director of Singapore Chinese Girls School by Ministry of Education.

He was also awarded Pingat Bakti Masyarakat (PBM) by the President of Singapore in November 2013 for his contributions for the Public Service from the National Parks Board. The award was given in recognition of his 30 years' contribution and support for plant introduction and botany publications.

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

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

He attended all five Board Meetings held during the financial year ended 30 April 2020. 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 during the financial year.

Profile of Directors (cont'd)

Mr. Teo Leng

Non-Independent Non-Executive Director

Mr. Teo Leng, aged 68 and a Malaysian, 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 Chairman of the Executive Committee and a member of the Tender Committee.

He is also a Director of several subsidiaries of the Group in Malaysia and is a Commissioner in PT Lifere Agro Kapuas, PT Bintang Gemilang Permai and PT Wana Rindang Lestari, the Group's subsidiaries in Indonesia.

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

He joined the Malaysian Agricultural Research and Development Institute (MARDI) in 1976 as a Research Officer and began his career at EPA Management Sdn Bhd, a subsidiary of Kulim (Malaysia) Berhad, as an Agronomist in 1983, rising in ranks to the position of Director of Research and Development in January 1996. In January 2002, he was appointed Estate Director (Malaysia), a position 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 pertaining to certification under Roundtable for Sustainable Palm Oil (RSPO) and was also involved in the development and commercialization of Mill Integrated Waste Management System (MIWAMAS), a green technology converting empty fruit bunches and palm oil mill effluent to biocompost.

He has been an active committee member of national associations in the oil palm, rubber and cocoa industry. He was a past Board member of Malaysian Palm Oil Board (MPOB). He was also a Council member of Malaysian Palm Oil Association (MPOA), The Malayan Agricultural Producers Association (MAPA) and Environmental Quality Council (EQC) of Kementerian Sumber Asli & Alam Sekitar. Currently, he is a member of the MPOA Council as well as its Research and Development Main Committee.

Mr. Teo is also an Independent Non-Executive Director of Southern Acids (M) Berhad and director of several other private companies in Malaysia.

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 five Board Meetings held during the financial year ended 30 April 2020.

He has not been convicted of any offence within 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 (cont'd)

Dato Dr. Nik Ramlah Binti Nik Mahmood

Independent Non-Executive Director

Dato Dr. Nik Ramlah Binti Nik Mahmood, aged 64 and a Malaysian, 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 as well as 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 University Malaya and LLM and PhD from University of London.

Dato Dr. Nik Ramlah Binti Nik Mahmood retired as Deputy Chief Executive of Securities Commission Malaysia (SC) in March 2016. Prior to 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 has been instrumental in developing many areas of the capital market. She has extensive experience in areas ranging from regulatory policy, legal reform, product and market development, corporate governance, Islamic capital market, investor education and enforcement.

Dato Dr. Nik Ramlah is a member of the Board of Directors of Perbadanan Insurans Deposit Malaysia (PIDM), the Securities Industry Development Corporation (SIDC) and the Institute for Capital Market Research Malaysia. She is a member of the Financial Services Professional Board and a board member and member of Senate of INCEIF, the global university for Islamic finance.

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

Dato Dr. Nik Ramlah is not related to any Director and/ or major shareholder of United Malacca Berhad and has no personal interest in any business arrangement involving the Company. She attended all five Board Meetings held during the financial year ended 30 April 2020.

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 (cont'd)

Mr. Ong Keng Siew

Independent Non-Executive Director

Mr. Ong Keng Siew, aged 64 and a Malaysian, 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 as well as 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 later assumed the position 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.

He is not related to any Director and/or major shareholder of United Malacca Berhad. He has no personal interest in any business arrangement involving the Company. He attended all five Board Meetings held in the financial year ended 30 April 2020.

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 during the financial year.

Profile of Directors (cont'd)

Mr. Tee Cheng Hua

Non-Independent Non-Executive Director

Mr. Tee Cheng Hua, a Malaysian aged 66 joined United Malacca Berhad as Non-Independent Non-Executive Director on 1 October 2019. He is Chairman of the Tender Committee and a member of the Executive Committee.

Mr. Tee graduated with a Degree in Bachelor of Mechanical Engineering from 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 as well as a Director of Prosper Palm Oil Mill Sdn. Bhd., one of the major shareholders of United Malacca Berhad.

Mr. Tee is the Chairman of Future Prelude Sdn Bhd, an integrated oleochemical company specialising in the production of 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 in the businesses of solar, hydro and biogas power generation.

He is an uncle of Dato' Sri Tee Lip Sin who is his Alternate Director in the Company.

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. Since his appointment on 1 October 2019, he has attended one scheduled Board Meeting held during the financial year ended 30 April 2020.

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 during the financial year.

Profile of Directors (cont'd)

Dato' Sri Tee Lip Sin

Alternate Director to Mr. Tee Cheng Hua

Dato' Sri Tee Lip Sin, a Malaysian aged 49, was appointed Alternate Director to Mr. Tee Cheng Hua in United Malacca Berhad on 1 October 2019. He is a nephew of Mr. Tee Cheng Hua.

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

Dato' Sri Tee Lip Sin started his career as an executive in Prosper Group of Companies in 1995 and subsequently rose to the rank of Executive Director. He is a Director of Prosper Palm Oil Mill Sdn. Bhd., a major shareholder 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. which undertake 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 Group or its related companies.

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 during the financial year.

PROFILE OF CHIEF EXECUTIVE OFFICER

Mr. Peter Benjamin

Mr. Peter Benjamin, aged 63 and a Malaysian is the Chief Executive Officer. He joined United Malacca Berhad on 1st May 2014. He graduated from the University of Kerala, India with a Bachelor Of Science Degree (Botany).

He has a working experience of 41 years in the plantation industry starting his career as a Field Conductor to holding various Senior Management positions from General Manager, Regional Manager, Plantation Controller, Head of Plantation and COO in different public listed and multi-national companies in Malaysia, Indonesia and Papua New Guinea.

He has the experience in managing large plantations up to 120,000 Ha for oil palm and other crops and 250,000 Ha for forestry plantation.

He has the experience in managing various crops during his career, oil palm, cocoa, forestry, sago plantations and factory, coconut and rubber.

He has the experience in green field development, new planting and replanting for the various crops.

He is currently the President of the Malaysian Estates Owners Association (MEOA) and is an alternate Board member of Lembaga Getah Malaysia (LGM). He is also a Director on the Board of subsidiaries of United Malacca Berhad, namely, Meridian Plantations Sdn. Bhd., Syarikat Penanaman Bukit Senorang Sdn. Bhd., South-East Pahang Oil Palm Berhad, Leong Hin San Sdn. Bhd., 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 also 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 the relevant regulatory bodies during the financial year.

As at 30 July 2020, Mr. Peter Benjamin holds 100,000 shares in the Company. He has no interest in the shares of the subsidiaries of the Company.

PROFILE OF KEY SENIOR MANAGEMENT

Mr. Young Lee Chern
Chief Operating Officer / Chief Financial Officer

Nationality/Age/Gender: Malaysian / 42 / Male
Date Appointed as Key Senior Management: 13 February 2019
Qualification:
- Fellow of the Association of Chartered Certified Accountants, United Kingdom
- Member of the Malaysian Institute of Accountants

Working Experience:
- Audit Manager of KPMG, Kuala Lumpur
- Branch Manager of KPMG, Melaka
- Financial Controller of Genting Plantations Berhad in Indonesia
- Senior Financial Controller of a private equity owned plantations group in Indonesia

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

Nationality/Age/Gender: Malaysian / 50 / Female
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)

En. Abdul Razak Bin Md Aris
Head of Group Audit

Nationality/Age/Gender: Malaysian / 51 / Male
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)

Profile of Key Senior Management (cont'd)

Mr. Fabian Fernandez
Head of Engineering / Mill Controller

Nationality/Age/Gender: Malaysian / 49 / Male
Date Appointed as Key Senior Management: 1 May 2016
Qualification:
- Master of Business Administration (Wales)
- Marine Engineer
- 1st Grade Steam Engineer
- Diploma in Marine Engineering
- Certified Corporate Coach

Working Experience:
- Marine Engineer in Merchant Marine Fleet
- Mill Manager in Boustead Estates, United Plantations Berhad and Cargill.
- Business Unit Head for Maintenance and Reliability in Cargil (2009)
- Visiting Engineer for Boustead Plantations (2014)
- United Malacca Berhad as Mill Controller (since May 2016)

En. Muhamad Saipul'ilah Bin Che Idris
Plantation Controller

Nationality/Age/Gender: Malaysian / 57 / Male
Date Appointed as Key Senior Management: 1 July 2019
Qualification:
- Sijil Pelajaran Malaysia (SPM)
- Diploma in Planting Industry and Management

Working Experience:
- Assistant Manager in UIE–United Plantations (1989–1992)
- Senior Manager in Kumpulan Guthrie (1993–2007)
- General Manager in Sime Darby (2007–2016)
- Freelance Plantation Consultant (2016–2019)

Mr. Winston Chua Eng Meng
General Manager (PT. Lifere Agro Kapuas)

Nationality/Age/Gender: Malaysian / 48 / Male
Date Appointed as Key Senior Management: 15 March 2016
Qualification:
- Sijil Tinggi Persekolahan Malaysia (STPM)

Working Experience:
- Manager in IOI Corporation Berhad (12 years in Peninsular and 3 years in Sabah) (1994–2009)
- Senior Manager in Genting Plantation Berhad—Plantation Advisory HO and Mewah Estate, Sandakan, Sabah (2009–2011)
- General Manager Estates of TSH Resources Berhad—overseeing all plantation properties in Indonesia (2011 –2013)
- General Manager of Julong Group Indonesia—Managing PT Grand Mandiri Utama (GMU) in Sintang Kalimantan Barat (2013–2015)

Profile of Key Senior Management (cont'd)

Ms. Manjeet Kaur A/P Balwant Singh
Senior Manager (Human Resource)

Nationality/Age/Gender: Malaysian / 36 / Female
Date Appointed as Key Senior Management: 1 May 2019
Qualification:
- Master of Human Resource Management (Open University)
- Executive Master of Business Administration (Asia E University)
- Certified HR Professional (Malaysia Institute of Human Resource Management)

Working Experience:
- Group HR Manager of MSF Group (2010-2012)
- Head of HR & Strategic Planning of WCD Group (2012-2013)
- HR and Legal Compliance Manager of Hino Motors Malaysia (2013-2017)
- Head of HR at Valyou Sdn Bhd, a unit of Telenor Group (2017-2018)
- Head of Compensation, Benefits, ER and IR at Shell Refinery Malaysia Berhad (2018-2019)

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 2020.

CHAIRPERSON'S STATEMENT

During the financial year ended 30 April 2020 (FY 2020), crude palm oil (CPO) prices were volatile. Prices averaged RM1,946 in the first quarter (1Q), rose to RM2,057 in the 2Q and surged to RM2,589 in 3Q before the widening global spread of the Covid-19 pandemic caused CPO prices to ease to RM2,496 in 4Q.

Chairperson's Statement (cont'd)

FROM THE CHAIR

On behalf of the Board of Directors of United Malacca Berhad (UMB), I present the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 April 2020.

BUSINESS PERFORMANCE

In FY 2020, the CPO price in UMB's Malaysian estates averaged RM2,259 per tonne, 10% higher than the preceding year's average of RM2,051. In contrast, prices of palm kernel (PK) averaged RM1,310 per tonne, 10% lower than the preceding year's average of RM1,455 per tonne.

For Indonesian operations, average prices of CPO and PK were RM2,194 and RM1,125 per tonne respectively.

During the year under review, Group output of fresh fruit bunches (FFB) totalled 362,096 tonnes – 2% higher than the 353,613 tonnes recorded in the preceding year ended 30 April 2019 (FY 2019).

FFB production from Indonesian operations surged by 57% or 22,278 tonnes from the preceding year; this was mainly due to increased yield from young mature palms.

Even though the increase in FFB output in FY 2020 was marginal, it was noteworthy. In FY 2020, UMB sold four plantation estates in Peninsular Malaysia with a mature area totalling 979 hectares, a transaction completed in October 2019.

Offsetting the 34% drop in output – or 9,665 tonnes in second half of FY 2019 – from the sale of four Peninsular Malaysian estates was a 15% rise in FFB from Millian-Labau Estate in Sabah and a 73% jump in FFB in LAK's Inti areas in Kalimantan in the second half of FY 2020.

During the financial year ended 30 April 2020, the Group recorded a pre-tax profit of RM8.3 million, including a gain on disposal of four Peninsular Malaysian estates for RM103.2 million and an impairment of bearer plants of RM56.8 million.

Excluding these two items, the Group recorded a pre-tax loss of RM38.1 million compared with a pre-tax loss of RM48.9 million in FY 2019. Lower pre-tax loss in FY 2020 stemmed mainly from the Indonesian operations' better performance. PT Lifere Agro Kapuas ("LAK") recorded improved yields and reduced transport costs after the commissioning of the new Arwana oil mill in June 2019. Additionally, the Arwana oil mill boosted profit margins from sales of CPO and PK.

Similarly, at the Company level in FY 2020, the RM36.1 million pre-tax profit included a RM103.2 million gain on the sale of the four Peninsular Malaysian estates and an impairment of RM56.8 million on bearer plants. Excluding these two items, the pre-tax loss totalled RM10.3 million compared with a RM20.6 million pre-tax loss in the preceding year FY 2019.

Lower pre-tax loss in FY 2020 resulted from a reduced foreign exchange loss of RM3.1 million (FY 2019: RM7.6 million), declining interest expense of RM5.7 million (FY 2019: RM7.2 million) and higher interest income of RM6.5 million (FY 2019: RM4.5 million).

During the financial year, the Company's issued share capital increased from RM254,935,499 to RM255,375,039 due to the issue of 78,000 ordinary shares under the Employees Share Option Scheme.

Ambassadors from the EU, Italy and Belgium with Directors and Management at Bukit Senorang Estate in Pahang.

Chairperson's Statement (cont'd)

Scholarship awards for deserving university students.

DIVIDENDS

For the financial year ended 30 April 2020, the Board declared a second interim single-tier dividend of 6 sen which was paid on 14 August 2020.

Together with the first interim single-tier dividend of 2 sen paid on 22 January 2020, the total single-tier dividend for the financial year under review is 8 sen or RM16.8 million (FY 2019: total single-tier dividend of 8 sen amounted to RM16.8 million).

The Board of Directors do not recommend any final dividend for the financial year ended 30 April 2020.

SUSTAINABILITY & CORPORATE RESPONSIBILITY

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

1. Having obtained MSPO and ISPO certification in Malaysia and Indonesia respectively, UMB is committed to reducing usage of chemicals that could impair the health of its employees and damage the environment.
2. UMB donates funds to University Putra Malaysia (UPM) under the UPM-UMB research collaboration project that began in 2013. To-date, UPM has completed several research projects including assessment of bagworm infestation in oil palms using a remote sensing approach and monitoring palm oil yield & quality using a non-destructive proximal sensing approach. Two current on-going projects include research on an oil palm intercropping system and mapping potential nutrients and soil-water in oil palms.
3. UMB aims to produce CPO which meets low 3-Monochloropropanediol criteria (commonly known as 3-MCPD) in its Malaysian operations. MCPD esters are categorised as food processing contaminants which are formed due to the presence of chloride and extreme heat. Mitigation procedures and processes will be implemented to bring down the level of chloride in CPO to meet food safety requirements.
4. Since the establishment of the United Malacca scholarship in 2006, scholarships worth RM958,000 have been awarded to 23 male students and 16 female students pursuing agricultural science and engineering. Ten scholarship holders who have graduated in previous years are currently working for UMB while another seven will graduate this year and join UMB.

More detailed activities are set out in the Sustainability Statement on page 37 to page 71 of this Annual Report.

CURRENT YEAR PROSPECTS

For financial year 2021, UMB Group expects to achieve higher FFB production than FY 2020 stemming from the better age profile and an increase in mature area in LAK's oil palm estates in Kalimantan, Indonesia.

In Malaysian estates, UMB will replant old palms suffering from declining yields. Approximately 456 hectares will be replanted with high-yielding semi-clonal seedlings.

In addition, over the next three years, new planting will be carried out in LAK with total available plantable area of approximately 2,000 hectares.

Given the impact of the Covid-19 pandemic in Malaysia and its resurgence in the US, South Korea and elsewhere, UMB expects the CPO price to remain under pressure during the next 12 months or more. To ensure sustained earnings growth, UMB will prioritise maintaining financial prudence, enhancing cost efficiency, and increasing yields in both Malaysian and Indonesian estates.

SUCCESSION PLANNING

In line with UMB's succession planning at top management level, the Chief Financial Officer (CFO) was appointed Chief Operating Officer (COO) on 1 October 2019. The COO will remain the CFO and hold both positions concurrently.

Chairperson's Statement (cont'd)

MOVING FORWARD

Challenges facing the Malaysian oil palm industry include a shortage of skilled labour, in particular foreign labour, and the unrelenting pressure to meet environmental challenges.

Given poor prospects of encouraging more Malaysians to work in oil palm plantations, this has heightened the need to mechanise plantation operations. UMB now uses machines to collect harvested fresh fruit bunches, to apply fertilisers and spray insecticides while water and fertiliser is channelled through fertigation pipes; the two outstanding challenges are developing mechanical harvesters and cultivating seedlings that will grow into significantly shorter oil palms. Harvesting tall oil palms requires the highest skill sets among plantation workers.

A bigger over-arching challenge UMB, other plantation companies and this country faces is the economic havoc caused by the rapidly accelerating number of Covid-19 infections.

On 31 December last year, China reported its first case. Globally, the 1 million mark was reached on 2 April – 92 days after its first appearance in Wuhan, China. Thereafter the pace of infection has accelerated – the 2 million mark was reached on 15 April; 12 days later, the global pandemic totalled 3 million. On 31 July, the toll worldwide has exceeded 17.8 million.

In its June 2020 report titled "A Crisis Like No Other, An Uncertain Recovery", the International Monetary Fund's (IMF's) is pessimistic – its foresees a contraction of 4.9% in the global economy this year, 1.9 percentage points below its prediction in April this year.

The IMF predicts the global economy will plunge into the deepest recession since the Great Depression of the 1930s, as household spending weakens while investment remains subdued.

"The steep decline in (economic) activity comes with a catastrophic hit to the global labour market. According to the International Labour Organisation, the global decline in work hours in 2020:Q1 compared with 2019:Q4 was equivalent to the loss of 130 million full-time jobs. The decline in 2020:Q2 is likely to be equivalent to more than 300 million full-time jobs," the IMF says.

Underscoring the IMF's sombre forecast, several countries have reported negative economic growth in 2Q 2020 – the US (sharpest plunge on record), the Eurozone (worst contraction since 1995) while South Korea's economy, after two consecutive quarters of negative growth, is now in recession.

Despite the current deepening economic challenges, UMB believes palm oil's long-term outlook remains bright. Palm oil's status as the vegetable oil with the highest yields per hectare and the most cost competitive is likely to remain unchallenged in the foreseeable future. Additionally, long-term demand for renewable green energy resources will support the palm oil industry.

Notwithstanding palm oil's bright long-term prospects, UMB aims to reduce its 100% reliance on palm oil for profits and long-term growth. In Sulawesi, infrastructure work has been completed and a coconut nursery has been established.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank UMB's loyal shareholders, management and employees for their continuing confidence and support during these challenging times. Although recent years' financial results have been disappointing, UMB directors, including myself, are committed to improving the group's performance financially and agronomically while maintaining high standards of corporate governance.

As always, I am deeply indebted to my fellow directors who have willingly spent considerable time, offered unrelenting support and invaluable advice – often beyond their statutory responsibilities – to deal with some major challenges United Malacca faced during FY 2020. Among the challenges faced include the onset of the Covid-19 pandemic that caused considerable economic distress globally.

Tan Sri Ahmad Don has decided not to seek re-election as UMB director at the forthcoming AGM on 29 September 2020, despite my several repeated attempts to change his mind. I thank Tan Sri for serving as director for 14 years, one of the longest tenures among current members of the UMB Board.

Trained as an accountant and with years of experience as a banker, Tan Sri is knowledgeable and astute in financial issues while his people-management skills are unsurpassed. At board and committee meetings, Tan Sri enlivened the discussions with his broad-based knowledge and laughter. Despite a busy schedule, Tan Sri has always made time to attend UMB meetings and has visited estates in Peninsular Malaysia and in Sabah. I and the other UMB directors will miss Tan Sri, particularly his wisdom, guidance on critical issues and infectious sense of humour. I wish him a happy and healthy retirement.

On 27 April 2020, United Malacca Berhad reached a significant milestone – 110 years since it was first established by its founder and first Chairman, Tun Tan Cheng Lock. Unfortunately, poor CPO prices coupled with the imposition of the Movement Control Order on 18 March 2020 did not allow UMB to celebrate this momentous milestone.

I would like to thank current and past managers and employees for their loyalty, hard work and determination to improve FFB yields and profits.

Datin Paduka Tan Siok Choo
Chairperson

PENYATA PENGERUSI

Pada tahun kewangan berakhir 30 April 2020 (TK 2020), harga minyak sawit mentah (MSM) tidak begitu stabil. Pada suku pertama, harga purata MSM ialah RM1,946 sebelum meningkat kepada RM2,057 pada suku kedua, kepada RM2,589 pada suku ketiga sebelum penyebaran global pandemik Covid-19 yang menyebabkan harga MSM menurun kepada RM2,496 pada suku keempat.

DARI PENGERUSI

Bagi pihak Lembaga Pengarah United Malacca Berhad (UMB), saya membentangkan Laporan Tahunan dan Penyata Kewangan Kumpulan yang diaudit untuk tahun kewangan berakhir 30 April 2020.

PRESTASI PERNIAGAAN

Pada TK 2020, harga purata MSM di estet UMB di Malaysia ialah sebanyak RM2,259 setan yakni 10% lebih tinggi daripada harga purata tahun sebelumnya sebanyak RM2,051. Sebaliknya, harga purata isirong sawit ialah RM1,310 setan iaitu 10% lebih rendah daripada harga purata tahun sebelumnya sebanyak RM1,455 setan.

Pengerusi dan Pengarah-Pengarah Syarikat melawat Estet Leong Hin San.

Untuk operasi di Indonesia, harga purata MSM dan isirong sawit adalah RM2,194 dan RM1,125 setan.

Pada tahun semasa, pengeluaran buah tandan segar (TBS) oleh Kumpulan berjumlah 362,096 tan iaitu 2% lebih tinggi daripada 353,613 tan yang dicatatkan pada tahun sebelumnya yang berakhir pada 30 April 2019 (TK 2019).

Pengeluaran TBS dari operasi Indonesia meningkat 57% atau 22,278 tan dari tahun sebelumnya disebabkan oleh peningkatan hasil dari pokok matang yang muda.

Walaupun peningkatan pengeluaran TBS pada TK 2020 adalah marginal, namun perlu diambil perhatian. Pada TK 2020, UMB telah menjual empat ladang di Semenanjung Malaysia dengan kawasan matang seluas 979 hektar yang mana transaksi diselesaikan pada Oktober 2019.

Peningkatan pengeluaran BTS dari Ladang Millian Labau di Sabah sebanyak 15% dan kenaikan 73% pengeluaran BTS dari kawasan Inti LAK di Kalimantan pada separuh kedua TK 2020 telah membantu mengimbangi penurunan 34% pengeluaran atau 9,665 tan pada

Penyata Pengerusi (sambungan)

Arwana Palm Oil Mill, Indonesia

PRESTASI PERNIAGAAN (sambungan)

separuh kedua TK 2019 disebabkan penjualan empat estet di Semenanjung Malaysia.

Pada tahun kewangan berakhir 30 April 2020, Kumpulan mencatatkan keuntungan sebelum cukai berjumlah RM8.3 juta termasuk keuntungan penjualan empat estet di Semenanjung Malaysia dengan harga RM103.2 juta dan kemerosotan nilai tanaman kelapa sawit sebanyak RM56.8 juta.

Tanpa mengambilkira kedua-dua item ini, Kumpulan mencatatkan kerugian sebelum cukai sebanyak RM38.1 juta berbanding kerugian sebelum cukai sebanyak RM48.9 juta pada TK 2019. Kerugian sebelum cukai yang lebih rendah pada TK 2020 kerana prestasi operasi Indonesia yang lebih baik. PT Lifere Agro Kapuas ("LAK") mencatatkan peningkatan hasil dan pengurangan kos pengangkutan setelah pengoperasian kilang minyak sawit Arwana yang baru pada Jun 2019. Selain itu, kilang minyak sawit Arwana meningkatkan margin keuntungan dari penjualan MSM dan isirong sawit.

Begitu juga di peringkat Syarikat pada TK 2020, keuntungan sebelum cukai sebanyak RM36.1 juta merangkumi keuntungan RM103.2 juta daripada penjualan empat estet di Semenanjung Malaysia dan kemerosotan nilai tanaman kelapa sawit sebanyak RM56.8 juta. Dengan tidak mengambilkira kedua-dua item, kerugian sebelum cukai berjumlah RM10.3 juta berbanding kerugian sebelum cukai RM20.6 juta pada tahun FY 2019.

Kerugian sebelum cukai yang lebih rendah pada TK 2020 disebabkan oleh pengurangan kerugian pertukaran wang asing sebanyak RM3.1 juta (TK 2019: RM7.6 juta), penurunan perbelanjaan faedah sebanyak RM5.7 juta (TK 2019: RM7.2 juta) serta faedah pendapatan yang lebih tinggi sebanyak RM6.5 juta (TK 2019: RM4.5 juta).

Sepanjang tahun kewangan, modal saham Syarikat yang diterbitkan meningkat dari RM254,935,499 kepada RM255,375,039 kerana terbitan 78,000 saham biasa di bawah Skim Opsyen Saham Pekerja.

DIVIDEN

Untuk tahun kewangan berakhir 30 April 2020, Lembaga mengisytiharkan dividen satu peringkat interim kedua sebanyak 6 sen yang telah dibayar pada 14 Ogos 2020.

Bersama-sama dengan dividen satu peringkat interim pertama sebanyak 2 sen yang dibayar pada 22 Januari 2020, jumlah dividen satu peringkat untuk tahun kewangan semasa adalah 8 sen atau RM16.8 juta (TK 2019: jumlah dividen satu peringkat sebanyak 8 sen berjumlah RM16.8 juta).

Lembaga Pengarah tidak mencadangkan dividen akhir untuk tahun kewangan berakhir 30 April 2020.

KELESTARIAN & TANGGUNGJAWAB KORPORAT

Beberapa strategi menunjukkan komitmen UMB untuk memelihara penanaman kelapa sawit melalui amalan lestari dan mesra alam.

1. Setelah memperoleh sertifikasi MSPO dan ISPO di Malaysia dan Indonesia, UMB beriltizam untuk mengurangkan penggunaan bahan kimia yang boleh merosakkan kesihatan pekerjanya dan merosakkan alam sekitar.
2. UMB menyumbangkan dana kepada Universiti Putra Malaysia (UPM) di bawah projek kolaborasi penyelidikan UPM-UMB yang bermula pada tahun 2013. Sehingga kini, UPM telah menyelesaikan beberapa projek penyelidikan termasuk penilaian serangan kutu busuk di kelapa sawit menggunakan pendekatan dan pemantauan jarak jauh hasil, dan kualiti

Penyata Pengerusi (sambungan)

KELESTARIAN & TANGGUNGJAWAB KORPORAT (sambungan)

minyak sawit menggunakan pendekatan penderiaan proksimal yang tidak merosakkan. Dua projek yang sedang berjalan termasuk penyelidikan mengenai sistem penanaman kelapa sawit dan pemetaan potensi nutrien dan tanah-air di ladang kelapa sawit.

3. UMB berazam untuk menghasilkan MSM yang memenuhi kriteria 3-Monochloropropanediol rendah (biasanya dikenali sebagai 3-MCPD) dalam operasi di Malaysia. Ester MCPD dikategorikan sebagai bahan pencemar pemprosesan makanan yang terbentuk kerana adanya klorida dan kepanasan yang melampau. Prosedur dan proses mitigasi akan dilaksanakan untuk menurunkan kadar klorida dalam MSM untuk memenuhi syarat keselamatan makanan.
4. Sejak dimulakannya tawaran biasiswa United Malacca Berhad pada tahun 2006, biasiswa berjumlah RM958,000 telah diberikan kepada 23 pelajar lelaki dan 16 pelajar perempuan yang mengikuti kursus sains pertanian dan kejuruteraan. Sepuluh pemegang biasiswa yang telah lulus pada tahun-tahun sebelumnya sedang bekerja di UMB sementara tujuh lagi akan lulus tahun ini dan akan menyertai UMB.

Aktiviti yang lebih terperinci dinyatakan dalam Penyataan Kelestarian di halaman 37 hingga halaman 71 dalam Laporan Tahunan ini.

PROSPEK TAHUN SEMASA

Untuk tahun kewangan 2021, Kumpulan UMB menjangka akan mencapai pengeluaran TBS yang lebih tinggi daripada TK 2020 memandangkan profil usia yang lebih baik dan peningkatan kawasan matang di ladang kelapa sawit LAK di Kalimantan, Indonesia.

Di ladang-ladang di Malaysia, UMB akan menanam semula pokok kelapa sawit tua yang mengalami penurunan hasil. Kira-kira 456 hektar akan ditanam semula dengan anak benih semi-klonal dengan penghasilan tinggi.

Di samping itu, untuk tiga tahun yang akan datang, penanaman baru akan dilakukan di LAK dengan jumlah penanaman yang tersedia sekitar 2,000 hektar.

Memandangkan kesan pandemik Covid-19 di Malaysia dan kebangkitannya di AS, Korea Selatan dan tempat lain, UMB menjangkakan harga MSM akan terus berada dalam tekanan selama 12 bulan ke depan atau lebih. Untuk memastikan pertumbuhan pendapatan yang berterusan, UMB akan mengutamakan pengurusan kewangan yang berhemah, meningkatkan kecekapan kos, dan meningkatkan hasil di kebun-kebun Malaysia dan Indonesia.

PERANCANGAN PENGGANTIAN

Sejajar dengan perancangan penggantian UMB di peringkat pengurusan atasan, Ketua Pegawai Kewangan (CFO) dilantik sebagai Ketua Pegawai Operasi (COO) pada 1 Oktober 2019. COO akan kekal sebagai CFO dan memegang kedua-dua jawatan tersebut secara serentak.

MELANGKAH KE HADAPAN

Cabaran yang dihadapi oleh industri kelapa sawit di Malaysia termasuk kekurangan tenaga kerja mahir, khususnya buruh asing, dan tekanan yang berterusan untuk menghadapi cabaran alam sekitar.

Memandangkan prospek yang kurang baik bagi mendorong lebih banyak rakyat Malaysia bekerja di ladang kelapa sawit, maka ada keperluan untuk meningkatkan mekanisasi operasi perladangan. Sementara UMB kini menggunakan mesin untuk mengumpulkan buah tandan segar yang dituai, untuk pembajaan dan menyemburkan racun serangga manakala air dan baja disalurkan melalui paip fertigasi; dua cabaran besar adalah mengembangkan penuaian secara mekanikal dan menanam anak benih yang akan tumbuh menjadi pokok kelapa sawit yang lebih rendah. Penuaian kelapa sawit yang tinggi memerlukan set kemahiran yang tinggi di kalangan pekerja ladang.

Cabaran besar UMB dan syarikat perladangan lain adalah malapetaka ekonomi yang disebabkan oleh jumlah jangkitan Covid-19 yang semakin merebak.

Pada 31 Disember tahun lalu, China melaporkan kes pertama. Di peringkat global, angka 1 juta dicapai pada 2 April - 92 hari selepas kemunculan pertama di Wuhan, China. Selepas itu, kadar jangkitan telah meningkat dengan cepat - angka 2 juta dicapai pada 15 April; 12 hari kemudian, wabak global berjumlah 3 juta. Pada 31 Julai, jumlah keseluruhan di seluruh dunia telah melebihi 17.8 juta.

Dalam laporannya pada bulan Jun 2020 bertajuk "Krisis Yang Tersendiri, Pemulihan Tidak Pasti", Dana Kewangan Antarabangsa (IMF) meramalkan ekonomi global tahun ini adalah pesimis - penguncupan 4.9% atau 1.9 mata peratusan di bawah ramalannya pada bulan April tahun ini.

IMF meramalkan ekonomi global akan menjunam kepada kemelesetan terburuk sejak Kemelesetan Terburuk tahun 1930-an, ketika kelemahan perbelanjaan isi rumah dan pelaburan menurun.

"Penurunan aktiviti (ekonomis) yang mendadak dengan bencana yang melanda pasaran buruh global. Menurut Pertubuhan Buruh Antarabangsa, penurunan global jam kerja pada tahun 2020: suku pertama berbanding tahun 2019: suku keempat setara dengan kehilangan 130 juta pekerjaan sepenuh masa. Penurunan pada tahun 2020: suku kedua kemungkinan setara dengan lebih dari 300 juta pekerjaan sepenuh masa, "kata IMF.

Menggariskan ramalan IMF yang suram, beberapa negara telah melaporkan pertumbuhan ekonomi negatif pada suku kedua 2020 - AS (penurunan paling tajam dalam rekod), Zon Euro (pengecutan terburuk sejak 1995) sementara ekonomi Korea Selatan, setelah dua suku berturut-turut dengan pertumbuhan negatif, kini berada pada tahap kemelesetan.

Penyata Pengerusi (sambungan)

MELANGKAH KE HADAPAN (sambungan)

Walaupun menghadapi cabaran ekonomi yang semakin meruncing, UMB yakin prospek jangka panjang minyak sawit tetap cerah. Status minyak sawit sebagai minyak sayuran dengan hasil tertinggi per hektar dan paling kompetitif dengan kos tetap tidak dapat ditandingi pada masa yang akan datang. Selain itu, permintaan jangka panjang untuk sumber tenaga hijau yang boleh diperbaharui akan menyokong industri minyak sawit.

Walaupun prospek jangka panjang minyak sawit cerah, UMB berusaha untuk mengurangkan pergantungan 100% pada minyak sawit demi untuk keuntungan dan pertumbuhan jangka panjang. Di Sulawesi, kerja-kerja infrastruktur telah selesai dan nurseri pembibitan kelapa telah didirikan.

Lawatan ahli-ahli Lembaga Pengarah ke Ladang Millian Labau, Sabah.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada pemegang saham, pengurusan dan pekerja UMB yang setia atas kepercayaan dan sokongan mereka yang berterusan sepanjang masa-masa yang mencabar ini. Walaupun hasil kewangan beberapa tahun kebelakangan ini mengecewakan, para pengarah UMB, termasuk saya, komited untuk meningkatkan prestasi kewangan Kumpulan dan agronomi sambil mengekalkan standard tadbir urus korporat yang tinggi.

Seperti biasa, saya sangat terhutang budi kepada rakan-rakan pengarah saya yang dengan rela menghabiskan banyak masa, menawarkan sokongan tanpa henti dan nasihat yang tidak ternilai - selalunya di luar tanggungjawab berkanun mereka - untuk menangani beberapa cabaran besar yang dihadapi oleh United Malacca Berhad semasa TK 2020. Antara cabaran yang dihadapi adalah bermulanya wabak Covid-19 yang menyebabkan banyak masalah ekonomi di seluruh dunia.

Tan Sri Ahmad Don telah memutuskan untuk tidak dicalonkan semula pemilihan sebagai pengarah UMB pada AGM yang akan datang pada 29 September 2020, walaupun saya telah berulang kali berusaha mengubah fikirannya. Saya mengucapkan terima kasih kepada Tan Sri kerana berkhidmat sebagai pengarah selama 14 tahun, salah satu tempoh paling lama di kalangan anggota Lembaga UMB sekarang.

Dilatih sebagai akauntan dan berpengalaman selama bertahun-tahun sebagai ahli bank, Tan Sri berpengetahuan dan cerdas dalam masalah kewangan sementara dalam kemahiran pengurusan orangnya tidak ada tolok bandingan. Pada mesyuarat Lembaga Pengarah dan jawatankuasa, Tan Sri telah memeriahkan perbincangan dengan pengetahuan luas dan tawanya. Walaupun mempunyai jadual yang sibuk, Tan Sri selalu meluangkan masa untuk menghadiri mesyuarat UMB dan telah mengunjungi ladang di Semenanjung Malaysia dan di Sabah. Saya dan pengarah UMB yang lain akan merindui Tan Sri, terutama kebijaksanaannya, panduan mengenai isu-isu kritikal dan keceriaannya. Saya mengucapkan selamat bersara dan sihat walafiat.

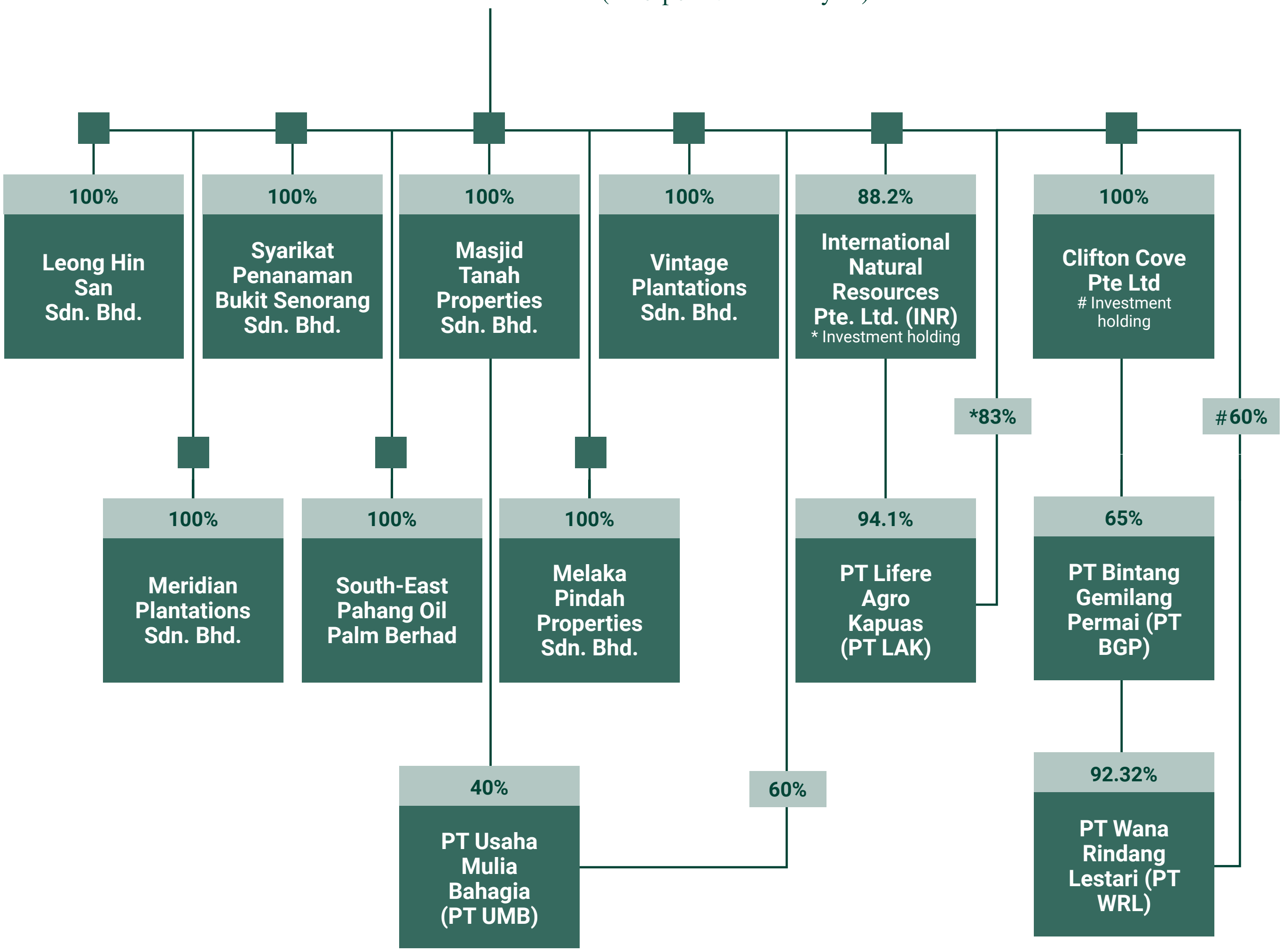
Pada 27 April 2020, United Malacca Berhad mencapai kejayaan penting - 110 tahun sejak pertama kali ditubuhkan oleh pengasas dan Pengerusi pertama, Tun Tan Cheng Lock. Malangnya, harga MSM yang rendah dan pengenaan Perintah Kawalan Pergerakan pada 18 Mac 2020 tidak membenarkan UMB meraikan tonggak penting ini.

Saya ingin mengucapkan terima kasih kepada bekas pengurus, pengurus dan pekerja semasa atas kesetiaan, kerja keras dan tekad mereka untuk meningkatkan hasil dan keuntungan TBS.

Datin Paduka Tan Siok Choo
Pengerusi

CORPORATE STRUCTURE AS AT 30 JULY 2020

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



** 83% effective equity interest in PT LAK through INR*
 # 60% effective equity interest in PT WRL through Clifton Cove Pte Ltd and PT BGP

MANAGEMENT DISCUSSION & ANALYSIS

AT A GLANCE

KEY DATES

Financial Year End	30 April 2020
Annual General Meeting	29 September 2020
Dividend Payments:	
1st Interim 2 sen	22 January 2020
2nd Interim 6 sen	14 August 2020

LAND BANK ANALYSIS

	Malaysia Ha	**Indonesia ^** Ha	**Total** Ha
Mature	20,046	10,444	30,490
Immature	730	2,304	3,034
Total Planted	**20,776**	**12,748**	**33,524**
Land Clearing	-	1,018	1,018
Plantable	95	3,312	3,407
Unplantable	2,746	7,859	10,605
Total Land Bank	**23,617**	**24,937**	**48,554**

^ Including Plasma

Management Discussion & Analysis (cont'd)

AT A GLANCE (CONT'D)

GROUP BUSINESS PERFORMANCE (RM'000)

	FY 2020	FY 2019	FY 2018
1 Revenue			
• Malaysia	213,785	175,410	244,307
• Indonesia	80,197	28,331	33,984
Total	293,982	203,741	278,291
% Increase/(Decrease) over previous year	44%	(27%)	1%
2 Profit/(Loss) Before Tax	8,281	(48,892)	29,729
% Increase/(Decrease) over previous year	117%	(264%)	(70%)
Segment results			
Plantations:			
• Malaysian operations	**(19,900)**	**(21,111)**	**36,498**
• Indonesian operations (Kalimantan)	**(9,515)**	**(16,948)**	**(10,041)**
• Indonesian operations (Sulawesi)	**(888)**	**(473)**	**-**
Investment (expenses)/income	**(7,799)**	**(10,360)**	**3,272**
Gain on disposal of non-current assets held for sale	**103,196**	**-**	**-**
Impairment of bearer plants	**(56,813)**	**-**	**-**
3 Operating Margin (%)	(8%)	(19%)	10%
4 Capital Management			
4.1 Return on Average Equity (%)	1.1	(3.0)	1.6
4.2 Basic/Diluted Earnings/(Loss) Per Share (sen)	7.8	(18.6)	12.0
4.3 Dividend Per Share (sen)	8.0	8.0	12.0
4.4 Net Assets Per Share (RM)	6.3	6.3	6.5
4.5 Dividend Cover	1.0	(2.5)	0.9
4.6 Interest Cover	(2.4)	(5.8)	6.7

Management Discussion & Analysis (cont'd)

AT A GLANCE (CONT'D)

GROUP BUSINESS PERFORMANCE (RM'000) (CONT'D)

5 Market Price & Production	FY 2020	FY 2019	Change (%)
Malaysian Operations			
FFB Production (MT)	301,070	314,865	-4.4%
Average selling price (RM/MT) :			
CPO	2,259	2,051	+10.1%
PK	1,310	1,455	-10.0%
Mill Processing Capacity	80 tonnes/hr	80 tonnes/hr	-
Indonesian Operations *			
FFB Production (MT)	61,026	38,748	+57.5%
Average selling price (RM/MT) :			
CPO	2,194	N/A	N/A
PK	1,125	N/A	N/A
Mill Processing Capacity	45 tonnes/hr	-	+100.0%

** New oil mill commissioned in June 2019*

United Malacca Berhad ("UMB") was founded by the late Tun Tan Cheng Lock on 27 April 1910. As of 30 April 2020, UMB owns and manages a total of 48,554 hectares of oil palm estates in Malaysia and Central Kalimantan.

Financial year ended 30 April 2020 ("FY 2020") was a challenging year for UMB. Prices of crude palm oil ("CPO") and palm kernel ("PK") were volatile while production of the Group's fresh fruit bunches ("FFB") rose marginally by 2% compared with the preceding financial year ended 30 April 2019 ("FY 2019").

For UMB's Malaysian operations, output of FFB in FY 2020 declined marginally by 4% or 13,795 tonnes from FY 2019. Excluding FFB from the four estates sold during the current financial year from FY 2019, FFB output for FY 2020 was comparable to that in the preceding year.

During the current year, FFB output in UMB's Indonesian subsidiary, PT Lifere Agro Kapuas ("LAK"), accelerated by 57% or 22,278 tonnes from FY 2019 spurred by increased yields from young mature areas.

Through enhanced internal efficiencies, production costs for matured areas were held in check; this partially offset higher expenses for newly-matured areas while accelerated mechanisation reduced UMB's dependency on manual labour, in particular foreign workers. In line with UMB's commitment to manage its plantations sustainably, all Malaysian and Indonesian estates and mills were certified by MSPO and ISPO respectively.

UMB's vision is
pursuing growth,
an untiring commitment to excellence,
nurturing a sense of belonging
for stakeholders and ensuring a fair share of
success for all.

Management Discussion & Analysis (cont'd)

FINANCIAL MATTERS

- **Revenue**

  In FY 2020, Group revenue increased by 44% to RM294.0 million. This was mainly due to rising sales of CPO and PK and a 10% hike in CPO price compared with FY 2019. LAK's new palm oil mill, commissioned in June 2019, also contributed to higher profits.

- **Profit Before Tax**

  During FY 2020, the Group recorded a pre-tax profit of RM8.3 million which included a RM103.2 million gain from the sale of four small estates. This one-off gain more than compensated for an impairment totalling RM56.8 million on bearer plants. Excluding this one-off gain, UMB recorded a RM 38.1 million pre-tax loss compared with a worse pre-tax loss of RM48.9 million in FY 2019. UMB's lower pre-tax loss in FY 2020 stemmed from LAK's stronger profit contribution due to improved yields and reduced transport costs. Commissioning of the new oil mill in June 2019 eliminated the need to send FFB to mills some distance away while LAK's profit margin from sales of CPO and PK was remarkable.

- **Assets and Liabilities**

  Due to the adoption of MFRS 17 Leases, leasehold land and certain buildings classified under Property, Plant and Equipment and Prepaid Land Lease Payments of RM822.7 million were re-classified as Right-of-Use Assets effective 1 May 2019.

  Increased inventory totalling RM35.8 million in FY 2020 from RM24.0 million in FY 2019 resulted from higher CPO and PK closing stocks after the commissioning of LAK's new palm oil mill in Kalimantan, Indonesia.

  Trade and other payables jumped from RM62.0 million in FY 2019 to RM74.6 million in FY 2020 mainly due to outstanding payments on the purchase of fixed assets in LAK and advance payments received from CPO sales.

  During FY 2020, UMB repaid a RM82.2 million term loan and revolving credit. As at 30 April 2020, outstanding bank borrowings total RM153.1 million.

- **Investment Holdings**

  Investment loss of RM8.0 million in FY 2020 was largely due to RM5.7 million in interest expense and net foreign exchange loss of RM4.4 million, less interest income of RM 1.0 million and fair value gains on financial assets through profit or loss of RM 1.5 million.

  Investment loss of RM10.4 million in FY 2019 was mainly attributed to interest expense of RM7.2 million and net foreign exchange loss of RM5.8 million, less interest income of RM 2.7 million and fair value gains on financial assets through profit or loss of RM 0.6 million.

- **Plantation Financials**

  Malaysian Operations

  In FY 2020, Malaysian estates trimmed plantation losses to RM19.9 million compared with a RM21.1 million loss in FY 2019. Excluding depreciation, amortisation, fair value changes on biological assets and interest expense on lease liabilities, Malaysian operations' Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") totalled RM26.2 million which was 3% lower than RM27.1 million in FY 2019.

  Lower EBITDA in FY 2020 was mainly due to increased unit costs of FFB production as a result of higher manuring and administrative expenses as well as higher costs from young matured areas despite an improved CPO price of RM2,259/ tonne (2019: RM2,051/tonne).

  Going forward, UMB will prioritise yield improvement at reasonable cost, maximise mechanisation, enhance quality controls for field work and step up performance-based payments for harvesters.

Management Discussion & Analysis (cont'd)

FINANCIAL MATTERS (CONT'D)

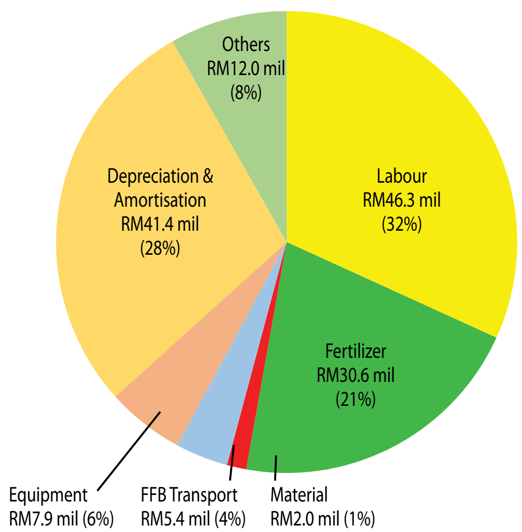
- **Plantation Financials (Cont'd)**

Malaysian Operations (Cont'd)

Production costs for FY 2020 and FY 2019 comprised the following:

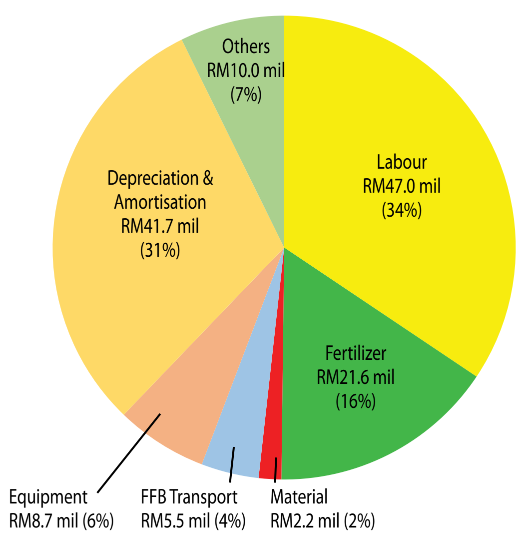
FFB PRODUCTION COST

FY 2019/20 (12 MONTHS)



Total Cost: 145.6 mil

FY 2018/19 (12 MONTHS)



Total Cost: 136.7 mil

Indonesian Operations - Kalimantan

In FY 2020, Indonesian subsidiary, LAK, incurred a significantly lower RM9.5 million plantation loss compared with RM16.9 million in red ink in FY 2019. Excluding depreciation, amortisation, fair value changes on biological assets and interest expense on mill loan, LAK recorded an EBITDA of RM13.2 million compared with a loss of RM6.6 million in FY 2019.

LAK's FFB production surged by 57% or 22,278 tonnes in FY 2020 compared with FY 2019. EBITDA in the current year resulted mainly from improved yields and reduced operating costs after the commissioning of the new oil mill. Commendable profit margin was achieved from sales of CPO and PK compared with the preceding year when LAK's FFB was sent to external palm oil mills.

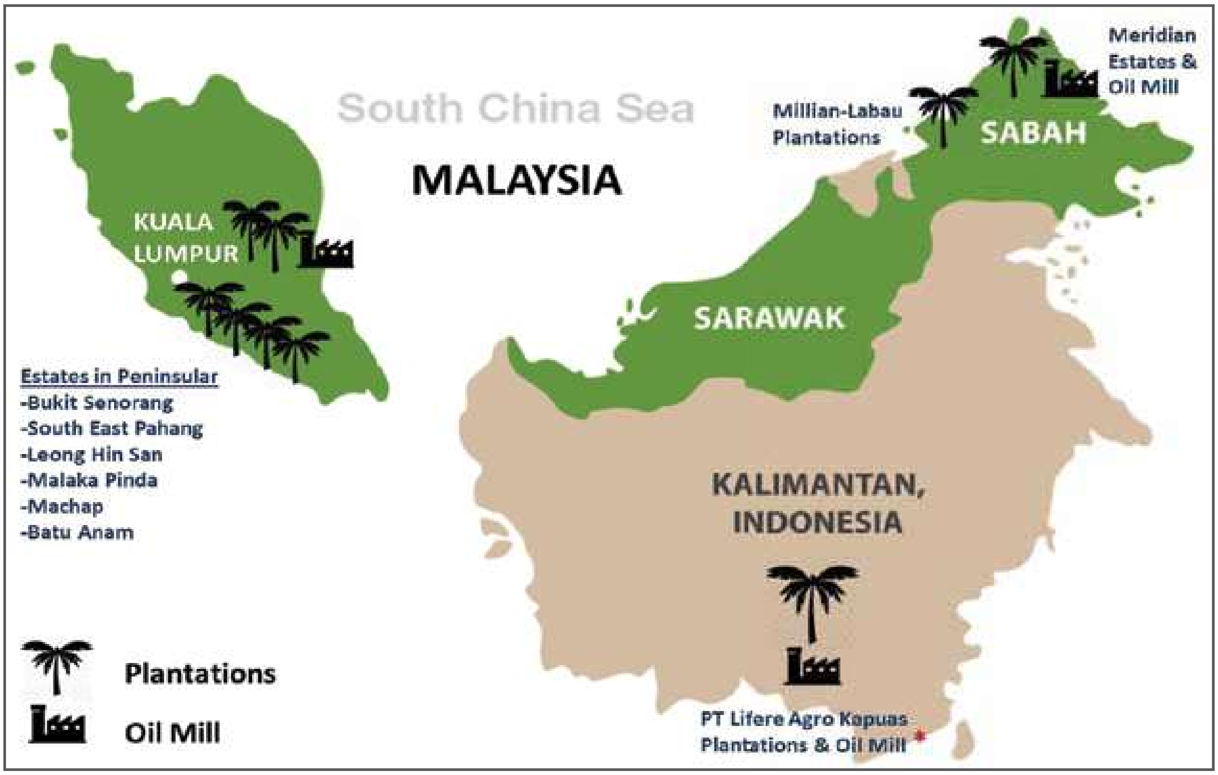
Indonesian Operations - Sulawesi

During the financial year under review, construction of a road into PT Wana Rindang Lestari's estate was completed and a coconut nursery was established. All work in Sulawesi slowed down due to movement control affected by the covid-19 pandemic.

Management Discussion & Analysis (cont'd)

REVIEW OF OPERATIONS

MAP SHOWING UMB ESTATES & MILLS



* Commissioned in June 2019

Plantation Operations

As at 30 April 2020, planted area in Malaysia totalled 20,776 hectares after UMB sold four estates with a combined planted area of 1,015 hectares. An additional 394 hectares of oil palms reached maturity in FY 2020, boosting total matured area to 20,046 hectares or 96% of the total planted area in Malaysia. Of the 730 hectares planted with immature palms, 84% is in Peninsular Malaysia and the remainder in Sabah.

LAK in Central Kalimantan has a land bank of 24,937 hectares, of which 51% or 12,748 hectares have been planted with oil palms. During the year under review, an additional 171 hectares of oil palms reached maturity, enlarging the total matured area to 10,444 hectares. Of the immature area of 2,304 hectares, 318 hectares will mature in financial year 2021 ("FY 2021"). Planting the remaining area sustainably is targeted to be completed within the next three years.

Breakdown of planted area:

	Malaysia		Indonesia		Malaysia + Indonesia
		Inti	Plasma *	Total	
	Ha	Ha	Ha	Ha	Ha
Mature	20,046	5,282	5,162	10,444	30,490
Immature	730	2,291	13	2,304	3,034
Total planted	**20,776**	**7,573**	**5,175**	**12,748**	**33,524**
Land clearing	-	1,018	-	1,018	1,018
Plantable	95	3,011	301	3,312	3,407
Unplantable ^	2,746	3,651	4,208	7,859	10,605
Total land bank	**23,617**	**15,253**	**9,684**	**24,937**	**48,554**

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

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

Management Discussion & Analysis (cont'd)

REVIEW OF OPERATIONS (CONT'D)

Plantation Operations (Cont'd)

Of UMB Group's total planted hectarage, 41% of the palms are in prime production (age 8 to 15 years), 18% are on an increasing yield trend (5 to 7 years) and 11% are immature palms of less than 5 years. Only 11% or 3,156 hectares of palms are more than 20 years. The average age of palms is 11.8 years – within the prime production bracket.

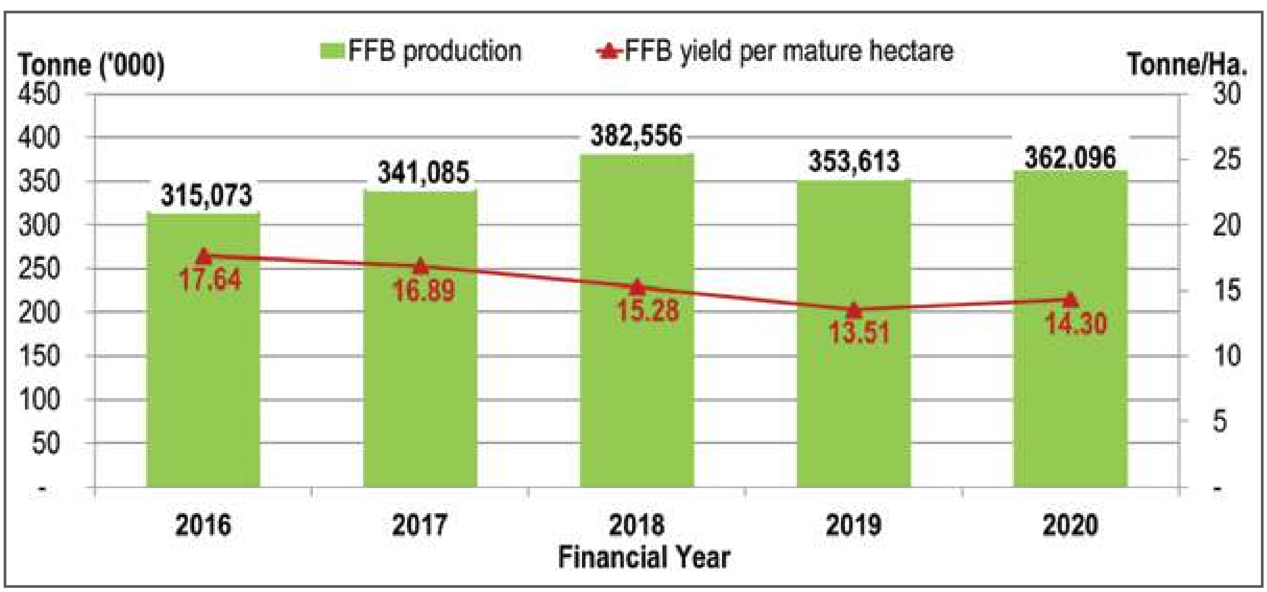
	Peninsular		Meridian		Millian-Labau		Malaysia		Indonesia *		Group	
	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%	Ha	%
≤ 4 years	611	10%	84	1%	35	0%	730	4%	2,291	31%	3,021	11%
5 - 7 years	93	2%	452	6%	1,201	16%	1,746	8%	3,490	45%	5,236	18%
8 - 15 years	2,736	45%	1,296	18%	5,860	77%	9,892	48%	1,792	24%	11,684	41%
16 - 20 years	1,980	33%	2,711	38%	561	7%	5,252	25%	-	-	5,252	19%
21 - 25 years	389	6%	2,529	37%	-	-	2,918	14%	-	-	2,918	10%
> 25 years	238	4%	-	-	-	-	238	1%	-	-	238	1%
	6,047	100%	7,072	100%	7,657	100%	20,776	100%	7,573	100%	28,349	100%
Average Age	**14.8 years**		**17.3 years**		**10.2 years**		**14.0 years**		**5.7 years**		**11.8 years**	

* Excludes plasma

In FY 2020, FFB production from UMB's Malaysian estates totalled 301,070 tonnes – a 4% decline compared with FY 2019. FFB production in Peninsular estates was 109,481 tonnes (36% of UMB's Malaysian output) while output from the Sabah estates totalled 191,589 tonnes (64%). Excluding FFB production from the estates disposed off during the current financial year, FFB production for FY 2020 was comparable to that of the preceding year.

UMB's Indonesian plantations contributed 61,026 tonnes of FFB in FY 2020 from its matured area of 5,282 hectares, an increase of 57% compared with FY 2019. With a young average age of 5.7 years, FFB production from LAK is expected to escalate in the coming years.

GROUP'S FFB PRODUCTION FOR PAST 5 YEARS



Management Discussion & Analysis (cont'd)

REVIEW OF OPERATIONS (CONT'D)

Plantation Operations (Cont'd)

Given numerous challenges the oil palm industry faces, UMB is focused on improving yields and rationalising costs. Furthermore, palms above 20 years will be replanted with high-yielding clonal and semi-clonal seedlings. For the current year under review, RM6.0 million was spent on nurturing immature oil palms planted over 695 hectares in Malaysia. In FY 2021, about 456 hectares in Malaysia will be replanted.

To minimise the need for labour and to improve operational efficiency, mechanisation will continue to be accelerated.

Milling Operations

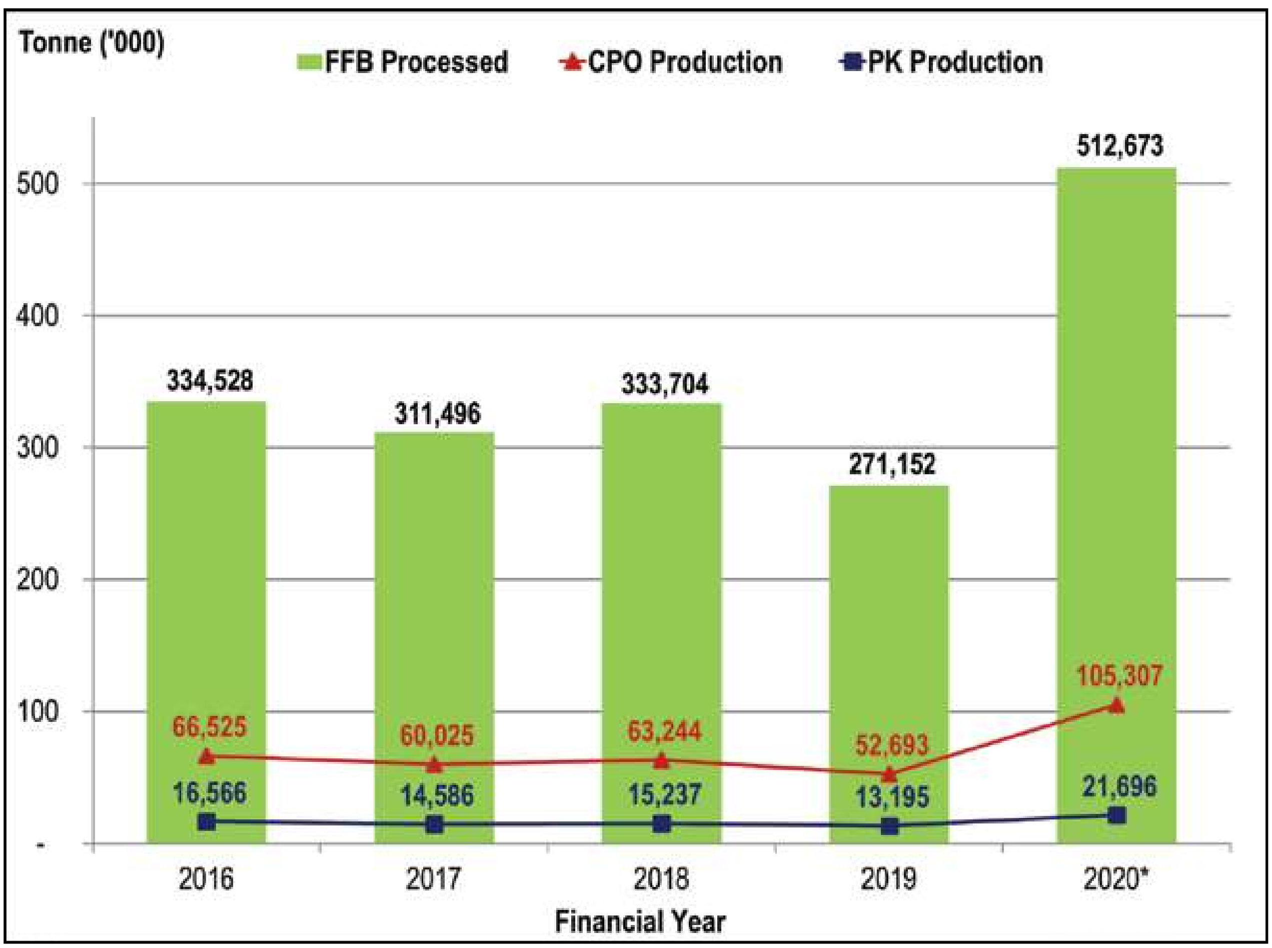
In Malaysia, the Group owns two palm oil mills – Bukit Senorang Palm Oil Mill in Pahang and Meridian Palm Oil Mill in Sabah. Combined, both mills have a production capacity of 80 tonnes per hour ("tph"). In FY 2020, FFB processed totalled 348,171 tonnes, 28% higher compared with 271,152 tonnes in the preceding year. UMB's own FFB accounted for 57% of the total crop processed.

Both mills collectively processed 67,971 tonnes (2019: 52,693 tonnes) of CPO and 17,118 tonnes (2019: 13,195 tonnes) of palm kernel with an average 19.52% oil extraction rate ("OER") (2019: 19.43%) and a 4.92% kernel extraction rate ("KER") (2019: 4.87%) in FY 2020.

In June 2019, LAK's new palm oil mill in Indonesia with FFB processing capacity of 45 tph commenced operations. Total FFB processed by the newly-commissioned palm oil mill in FY 2020 was 164,502 tonnes; the result was 37,336 tonnes of CPO and 4,578 tonnes of PK with OER of 22.70% – the highest OER among UMB Group's three oil mills – and KER of 2.78%.

The Group's total FFB processed in FY 2020 was 512,673 tonnes with overall output of 105,307 tonnes of CPO and 21,696 tonnes of PK as well as overall OER of 20.54% and KER of 4.23%.

GROUP'S PALM OIL MILL PERFORMANCE FOR PAST 5 YEARS



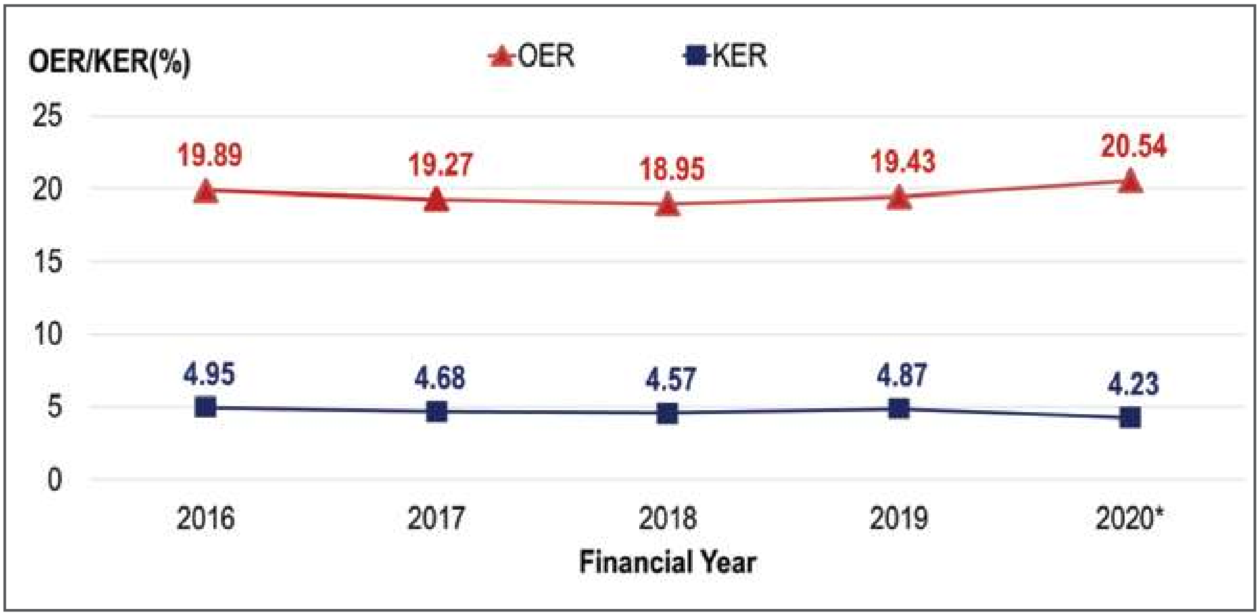
* Including new Indonesia Mill

Management Discussion & Analysis (cont'd)

REVIEW OF OPERATIONS (CONT'D)

Milling Operations (Cont'd)

GROUP'S PALM OIL MILL PERFORMANCE FOR PAST 5 YEARS (CONT'D)



* Including new Indonesia Mill

FORWARD-LOOKING STATEMENT

A better age profile and an expanded area with matured oil palms in Kalimantan, Indonesia should boost UMB's output in FY 2021.

Financially, the Group's performance will be determined largely by higher prices of crude palm oil and palm kernel oil. In areas planted with young and newly matured palms, UMB will incur higher production expenses and rising manpower costs.

Nevertheless, Management will maintain its focus on improving labour productivity, retaining its experienced workers, enhancing cost efficiency and strengthening estate management.

Despite challenges from NGOs, EU and other countries trying to curb palm oil usage, UMB is optimistic about the vegetable oil's long-term prospects. As world population expands and per capita income rises, this will stimulate higher demand for palm oil.

On a per hectare basis, palm oil is the most economical and highest yielding vegetable oil in the world. Palm oil also possesses superior health qualities – it contains a significant proportion of healthy mono-unsaturated fats, Vitamin E and anti-oxidant compounds.

UMB's Malaysian operations are now preparing to process CPO which meets low 3-MCPD criteria by FY 2021. A standard set by Malaysian Palm Oil Board. MCPD esters are categorised as food processing contaminant, which are formed due to the presence of chloride and extreme heat. A lower content of MCPD esters in CPO benefits human health.

To broaden UMB's earning base and to reduce its dependence on a single commodity in FY 2021, the Group is scheduled to start planting stevia, dwarf coconuts and cocoa in Sulawesi.

To meet future manpower needs, UMB is adopting a two-pronged approach: focusing on improving staff skills through enhanced training while continuing to offer scholarships for university students studying courses relevant to the group's future manpower requirements.

As the CPO price could be volatile due to a second wave of Covid-19 infections, the Group expects FY 2021 to be challenging.

This Statement is made in accordance with the resolution of the Board of Directors passed on 5 August 2020.

SUSTAINABILITY STATEMENT

INTRODUCTION

Reporting Period

1 May 2019 – 30 April 2020 ("FY2020"), unless otherwise stated. Where relevant, historical data have been included for comparison and trend analysis.

Reporting Scope & Boundaries

Activities of United Malacca Berhad's ("UMB") active subsidiaries in Malaysia and Indonesia are covered in this Sustainability Statement. The information disclosed are from UMB's operations that generate the most revenue with major sustainability impact. This constitutes, but is not limited to the following, and any alterations have been stated where relevant:

- United Malacca Berhad;
- Leong Hin San Sdn Bhd;
- Meridian Plantations Sdn Bhd;
- Syarikat Penanaman Bukit Senorang Sdn Bhd;
- South-East Pahang Oil Palm Berhad; and
- PT Lifere Agro Kapuas ("PT LAK").

Frameworks & Guidelines

This Sustainability Statement has been developed in accordance with industry best practices and the following:

- Main Market Listing Requirements;
- Sustainability Reporting Guide (2nd Edition) by Bursa Malaysia Securities Berhad ("Bursa Malaysia");
- Global Reporting Initiatives ("GRI") Standards;
- United Nations Sustainable Development Goals ("SDG"); and
- Criteria of the FTSE4Good Bursa Malaysia Index ("FTSE4Good").

UMB strives to meet the sustainability agenda through the effective management of Environment, Social and Governance ("ESG") issues. Although the Coronavirus ("Covid-19") crisis has stressed the plantation industry, this Sustainability Statement reflects UMB's continuing priorities to people, the planet and profits.*

Why Palm Oil?

Malaysia contributes 26% of global palm oil production. According to the United States Department of Agriculture (USDA), around 72 million tonnes of palm oil was produced in 2019 for use ranging from cooking oil to cleaning products and cosmetics. By 2050, the worldwide demand for palm oil is expected to increase to between 120 and 156 million tonnes, accounting for around 65% of all oils traded as reported by the Roundtable on Sustainable Palm Oil (RSPO).

**more information regarding UMB's efforts during the pandemic can be found throughout the Sustainability Statement as well as the Management Discussion and Analysis section of this Annual Report*

Sustainability Statement (cont'd)

UMB'S BUSINESS SUSTAINABILITY AT A GLANCE

UMB's focus is upstream operations: managing plantation estates and processing fresh fruit bunches ("FFB") at two (2) mills in Malaysia and one (1) in Indonesia with a collective processing capacity of 600,000 MT per annum.

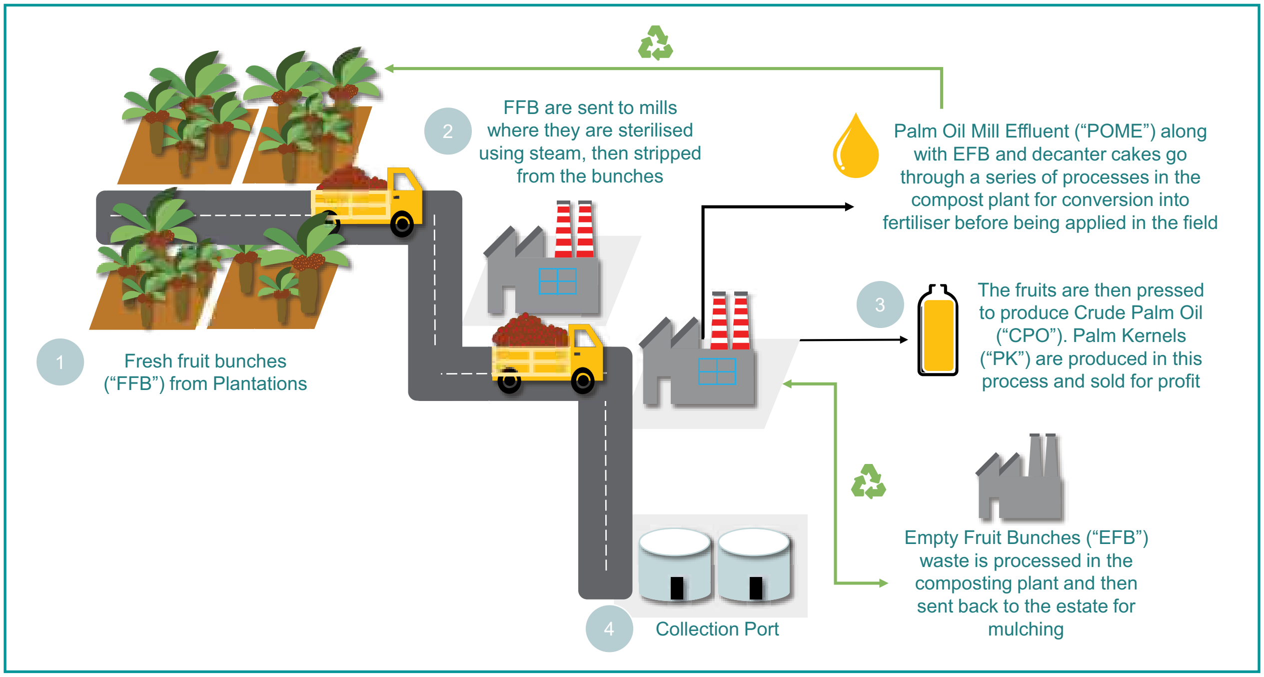


Diagram 1 – Main Activities

Table 1 - Malaysian Sustainable Palm Oil ("MSPO") & UMB's Response

MSPO Seven (7) Principles	UMB's Response through Sustainability
Principle 1: Management Commitment & Responsibility	• Ethical Business
Principle 2: Transparency	• Community Engagement & Development • Ethical Business • Workforce Management • Supply Chain Management
Principle 3: Compliance with Legal Requirements	• Occupational Safety & Health • Ethical Business • Community Engagement & Development
Principle 4: Social Responsibility, Health, Safety & Employment Conditions	• Occupational Safety & Health • Community Engagement & Development • Human Rights & Labour Practices • Workforce Management
Principle 5: Environment, Natural Resources, Biodiversity & Ecosystem Services	• Biodiversity & Land Management • Waste & Effluent • Water Management • Air Emissions • Sustainable Agricultural Practices

Sustainability Statement (cont'd)

MSPO Seven (7) Principles	UMB's Response through Sustainability
Principle 6: Best Practices	• Ethical Business • Supply Chain Management
Principle 7: Development of New Planting	• No new planting in FY2020 (more details discussed under Biodiversity & Land Management)

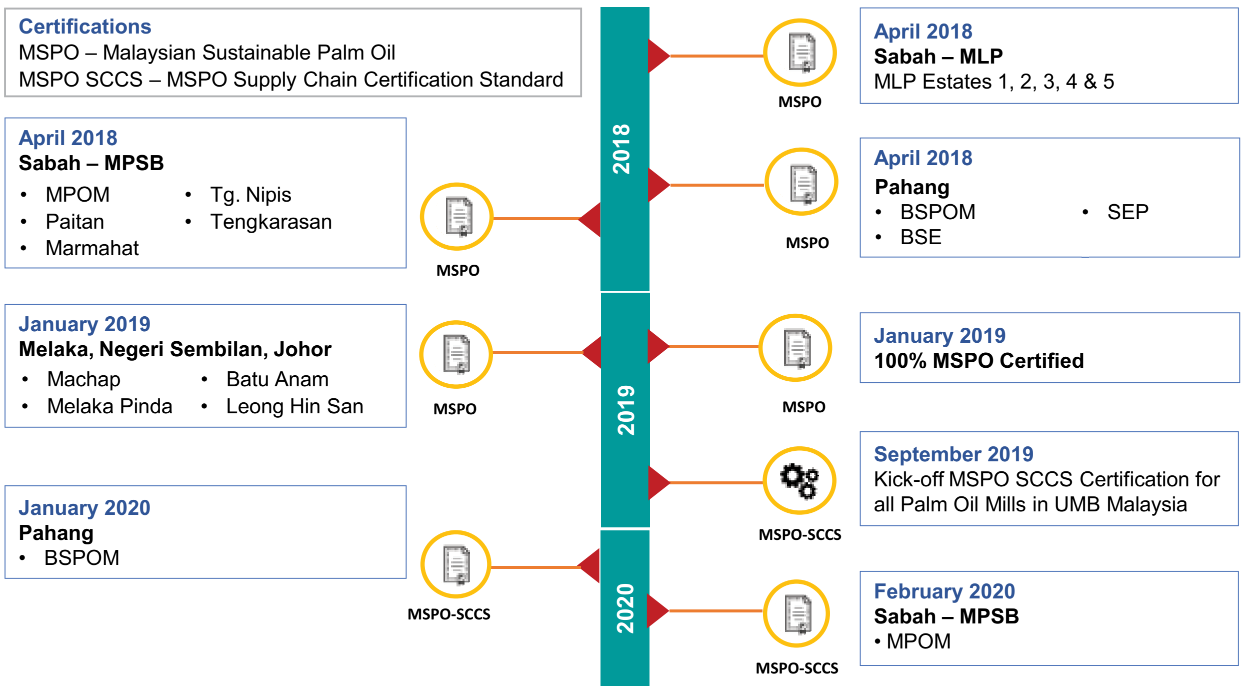


Diagram 2 – Sustainability Strategy, Initiatives & Current Milestones

Sustainability Statement (cont'd)

SUSTAINABILITY GOVERNANCE

Sustainability is an organisation-wide commitment. At UMB, sustainability governance begins with top-level involvement – the Board of Directors ("BOD") overseeing sustainability-related strategies. Implementation of these strategies and its direction is undertaken by the Chief Executive Officer ("CEO") while the Sustainability and Mechanisation ("S&M") Department coordinates, monitors and reports on sustainability risks and opportunities ("sustainability matters") every month to the Head of Engineering Department.

To ensure sustained compliance, all Heads of Departments ("HOD") and business units convene twice a year to review and assess UMB's sustainability plans and progress for the year. Sustainability matters are also discussed during quarterly management meetings.

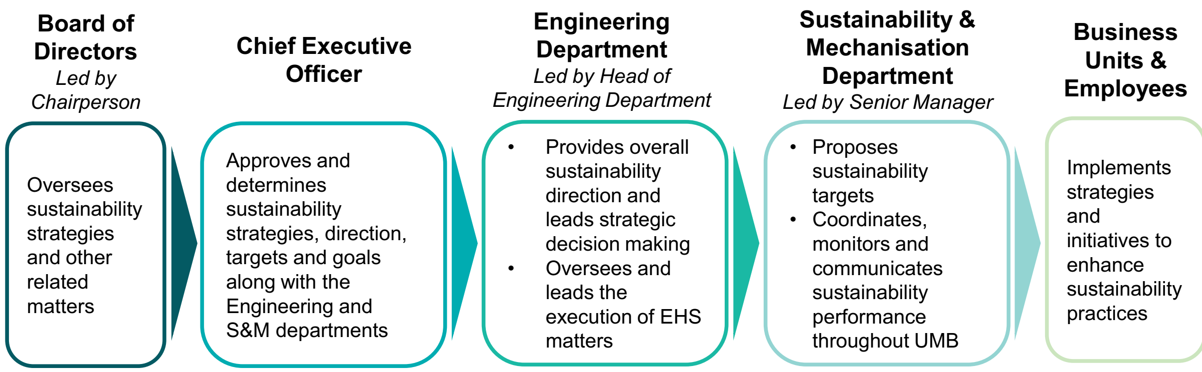


Diagram 3 – Sustainability Governance Structure

Adopted in July 2015 and based on MSPO's Principles and Criteria, UMB's Sustainability Policy addresses these ESG issues. In FY2020, UMB's Environment, Health and Safety policy was reviewed and updated.

Table 2 – UMB's Sustainability Policy

Sustainability Policy			
Commitment	• MSPO & ISPO Implementation & Commitment Policy • Quality Policy	**Safety**	• Food Safety Policy • Environment, Health and Safety Policy
Social	• Equal Opportunity Policy • Social & Human Rights Policy • Sexual Harassment Policy	**Environmental**	• Environment, Health and Safety Policy • Slope & River Protection Policy • Zero Burning Policy

Details of these policies can be found in the preceding sections of this Sustainability Statement.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

UMB has on-going dialogue with all stakeholders – internal and external – to respond to their needs and meet their expectations.

Table 3 - Stakeholder Engagement

Stakeholder Group	Engagement Channels	Frequency	Topics of Discussion	UMB's Response through the Relevant Pillars
Board of Directors	• Board Meetings • Annual General Meetings ("AGM") • Corporate Events	• Quarterly Board Meetings • AGM	• Ethical Business • Sustainable Agricultural Practices • Data Protection & Privacy	• Pillar 3: Profit – Sustainable Business
Employees / Field Workers	• Employees Engagement Survey • Performance Appraisal	• All business units meet once every quarter • Annual performance appraisal	• Occupational Safety & Health • Workforce Management • Personal Security • Sustainable Agricultural Practices • Biodiversity & Land Management	• Pillar 1: People – Caring for People • Pillar 2: Planet – Environmental Management • Pillar 3: Profit – Sustainable Business
Local Communities	• Community Development Programmes • Community Engagements	• Annually	• Community Engagement & Development	• Pillar 1: People – Caring for People
Smallholders	• Site Visits	• Annually	• Sustainable Agricultural Practices • Supply Chain Management	• Pillar 3: Profit – Sustainable Business
Investors / Financiers / Shareholders	• AGM • Briefings	• Annually	• Ethical Business • Sustainable Agricultural Practices	• Pillar 3: Profit – Sustainable Business
Customers / Consumers	• Online Platforms	• Annually	• Ethical Business • Sustainable Agricultural Practices • Data Protection & Privacy	• Pillar 3: Profit – Sustainable Business
Suppliers / Contractors / Vendors	• Discussion sessions • Periodic Performance Evaluations	• Annually	• Ethical Business • Sustainable Agricultural Practices • Supply Chain Management	• Pillar 3: Profit – Sustainable Business
Government / Regulators	• Public Conferences • Site Visits	• Annually	• Ethical Business • Sustainable Agricultural Practices • Data Protection & Privacy	• Pillar 3: Profit – Sustainable Business

Sustainability Statement (cont'd)

Stakeholder Group	Engagement Channels	Frequency	Topics of Discussion	UMB's Response through the Relevant Pillars
Certification Bodies	• Public Conferences	• Annually	• Sustainable Agricultural Practices • Ethical Business • Environmental Management	• Pillar 2: Planet – Environmental Management • Pillar 3: Profit – Sustainable Business
Media	• Media Releases & Briefings	• As and when required	• Sustainable Agricultural Practices • Human Rights & Labour Practices • Community Engagement & Development • Environmental Management	• Pillar 1: People – Caring for People • Pillar 2: Planet – Environmental Management • Pillar 3: Profit – Sustainable Business
Civil Society Organisations/ Non-Governmental Organisations ("NGO")	• Site Visits • Ad-hoc Programmes	• Annually	• Sustainable Agricultural Practices • Human Rights & Labour Practices • Community Engagement & Development • Environmental Management	• Pillar 1: People – Caring for People • Pillar 2: Planet – Environmental Management • Pillar 3: Profit – Sustainable Business

In FY2020, UMB engaged an independent sustainability consultant to conduct a Materiality Workshop attended by Management from various business units. During the workshop, UMB reassessed the relevance of sustainability parameters based on stakeholder feedback and newly identified industry-specific risks and opportunities. Below are key changes made to sustainability matters:

- "Agricultural Practices", "Certifications" and "Mechanisation" identified in FY2019, are now collectively referred to as "Sustainable Agricultural Practices". Consolidating these three (3) sustainability matters enables UMB to adopt an integrated approach because of their close linkages.
- "Personal Security" was introduced as a new sustainability matter during FY2020 as stakeholders view this with increasing concern.

UMB's sustainability matters are grouped into three (3) sustainability pillars – People, Planet and Profit.

Table 4 - Material Sustainability Matters

Sustainability Matters		
Pillar 1: People – Caring for People	**Pillar 2: Planet – Environmental Management**	**Pillar 3: Profit – Sustainable Business**
1. Occupational Safety & Health	6. Biodiversity & Land Management	11. Sustainable Agricultural Practices
2. Workforce Management	7. Waste & Effluent	12. Supply Chain Management
3. Personal Security	8. Water Management	13. Ethical Business
4. Community Engagement & Development	9. Air Emissions	14. Data Protection & Privacy
5. Human Rights & Labour Practices	10. Energy Efficiency	

Sustainability Statement (cont'd)

Through the workshop, Management was also asked to prioritise stakeholder groups based on their level of dependence on and influence over UMB. Following this, through online sustainability surveys, UMB engaged with key stakeholders – employees and fieldworkers, government bodies and regulators, as well as suppliers, contractors and vendors – to obtain their opinion regarding UMB's material sustainability matters. The stakeholder prioritisation matrix tabulates the results of the workshop.

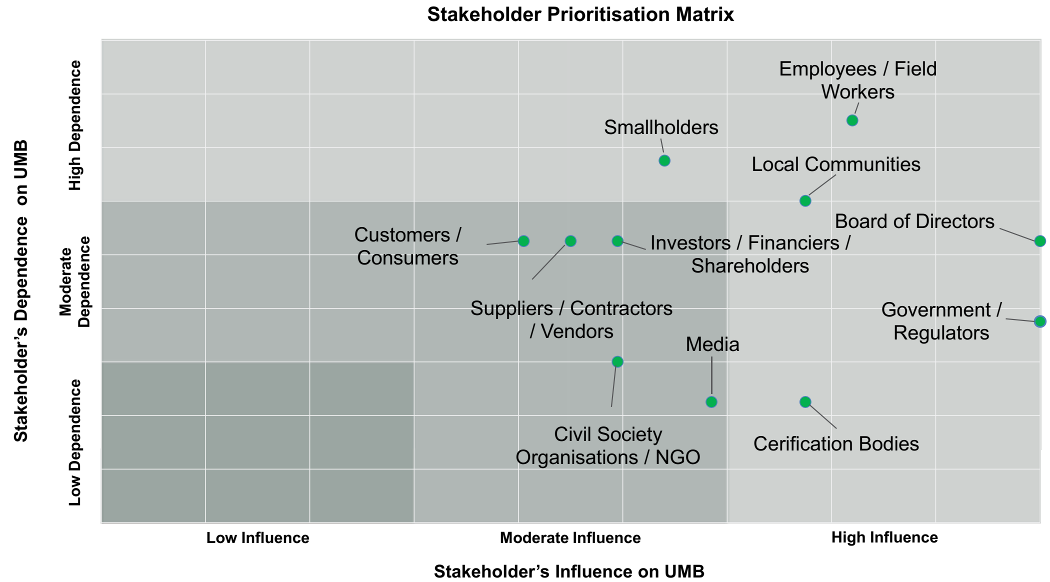


Diagram 4 - Stakeholder Prioritisation Matrix

The Materiality Matrix illustrates UMB's priorities and its stakeholders with respect to the plantation industry. As part of the workshop, UMB's Management undertook an Impact Assessment exercise to assess the degree of impact and likelihood of occurrence of identified sustainability matters from a business perspective. This, along with stakeholder feedback, were used to update the Materiality Matrix.

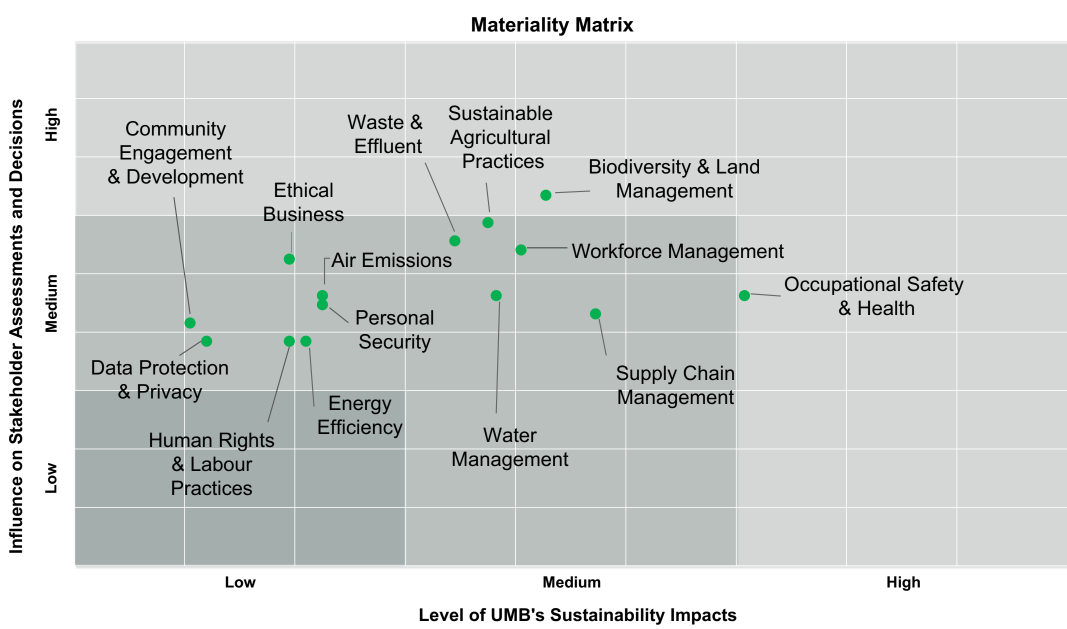


Diagram 5 - Materiality Matrix

Sustainability Statement (cont'd)

"Occupational Safety & Health", "Sustainable Agricultural Practices" and "Workforce Management" remained top sustainability matters to both UMB's business operations and its stakeholders. In line with the increasing need for companies to ensure minimal disruptions to supply chains, more importance was placed on "Supply Chain Management". Although some changes to the matrix reflect decreased impact, for example "Ethical Business" and "Human Rights & Labour Practices," this does not reflect declining importance, but a change in appropriate controls.

PILLAR 1: PEOPLE – CARING FOR PEOPLE

Planting oil palms is labour-intensive with heavy reliance on foreign workers. Social issues related to palm oil operations are difficult to identify and challenging to remediate.

During the Movement Control Order ("MCO") imposed by the Malaysian government, the plantation industry was classified as essential to the country's economy. UMB continued to operate during the MCO, but on a reduced scale due to the adoption of new precautionary practices to ensure employees' health and well-being. UMB adopted robust Standard Operating Procedures ("SOP") at all estates and mills. These measures resulted in zero reported Covid-19 cases at UMB's estates.

The table below summarises UMB's key initiatives and achievements, guided by FTSE4Good Criteria, GRI Standards and the SDGs.

Table 5 - Summary of Pillar 1: People

Sustainability Matters	Key Initiatives	Key Outcomes & Value Created
Occupational Safety & Health • FTSE4Good – Health & Safety • GRI Standards Disclosure 403: Occupational Health & Safety	• Health & safety training • EHS Incident Reporting & Investigation • Chemical Health Risk Assessment • Pandemic initiatives	• Enhanced capacity of employees in incident reporting • Enhanced incident tracking process
Workforce Management • FTSE4Good – Labour Standards, Corporate Governance • GRI Standards Disclosure 405: Diversity & Equal Opportunity, Disclosure 406: Non-Discrimination, Disclosure 407: Freedom of Association & Collective Bargaining	• Employees Benefits and performance appraisal • Training provided for employees • Covid-19 aid	• Increase of 22.7% training hours • RM53,520 granted in scholarships in FY2020
Personal Security • FTSE4Good – Health & Safety • GRI Standards Disclosure 410: Security Practices	• Sexual Harassment Policy • Female-specific grievance processes • Gender Committee for female employees	• No written complaints of sexual harassment or any violations

Sustainability Statement (cont'd)

Sustainability Matters	Key Initiatives	Key Outcomes & Value Created
Community Engagement & Development • FTSE4Good – Human Rights & Community, Labour Standards • GRI Standards Disclosure 413: Local Communities, Disclosure 411: Rights of Indigenous Peoples	• Social Impact Assessment • Grievance Management	• Awareness of social and environmental risks associated with UMB operations, mitigation and plans • Assessments conducted in all 15 estates and 2 mills in Peninsular Malaysia
Human Rights & Labour Practices • FTSE4Good – Human Rights & Community, Labour Standards • GRI Standards Disclosure 412: Human Rights Assessment, Disclosure 408: Child Labour, Disclosure 409: Forced or Compulsory Labour	• Grievance & Disciplinary Management Policy • Collective agreement with two National Unions	• Zero reports of discrimination, child labour, forced labour and human rights

Sustainability Statement (cont'd)

Occupational Safety & Health ("OSH")

UMB ensures all operations comply with local and international occupational health and safety standards. Guided by the Environment, Health and Safety ("EHS") Policy, UMB provides and maintains a healthy and safe workplace while measures are instituted to prevent injury and ill-health to employees and third parties.

Table 6 - EHS related Roles & Responsibilities

EHS Department	√ Oversees matters to safeguard the safety and health of all employees √ Engages with government agencies to build rapport and stay abreast of regulatory changes and affairs √ Provides advisory support to all estates and mills √ Conducts periodic EHS surveys of field locations to identify immediate or potential hazards and establishes action plans with necessary follow-ups √ Initiates investigations of major accidents and implements changes to reduce incidents √ Collaborates with the Sustainability team to conduct internal audits
OSH Committee & Environment Performance Monitoring Committee	√ Meetings are conducted every quarter to discuss EHS issues at plantation sites which is also required under the law

Building Evacuation Drill

Competency Training for Working at Height

Sustainability Statement (cont'd)

Table 7 - Key EHS Activities conducted in FY2020

EHS Activities	Description
EHS Familiarisation Visit	To identify EHS gaps and challenges before setting up plans
Social Security Organisation ("SOCSO") Benefit Briefing	Two (2)-hour course in collaboration with SOCSO for Managers and workers to understand the benefits of SOCSO
Emergency Response Team ("ERT") Training	A course for ERT members, equipping them with an Emergency Response Plan and enabling them to respond swiftly during emergencies, fighting fire, search and rescue, and first aid
Building Evacuation Drill	Annual programme to ensure employees and tenants are familiar with emergency routes and assembly points, allowing them to respond calmly during emergencies
Noise Hazard Identification	Annual requirement under OSH (Noise Exposure) Regulations 2019 to identify if employees are exposed to excessive noise (>82db(A)) in the workplace
Awareness & Competency Training – for Working at Height	Two (2)-day course comprising theory, practical and written examinations by an approved trainer registered with DOSH to raise awareness of the correct way to wear safety equipment and working at height
EHS Policy Briefing	A compulsory briefing for all to explain EHS policy
Chemical Handling Training	A training course on handling chemicals safely, managing health and physical hazards and how to respond to spillage and other emergencies
Permit to Work ("PTW") & Stop Work Order ("SWO") Training	Training on the types of activities that require PTW to be obtained, how to fill up SWO forms, and understand procedures at all estates
Scheduled Waste ("SW") & Non-Scheduled Waste ("NSW") Management Training	A training course for the SW handlers and managers to understand procedures and legal requirements of waste management, including waste handling, storage, disposal, forms, and the use of eSWIS portal

Noise hazard Identification

Incident Management Training

Sustainability Statement (cont'd)

Occupational health and safety is a continuous learning process. Apart from internal training conducted by the EHS department, UMB asked the National Institute of Occupational Safety & Health ("NIOSH") to conduct competency programmes. An EHS annual programme is being developed to register and monitor compliance with regulations.

Chemical Health Risk Assessment ("CHRA")

CHRAs are regularly carried out for all UMB's personnel handling pesticides and other chemicals. The assessment focuses on analysing the use, handling, storage and transportation of chemicals at all operations. UMB interviews chemical handlers on site for further information. Training programmes for employees are conducted to increase awareness. All chemical handling matters are documented, and appropriate measures are in place to reduce risks.

UMB's priority is to prevent occurrences that put employees at risk or cause fatalities. The Hazard Identification, Risk Assessment and Risk Control ("HIRARC") is reviewed annually, or when required, at all operating sites to ensure safety hazards are managed effectively. Currently, the EHS team is developing an EHS Risk Register – comprising both HIRARC and Environmental Aspect Impact – which the team hopes to complete by the third quarter of FY2021. With the EHS Risk Register, UMB will be able to identify potential dangers, enhance existing controls and institute measures to reduce the number of incidents.

EHS Incident Reporting & Investigation

As part of UMB's efforts to reduce EHS incidents, steps were taken to improve incident investigation and reporting in FY2020. An internal training on Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease ("NADOPOD") Regulations 2004 was conducted in every region. This course enabled UMB's employees to better understand incident reporting and included the practical aspect of training participants to fill up internal incident investigation forms and JKKP 6, 7, 8 forms on the DOSH portal. An SOP on Incident Management was established based on the regulations and Environmental Quality Act 1974. This procedure includes:

1. Guidance to ensure all incidents and instances of non-conformity are reported, investigated, corrected and prevented from recurring;
2. Compliance with legal and other requirements to which the company subscribes to; and
3. Guidance on preparing and disseminating accident reports.

Training has increased overall awareness of incident reporting and requirements established by the law, thereby improving UMB's incident tracking process.

Safety Performance Data

UMB is committed to reducing incidents and strives obtaining more accurate data and improving safety performance. In light of the OSH (NADOPOD) Regulations 2004 training and new methodologies used, UMB enhanced its incident tracking process.

In FY2020, there was one fatal accident at UMB's operating unit. This unfortunate accident was due to the contractor's failure to follow the SOP, obtain PTW prior to commencing work, and failure to use appropriate PPE. UMB has thus taken strict measures to mitigate such risks. This includes enforcing SOP where only trained individuals can do certain jobs that require competency under the law, necessitate contractors appointing a supervisor to oversee all work, and submit regular reports to Management.

Sustainability Statement (cont'd)

Table 8 - Safety Performance Data

Safety Performance	Unit	FY2020
Fatalities	Number of Cases	1
Accidents	Number of Cases	201
Incident Rate ("IR")	Incident/1000 employees	140.5
Lost Time Injury Frequency Rate ("LTIFR")	LTI Case Frequency/million manhours	26.4
Fatality Rate ("FaR")	Fatality/1000 employees	0.7
Severity Rate ("SR")	Lost Days/million manhours	1,825.9

Note:

1. *The calculation methodology was revised from previous years' reporting, hence only FY2020 data is reported and this will be used as the baseline for future reporting.*
2. *An SOP on Incident Management was established and circulated on 10 January 2020. This increased awareness on total incident management and requirements under the law, hence the sudden rise in incident reporting.*

UMB nurtures employees' skills to ensure they are well-equipped to manage EHS-related matters. During FY2020, UMB implemented several changes to all business activities, including introducing special SOPs and guidelines for all estates, palm oil mills and employees' houses to prevent the spread of Covid-19 infection. UMB conducted regular health screenings, and purchased and distributed to all estates, mills and offices crucial items such as face masks, hand sanitisers, disinfectants and thermometers.

Initiatives During the Pandemic

√ **Social Distancing** – implementation of safe distance measures during field operations including workers transportation, and in clinics and offices.

√ **Regular Screening of Covid-19 Symptoms** – carried out by specially trained staff equipped with infra-red thermometers. The screening is done at the entrances of workplaces such as offices and mills, as well as before workers leave to various field sites.

√ **Coronavirus Awareness & Good Hygiene Practices** – frequent hand washing and sanitisation. This included putting up posters showing proper hand washing techniques, and information on why hygiene is critically important to prevent the spread of the virus. Hand washing and sanitiser stations were also set up throughout UMB's operations.

√ **Disinfecting Workplaces & Personal Protective Equipment ("PPE")** – a professional disinfection fogging company disinfected UMB's workplaces, more frequently at the Melaka Headquarters. Professional fogging and misting with approved disinfectants were conducted to sanitise the offices effectively. Hand sanitisers, soap and clinical face masks were distributed to all operating units. The PPE were purchased by individual operating units and the Sales & Purchasing department arranged for bulk purchases.

Sustainability Statement (cont'd)

Social distancing implemented during field operations

Social distancing while transporting workers in buses

Disinfecting processes at Melaka Headquaters

Posters with Covid-19 information at all operating sites

Briefing on curbing the spread of Covid-19 and screening in the estates

Workforce Management

Diversity in age, gender and ethnicity within UMB is crucial to facilitate a broad spectrum of insights and ideas. Although UMB's workforce is predominantly male, the number of women employed has increased slightly. At the end of FY2020, UMB's workforce totalled 2,689 persons, with 11% consisting of staff, executives and Management while 89% are field workers. The breakdown of UMB's workforce is presented in the diagram below.

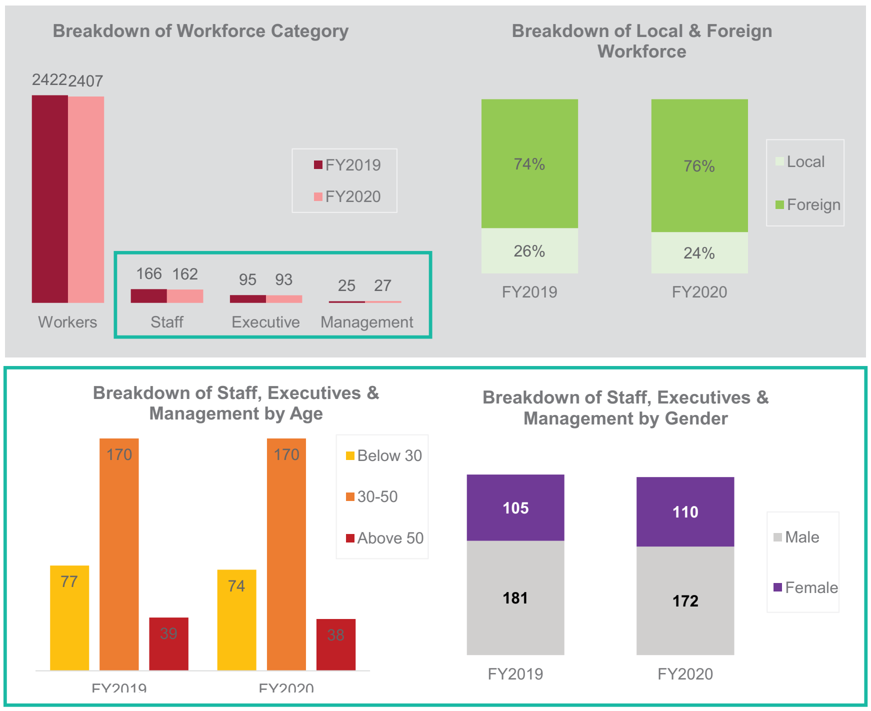


Diagram 6 - Breakdown of Workforce

Note: The breakdown of staff, executives & Management by age and gender excludes field workers

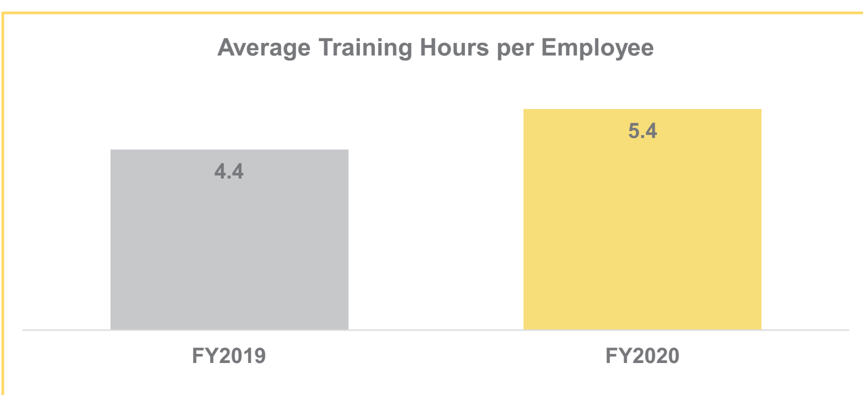


Diagram 7 - Average Training Hours per Employee

UMB ensures all employees receive adequate training through various courses and seminars organised annually. In FY2020, UMB recorded a total of 1,376 training hours with each employee averaging 5.4 hours – a 22.7% increase from FY2019.

Sustainability Statement (cont'd)

Table 9 - Key Internal & External Training Programmes held in FY2020

Key Internal Training	Key External Training
Anti-Bribery / Corruption Training	• 9th International Planters Conference 2019 • MSPO-SCCS Briefing for Palm Oil Mill Processing Facilities • 11th Asia Sustainable Oil Palm Summit • Managing Scheduled Wastes Towards People & Environmental Protection and Cost Reduction • Corruption & Corporate Liability Offences by Commercial Organisations

Because UMB believes people are its biggest asset, it offers all employees remuneration packages above the minimum wage. Field workers and their families are provided with permanent housing as well as interest-free motorcycle loans for travel from estates that are located far from towns. As a token of appreciation, Long Service Awards are given to those who have served UMB for 10, 15, 20 or 25 years.

To give all Malaysians an opportunity for further studies, UMB has awarded substantial amount for scholarships. The Tun Tan Siew Sin Scholarship is given to employees' children who excel in their SPM examinations, enabling them to enrol in Form 6, while the United Malacca Scholarship is awarded to students pursuing university courses relevant to UMB's manpower requirements.

Table 10 - Total Scholarship Contributions

Scholarships	Amount of Contributions (RM)	
	FY2019	**FY2020**
United Malacca Scholarship	97,000	50,000
Tun Tan Siew Sin Scholarship	4,000	0*
Educational Aid	3,080	3,520
Total Amount	**104,080**	**53,520**

**there were no applicants for the Tun Tan Siew Sin Scholarship in FY2020*

The Human Resource ("HR") Department holds engagement sessions to inform HODs of plans aimed at developing all employees' potential and to provide feedback to head office of skill gaps. To achieve these twin objectives, a Performance Improvement Plan procedure was implemented. An initiative, called the HR Business Partner ("HRBP") was introduced in May 2019 to encourage different departments and estates to work together. Playing the role of a change agent, HRBP provides advice and support to department heads.

Items bought by Estate Management from food suppliers were provided to workers at wholesale prices to ensure they have access to pre-pandemic necessities

Covid-19 Aid

A one-off incentive pay-out was offered to harvesters and general workers due to the outbreak of Covid-19. UMB's Management assisted in providing this incentive to assist workers financially which will be rolled out on a staggered basis. In anticipation of any possible disruption to food supplies, estate management also ensured that all workers were provided with adequate amenities and food supplies.

Personal Security

UMB's Sexual Harassment Policy endeavours to mitigate sexual harassment or violence. Initiated by written complaints to the employee's supervisor or Manager, and after investigations are conducted by the HR department, disciplinary actions are taken against violators.

In FY2020, there were no written complaints of sexual harassment or any violations. UMB's initiatives relating to sexual harassment and personal security are summarised below:

Table 11 - Key Initiatives

Key Initiatives	Description
Female-specific grievance processes	Formal channel for female employees to raise grievances or complaints to their superiors / gender committee
Gender Committee for female employees	A female gender committee set up exclusively for UMB's female employees. It is a support committee to address sexual harassment and violence cases
Awareness on the Sexual Harassment Policy	Awareness training on UMB's policy on sexual harassment, gender discrimination or gender-biased matters and the complaint process related to it
Security / Watchman	24-hour manned entrances / gates and security / watchmen deployed at all sites and offices
Emergency Alarm	Installation of emergency alarms at staff quarters
Emergency contact number / Person-in-Charge	Emergency contact numbers are clearly displayed and designated officers (Assistant Manager at estates / mills) are available round the clock

Sustainability Statement (cont'd)

Community Engagement & Development

UMB holds regular engagement sessions with those living near its estates and palm oil mills in Malaysia and Indonesia to obtain better insight into their concerns and needs as well as to address any issues.

Grievance Management

Established since 2017, UMB's SOP for handling complaints and grievances stipulate appropriate processes to handle complaints by individuals or local communities affected by UMB's business activities. The SOP involves filling out a form available on UMB's website, to initiate action followed by an investigation by UMB and other relevant measures.

Time taken to resolve the complaints and grievances varies according to the criticality of the issue. In cases requiring further discussions with UMB management, face-to-face meetings will be held. Complainants will be notified when Management decides on a course of action.

On 10th March 2020, the engagement session's agenda covered MSPO, workers' safety and health, training programmes, patrolling procedures, pest controls, and raising awareness about the need to curb the spread of Covid-19. Issues raised during the meeting are used to enable UMB to take future action, where necessary, and forms the basis of UMB's Social Impact Assessment.

Social Impact Assessment ("SIA")

The SIA is a crucial mechanism to establish trust with stakeholders. Through the SIA, UMB's Management can analyse the social impact and mitigate potential social risks. In FY2018, UMB engaged an independent party to conduct the social impact assessment in all fifteen (15) estates and two (2) mills in Malaysia. Valid for five (5) years, the next SIA will be conducted in FY2022.

Group and one-on-one interviews, site observations and verifications were used to conduct these assessments. This involved workers, government agencies, community leaders, contractors, suppliers and school representatives. At UMB's estates, steps are also taken to preserve and protect the environment by limiting the release of pollutants.

Table 12 – Summary of SIA Comments & Concerns Raised by Stakeholders with UMB's Responses

Areas of Concerns	Comments Raised by Stakeholders	UMB's Response & Action Plans
Housing Conditions / Living Improvement	Housing complaints not attended to in a timely manner	• Management will monitor repairs done in response to each complaint received • Repetitive complaints must be handled promptly
	Upgrading existing quarters and constructing new quarters	Plans to upgrade and construct new quarters are in place and necessary approvals have been obtained
	Housing conditions – inconsistent water supply, inadequate fencing, infrequent grass cutting	• Management to review existing water supply and address problems • Other requests will be raised in upcoming Management meetings
	Request for improved childcare learning centre ("CLC") and additional CLCs	Management agreed to improve CLC facilities and will consider providing an additional CLC in other estates

Areas of Concerns	Comments Raised by Stakeholders	UMB's Response & Action Plans
Housing Conditions / Living Improvement	Transport to surau for Friday prayers, to nearby town for grocery shopping and nearby schools for children	• Groceries – provision for a lorry was included in the budget • Other transportation requests will be considered
	Construction of a Surau	Management plans to construct a surau in BSE
	Pricey goods at sundry shop	Management to review the sundry shop's contract and to monitor prices regularly
Transportation	Insufficient transport for foreign workers to go to clinics / hospitals or for emergencies	Management to improve and to communicate procedures for transporting workers to clinics / hospitals through morning assembly or display information
Employment Conditions	No personal protection equipment ("PPE") shoes for sprayers and harvesters	Management to inform workers about providing and replacing PPE to workers according to the Section 15 and 17 of OSHA 1994
Women & Reproductive Rights	Policy to prevent sexual harassment	Management will communicate Sexual Harassment Policy to all employees
Benefits & Salary	Payment system to harvesters was not clear	• Management follows MAPA guidelines • Harvesters are paid on a per tonne basis • Harvesters will be briefed on pay and rate
Job Opportunities	Limited job opportunities for locals due to foreign workers	UMB will prioritise recruiting locals where possible

Visit by ambassadors from the EU, Italy and Belgium to UMB's Bukit Senorang Estate in Pahang


Ambassadors from the EU, Italy and Belgium visit the newly-built compost plant at Bukit Senorang Palm Oil Mill

During the reporting year several envoys from the European Union, Italy and Belgium visited UMB's Bukit Senorang estate and palm oil mill to see how FFB collection and application of fertiliser are now mechanised. The ambassadors also visited the new compost plant where waste materials from the oil mill are collected and made into compost to be used in the estate as organic fertiliser.

Sustainability Statement (cont'd)

Human Rights & Labour Practices

More than 76% of UMB's plantation workers are from Indonesia, India, Bangladesh, Nepal and the Philippines. The HR Department handles discrimination issues and unfair labour practices. UMB's Grievance and Disciplinary Management Policy allows employees to report discrimination and unfair practices to their supervisor or Manager; these complaints will be investigated by the HR Department.

In FY2020, UMB received zero reports of discrimination, child labour, forced labour and human rights' violations. During the year under review, UMB signed a collective agreement valid for three (3) years with The All Malayan Estate Staff Union ("AMESU") and the National Union of Plantation Workers ("NUPW").

PILLAR 2: PLANET – ENVIRONMENTAL MANAGEMENT

Guided by UMB's Environmental Policy, the Environmental Management Committee determines the effectiveness of environmental management and monitors initiatives.

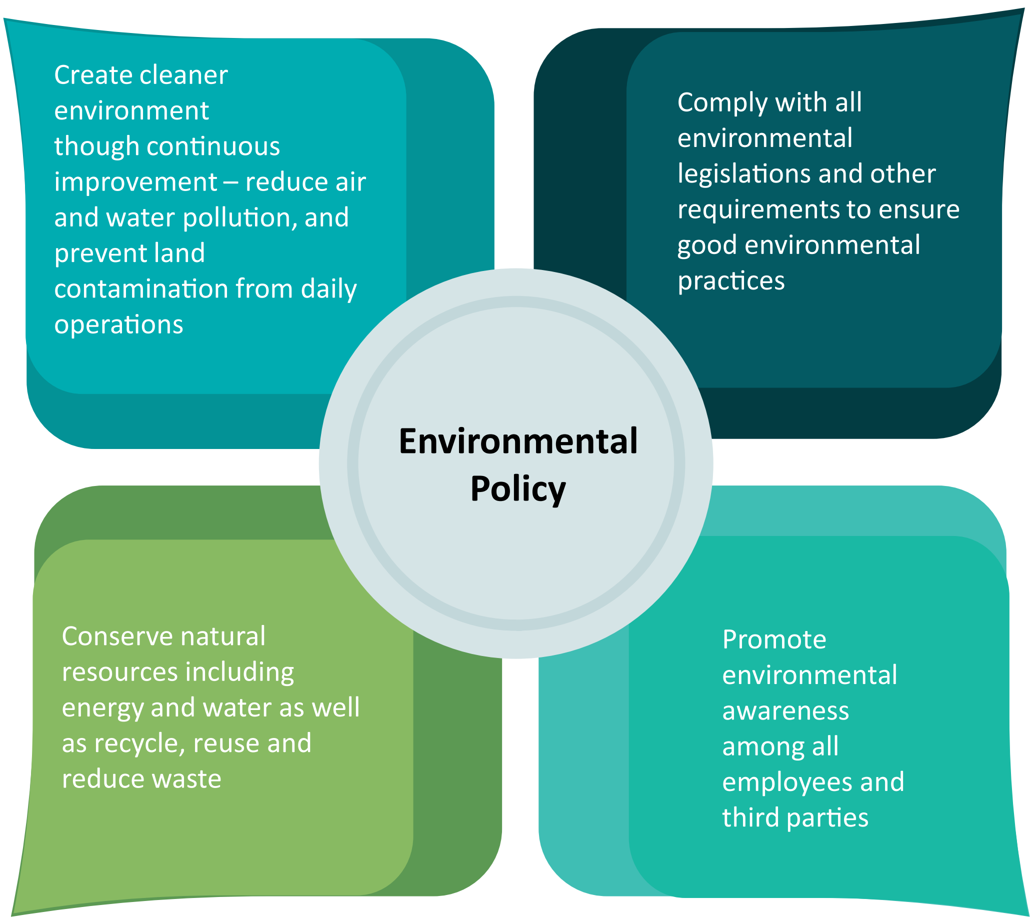


Diagram 8 - Environmental Policy

The table below summarises UMB's key initiatives and achievements, guided by FTSE4Good Criteria, GRI Standards and the SDGs.

Sustainability Statement (cont'd)

Table 13 - Summary of Pillar 2: Planet

Sustainability Matters	Key Initiatives*	Key Outcomes & Value Created
Biodiversity & Land Management • FTSE4Good – Climate Change, Biodiversity • GRI Standards Disclosure 304: Biodiversity	• Biodiversity & HCV Assessment • Slope & River Protection • Zero Burning Policy • Conservation of Riparian Reserves • 1492.6 ha of conservation land	• Awareness of possible social and environmental threats • Good agriculture practices • Protection of diverse flora and fauna
Waste & Effluent • FTSE4Good – Pollution & Resources • GRI Standards Disclosure 301: Materials, Disclosure 306: Effluents and Waste, Disclosure 307: Environmental Compliance	• Processing POME into organic fertiliser • Organic waste is composted • Zero-waste policy • Reduction of Inorganic fertilizer	• 100% of organic waste is composted • Reduction of cost spent on fertilisers • 46,761.1 MT composted at Pahang, Sabah and Indonesian mills • No cases of non-compliance reported
Water Management • FTSE4Good – Water Security • GRI Standards Disclosure 303: Water and Effluents, Disclosure 307: Environmental Compliance	• Water Catchment Lake • Rainwater Harvesting • Water Treatment Plant • Water Analysis • Water reduced in processing palm oil using undiluted crude oil	• Usage of surface and underground water is maximised with minimal wastage in all estates and mills
Air Emissions • FTSE4Good – Pollution & Resources • GRI Standards Disclosure 305: Emissions, Disclosure 307: Environmental Compliance	• Future monitoring of emissions of airborne pollutants	• No cases of non-compliance or fines by regulators
Energy Efficiency • FTSE4Good – Pollution & Resources • GRI Standards Disclosure 302: Energy	• Pressed fibre and shells used as alternative renewable fuel sources • Installation of solar panels	• Reduce GHG • Palm kernel shells sold for additional revenue

**key initiatives are reviewed annually during Management meetings*

Biodiversity & Land Management

Operating in Malaysia and Indonesia, UMB strives to protect both countries' flora and fauna and to minimise carbon emissions. UMB currently has 1,492.6ha of conservation land to protect wildlife.

Table 14 - Key Policies for Ecological Impacts of New Developments & Management of Existing Plantations

Policies	Description
Slope & River Protection Policy	To ensure greater compliance with MSPO standards as well as to prevent soil degradation and erosion, this policy is currently under review.
Zero Burning Policy	Prohibit any burning in estates. Since its implementation, the Group uses machinery to clear the land. This is applicable for both Malaysian and Indonesian operations.
Conservation of Riparian Reserves	All estates conserve Riparian Reserves in line with MSPO and ISPO requirements. Training on buffer zone conservation is done at least once a year to create worker awareness. No spraying and manuring activities are allowed in the buffer zone.
MSPO Principle 7: Development of New Plantings	Includes criteria on High Biodiversity Value, peat land, soil and topographic information, planting on steep terrain, marginal and fragile soils and customary land.


Conserving Riparian Reserves

Fire Extinguishing Training for Employees

In line with MSPO's Principle 7: Development of New Plantings, UMB's phased expansion of planting areas includes planting legume cover, constructing retention ponds and building silt traps. UMB does not plant oil palms in Environmentally Sensitive Areas ("ESA"). In FY2020, 900 Ha of new planting were carried out in Indonesia. In Malaysia old palms were replanted with high-yielding seedlings. UMB engaged an external consultant to assess High Conservation Value ("HCV") for all estates in Peninsular Malaysia, Sabah and Indonesia. The last HCV assessment was conducted in FY2018 and is valid for five (5) years.

Sustainability Statement (cont'd)

The Six (6) High Conversation Values ("HCV")

HCV are biological, ecological, social or cultural values of outstanding significance at national, regional or global levels or of critical importance at a local level.

This approach helps protect HCV where development will take place. It is referenced as a tool for achieving several SDGs, certifications by voluntary sustainability schemes, meeting corporate sustainability commitments, and as a mechanism to ensure responsible investments in forestry and agriculture globally.

The assessment highlights possible threats to biodiversity within estates and mills and conceptualises strategies to mitigate the environmental impact of planting oil palms and conserving wildlife.

Biodiversity & HCV Assessment

Carried out by an external assessor, the process involved collecting field data, consulting stakeholders and desk-based analysis. Water bodies (i.e. river reserves and water catchment areas) and forest borders (i.e. isolated remnant forest) located in the vicinity of UMB premises were identified as high risk of being affected by its operations. UMB has taken steps to ensure managing and monitoring of the identified HCV.

Table 15 - Summary HCV Assessment Results

Policies	Description	Description
Pond and/or water bodies	• Vegetation clearing • Riverbanks erosion • Sedimentation • Eutrophication of aquatic environments and vegetation overgrowth due to fertilizer applications • Interruption on aquatic biological health • Degradation of catchment areas	• Education and awareness • Ensure no agrochemical activities are carried out on areas bordering water bodies • Monitoring water quality parameters (where applicable) • Monitoring wildlife sightings • Cover bare soil by planting vetiver grasses and groundcovers to reduce soil erosion • Monitoring riverbanks with dated photos
Forest borders and/or isolated remnant forests	• Forest encroachment • Illegal poaching / wildlife hunting • Illegal logging • Forest product exploitation • Human – wildlife conflict	• Signboards to create awareness such as "No trespassing", "No hunting", "No open burning" • Maintain boundary stones along borders • Liaison with forestry and wildlife department on ways to handle any human-wildlife conflicts • Conduct regular inspection by security guards patrolling boundaries area

Sustainability Statement (cont'd)

Diagram 9 - Migratory birds (like Egrets) & Proboscis monkeys frequently visit Meridian Estate in Sabah

UMB's Zero Burning Policy prohibits burning prior to new planting and replanting. At PT LAK plantation in Kalimantan, Indonesia, a few towers were constructed offering 360-degree monitoring of fire outbreaks over vast areas. Tube wells were constructed to extinguish fires immediately by extracting groundwater.

Fire Monitoring Tower at PT LAK Estate

Tubewells extracting groundwater at Indonesian fields

No Open Burning Sign

Sustainability Statement (cont'd)

To prevent slashing and burning, UMB educates smallholders about the consequences of burning to their health and the environment. Signs stating open burning is prohibited have been put up in LAK's five estates. All estates have installed Fire Fighting Systems alerting managers to outbreaks of fire as well as fire prevention equipment in workers quarters. Workers in some estates have received training in safety and firefighting. This training programme is on-going and will be rolled out to all workers in stages.

Waste & Effluent

Oil palms produces large amounts of organic waste – including empty fruit bunches ("EFB") and palm oil mill effluent ("POME") while by-products of the milling process include palm kernel shells ("PKS") and palm fibres ("PF").

Table 16 - Summary of Organic Waste Produced

Type of Organic Waste (FY 2020)	BSPOM	MPOM	ARWANA
EFB	Waste recycled as compost		
PKS	Waste recycled as boiler fuel		
FIBRE	• POME is processed into organic fertilisers which is used in the estates • Any balance of treated POME is applied on the land to supply nutrients and moisture to the soil		
POME (m^3)	102,813.5	145,051.0	46,078.9
COMPOST (MT)	32,043.8	6,031.8	5,627.8

Note:

1. *The table refers to FY2020 figures only.*
2. *Arwana refers to UMB's Indonesian mill at PT LAK which was commissioned in June 2019, thus only data for FY2020 is available.*
3. *Compost production at MPOM only began in January 2020.*
4. *Compost is produced after 45 days through the utilisation of EFB and POME with the addition of microbes. The final product is then used as organic fertiliser.*
5. *POME is effectively treated before being discharged.*

Effluent treatment pond at Meridian Palm Oil Mill

At UMB mills, EFB are sent to an in-house plant to convert to compost to be used as organic fertiliser in the estates, while PKS and PF are mainly utilised as fuel for the mill's boiler. Using organic compost as fertiliser reduces the need for chemical fertilisers by 50% to 70%. In keeping with a zero-waste policy for all operations, UMB's target is to ensure all EFB waste is composted.

A by-product of palm oil production, POME makes up 75% of the total Biological Oxygen Demand ("BOD") generated in the mill. To create value from waste, approximately 60% of POME is composted into organic fertiliser, while 40% of POME remains in the pond and is released back into the field to supply nutrients and moisture to the soil.

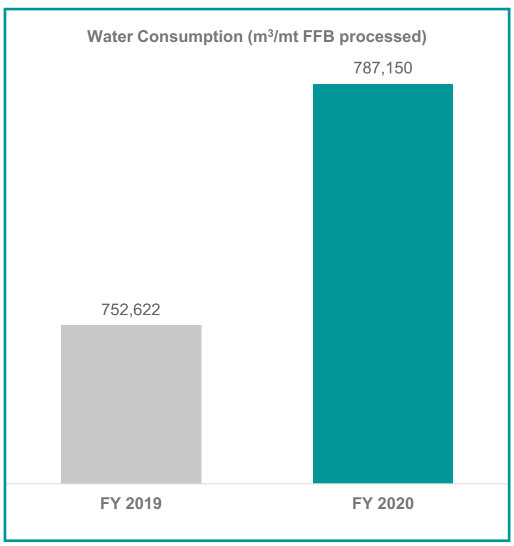
BOD and Suspended Solids ("SS") are closely monitored. To ensure compliance with DOE regulations, selected employees from the EHS Department are sent for training on "Managing Scheduled Wastes Towards People & Environmental Protection and Cost Reduction". In FY2020, there were no cases of non-compliance reported.

Water Management

Because water is essential in daily operations, particularly during the dry season, an efficient water management system ensures usage of surface and underground water is maximised with minimal wastage in all estates and mills.

Table 17 - Key Initiatives to Manage, Conserve & Optimise Water Usage

Key Initiatives	Description / Purpose
Initiatives to Mitigate Flood Risks	Built water gate at PT LAK, more than 214 units of High-Density Polyethylene ("HDPE") culverts were installed by April 2019
Water Catchment Lake	Converted designated areas into water catchment lakes, extend conservation areas for estate operations
Rainwater Harvesting	Collected rainwater for all estates by providing each staff house with harvesting devices to maintain and boost water reserves for household activities
Water Treatment Plant	Improved water supply to all buildings in the estate
Water Analysis	Identified and analysed water quality in the river for domestic use and consumption
Water Reduction Using Undiluted Crude Oil	Conventional mills use water to dilute oil from press stations before flowing to clarification stations. By using undiluted crude oil from oil rooms to dilute the oil from the screw press, the Arwana Palm Oil Mill and the Peninsular mill are able to conserve water during this process
Maintaining Quality of Water	Chemical spraying and manuring activities are prohibited in buffer zones to ensure water quality and avoid chemical runoffs into surface water



As part of MSPO's requirements, each estate and mill monitors and regularly reports their water consumption. Whenever possible, UMB recycles all used water.

During the reporting year, 55.9 million litres of water was used for domestic consumption, an amount that will increase in tandem with a growing labour force residing in the estates.

Note:

1. *The increase in water consumption is due to the large increase of FFB production.*
2. *This does not include Arwana mill in Indonesia.*

Diagram 10 - Total Water Consumption by Mills

Sustainability Statement (cont'd)

Air Emissions

According to the Ministry of International Trade and Industry, the agricultural sector is one of the major contributors to greenhouse gas ("GHG") emissions in Malaysia with the energy sector being the highest contributor at 76%. Emissions in the agriculture sector increased by 35% between the years 2000 and 2011. [1]

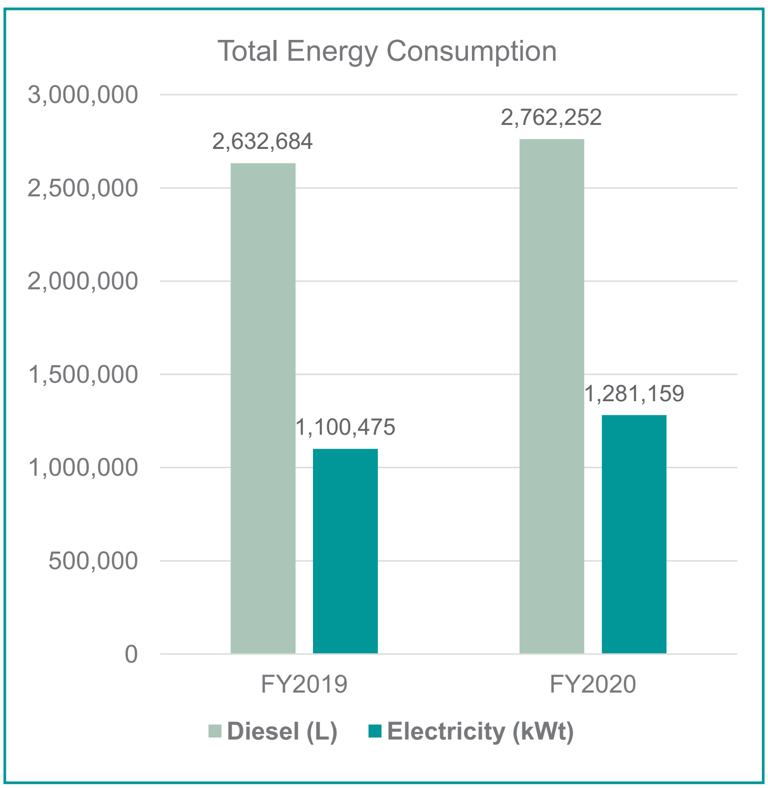
UMB continues to work towards reducing emissions and mitigating the effects of climate change while maintaining a balance between productivity and reducing emissions.

Recognising the first step to reducing emissions is monitoring, UMB will implement relevant measures in the future. There were no cases of non-compliance or fines by regulators during the reporting year.

Energy Efficiency

In the mills, mesocarp pressed fibre has replaced palm kernel shells to power boilers. Using mesocarp pressed fibre offers two advantages. First, it lowers fossil fuel consumption thereby reducing greenhouse gases ("GHG"). Second, palm kernel shells, another source of renewable energy source, is sold for additional revenue.

Solar panels, an environmentally friendly source of energy, were installed in some estates. Because non-renewable sources of energy cannot be eliminated altogether, most estates still rely on electricity from the national grid. However, gensets are used in Sabah estates.



Note:

1. *Data on electricity consumption is collected from Machap, LHS, Batu Anam, BSPOM*
2. *Data on diesel consumption is collected from all Malaysian estates and mills*
3. *Increase in total energy consumption is due to the growing in operational activities*

Diagram 11 - Total Energy Consumption from Estates & Mills

[1] "Malaysia and The United Nations Framework Convention on Climate Change (UNFCCC) – The Paris Agreement" https://www.miti.gov.my/miti/resources/Article_on_Malaysia_UNFCCC_Paris_Agreement.pdf?mid=572

Sustainability Statement (cont'd)

PILLAR 3: PROFIT – SUSTAINABLE BUSINESS

To ensure operations are sustainable, UMB has instituted several policies. The table below summarises UMB's key initiatives and achievements, guided by FTSE4Good Criteria, GRI Standards and the SDGs.

Table 18 - Summary of Pillar 3: Profit

Sustainability Matters	Key Initiatives	Key Outcomes & Value Created
Sustainable Agricultural Practices • FTSE4Good – Biodiversity	• Comply with sustainable certifications • Increase productivity through mechanisation • Integrated pest management	• Increase productivity, through mechanisation reduces need the manpower • 100% of UMB estates are MSPO and ISPO certified • Decrease use of pesticide and herbicide use
Supply Chain Management • FTSE4Good – Environmental & Social Supply Chain • GRI Standard Disclosure 204: Procurement Practices, Disclosure 308: Supplier Environmental Assessment, Disclosure 414: Supplier Social Assessment	• Conduct pre-qualification screening • Provide training for small landholders	• Employ reliable suppliers and contractors • Nurture small landholders • RM12.1 million spent on FFB purchases from small landholders since FY2018 • 13.5% increase in amount spent on local suppliers • 100% traceability
Ethical Business • FTSE4Good – Corporate Governance, Anti-Corruption • GRI Standard Disclosure 205: Anti-corruption	• Employees Code of Conduct • Directors' Code of Ethics and Whistleblowing Policy • Social compliance	• No fines or breaches related social compliance
Data Protection & Privacy • GRI Standards Disclosure 418: Customer Privacy	• Cyber security training	• No fines or breaches related to cyber security • Protect and privacy of customers

Sustainability Statement (cont'd)

Sustainable Agricultural Practices

UMB's S&M Department ensures all departments, estates and mills comply with standards stipulated by MSPO and the Codes of Practice ("COP"). Additionally, the Agronomy Department monitors closely usage of agrichemicals and fertilisers. The S&M Department also carries out external and internal audits annually. Any incident of non-compliance will be highlighted, and the case is closed only after corrective action is taken.

Table 19 - Breakdown of MSPO Certifications in Malaysian

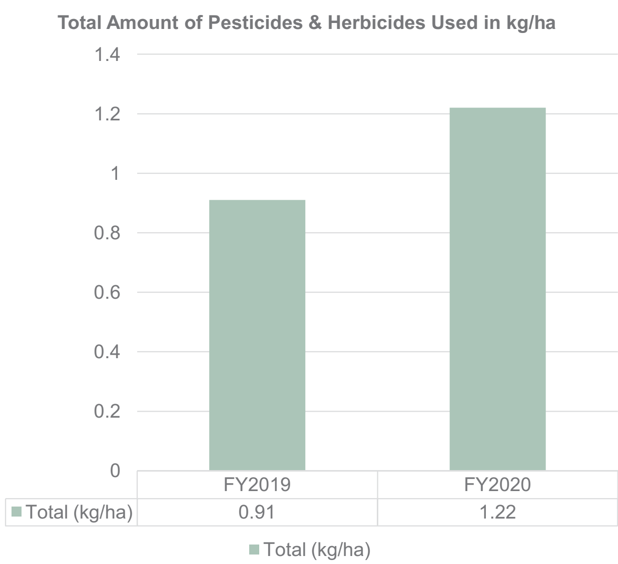
States	Estates & Mills	Date of Certification
Sabah	**Meridian Plantations Sdn Bhd** Which includes: • Paitan Estate • Meridian Palm Oil Mill • Tanjung Nipis Estate • Marhamat Estate • Tengkarasan Estate	24th April 2018
	Milian-Labau Plantations Which includes: • Millian-Labau Plantations 1,2,3,4,5	18th April 2018
Melaka	Machap Estate Melaka Pinda Estate	29th January 2019
Pahang	South-East Pahang Estate Bukit Senorang Estate Bukit Senorang Palm Oil Mill	27th April 2018
Negeri Sembilan	Leong Hin San Estate	29th January 2019
Johor	Batu Anam Estate	29th January 2019

Note: All Indonesian estates are ISPO certified and the Group is working towards certifying Arwana Palm Oil Mill

Integrated Pest Management ("IPM")

UMB has a sustainable system for managing pests in estates through biological measures. Its agricultural practices aim to minimise the impact on the soil and workers as the IPM reduces chemical usage. These initiatives include enhancing the use of organic fertilisers, manual slashing of ravines, planting of beneficial plants to reduce bag worm infestations, installations to breed barn owls to control rat attacks and trials on drip irrigation systems to increase oil palms' absorption of nutrients.

UMB strives to use pesticides judiciously and sparingly, ensuring the necessary benefits are reaped while taking into consideration employees health and soil degradation.



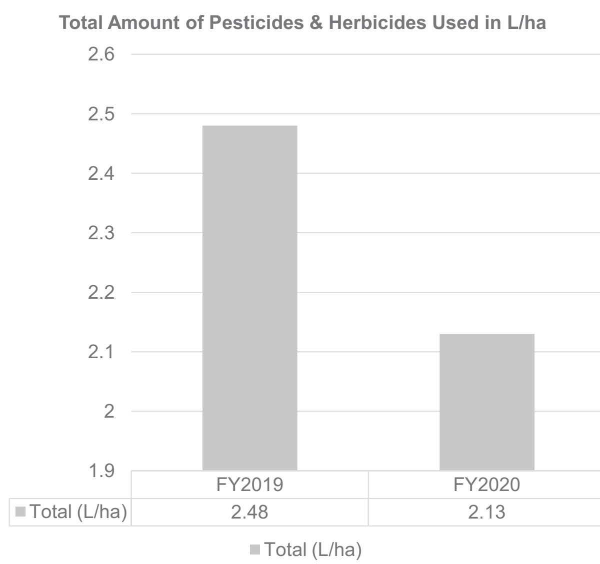


Diagram 12 - Amount of Pesticides & Herbicides used in Malaysian Estates

Note:

1. *The quantum of pesticides and herbicides used depends on rainfall and the incidence of pests. Higher rainfall will cause weeds to regenerate, requiring the use of more weedicides while an outbreak of pests will require greater application of pesticides.*
2. *Pesticides and weedicides used are either liquids or solids.*

Sustainability Statement (cont'd)

Mechanisation & Facilities

To increase efficiency in estates, UMB has initiated mechanisation. All field workers are trained to use machines to collect FFB. To improve productivity, performance targets have been set for both cutters and Mini Tractor Grabbers ("MTG").

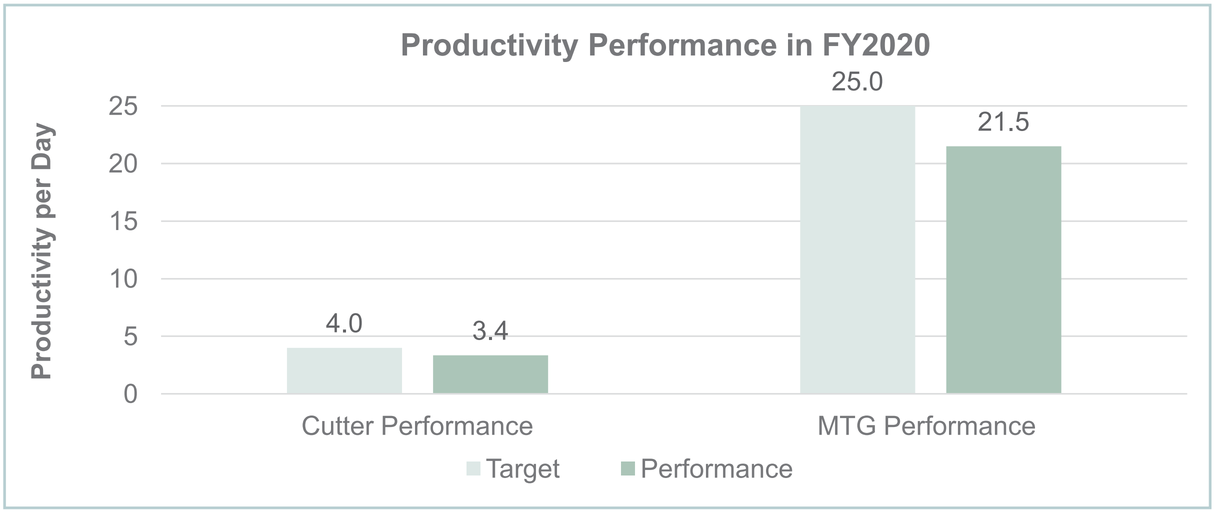


Diagram 13 - Breakdown of Productivity against set Targets

During the reporting year, UMB invested more than RM5 million in machinery and facilities. This enabled UMB to run effectively despite the Covid-19 outbreak which made it difficult to source for labour because implementation of strict movement controls reduced mobility of labour.

Table 20 - Summary of Investments in Machinery & Facilities

Machinery & Facilities	Description	Amount of Investment (RM)
Mini Tractor Grabber ("MTG") for Composting and infield FFB collection	Application of compost and infield FFB collection	760,000
Compost Plant (including machinery & equipment)	Processes palm oil by-products to produce compost and thereafter applied as organic fertiliser	3,000,000
Electrostatic Precipitator Plant ("ESP")	Reduce dust particle concentration discharged by mill's chimneys	1,850,000

Note: Compost plant is installed in Bukit Senorang and Meridian Palm Oil Mill. ESP is installed only in Meridian Palm Oil Mill in Sabah

To speed up collecting FFB in the Bukit Senorang Estate and the South East Pahang Estate, UMB has fully implemented mechanised FFB collection through the use of MTGs. For other estates, 60% to 80% of the area has been mechanised based on the terrain. Using MTGs enable UMB to reduce dependency on labour.

Sustainability Statement (cont'd)

Supply Chain Management

Under UMB's Purchasing Policy and Procedure, all suppliers and contractors must comply with MSPO and ISPO requirements outlined in the Job Contract.

A pre-qualification screening is conducted by UMB's Tender Committee for all suppliers and contractors. This screening includes researching suppliers' and vendors' corporate policy on the environment and social awareness.

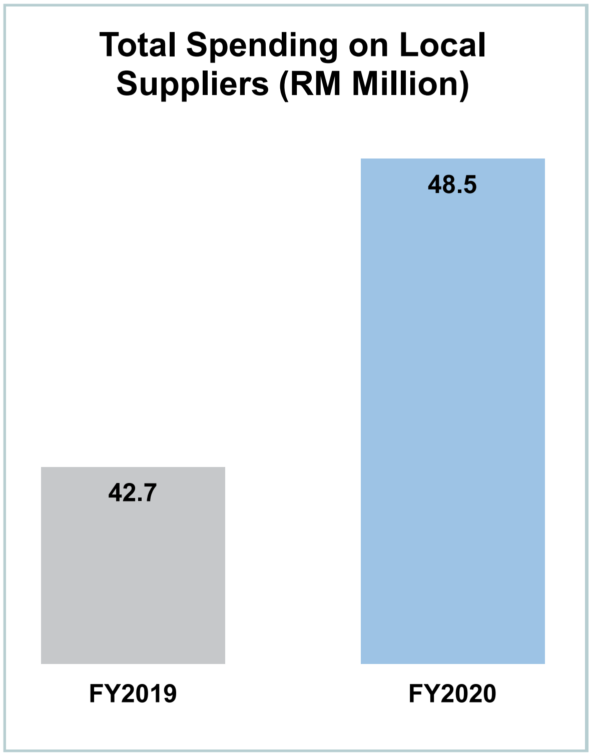


Diagram 14 - Total Amount Spent on Local Suppliers

Supplier & Contractor Assessment Criteria
✓ Goods / services were delivered in a timely manner
✓ Goods / services were of good quality
✓ Business transaction with supplier / contractor was easy
✓ Customer support from supplier / contractor was acceptable
✓ Supplier / contractor responded to issues / concerns quickly
✓ Supplier / contractor's resolution of issues was appropriate
✓ Supplier / contractor was courteous and professional
✓ Estimate of goods / service was accurate to final contract expense

Diagram 15 - Assessment Criteria for Suppliers & Contractors

Sustainability Statement (cont'd)

An annual supplier assessment, conducted internally, helps UMB ensure standards are upheld throughout the contract period. During the reporting year, Malaysian estates and units assessed 30% of its suppliers and 60% of its contractors. The assessment showed 3% of suppliers failed the assessment mainly due to their delivery and response time. It is noteworthy no contractor failed the assessment because pre-qualification checks were conducted.

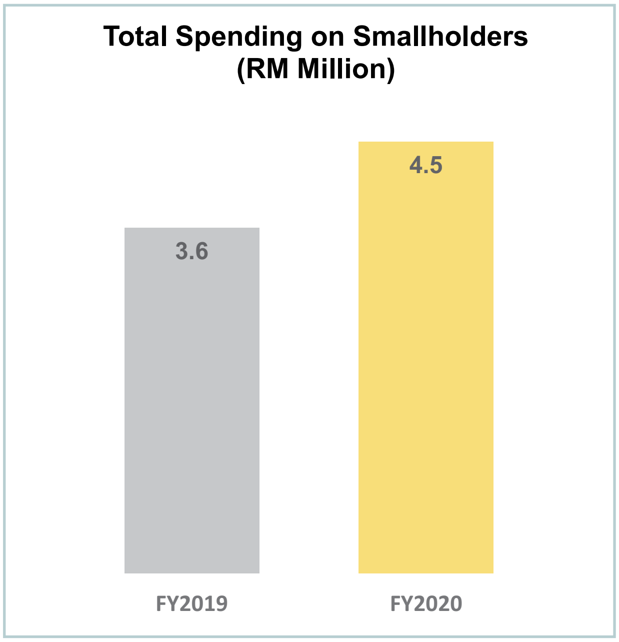


Diagram 16 - Amount Spent on FFB Purchase from Small Landholders

In FY2021, UMB expects to have the capacity to audit 80% of approved suppliers and contractors over a two-year period. To further improve UMB's supply chain management, annual SPEND analysis identifies critical suppliers and suppliers that pose a risk to UMB's business operations.

UMB works with 157 smallholders from Sabah and another five (5) from the Peninsular to ensure they meet MSPO and ISPO requirements that are spelt out in their engagement contracts. Stakeholder engagements and training programmes are also conducted for smallholders to enhance their awareness of meeting MSPO and ISPO requirements. UMB's mills in Malaysia are MSPO Supply Chain Certification Standard ("MSPO-SCCS") certified. This certification enhances the confidence of all customers and end users that UMB's FFB is nurtured and the crude palm oil is processed sustainably.

SCCS Audit Training Courses

100% of CPO and PK produced is traceable to plantations

UMB is proud to announce in FY2020, 100% of its crude palm oil ("CPO") and palm kernel ("PK") produced are now traceable to its Malaysian estates and to external plantations belonging to smallholders.

Ethical Business

UMB's Administration and Corporate Affairs department ensures compliance with the Companies Act 2016, Securities Commission Malaysia, Bursa Malaysia Listing Requirements and other related legislation.

To enhance UMB's corporate governance and corporate behaviour, a Code of Conduct was formulated in 2019 which outlines prohibited behaviour. At UMB, all employees, managers and directors must comply with the Employees' Code of Conduct, Directors' Code of Ethics and Whistleblowing Policy*. An Anti-Bribery Policy was endorsed by UMB directors on 1st June 2020. Applicable to all individuals employed by UMB, Management will ensure all are familiar on how to conduct day-to-day business ethically.

Social Compliance

UMB has established a procedure to track changes in new laws. Processes and policies are frequently reviewed to ensure compliance with regulations for all UMB estates. In FY2020, UMB did not receive any fines for breaches of social-related laws or any other regulations.

In FY2020, there were no complaints of improper conduct or corruption. Additionally, no fines were levied on UMB for breaching environmental and social laws.

**for more details, please refer to UMB's website*

Data Protection & Privacy

Acknowledging the growing necessity of cyber-security, UMB regulates the collection, processing and use of personal and corporate data in all operations and institutes security measures to maintain confidentiality. All employees are required to sign an agreement to ensure the confidentiality of any information maintained by UMB.

UMB protects personal information of all stakeholders in line with the Personal Data Protection Act 2010 ("PDPA"). Employees are encouraged to attend any cyber-security training programmes organised.

Data Protection Measures

Precautionary controls have been taken to safeguard data, such as installing anti-virus software and firewalls for all company laptops. The Information Technology ("IT") department carries out regular inspections on the Plantation Micro Macro Programme system as well as other forms of technology used to minimise incidents of malicious attacks and ensures that software licensing is always up to date. Some initiatives include installing hardware programmes to prevent hacking and attacks by viruses, automated back-up systems enable recovery of critical data in the event of a system failure, and the use of strong passwords. The measures have resulted in zero cases of cyber-security issues reported in FY2020.

MOVING FORWARD

Sustainability is a continuous process of awareness and improvement. Going forward, UMB will continue to progressively enhance its reporting disclosure and monitor sustainability performance.

This statement is made in accordance with the resolution of the Board of Directors passed on 5 August 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Supplementing this Corporate Governance Overview Statement is the Corporate Governance Report, which sets out the UMB Group's corporate governance practices in line with the Malaysian Code on Corporate Governance ("MCCG") for the financial year ended 30 April 2020. The Corporate Governance Report can be downloaded from UMB's website, www.unitedmalacca.com.my as well as from a related announcement on Bursa Malaysia Berhad's website.

The Corporate Governance Overview Statement and Corporate Governance Report are in line with paragraph 15.25 of the Main Market Listing Requirements by Bursa Malaysia Berhad ("MMLR") and the guidance provided by Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Berhad.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report, including the Statement on Risk Management and Internal Controls and Audit Committee Report to obtain a better understanding of UMB Group's corporate governance principles and practices.

UMB GROUP'S CORPORATE GOVERNANCE APPROACH

In line with its vision to pursue sustainable growth and ensure success is shared by all stakeholders, the UMB Group prioritises strengthening the governance framework to ensure the UMB Group's long term sustainability.

To fulfill its vision, 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 into its business operations;
- nurturing leaders within the UMB Group who share its over-arching vision; and
- inculcating a critical review process before establishing corporate governance systems, policies and procedures.

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

SUMMARY OF UMB'S CORPORATE GOVERNANCE PRACTICES

Benchmarking UMB's practices against regulatory directives and best corporate practices, UMB has observed all the requirements in MCCG for the financial year ended 30 April 2020, except:-

- Practice 4.2 (tenure of an Independent Director does not exceed a cumulative term of 9 years);
- Practice 4.6 (use of independent sources to identify potential directors);
- Practice 6.1 (policies and procedures to determine the remuneration of directors and senior management);
- Practice 7.2 (disclosure of top five Senior Management personnel's remuneration);
- Practice 11.2 (adoption of Integrated Reporting); and
- Practice 12.3 (leveraging on technology to facilitate voting in absentia and remote shareholders' participation at General Meetings).

UMB has provided detailed explanations for the non-application of the above-mentioned Practices in the Corporate Governance Report. Going forward, as and when practicable, the UMB Group will endeavor to adopt these Practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

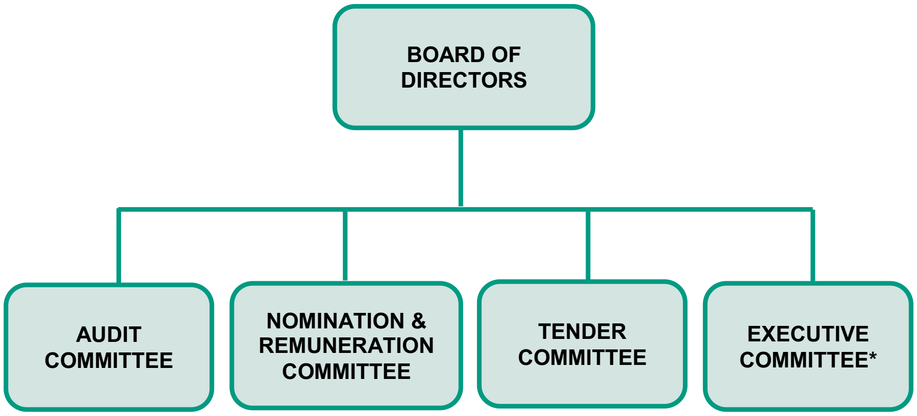
Roles and responsibilities of the Board

The Board has constituted four Board Committees – Audit Committee, Nomination and Remuneration Committee, Tender Committee and Executive Committee. UMB Directors are informed of the activities of the Board Committees through Committee meeting minutes and reports. In undertaking their responsibilities, the Board Committees are guided by their Terms of Reference empowered by delegated authority from the Board.

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

Corporate Governance Overview Statement (cont'd)

The Board's governance structure is as follows:-



*Mr Peter Benjamin, Chief Executive Officer of UMB, has been co-opted to the Executive Committee to provide management input.

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

The Board and Board Committees meet regularly. Throughout the financial year ended 30 April 2020, the Board discussed and approved the annual business plans, Group and Indonesian subsidiaries' budgets, financial results, a significant corporate exercise and regulatory compliance matters.

To facilitate informed decision-making, Management provides Directors with adequate and timely information prior to meetings.

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

Individual Director's attendance at meetings of the Board and Board Committees is outlined below: -

Director	Board	Audit Committee	Nomination and Remuneration Committee	Tender Committee	Executive Committee
Datin Paduka Tan Siok Choo	5/5			3/3	3/3
Tan Sri Dato' Ahmad Bin Mohd Don	5/5	5/5	2/2	3/3	
Mr. Tan Jiew Hoe	5/5	5/5	2/2		
Mr. Teo Leng	5/5			3/3	2/3
Dato Dr. Nik Ramlah Binti Nik Mahmood	5/5	5/5	2/2		
Mr. Ong Keng Siew	5/5	5/5	2/2		
Mr. Tee Cheng Hua* Dato' Sri Tee Lip Sin is his Alternate Director	1/1			1/1	1/1

Chairperson of Board/Chairman of Board Committees   Member

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

*On 1 October 2019, Mr. Tee Cheng Hua was appointed a Board Director and also as Chairman of the Tender Committee. On 18 December 2019, he joined the Executive Committee as a member.

Corporate Governance Overview Statement (cont'd)

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. The Company Secretaries also advise and support the Board in upholding high standards of corporate governance and facilitate the flow of information from Management to the Board and ensure Directors receive the notice of meetings and board papers in a timely manner.

Board composition

On 1 October 2019, the Board welcomed Mr. Tee Cheng Hua, Non-Executive Non-Independent Director, and his alternate, Dato' Sri Tee Lip Sin.

Mr. Tee and his nephew, Dato' Sri Tee, are directors of Prosper Palm Oil Mill Sdn Bhd, a major shareholder of UMB. A mechanical engineer, Mr. Tee has extensive experience in palm oil milling as well as production of palm-based oleochemicals and biodiesel. A graduate in business administration, Dato' Sri Tee is familiar with plantations and palm oil milling.

The 7-member Board currently comprises seven Non-Executive Directors, four of whom are also Independent Directors.

The balance between 4 Independent Non-Executive and 3 Non-Independent Non-Executive Directors ensures Directors possess a diversity of qualifications and work experience. The composition and size of the Board is reviewed periodically to ensure its efficacy.

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

The Board reviews its performance, that of individual directors and Board Committees annually. For the financial year ended 30 April 2020, a Board Performance Evaluation was conducted in-house, facilitated by the NRC and assisted by both Company Secretaries. The exercise was carried out through questionnaires given to the Directors using a self and peer rating model.

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

As prescribed under paragraph 15.08 of the Main Market Listing Requirements of Bursa Malaysia Berhad, during the financial year ended 30 April 2020, the NRC assessed and determined the training needs for individual Directors.

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

Attended by	List of training programmes attended	Date
Datin Paduka Tan Siok Choo	• Launch of the Corporate Governance Monitor 2019 by Securities Commission Malaysia	6 May 2019
	• Asia Pacific Roundtable by Institute of Strategic and International Studies (ISIS) Malaysia.	24-26 June 2019
	• JCI Forum – Beyond 2020: Fresh Views, New Visions.	19 August 2019
	• Multiculturalism & Nation Building in Plural and Divided Societies: Constitutional Experience by Institute of Strategic and International Studies (ISIS) Malaysia.	18 September 2019
	• ISIS PRAXIS Conference "Malaysia Beyond 2020"	21-22 October 2019
	• Session on Corporate Governance & Anti-Corruption by Securities Commission Malaysia	31 October 2019
	• Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 by Bursa Malaysia	4 November 2019
	• NAWEM: High Tea to create Awareness of Sustainable Palm Oil for Health and Nutrition	14 November 2019
	• Critical Issues Facing the Malaysian Palm Oil Industry by MOSTA	22 November 2019
	• KL World Bank Development Research Seminar: Gabriele Ciminelli (Asia School of Business)	16 January 2020
	• Trading for Development in the Age of Global Value Chains	30 January 2020

Corporate Governance Overview Statement (cont'd)

Attended by	List of training programmes attended	Date
Tan Sri Dato' Ahmad Bin Mohd Don	• ISRA: Islamic Finance for Board of Directors Programme • Iclif: FIDE Core Programme (Module B) • Briefing on Section 17A of Malaysian Anti-Corruption Commission Act 2009	10-11 July 2019 21-24 October 2019 12 December 2019
Mr. Tan Jiew Hoe	• 2019 Good Governance & Integrity Conference: Corruption & Corporate Liability Offences by Commercial Organisations by Malaysian Integrity Academy	19 September 2019
Mr. Teo Leng	• Corporate Liability Provision in the MACC Act 2009 and the ISO 37001:2016 Anti Bribery Management System	28 May 2019
Dato Dr. Nik Ramlah Binti Nik Mahmood	• CG Watch: How does Malaysia Rank by The Iclif Leadership and Governance Centre • Shifting Tides, The Future of Finance, Malaysian Tech Week by Bank Negara Malaysia • ASEAN Business Council Dialogue – Indonesia's Political Economy and Outlook in ASEAN • Khazanah Megatrends Forum 2019 "From the past to the future, building our collective brain" by Khazanah Nasional Berhad • SC Fintech Conference • PNB Corporate Summit – Rebooting Corporate Malaysia • Yayasan Tun Ismail Mohamad Ali Memorial Lecture – The Diverse Facets of Leadership • Briefing on Section 17A, MACC by Khoo Guan Huat, Partner, SKRINE, The Iclif Leadership and Governance Centre	3 May 2019 17-18 June 2019 3 October 2019 7-8 October 2019 22-23 October 2019 30 October 2019 19 November 2019 27 November 2019
Mr. Ong Keng Siew	• Independent Directors' Programme: The Essence of Independence by the Iclif Leadership and Governance Centre • Amendments to the Malaysian Anti-Corruption Commission Act 20019 by Wong & Partners • 2019 Good Governance & Integrity Conference: Corruption & Corporate Liability Offences by Commercial Organisations by Malaysian Integrity Academy • Audit Oversight Board Conversation with Audit Committees by Securities Commission Malaysia. • NAWEM: High Tea to create Awareness of Sustainable Palm Oil for Health and Nutrition	27 June 2019 22 August 2019 19 September 2019 8 November 2019 14 November 2019
Mr. Tee Cheng Hua	• The Role of the Board in Risk Management of Legal Issues during Merger & Acquisitions	5 September 2019
Dato' Sri Tee Lip Sin	• Mandatory Accreditation Programme by the Iclif Leadership and Governance Centre	11-12 November 2019

Corporate Governance Overview Statement (cont'd)

Remuneration

The Board recognises competitive remuneration is essential to attract, motivate and retain talented individuals to work as senior managers in UMB. In view of this, the Board has adopted a remuneration policy for Senior Managers including the CEO. Overall pay is linked to achieving agreed key performance indicators. Through the NRC, the Board periodically reviews Senior Management's remuneration to ensure it is competitive and within industry norms.

Remuneration packages for Non-Executive Directors are based on their membership of Board and Board Committees as well as attendance at meetings of the Board and Board Committees. Aggregate figures of all fees to be paid to Independent and Non-Independent Non-Executive Directors are subjected to the approval of the shareholders at the Annual General Meeting.

During the financial year ended 30 April 2020, no agreed severance and ex-gratia payments were awarded to Directors or Senior Management. Details of individual Director's remuneration are disclosed in the Financial Statements in the Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

Comprising solely of Independent Directors, the AC is currently chaired by Mr. Ong Keng Siew. Collectively, the AC has the financial skills and experience to discharge its duties.

The AC oversees the financial reporting process to enhance the integrity of UMB's published financial information. This is implemented through constantly reviewing the effectiveness of internal controls and risk management systems. To buttress internal audit's effectiveness and independence, the Internal Auditor reports directly to the AC.

In addition, the AC has established the External Auditor Independence Policy which governs the selection, appointment and assessment of the external auditor and as well as limitations on the external auditor providing non-audit services to UMB to ensure the external auditor's independence. During the year under review, the external auditor provided written assurance that their personnel were independent.

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

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

Risk management and internal control framework

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

The Group's Internal Audit department regularly reviews UMB's risk management and internal control systems. To reinforce is effectiveness and independence, the AC ensures the Internal Audit Department is given an adequate budget and manpower.

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

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

Communication with stakeholders

UMB gives priority to ensuring information disclosed to all stakeholders is transparent, disseminated widely and as soon as practicable through announcements to Bursa Malaysia and on UMB's website,

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

Prior to the imposition of the Movement Control Order (MCO), UMB CEO conducted periodic briefing sessions for institutional investors and analysts. To facilitate regular stakeholder communication, the Senior Independent Non-Executive Director, Tan Sri Dato' Ahmad bin Mohd Don, acts as a conduit with stakeholders for governance-related enquiries or issues of concern.

Conduct of general meetings

The Annual General Meeting ("AGM") is the primary forum for the Board and Senior Management to interact with shareholders.

At the 105th AGM held on 23 August 2019, the Chairperson and the Chairpersons of the respective Committees were present to clarify issues relating to UMB's results, its prospects and future plans.

Also present to answer enquiries from shareholders were the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the external audit Engagement Partner. The Group encourages shareholders to attend and participate in the AGM by providing adequate advance notice to shareholders of at least 21 days prior to the date of the AGM.

Corporate Governance Overview Statement (cont'd)

GOING FORWARD – UMB's priorities

UMB plans to actively manage the Group's risks and safeguard stakeholders' interests. During the financial year ended 30 April 2020, several issues (listed below) gained prominence:

Anti-Bribery Policy

Corporate liability has been introduced in this country through the Malaysian Anti-Corruption Commission (Amendment) Act 2018 that came into effect on 1 June 2020. To ensure Group-wide compliance with this newly enacted amendment, the Board has instituted a new Anti-Bribery Policy written in simple language.

UMB's Anti-Bribery Policy covers acts that could be construed as corrupt through gifts, donations and sponsorships. To raise awareness among employees and directors, training programmes were provided to employees while directors attended seminars organised by regulatory bodies.

Review of Board and Board Committee Composition

During the financial year under review, Mr. Tee Cheng Hua was appointed a Non-Independent Non-Executive Director. Mr. Tee is the corporate representative of Prosper Palm Oil Mill, a major shareholder of UMB.

During the financial year ended 30 April 2020, Board Committees were re-organised. Dato Dr. Nik Ramlah was appointed Chairperson of the Nomination and Remuneration Committee, Mr. Ong Keng Siew as Chairman of Audit Committee and Mr. Tee Cheng Hua as Chairman of the Tender Committee.

Risk Management

The Group is committed to ensuring the newly planted oil palms at its 83%-owned subsidiary PT Lifere Agro Kapuas ("LAK") in Indonesia are nurtured efficiently – agronomically and cost-wise – and in keeping with best environmental practices.

LAK plans to plant over 2,000 hectares with oil palms during the next two years. Greater planted hectarage in Indonesia will broaden the UMB Group's earnings base.

During the financial year under review, the Group initiated a wider coverage of risks including increasing workers' productivity, operational efficiency and quality of fresh fruit bunches sent to the mills. The risk management team will flag issues during the review and recommend remedial measures.

During the year under review, to stem the spread of the COVID-19 pandemic, UMB observed the government-initiated Movement Control Order ("MCO"). UMB's business continuity plan facilitated alternative working arrangements that enabled UMB to continue planting and harvesting with minimal disruption.

Succession Planning

The Board takes a pivotal role in ensuring continuity in leadership for senior management. The Board has through the Nomination and Remuneration Committee identified and appointed a new Chief Operating Officer during the financial year ended 30 April 2020.

CORPORATE GOVERNANCE PRIORITIES (2020 AND BEYOND)

Committed to achieving high standards of corporate governance and integrity, the Group's strategies in three priority areas – dependence on foreign labour, employees' wellbeing and sustainability – are listed below:

Foreign Labour

Strict Malaysian government policies on migrant labour from Indonesia and Bangladesh during the pandemic were a major UMB concern. Currently, UMB has stopped recruiting foreign workers until Malaysian Government policies and controls are lifted.

If recruitment of foreign labour remains challenging in the next couple of years, mechanisation will become more urgent. UMB will accelerate mechanisation, particularly in all its estates in Malaysia.

Data collated on the productivity of four estates shows mechanisation generates higher and quicker collection of fresh fruit bunches than manual labour.

Employees' well-being

During the COVID-19 pandemic, UMB instituted safety measures to protect employees' welfare, particularly those working in fields and palm oil mills. UMB complied with guidelines set by the Ministry of Health to ensure employees' health and safety as well as to maintain social distancing.

Additionally, to minimise the risk of infection and reduce personal contact, UMB purchased needed items for its employees in plantations, particularly in Sabah. Prior to the implementation of MCO, UMB frequently conducted awareness training on work procedures and personal hygiene for staff at its plantations.

Sustainability

To-date, all Malaysian estates and mills have obtained the Malaysian Sustainable Palm Oil ("MSPO") certification while Indonesian operations have obtained the equivalent Indonesian Sustainable Palm Oil ("ISPO") certification.

In line with Practice Note 9 of Bursa Malaysia Main Market Listing Requirements, UMB will continue to improve its Sustainability Statement in the Annual Report by disclosing more relevant data as more information becomes available.

This statement is made in accordance with the resolution of the Board of Directors passed on 5 August 2020.

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 2020 to raise any cash proceeds. However, the Company has issued 78,000 ordinary shares under the Employee Share Option Scheme ("ESOS") for a cash consideration of RM400,000 during the financial year. The Proceeds arising from the exercise of the share options pursuant to the ESOS were utilised for working capital purposes.

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 RM87,000 (please refer to page 151 of the audited financial statements).

3. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Name of Transacting Party	Nature of Transaction	Related Parties #	FY 2020 (RM)
UMB Group of Companies	Purchase of 2,557MT of NK Mixture Fertiliser from Phosphate Resources (Malaysia) Sdn Bhd	(a) CI Resources Limited (b) Phosphate Resources Limited (c) Prosper Trading Sdn Bhd (d) Prosper Palm Oil Mill Sdn Bhd (e) Mr. Tee Cheng Hua (f) Dato' Sri Tee Lip Sin	2.114 million *

Note:

* *The contract was awarded to Phosphate Resources (Malaysia) Sdn Bhd on 20 April 2020.*

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

Prosper Trading Sdn. Bhd. which holds 7,607,700 shares (3.63%) in UMB is a substantial shareholder of CI Resources Limited

Prosper Palm Oil Mill Sdn. Bhd. which is a major shareholder of UMB with equity interest of 11.22% (by virtue of its direct and indirect shareholding through Prosper Trading Sdn. Bhd.) is the major and controlling shareholder of Prosper Trading Sdn. Bhd.

By virtue of his directorship in Prosper Trading Sdn. Bhd. and Prosper Palm Oil Mill Sdn. Bhd. as well as the interests of Prosper Trading Sdn. Bhd. through CI Resources Limited, the Director, Mr. Tee Cheng Hua is deemed interested in the contract/transaction between UMB Group of Companies and Phosphate Resources (Malaysia) Sdn. Bhd.

By virtue of his directorship in Prosper Trading Sdn. Bhd., Prosper Palm Oil Mill Sdn. Bhd., Phosphate Resources (Malaysia) Sdn. Bhd, and Phosphate Resources Limited respectively as well as the Executive Director of CI Resources Limited, Dato' Sri Tee Lip Sin (Alternate Director to Mr. Tee Cheng Hua) is deemed interested in the contract/transaction between UMB Group of Companies and Phosphate Resources (Malaysia) Sdn. Bhd.

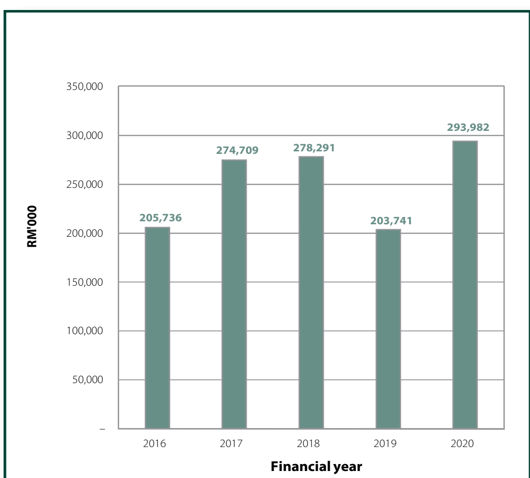
4. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Save as disclosed in item (3) above, there is no material contract involving the Company and its subsidiaries with Directors, Chief Executive Officer (who is not a director) or major shareholders of the Company either still subsisting at the end of the financial year ended 30 April 2020 or entered into since the end of that financial year.

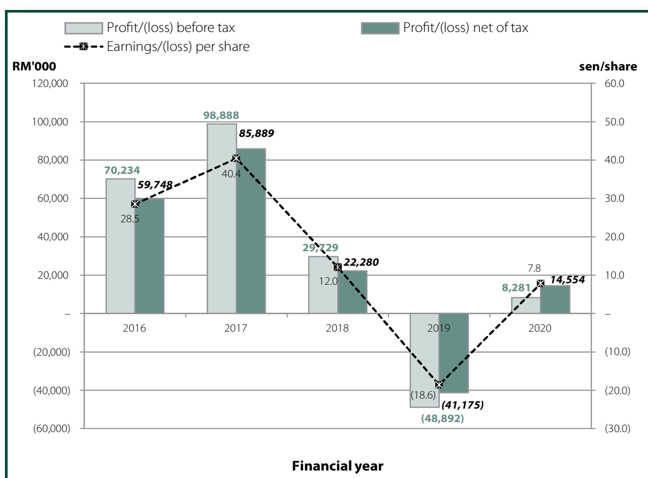
FIVE YEARS' FINANCIAL STATISTICS

	2020 RM'000	2019 RM'000	2018 * RM'000	2017 RM'000	2016 RM'000
REVENUE					
Plantation	**293,982**	203,741	278,291	274,709	205,736
GROUP (LOSS)/PROFIT					
Oil palm products	**(24,715)**	(38,532)	26,457	91,577	50,276
Replanting expenses	**–**	–	–	(1,696)	(1,830)
(Loss)/profit from plantation activities	**(24,715)**	(38,532)	26,457	89,881	48,446
Investment (expenses)/income	**(2,080)**	(3,195)	8,491	12,893	23,014
Interest expense	**(11,307)**	(7,165)	(5,219)	(3,886)	(1,226)
(Loss)/profit after interest expense	**(38,102)**	(48,892)	29,729	98,888	70,234
Gain on disposal of non-current assets held for sale	**103,196**	–	–	–	–
Impairment of bearer plants	**(56,813)**	–	–	–	–
Profit/(loss) before tax	**8,281**	(48,892)	29,729	98,888	70,234
Taxation	**6,273**	7,717	(7,449)	(12,999)	(10,486)
Profit/(loss) net of tax	**14,554**	(41,175)	22,280	85,889	59,748
Profit/(loss) net of tax attributable to:					
Owners of the Company	**16,307**	(39,027)	25,173	84,554	59,572
Non-controlling interests	**(1,753)**	(2,148)	(2,893)	1,335	176
	14,554	(41,175)	22,280	85,889	59,748
Earnings/(loss) per share attributable to owners of the Company (sen)	**7.8**	(18.6)	12.0	40.4	28.5

Revenue



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



* Financial information of the Group for FY 2018 has been adjusted in accordance with First-time Adoption of Malaysian Financial Reporting Standards.

Five Years' Financial Statistics (cont'd)

	2020 RM'000	2019 RM'000	2018 * RM'000	2017 RM'000	2016 RM'000
ASSETS					
Property, plant and equipment	**679,144**	1,375,402	1,404,204	693,912	683,930
Biological assets	**–**	–	–	991,901	954,671
Prepaid land lease payments	**–**	130,934	120,973	132,527	133,047
Right-of-use assets	**814,681**	–	–	–	–
Investment property	**–**	–	–	–	1,147
Goodwill on consolidation	**82,474**	82,474	82,474	82,474	82,474
Intangible asset	**29,136**	29,674	–	–	–
Other asset	**3,616**	2,702	–	–	–
Available-for-sale investments	**–**	–	–	–	21,272
Non-current assets held for sale	**–**	69,509	–	–	–
Current assets	**181,952**	164,547	208,557	238,420	190,239
Total assets	**1,791,003**	1,855,242	1,816,208	2,139,234	2,066,780
EQUITY AND LIABILITIES					
Equity					
Share capital	**255,375**	254,935	212,084	209,494	209,221
Other reserves	**(11,748)**	(10,894)	26,997	882,963	893,844
Retained earnings	**1,074,135**	1,074,485	1,129,323	660,958	605,586
Equity attributable to owners of the Company	**1,317,762**	1,318,526	1,368,404	1,753,415	1,708,651
Non-controlling interests	**36,163**	38,064	38,105	46,414	42,412
Total equity	**1,353,925**	1,356,590	1,406,509	1,799,829	1,751,063
Liabilities					
Bank borrowings	**153,112**	209,263	137,218	151,900	136,623
Lease liabilities	**7,292**	–	–	–	–
Retirement benefit obligation	**805**	654	469	365	–
Trade and other payables	**74,636**	62,026	33,802	35,446	26,123
Income tax payable	**–**	–	2,132	4,504	403
Deferred tax liabilities	**201,233**	226,709	236,078	147,190	152,568
Total liabilities	**437,078**	498,652	409,699	339,405	315,717
Total equity and liabilities	**1,791,003**	1,855,242	1,816,208	2,139,234	2,066,780
FINANCIAL STATISTICS					
Earnings/(Loss) per share (sen)	**7.8**	(18.6)	12.0	40.4	28.5
Gross/Net dividend per share (sen)	**8.0**	8.0	12.0	23.0	16.0
Net dividend yield per share (%)	**1.8**	1.5	2.0	3.7	2.7
Return on average total assets (%)	**0.8**	(2.2)	1.2	4.1	3.1
Return on average equity (%)	**1.1**	(3.0)	1.6	4.8	3.5
Price earnings ratio (times)	**56.6**	(28.8)	50.8	15.3	20.9
Net assets per share (RM)	**6.3**	6.3	6.5	8.4	8.2
Share price as at financial year end (RM)	**4.40**	5.36	6.10	6.18	5.96
Debt/Equity (%)	**11.3**	15.4	9.8	8.4	7.8

* Financial information of the Group for FY 2018 has been adjusted in accordance with First-time Adoption of Malaysian Financial Reporting Standards.

GROUP TITLED AREA STATEMENT

AS AT 30 APRIL 2020

In Hectares	2020			2019			2018			2017			2016		
	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total	Malaysia	Indonesia	Total
Oil Palm															
Mature	20,046	5,282	25,328	20,992	5,176	26,168	20,277	4,752	25,029	18,407	1,792	20,199	17,827	124	17,951
Immature	730	2,291	3,021	802	1,424	2,226	1,490	1,489	2,979	3,390	4,076	7,466	4,351	5,205	9,556
	20,776	7,573	28,349	21,794	6,600	28,394	21,767	6,241	28,008	21,797	5,868	27,665	22,178	5,329	27,507
Oil Palm (Plasma)															
Mature	–	5,162	5,162	–	5,097	5,097	–	5,032	5,032	–	2,894	2,894	–	102	102
Immature	–	13	13	–	78	78	–	143	143	–	2,280	2,280	–	5,072	5,072
	–	5,175	5,175	–	5,175	5,175	–	5,175	5,175	–	5,174	5,174	–	5,174	5,174
Total Planted Area	20,776	12,748	33,524	21,794	11,775	33,569	21,767	11,416	33,183	21,797	11,042	32,839	22,178	10,503	32,681
Development in progress	–	1,018	1,018	–	964	964	–	621	621	–	–	–	–	–	–
Plantable area	95	3,312	3,407	85	4,344	4,429	115	4,720	4,835	85	5,710	5,795	–	6,497	6,497
Unplantable area	2,746	7,859	10,605	2,759	7,854	10,613	2,756	7,828	10,584	2,759	7,833	10,592	2,463	7,585	10,048
	2,841	12,189	15,030	2,844	13,162	16,006	2,871	13,169	16,040	2,844	13,543	16,387	2,463	14,082	16,545
Total Group Titled Area	23,617	24,937	48,554	24,638	24,937	49,575	24,638	24,585	49,223	24,641	24,585	49,226	24,641	24,585	49,226

FIVE YEARS' PLANTATION STATISTICS

	2020	2019	2018	2017	2016
ESTATES					
FFB production (tonne)					
- Malaysian operations	**301,070**	314,865	354,089	321,887	314,696
- Indonesian operations	**61,026**	38,748	28,467	19,198	377 *
Yield per weighted average mature hectare (tonne/ha)					
- Malaysian operations	**14.77**	15.08	17.46	17.49	17.65
- Indonesian operations	**11.55**	7.49	5.99	10.72	3.03 *

* 3 months production.

	2020	2019	2018	2017	2016
MILLS					
Malaysian operations					
FFB processed (tonne)	**348,171**	271,152	333,704	311,496	334,528
Production					
- Crude palm oil (tonne)	**67,971**	52,693	63,244	60,025	66,525
- Palm kernel (tonne)	**17,118**	13,195	15,237	14,586	16,566
Oil extraction rate (OER) (%)	**19.52**	19.43	18.95	19.27	19.89
Kernel extraction rate (KER) (%)	**4.92**	4.87	4.57	4.68	4.95
Indonesian operations ^					
FFB processed (tonne)	**164,502**	–	–	–	–
Production					
- Crude palm oil (tonne)	**37,336**	–	–	–	–
- Palm kernel (tonne)	**4,578**	–	–	–	–
OER (%)	**22.70**	–	–	–	–
KER (%)	**2.78**	–	–	–	–

^ New oil mill commissioned in June 2019

	2020	2019	2018	2017	2016
AVERAGE SELLING PRICE					
Crude palm oil (RM/tonne)					
- Malaysian operations	**2,259**	2,051	2,600	2,809	2,187
- Indonesian operations	**2,194**	–	–	–	–
Palm kernel (RM/tonne)					
- Malaysian operations	**1,310**	1,455	2,279	2,796	1,659
- Indonesian operations	**1,125**	–	–	–	–
FFB (RM/tonne)					
- Malaysian operations	**417**	376	518	585	429
- Indonesian operations	**396**	330	511	567	364

AUDIT COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

1.0 INTRODUCTION

Pursuant 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 2020.

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

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

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 as well as 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	:	Tan Sri Dato' Ahmad bin Mohd Don (Senior Independent Non - Executive Director)
	:	Mr Tan Jiew Hoe (Independent Non - Executive Director)
	:	Dato Dr Nik Ramlah binti Nik Mahmood (Independent Non - Executive Director)

(*) Appointed Chairman of the Audit Committee on 1 October 2019.

(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 Chairperson 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 number of new members required to fulfil the minimum requirement.

Audit Committee Report
For The Financial Year Ended 30 April 2020
(cont'd)

2.0 COMPOSITION (CONT'D)

(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' 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 the Bursa Malaysia Securities Berhad.

(v) 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 authority to do the following:

(i) Investigate any matter 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) Granted resources required to perform its duties.

(v) Communicate directly with External Auditors and person(s) carrying out the internal audit function or activity, as well as 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 key functions of the Audit Committee are stated in its Terms of Reference which can be viewed at UMB's website.

4.0 MEETINGS

During FY 2020, the Audit Committee met on five (5) occasions, the attendance of each Audit Committee member is as follows:

Directors	No of Meetings Attended During Member's Tenure in Office
Mr. Ong Keng Siew	5 out of 5
Tan Sri Dato' Ahmad Bin Mohd Don	5 out of 5
Mr. Tan Jiew Hoe	5 out of 5
Dato Dr. Nik Ramlah Binti Nik Mahmood	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 to all other Directors. The Chairperson of the Audit Committee reports on key issues discussed at each Audit Committee meeting to the Board of Directors.

(i) Meetings

Meetings shall be held not less than four times a year. The Chairperson may call for additional meetings at any time at his discretion. Upon request by the External Auditors, the Chairperson 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 Stockholders.

(ii) Quorum

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

(iii) Attendance At Meetings

The Directors, Chief Executive Officer, Chief Operating 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 consolidated financial statements of the Company and recommended 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 the accompanying Directors' Report 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.

Audit Committee Report
For The Financial Year Ended 30 April 2020
(cont'd)

5.0 OVERVIEW OF AUDIT COMMITTEE'S WORK (CONT'D)

5.2 External Audit

5.2.1 Reviewed and approved the external auditors' audit plan which outlined the audit strategy and approach for FY 2020.

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

5.2.3 Obtained written assurances from external auditors in their FY 2020 Audit Plan dated 17 December 2019 and Audit Results dated 5 August 2020 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 2020.

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 the 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 results of the assessment, the Audit Committee recommended the appointment of the external auditors to the Board.

5.2.5 Reviewed the external audit fees and non-audit fees for the FY 2020 and recommended them to the Board.

5.2.6 Met with the external auditors on 25 September 2019 without the presence of Management to review and discuss key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at the meetings.

5.3 Internal Audit

5.3.1 Reviewed and approved the Internal Audit Department's staffing requirements, budget and annual audit plan to ensure 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 Internal Audit Department covering the adequacy and effectiveness of governance, risk management, 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 Reviewed the report on the Employees' Share Option Scheme of the Company to ensure compliance with the criteria set out in the By-Laws of the Employees' Share Option Scheme.

5.4 Related Party Transactions

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

5.5 Annual Report

Reviewed the Audit Committee Report, Summary of Activities of Internal Audit Functions and the Statement on Risk Management and Internal Control before submission to the Board for approval and inclusion in the 2020 Annual Report.

Audit Committee Report
For The Financial Year Ended 30 April 2020
(cont'd)

5.0 OVERVIEW OF AUDIT COMMITTEE'S WORK (CONT'D)

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.

6.0 SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

6.1 The Audit Committee is assisted by the Internal Audit Department (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 nine (9) audit executives in the IAD.

6.3 The IAD had conducted risk-based audit engagements as stipulated in the Annual Audit Plan for FY 2020. Significant audit findings with regards to risks, controls and governance which had high impact were discussed with the Management including the agreed action plans submitted 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 own audit teams. The offices are located at the Head Office in Malacca, Millian Labau Plantations in Keningau and Kalimantan in Indonesia.

6.5 Total costs incurred in managing the internal audit function during the FY 2020 was RM 684,587 [2019: RM 786,332]. The lower cost incurred this financial year was due to the resignation of two (2) Executives in 2019 and fewer audit visits carried out by the IAD to Peninsular, Sabah and Indonesia due to the outbreak of the Covid-19 pandemic and the subsequent imposition of movement control in these three (3) areas.

6.6 IAD issued 38 audit reports covering operations in the Head Office, estates and palm oil mills in Peninsular Malaysia, Sabah and Indonesia. Internal Audit focused on high-risk areas such as security of stored fertilisers and pesticides, frequency of manuring, FFB collection and despatch, estate payroll, vehicle operating costs, FFB quality and mill operations.

6.7 At the Management's request, IAD undertook three (3) special investigation audits during the year under review.

This report is made in accordance with a resolution of the Board of Directors dated 5 August 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors (the "Board") of United Malacca Berhad ("UMB") presents its Statement on Risk Management and Internal Controls ("SRMIC") outlining the nature and scope of UMB's risk management and internal controls for the financial year ended 30 April 2020.

Pursuant to paragraph 15.26(b) of the Main Marketing Listing Requirements of Bursa Malaysia Securities Berhad and Practice 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").

This Statement does not cover joint ventures where risk management and internal controls are overseen by their respective governing bodies.

BOARD'S RESPONSIBILITY

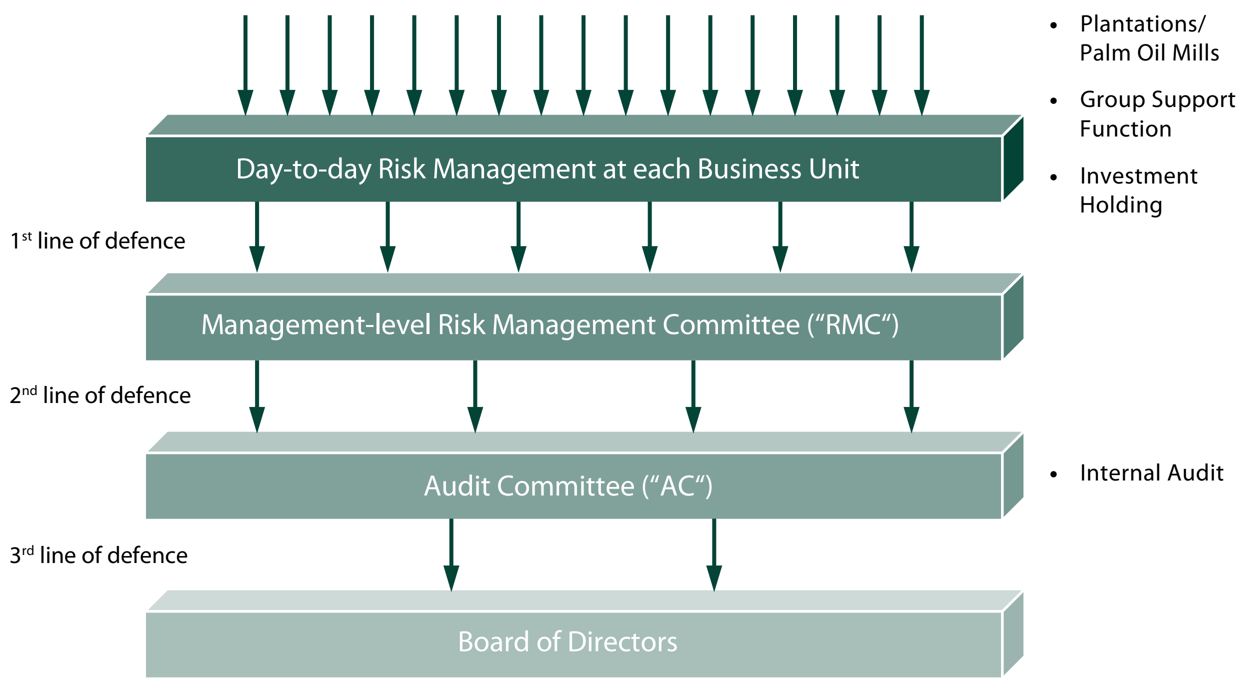
To safeguard stakeholders' interests, the Board prioritises maintaining a sound system of internal controls as well as properly identifying and managing risks affecting UMB's operations.

Comprising solely of Independent Non-Executive Directors, the Audit Committee ("AC") has been entrusted by the Board to evaluate the adequacy and the 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 the risk of failure. Operational disruptions brought about by the Covid-19 pandemic underscores the inherent limitation of any risk management system.

RISK MANAGEMENT

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



Statement on Risk Management and Internal Controls (cont'd)

RISK MANAGEMENT (CONT'D)

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

Each business unit assesses daily internal and external risks. 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; and
- Ensuring significant risks are immediately reported to and addressed by management.

The Risk Officer liaises between Management-level Risk Management Committee ("RMC") and Heads of Business Units. Both parties 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 risk

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

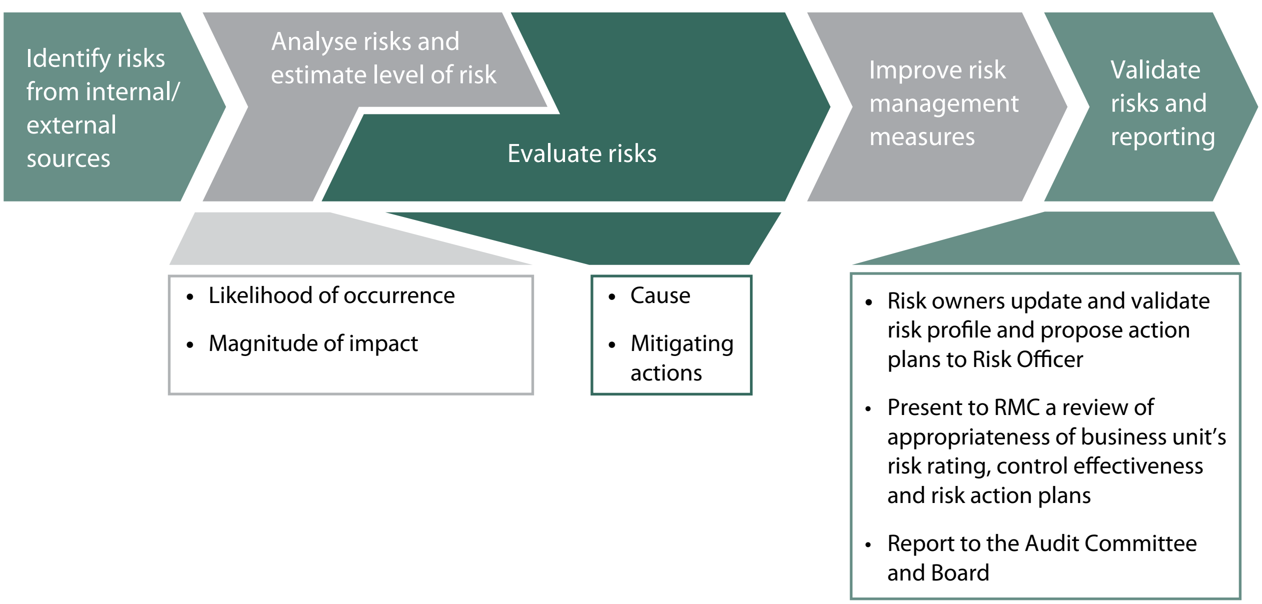
Note: the RMC is a Management-Level Committee led by the Chief Executive Officer ("CEO"). RMC members include the Chief Operating Officer/Chief Financial Officer ("CFO"), Plantation Controllers as well as Head of Administration and Corporate Affairs, Head of Internal Audit, Senior Manager of Human Resources, Senior Manager of Sales & Purchasing, Senior Manager of Sustainability and Mechanisation 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 Audit Committee prior to escalation to the Board. A risk-based internal audit plan was developed to address key risks.

RISK MANAGEMENT PROCESS

UMB's ERM Framework comprises the following procedures:



Statement on Risk Management and Internal Controls (cont'd)

RISK MANAGEMENT PROCESS (CONT'D)

- Business units provide information on the likelihood of significant business risks occurring and the likely magnitude of its impact. In their quarterly review, Risk owners will then update the Risk Officer and propose an action plan;
- Risk owners asses 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 as well as the adequacy of effective controls and the appropriateness of the risk action plan.
- RMC reports to the Audit Committee each quarter;
- 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 control processes. Furthermore, the internal audit department provides an independent view of specific risks, state of internal controls, trends and events.

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

SIGNIFICANT RISK FACTORS

For the financial year under review, UMB's significant risks were identified and risk management approaches adopted as listed below:

Type of Risk	Risk Theme	Risk Description	Risk Management Approach
Human capital	Inadequate labour supply	A shortage of harvesters and field workers due to high dependency on foreign workers.	Measures undertaken by the Group to mitigate this risk include: • Implementing incentive scheme to retain existing workers and to attract new workers; • Enhancing housing benefits and other related amenities; and • Mechanising operations, particularly in collecting fresh fruit bunches, spraying fertiliser and insecticide.
Operational risk	Adverse weather	Prolonged dry weather will lower production of fresh fruit bunches.	Implement good water management systems, including constructing water conservation pits or ponds, deepening water reservoirs in each estate to mitigate the impact of a drought, and build fertigation systems. During site accidents and crisis, the knowledge and experience of plantation controllers will facilitate an appropriate response.

Statement on Risk Management and Internal Controls (cont'd)

SIGNIFICANT RISK FACTORS (CONT'D)

Type of Risk	Risk Theme	Risk Description	Risk Management Approach
Business risk	Improriate estate selection	Non-strategic location of estates and size will result in high production cost per hectare and logistics issues.	Management actions: - • 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, the Group sells its CPO on long-term contracts while part of its CPO is sold forward. Marketing personnel are encouraged to keep abreast of the outlook for CPO and PK prices via online business platforms. Diversifying into new large-scale cash crops such as stevia, coconut, cocoa and coffee in Sulawesi.
Financial risk	Foreign exchange risk	The Group has foreign exchange exposure through its bank loans in United State Dollars and Indonesian Rupiah. A weaker Ringgit and Rupiah will increase the cost of servicing foreign currency loans.	The Group's risk management objectives and hypothetical sensitivity analysis is set out in Note 44(d) to the Financial Statements of the Annual Report on page 213.
Financial risk	Liquidity risk	Liquidity risk is the risk the Group will encounter difficulties in meeting financial obligations due to the shortage of funds. The Group's liquidity risk arises primarily from a mismatch of the tenures of financial assets and liabilities.	To meet working capital requirements, CFO ensures the Group maintains sufficient cash and liquid investments, while its debt maturity profile, operating cash flow and availability of funds are adequate to ensure repayment and funding needs.

Statement on Risk Management and Internal Controls (cont'd)

INTERNAL CONTROL FRAMEWORK

A sound system of internal controls reduces the risks that could impede achieving the Group'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 has an organisational structure with clearly demarcated lines of responsibility and segregated reporting lines to various Committees and to the Board. This ensures operational effectiveness and efficiency as well as independent stewardship.

2. Integrity and Ethical Values

UMB aims to inculcate an ethical corporate culture to lay 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 the standards UMB employees should observe. Issues covered include conflicts of interests; company property; harassment and discrimination; safety and health; confidentiality and anti-bribery. The Code of Conduct is available on UMB's website.

- **Whistleblowing Policy**

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

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

- **Anti-Bribery Policy**

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

  To raise awareness of corporate liability, training sessions on anti-corruption were provided to all employees while directors of UMB attended workshop training organised by regulatory bodies.

- **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.

INTERNAL CONTROL FRAMEWORK (CONT'D)

3. Guidelines on Misconduct and Discipline

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

4. Limits of Authority

Clearly defined limits of authority, responsibility and accountability have been established to govern business activities and day-to-day operations, including 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

UMB has four (4) Board Committees collectively involving all seven (7) 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 the risk profile and the risks brought to its attention from the RMC prior to escalation to the Board. All significant Related Party Transactions ("RPT") reported by Management are scrutinised by AC to ensure RPT are made at arm's length and on normal commercial terms. Further details of the AC are outlined in its Terms of Reference available on UMB's website.

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

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

- **Tender Committee ("TC")**

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

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

- **Executive Committee ("EC")**

  Its responsibilities include establishing and managing strategic initiatives, recommending potential candidates for Key Senior Management positions as well as interviewing and awarding UMB's scholarships.

Statement on Risk Management and Internal Controls (cont'd)

INTERNAL CONTROL FRAMEWORK (CONT'D)

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. In view of the current COVID-19 pandemic, the Internal Audit Plan will also focus on COVID-19 related risks that could impact UMB's operations.

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

The OSHC and EPMC meet quarterly as regulated under Occupational Safety and Health (Safety and Health Committee) Regulations 1996 and Environmental Mainstreaming Directive respectively. These committees provide fora for employees and management to work together to solve environment, health and safety problems as well as develop strategies to make the work environment healthy and safe. These committees also serve as platforms for monitoring compliance with regulatory requirements relating to the environment, health and safety.

10. Estate and Palm Oil Mill Visits

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

11. Business Strategies

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

12. Integrated Management System

Plantation Micro Macro Programme ("PMMP") is software for plantation managers used in all UMB's Malaysian estates. 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 PMMP system. Data collected is assessed by senior management to improve yields and to enhance decision-making. Artificial intelligence within the PMMP is able to predict likely future output.

UMB's 15 estates and 2 mills in Malaysia have been certified by the Malaysian Palm Oil Board in compliance with the Code of Good Agriculture and Milling Practices. Likewise, UMB's Indonesian estates have obtained ISPO certification issued by the ISPO Commission and the Indonesian Ministry of Agriculture during the financial year.

Statement on Risk Management and Internal Controls (cont'd)

INTERNAL CONTROL FRAMEWORK (CONT'D)

13. Business Continuity and Security

- **Business Continuity Management Framework**

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

  The COVID-19 pandemic prompted UMB to formulate a special purpose business policy to facilitate alternative working modes and to identify non-essential work that could be deferred.

- **Insurance and Safeguards**

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

14. Financial Performance Review and Reporting

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

Monthly reports on financial results and performance are emailed to the Board. Results are assessed against budgets, with major variances explained. Monthly marketing reports are also submitted to the Board detailing price movements of crude palm oil and palm kernel 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 Audit Committee ("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.

Notwithstanding the extension of time granted by Bursa Malaysia Securities Berhad for listed issuers to submit quarterly reports during the Movement Control Order ("MCO") or conditional MCO environment, UMB announced its fourth quarter and full-year results within the two months' timeframe without utilising the extension accorded.

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 either the Audit Committee or Management.

Reporting to the Audit Committee 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.

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

Statement on Risk Management and Internal Controls (cont'd)

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 2020.

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

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

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

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 5 August 2020.

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 2020.

PRINCIPAL ACTIVITIES

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

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

Other information relating to the subsidiaries are disclosed in Note 20 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	14,554	35,135
Profit net of tax attributable to:		
Owners of the Company	16,307	35,135
Non-controlling interests	(1,753)	–
	14,554	35,135

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

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

DIVIDENDS

The amounts of dividends paid by the Company since 30 April 2019 were as follows:

	RM'000
In respect of the financial year ended 30 April 2019 as reported in the directors' report of that year:	
Second interim single-tier dividend of 6 sen, on 209,691,201 ordinary shares, declared on 26 June 2019 and paid on 21 August 2019	12,581
In respect of the financial year ended 30 April 2020:	
First interim single-tier dividend of 2 sen, on 209,769,201 ordinary shares, declared on 18 December 2019 and paid on 22 January 2020	4,196
	16,777

DIVIDENDS (CONT'D)

On 23 June 2020, the directors declared a second interim single-tier dividend of 6 sen per ordinary share in respect of the financial year ended 30 April 2020 on 209,769,201 ordinary shares, amounting to approximately RM12,586,000 which is payable on 14 August 2020. 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 2021.

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 Sri Dato' Ahmad bin Mohd Don *	
Tan Jiew Hoe *	
Teo Leng *	
Dato Dr. Nik Ramlah binti Nik Mahmood *	
Ong Keng Siew *	
Tee Cheng Hua	(Appointed on 1 October 2019)
Dato' Sri Tee Lip Sin (Alternate director to Tee Cheng Hua)	(Appointed on 1 October 2019)

* 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:

Peter A/L Benjamin
Winston Chua Eng Meng
Kiswanto
Aziz Putera
Dr Kartika Dianningsih Antono
Ieneke Santoso

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme ("ESOS") and the ordinary shares granted under the Executive Share Incentive Plan ("ESIP"), both under the Employee Share Scheme ("ESS") of the Company.

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 39 to the financial statements.

Directors' report (cont'd)

DIRECTORS' BENEFITS (CONT'D)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	663	435
Salaries and other emoluments	422	422
Estimated money value of benefits-in-kind	31	31
	1,116	888

The Company maintained 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 RM25,000.

DIRECTORS' INTERESTS

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

		Number of ordinary shares			
Name of director		**1.5.2019/ date of appointment ^**	**Acquired**	**Transferred**	**30.4.2020**
Direct Interest: *Ordinary shares of the Company*					
Datin Paduka Tan Siok Choo		4,527,197	–	–	4,527,197
Tan Sri Dato' Ahmad bin Mohd Don		110,500	–	–	110,500
Tan Jiew Hoe		356,625	–	–	356,625
Teo Leng		70,000	–	–	70,000
Tee Cheng Hua		–	100,000	(100,000)	–
Dato' Sri Tee Lip Sin		249,400 ^	19,000	400,000	668,400
Indirect Interest: *Ordinary shares of the Company*					
Datin Paduka Tan Siok Choo	i	7,571,843	–	–	7,571,843
Tan Jiew Hoe	ii	2,525,021	–	–	2,525,021
Teo Leng	iii	7,000	–	–	7,000
Tee Cheng Hua	iv	7,444,300 ^	–	100,000	7,544,300
Dato' Sri Tee Lip Sin	v	6,892,000 ^	–	(400,000)	6,492,000

i Interest by virtue of shares held by siblings.
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 children and siblings.
v Interest by virtue of shares held by parents, spouse and siblings.

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.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM254,935,499 to RM255,375,039 by way of issuance of 78,000 ordinary shares for cash pursuant to the ESOS at a weighted average exercise price of RM5.13 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE SCHEME

The Company's Employee Share Scheme ("ESS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 29 August 2009. The ESS was implemented on 18 June 2010 and is in force for a period of 10 years from the date of implementation.

The ESS comprises Employee Share Option Scheme ("ESOS") and Executive Share Incentive Plan ("ESIP") for the directors and eligible employees of the Company and its subsidiaries.

The maximum number of new or existing shares of the Company to be made available under the ESS during the duration of the ESS shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any one time. Not more than fifty percent (50%) of the total shares of the Company available under the ESS shall be allocated, in aggregate, to directors and senior management of the Group.

The Scheme is administered by the Remuneration Committee.

The salient features of the By-Laws are disclosed in Note 38 to the financial statements.

Employee Share Option Scheme ("ESOS")

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 30 April 2020 are as follows:

Grant date	Expiry date	Exercise price	Number of options
13 May 2015	12 May 2020	RM5.77	1,260,000
27 October 2015	17 June 2020	RM5.26	450,000
7 November 2016	17 June 2020	RM5.13	641,000
24 October 2017	17 June 2020	RM5.79	515,000

As at 30 April 2020, the cumulative options granted to senior management of the Group amounted to 23% of total options granted to eligible employees.

No share options under ESOS have been granted to directors and employees of the Company and its subsidiaries during the current financial year.

Directors' report
(cont'd)

EMPLOYEE SHARE SCHEME (CONT'D)

Employee Share Option Scheme ("ESOS") (cont'd)

The ESOS, implemented on 18 June 2010 and in force for 10 years expired on 17 June 2020. Upon expiry of the ESOS, the share options forfeited and lapsed totalled 7,435,400. The expiry of ESOS does not have any material impact on the financial statements of the Group and of the Company.

Executive Share Incentive Plan ("ESIP")

No ESIP shares have been granted to the directors and executives of the Company and its subsidiaries during the current financial year.

The ESIP, implemented on 18 June 2010 and in force for 10 years expired on 17 June 2020. The expiry of ESIP does not have any material impact on the financial statements of the Group and of the Company.

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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision 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 the amount of the provision 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.

(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.

OTHER STATUTORY INFORMATION (CONT'D)

(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 EVENTS

Details of the significant events during the financial year are disclosed in Note 46 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration is as follows:

	Group RM'000	**Company RM'000**
Ernst & Young PLT	329	177
Member firm of Ernst & Young Global	213	–
Other auditors	40	–
	582	177

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. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 30 April 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 August 2020.

Tan Siok Choo   Ong Keng Siew

STATEMENT BY DIRECTORS

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

We, Tan Siok Choo and Ong Keng Siew, being two of the directors of United Malacca Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 110 to 219 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 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 August 2020.

Tan Siok Choo   Ong Keng Siew

STATUTORY DECLARATION

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

I, Young Lee Chern, 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 110 to 219 are to the best of my knowledge and belief, 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 Young Lee Chern	)	
at Melaka in the State of Melaka	)	
on 11 August 2020	)	Young Lee Chern
		(CA 25087)

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 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 219.

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 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 2020, the Group's carrying amount of the goodwill is RM82.5 million as disclosed in Note 19 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.

Independent auditors' report

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

(cont'd)

Key audit matters (cont'd)

Impairment assessment of goodwill (cont'd)

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 or groups of CGUs.
- Evaluated the assumptions and methodologies used by the Group in performing the impairment assessment.
- Assessed whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about the forecasted and projected 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.

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

As at 30 April 2020, the carrying amount of the property, plant and equipment, right-of-use assets and intangible asset of the Group are RM679.1 million, RM814.7 million and RM29.1 million respectively. These are disclosed in Note 16, 18 and 21 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. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

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 or groups of CGUs.
- Evaluated the assumptions and methodologies used by the Group in performing the impairment assessment.
- Assessed whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about the forecasted and projected Crude Palm Oil ("CPO") and Fresh Fruit Bunches ("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.
- Assessed the adequacy of the disclosures made in the financial statements.

Key audit matters (cont'd)

Impairment assessment of investment in subsidiaries

As at 30 April 2020, the Company's carrying amount of the investment in subsidiaries is RM460.3 million as disclosed in Note 20 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. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

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 CGUs or groups of CGUs.
- Evaluated the assumptions and methodologies used by the Company in performing the impairment assessment.
- Assessed whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about the forecasted and projected Crude Palm Oil ("CPO") and Fresh Fruit Bunches ("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.

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 (Incorporated in Malaysia)

(cont'd)

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 (Incorporated in Malaysia)
(cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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 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 20 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
03370/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia

Date: 11 August 2020

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 April 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	7	293,982	203,741	73,555	64,528
Cost of sales		(295,701)	(227,316)	(66,238)	(61,991)
Gross (loss)/profit		(1,719)	(23,575)	7,317	2,537
Other income	8	8,879	8,791	3,896	3,825
Gain on disposal of non-current assets held for sale		103,196	–	103,196	–
Administrative expenses		(26,380)	(16,751)	(9,684)	(8,448)
Other expenses	10	(64,388)	(10,192)	(62,846)	(11,328)
Operating profit/(loss)		19,588	(41,727)	41,879	(13,414)
Interest expense	9	(11,307)	(7,165)	(5,739)	(7,187)
Profit/(loss) before tax	10	8,281	(48,892)	36,140	(20,601)
Taxation	13	6,273	7,717	(1,005)	1,887
Profit/(loss) net of tax		14,554	(41,175)	35,135	(18,714)
Profit/(loss) net of tax attributable to:					
Owners of the Company		16,307	(39,027)	35,135	(18,714)
Non-controlling interests		(1,753)	(2,148)	–	–
		14,554	(41,175)	35,135	(18,714)
Earnings/(loss) per share attributable to owners of the Company (sen per share):					
Basic	14(a)	7.78	(18.61)		
Diluted	14(b)	7.78	(18.61)		

Statements of comprehensive income
For the financial year ended 30 April 2020
(cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(loss) net of tax	14,554	(41,175)	35,135	(18,714)
Other comprehensive (loss)/income:				
Item that will be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations	(942)	6,690	–	–
	(942)	6,690	–	–
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain on retirement benefit obligation	45	103	–	–
Deferred tax effect	1	(26)	–	–
	46	77	–	–
Total comprehensive income/(loss) for the year	13,658	(34,408)	35,135	(18,714)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	15,559	(33,376)	35,135	(18,714)
Non-controlling interests	(1,901)	(1,032)	–	–
	13,658	(34,408)	35,135	(18,714)

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

STATEMENTS OF FINANCIAL POSITION
As at 30 April 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	679,144	1,375,402	233,493	640,923
Prepaid land lease payments	17	–	130,934	–	–
Right-of-use assets	18	814,681	–	331,556	–
Goodwill on consolidation	19	82,474	82,474	–	–
Investment in subsidiaries	20	–	–	460,331	459,568
Intangible asset	21	29,136	29,674	–	–
Other asset	22	3,616	2,702	–	–
		1,609,051	1,621,186	1,025,380	1,100,491
Current assets					
Inventories	23	35,785	24,038	2,378	3,310
Biological assets	24	5,454	3,937	1,946	1,326
Trade and other receivables	25	69,104	80,334	144,402	88,498
Income tax recoverable		13,076	3,762	1,608	1,658
Other investment	26	–	19	–	–
Financial assets at fair value through profit or loss	27	23,412	5,603	20,500	5,603
Cash and bank balances	28	35,121	46,854	6,083	14,683
		181,952	164,547	176,917	115,078
Non-current assets held for sale	29	–	69,509	–	69,509
		181,952	234,056	176,917	184,587
Total assets		1,791,003	1,855,242	1,202,297	1,285,078

Statements of financial position
As at 30 April 2020
(cont'd)

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Equity and liabilities					
Equity					
Share capital	30	255,375	254,935	255,375	254,935
Other reserves	31	(11,748)	(10,894)	1,332	1,400
Retained earnings	32	1,074,135	1,074,485	762,197	743,757
Equity attributable to owners of the Company		1,317,762	1,318,526	1,018,904	1,000,092
Non-controlling interests		36,163	38,064	–	–
Total equity		1,353,925	1,356,590	1,018,904	1,000,092
Non-current liabilities					
Bank borrowings	33	56,821	67,322	–	20,683
Lease liabilities	34	6,757	–	–	–
Retirement benefit obligation	35	805	654	–	–
Deferred tax liabilities	36	201,233	226,709	79,170	95,128
Trade and other payables	37	1,530	–	–	–
		267,146	294,685	79,170	115,811
Current liabilities					
Bank borrowings	33	96,291	141,941	94,710	141,941
Lease liabilities	34	535	–	–	–
Trade and other payables	37	73,106	62,026	9,513	27,234
		169,932	203,967	104,223	169,175
Total liabilities		437,078	498,652	183,393	284,986
Total equity and liabilities		1,791,003	1,855,242	1,202,297	1,285,078

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 2020

	Attributable to owners of the Company							
		Non-distributable			Distributable			
2020	Share capital (Note 30) RM'000	Foreign currency translation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Opening balance at 1 May 2019	254,935	(12,294)	1,400	(10,894)	1,074,485	1,318,526	38,064	1,356,590
Total comprehensive income/(loss):								
Profit/(loss) for the financial year	–	–	–	–	16,307	16,307	(1,753)	14,554
Actuarial gain on retirement benefit obligation, net of tax	–	–	–	–	38	38	8	46
Exchange differences on translation of foreign operations	–	(786)	–	(786)	–	(786)	(156)	(942)
	–	(786)	–	(786)	16,345	15,559	(1,901)	13,658
Transactions with owners:								
Fair value of share options granted to eligible employees	–	–	54	54	–	54	–	54
Shares issued pursuant to ESOS	440	–	(40)	(40)	–	400	–	400
Employee share options forfeited	–	–	(82)	(82)	82	–	–	–
Dividends (Note 15)	–	–	–	–	(16,777)	(16,777)	–	(16,777)
	440	–	(68)	(68)	(16,695)	(16,323)	–	(16,323)
Closing balance at 30 April 2020	255,375	(13,080)	1,332	(11,748)	1,074,135	1,317,762	36,163	1,353,925

Consolidated statement of changes in equity

For the financial year ended 30 April 2020

(cont'd)

2019	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Foreign currency translation reserve (Note 31) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to owners of the Company								
		Non-distributable				Distributable			
Opening balance at 1 May 2018	212,084	42,795	(17,881)	2,083	(15,798)	1,129,323	1,368,404	38,105	1,406,509
Total comprehensive income/(loss):									
Loss for the financial year	–	–	–	–	–	(39,027)	(39,027)	(2,148)	(41,175)
Actuarial gain on retirement benefit obligation, net of tax	–	–	–	–	–	64	64	13	77
Exchange differences on translation of foreign operations	–	–	5,587	–	5,587	–	5,587	1,103	6,690
	–	–	5,587	–	5,587	(38,963)	(33,376)	(1,032)	(34,408)
Transactions with owners:									
Acquisition of subsidiaries	–	–	–	–	–	–	–	991	991
Transfer share premium to share capital *	42,795	(42,795)	–	–	–	–	–	–	–
Fair value of share options granted to eligible employees	–	–	–	221	221	–	221	–	221
Shares issued pursuant to ESOS	56	–	–	(5)	(5)	–	51	–	51
Employee share options forfeited	–	–	–	(121)	(121)	121	–	–	–
Employee share options expired	–	–	–	(778)	(778)	778	–	–	–
Dividends (Note 15)	–	–	–	–	–	(16,774)	(16,774)	–	(16,774)
	42,851	(42,795)	–	(683)	(683)	(15,875)	(16,502)	991	(15,511)
Closing balance at 30 April 2019	254,935	–	(12,294)	1,400	(10,894)	1,074,485	1,318,526	38,064	1,356,590

** Transfer the share premium to share capital pursuant to Section 618(2) of the Companies Act 2016.*

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 2020

	Attributable to owners of the Company				
	Non-distributable			Distributable	
2020	Share capital (Note 30) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total equity RM'000
Opening balance at 1 May 2019	254,935	1,400	1,400	743,757	1,000,092
Total comprehensive income:					
Profit for the financial year	–	–	–	35,135	35,135
	–	–	–	35,135	35,135
Transactions with owners:					
Fair value of share options granted to eligible employees	–	54	54	–	54
Shares issued pursuant to ESOS	440	(40)	(40)	–	400
Employee share options forfeited	–	(82)	(82)	82	–
Dividends (Note 15)	–	–	–	(16,777)	(16,777)
	440	(68)	(68)	(16,695)	(16,323)
Closing balance at 30 April 2020	255,375	1,332	1,332	762,197	1,018,904

Company statement of changes in equity
For the financial year ended 30 April 2020
(cont'd)

	Attributable to owners of the Company					
		Non-distributable			Distributable	
2019	Share capital (Note 30) RM'000	Share premium (Note 30) RM'000	Employee share option reserve (Note 31) RM'000	Total other reserves (Note 31) RM'000	Retained earnings (Note 32) RM'000	Total equity RM'000
Opening balance at 1 May 2018	212,084	42,795	2,083	2,083	778,346	1,035,308
Total comprehensive loss:						
Loss for the financial year	–	–	–	–	(18,714)	(18,714)
	–	–	–	–	(18,714)	(18,714)
Transactions with owners:						
Transfer share premium to share capital *	42,795	(42,795)	–	–	–	–
Fair value of share options granted to eligible employees	–	–	221	221	–	221
Shares issued pursuant to ESOS	56	–	(5)	(5)	–	51
Employee share options forfeited	–	–	(121)	(121)	121	–
Employee share options expired	–	–	(778)	(778)	778	–
Dividends (Note 15)	–	–	–	–	(16,774)	(16,774)
	42,851	(42,795)	(683)	(683)	(15,875)	(16,502)
Closing balance at 30 April 2019	254,935	–	1,400	1,400	743,757	1,000,092

** Transfer the share premium to share capital pursuant to Section 618(2) of the Companies Act 2016.*

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 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Operating activities					
Profit/(loss) before tax		8,281	(48,892)	36,140	(20,601)
Adjustments for:					
Amortisation of intangible asset	10	313	357	–	–
Amortisation of prepaid land lease payments	10	–	3,148	–	–
Depreciation of property, plant and equipment	10	50,536	54,502	18,462	25,258
Depreciation of right-of-use assets	10	14,326	–	5,982	-
Fair value changes on biological assets (net)	8,10	(1,549)	920	(620)	410
Fair value of share options granted to eligible employees expensed off	11	54	221	34	136
(Gain)/loss on disposal of:					
- non-current assets held for sale		(103,196)	–	(103,196)	–
- property, plant and equipment	8,10	46	(307)	46	(129)
Impairment of bearer plants	10	56,813	–	56,813	–
Interest expense	9	11,307	7,165	5,739	7,187
Interest income	8	(1,030)	(2,661)	–	–
Net realised fair value gains on financial assets at fair value through profit or loss	7,8	(1,471)	(587)	(1,428)	(587)
Net unrealised foreign exchange loss	10	6,971	8,601	5,697	10,490
Property, plant and equipment written off	10	358	95	290	10
Operating cash flows before changes in working capital		41,759	22,562	23,959	22,174
Changes in working capital:					
(Increase)/decrease in inventories		(11,876)	5,934	932	35
Decrease/(increase) in trade and other receivables		3,038	(28,939)	(681)	(3,088)
Increase/(decrease) in trade and other payables		16,356	28,452	(17,311)	14,867
Increase in retirement benefit obligation		199	272	–	–
Cash flows from operations carried forward		49,476	28,281	6,899	33,988

Statements of cash flows

For the financial year ended 30 April 2020

(cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Operating activities (cont'd)					
Cash flows from operations brought forward		49,476	28,281	6,899	33,988
Interest received		1,153	2,802	–	–
Interest paid		(11,451)	(8,256)	(6,149)	(7,048)
Income taxes refunded		286	329	286	–
Income taxes paid		(20,342)	(8,741)	(17,199)	(2,559)
Net cash flows from/(used in) operating activities		19,122	14,415	(16,163)	24,381
Investing activities					
Purchase of:					
- financial assets at fair value through profit or loss		(170,604)	–	(165,464)	–
- property, plant and equipment	16(d)	(103,870)	(90,512)	(6,020)	(11,469)
Net proceeds from disposal of:					
- financial assets at fair value through profit or loss		154,266	20,000	151,995	20,000
- non-current asset held for sale		172,712	–	172,712	–
- property, plant and equipment		339	636	294	374
Additions of:					
- other asset	22	(935)	(274)	–	–
- prepaid land lease payments	17	–	(10,831)	–	–
- right-of-use assets	18	(4,511)	–	–	–
Loans to subsidiaries		–	–	(55,412)	–
Net withdrawal of other investment		19	24	–	–
Net cash outflow on acquisition of subsidiaries		–	(31,266)	(763)	(31,275)
Net cash flows from/(used in) investing activities		47,416	(112,223)	97,342	(22,370)

Statements of cash flows
For the financial year ended 30 April 2020
(cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Financing activities					
Dividends paid	15	(16,777)	(16,774)	(16,777)	(16,774)
Payment of fair value of share options granted to eligible employees by subsidiaries		–	–	20	85
Proceeds from exercise of employee share options under ESOS		400	51	400	51
Drawdown of revolving credits		8,739	79,161	8,739	79,161
Drawdown of term loan		12,081	45,762	–	–
Payment of principal portion of lease liabilities	34	(310)	–	–	–
Repayment of revolving credits		(17,669)	–	(17,669)	–
Repayment of term loan		(64,492)	(64,493)	(64,492)	(64,493)
Net cash flows (used in)/from financing activities		(78,028)	43,707	(89,779)	(1,970)
Net change in cash and cash equivalents		(11,490)	(54,101)	(8,600)	41
Effect of foreign exchange rate changes		(243)	1,398	–	–
Cash and cash equivalents at beginning of financial year		46,854	99,557	14,683	14,642
Cash and cash equivalents at end of financial year	28	35,121	46,854	6,083	14,683

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

1. CORPORATE INFORMATION

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

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

The principal activities of the subsidiaries are described in Note 20.

2. BASIS OF PREPARATION

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

The financial statements have been prepared on a historical basis, unless otherwise indicated 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 are consistent with those of the previous financial year except as follows:

On 1 May 2019, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle - MFRS 3 Business Combinations	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle - MFRS 11 Joint Arrangements	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle - MFRS 112 Income Taxes	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle - MFRS 123 Borrowing Costs	1 January 2019
Amendments to MFRS 128 Long-term interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The adoption of the above standards and interpretation have no material impact on the financial statements of the Group and the Company except as discussed below:

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 Property, Plant and Equipment whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lease that was classified as finance lease under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application, if any, were recognised on 1 May 2019 as an adjustment to the opening balance of retained earnings. The Group and the Company have also applied the following practical expedients under MFRS 16:

- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group and the Company do not apply the standard to leases where the lease ends within 12 months from 1 May 2019.
- The Group and the Company use hindsight to determine lease terms for contracts that contain options for extension or termination.

3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

MFRS 16 Leases (cont'd)

As a result, long term leasehold land and certain building classified under Property, Plant and Equipment and Prepaid Land Lease Payments were reclassified to ROU assets on 1 May 2019. The detailed impact of changes arising from the adoption of MFRS 16 is set out as follows:

Statements of financial position

	1 May 2019 RM'000	Effect of adopting MFRS 16 RM'000	1 May 2019 (Adjusted) RM'000
Group			
Assets			
Non-current assets			
Property, plant and equipment	1,375,402	(691,751)	683,651
Prepaid land lease payment	130,934	(130,934)	–
Right-of-use assets	–	822,685	822,685
Non-current liabilities			
Lease liabilities	–	3,361	3,361
Current liabilities			
Lease liabilities	–	244	244
Trade and other payables	62,026	(3,605)	58,421
Company			
Assets			
Non-current assets			
Property, plant and equipment	640,923	(337,638)	303,285
Right-of-use assets	–	337,638	337,638

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 Definition of Material	1 January 2020
Amendments to MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 1 Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 9 Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141 Annual Improvements to MFRS Standards 2018–2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above 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 as at 30 April 2020. 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.

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

5.1 Basis of consolidation (cont'd)

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.

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 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.

Statements of comprehensive income and each component of other comprehensive income are attributed to the equity holders 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 in 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 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.

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

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.2 Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit 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 cash-generating unit retained.

5.3 Transactions with non-controlling interests

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

Changes in the Company's 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 interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

5.4 Foreign currency

(a) Functional and presentation currency

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

(b) 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.

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

5.4 Foreign currency (cont'd)

(b) Transactions and balances (cont'd)

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 other comprehensive income 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 other comprehensive income.

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 other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(c) Foreign operations

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 other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the statements of comprehensive income.

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:

	2020 RM	2019 RM
1 United States Dollar ("USD")	4.3050	4.1365
100 Indonesian Rupiah ("IDR")	0.0289	0.0290

5.5 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.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.5 Property, plant and equipment (cont'd)

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises 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.

Freehold land has an unlimited useful life and therefore is not depreciated.

Bearer plants represent new and replanting expenditure on oil palms, 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 statements of comprehensive income. Bearer plants are depreciated on a straight-line basis over the estimated productive period of 20 years, 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, at the following annual rates:

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%

Capital work-in-progress is not depreciated as this asset is not yet available for use.

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

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 statements of comprehensive income in the 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.

<u>Long term leasehold land</u>

Accounting policies applied until 30 April 2019

The above accounting policies for property, plant and equipment applies to long term leasehold land. Long term leasehold land is depreciated on a straight-line basis over the period of the respective leases.

Accounting policies applied from 1 May 2019

Following the adoption of MFRS 16 Leases on 1 May 2019, the Group and the Company have reclassified the carrying amount of long term leasehold land to right-of-use ("ROU") assets. See Note 5.23 to the financial statements for the new accounting policies.

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

5.6 Prepaid land lease payments

Accounting policies applied until 30 April 2019

Prepaid land lease payments are initially measured at cost. Following initial recognition, prepaid land lease payments are measured at cost less accumulated amortisation (where applicable, if there is any) and accumulated impairment losses. Prepaid land lease payments are amortised on a straight-line basis over their lease terms.

Accounting policies applied from 1 May 2019

Following the adoption of MFRS 16 Leases on 1 May 2019, the Group and the Company have reclassified the carrying amount of prepaid land lease payments to right-of-use ("ROU") assets. See Note 5.23 to the financial statements for the new accounting policies.

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.

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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon 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.

5.8 Other asset

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

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. 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 value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally covered a period of five years. A long term growth rate is calculated and applied to project future cash flows after the fifth year.

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 other comprehensive income. For such properties, the impairment is recognised in other comprehensive income 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 statement of profit or loss 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures 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 of the Group do not contain a significant financing component and therefore 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 cashflows that are not SPPI are classified and measured at fair value throught profit or loss, irrespective of the business model.

The Group'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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

5.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(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

Financial assets at amortised cost (debt instruments)

The Group measures 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 financial assets at amortised cost includes trade and other receivables.

Financial assets at fair value through OCI (debt instruments)

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

5.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Financial assets at fair value through OCI (debt instruments) (cont'd)

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

The Group has no financial assets at fair value through OCI (debt instruments) at the reporting date.

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

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

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

The Group has no financial assets at fair value through OCI (equity instruments) at the reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include other investments, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

5.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss (cont'd)

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

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

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has 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 could be required to repay.

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

5.10 Financial instruments (cont'd)

(b) Impairment of financial assets

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

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

For trade receivables, other receivables and inter-company balances, 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 recognises 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.

(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 financial liabilities include trade and other payables and bank borrowings.

(ii) Subsequent measurement

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

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

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

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.10 Financial instruments (cont'd)

(c) Financial liabilities (cont'd)

(ii) Subsequent measurement (cont'd)

Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of comprehensive income.

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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statements of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("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 in finance costs in the statements of comprehensive income.

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

(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 the statements of comprehensive income.

(d) Offsetting of financial instruments

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

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

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.

5.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

5.15 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.15 Non-current assets held for sale (cont'd)

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

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

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

5.16 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.

5.17 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.

5.18 Provisions

Provisions are recognised when the Group has 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.

5.19 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.

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

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

5.20 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:

(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.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.20 Revenue recognition (cont'd)

(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.

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 a 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 right to receive payment is established.

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

5.21 Other income

Other income are recognised as follows:

(a) Rental income

Rental income arising from operating leases on leased assets is accounted for on a straight-line basis over the lease terms.

(b) Road toll collection

Road toll collection is recognised when the Group's right to receive payment is established.

5.22 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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").

(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.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

5.22 Employee benefits (cont'd)

(c) Defined benefit plans (cont'd)

In measuring its defined benefit liability, the Group recognises past service cost as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, the defined benefit plan, the Group recognises past service cost immediately in statements of comprehensive income.

Net interest is recognised in statements of comprehensive income, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payment during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in statements of comprehensive income.

(d) Employee share option plan

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in statements of comprehensive income, with a corresponding increase in the employee share option reserve over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to statements of comprehensive income for a period represents the movement in cumulative expense recognised at the beginning and end of that period. No expense is recognised for options that do not ultimately vest.

When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

(e) Executive share incentive plan ("ESIP")

The Company's ESIP, an equity-settled, share-based compensation plan, allows the selected executives of the Group to be entitled for ordinary shares of the Company as consideration for services rendered. The fair value of ordinary shares granted to selected executives is recognised in statements of comprehensive income, with a corresponding increase in the employee share incentive reserve within equity over the vesting period.

The fair value of ordinary shares is measured at grant date, taking into account, if any, the market vesting conditions.

When the ordinary shares are exercised, the employee share incentive reserve is transferred to share capital if new shares are issued.

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

5.23 Leases

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment 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

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the statements of comprehensive income. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

5.24 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.

5.25 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 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.

Notes to the financial statements
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(cont'd)

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

5.25 Taxes (cont'd)

(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 investments in subsidiaries and associates 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 investments in subsidiaries and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 other comprehensive income or directly in equity.

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 statements of comprehensive income.

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

5.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(c) Value-added Tax ("VAT") and Goods and Services Tax ("GST")

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

- When the VAT and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT and GST are 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 and GST included.

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

5.26 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 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

5.27 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to 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.

Notes to the financial statements
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(cont'd)

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

5.27 Current versus non-current classification (cont'd)

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.

5.28 Fair value measurement

The Group measures 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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group'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 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 has developed certain criteria based on MFRS 140 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 owns 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 has 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 and intangible asset

The Group and the Company review the carrying amounts of the property, plant and equipment, right-of-use assets and intangible asset at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal (FVLCD) or value in use (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, assessibility 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 2020
(cont'd)

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

6.2. Estimates and assumptions (cont'd)

(a) Impairment of property, plant and equipment, right-of-use assets and intangible asset (cont'd)

Determining the VIU of CGU or groups of CGU requires the determination of future cash flows expected to be derived from continuing use of the asset and from the ultimate disposal of such assets, which thus require the Group and the Company to make estimates and assumptions that can materially affect the financial statements.

The estimation of the recoverable amount involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

(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 value in use of the assets or cash-generating units (CGU) to which the goodwill is allocated.

Estimating the value in use requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 19.

(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.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and agricultural allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, allowances and deductible temporary differences can be utilised. The recognition of deferred tax assets is based upon the likely timing and level of future taxable profits together with tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions.

Judgment is also required about application of income tax legislation. These judgments and assumptions are subject to risks and uncertainty; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

6.2. Estimates and assumptions (cont'd)

(e) Income tax

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

(f) Employee share options

The Group measures the cost of equity-settled transactions with eligible directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in Note 38.

(g) Employee share incentive

The Group measures the cost of equity-settled transactions with selected executives by reference to the fair value of the equity instruments at the date at which they are granted, taking into account, if any, the market vesting conditions.

(h) Fair value of biological assets

Biological assets comprise of fresh fruit bunch ("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.

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 83% for FFB that are 1 to 2 weeks prior to harvest and 49% for FFB that are 3 to 4 weeks prior to harvest and, 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 2020
(cont'd)

7. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers ^:				
- Fresh fruit bunches	249,542	131,748	55,603	53,284
- Palm oil milling products	44,440	71,993	–	–
	293,982	203,741	55,603	53,284
Revenue from other sources:				
Interest income from:				
- loan to subsidiaries *	–	–	6,020	4,093
- other investment and short term deposits	–	–	514	391
Net realised fair value gains on financial assets at fair value through profit or loss	–	–	1,428	587
Dividend income from subsidiaries	–	–	9,990	6,173
	–	–	17,952	11,244
	293,982	203,741	73,555	64,528

^ The timing of revenue recognition is at a point in time.

* This represents the interest income from loan to subsidiaries, bearing interest at the rate of 6.7% (2019: 6.7%) per annum (Note 25(c)).

8. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value changes on biological assets (net)	1,549	–	620	–
Gain on disposal of property, plant and equipment	–	307	–	129
Insurance claim received	139	39	75	–
Insurance commission received	202	218	202	218
Interest income	1,030	2,661	–	–
Management fee received	1,105	1,061	–	–
Miscellaneous income	389	454	53	64
Net realised fair value gains on financial assets at fair value through profit or loss	1,471	587	–	–
Net realised foreign exchange gain	2,529	2,843	2,598	2,851
Net rental income	411	371	295	314
Road toll collection	54	250	53	249
	8,879	8,791	3,896	3,825

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

9. INTEREST EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
- lease liabilities (Note 34)	257	–	–	–
- loan from a subsidiary *	–	–	20	22
- revolving credits	2,922	1,418	2,922	1,418
- term loans	8,398	6,977	2,797	5,747
	11,577	8,395	5,739	7,187
Less: interest expense on term loan capitalised in property, plant and equipment (Note 16(c))	(270)	(1,230)	–	–
	11,307	7,165	5,739	7,187

* 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 (Note 37(d)).

10. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortisation of intangible asset (Note 21)	313	357	–	–
Amortisation of prepaid land lease payments (Note 17)	–	3,148	–	–
Auditors' remuneration:				
- Statutory audits				
- Ernst & Young PLT	242	236	122	123
- member firm of Ernst & Young Global	213	143	–	–
- other auditors	40	27	–	–
- Other services				
- Ernst & Young PLT	87	77	55	41
- other auditors	–	5	–	–
Depreciation of property, plant and equipment (Note 16)	50,536	54,502	18,462	25,258
Depreciation of right-of-use assets (Note 18)	14,326	–	5,982	–
Employee benefits expense (Note 11)	78,078	65,296	27,009	22,597
Non-executive directors' remuneration (Note 12)	1,193	1,112	857	809

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

10. PROFIT/(LOSS) BEFORE TAX (CONT'D)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value changes on biological assets (net)	–	920	–	410
Impairment of bearer plants (Note 16)	56,813	–	56,813	–
Loss on disposal of property, plant and equipment	46	–	46	–
Net unrealised foreign exchange loss	6,971	8,601	5,697	10,490
Property, plant and equipment written off	358	95	290	10
Others	200	576	–	418
	64,388	10,192	62,846	11,328

11. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	67,293	55,021	23,457	19,093
Contributions to defined contribution plan	3,569	3,189	1,250	1,350
Social security contributions	1,073	747	184	119
Retirement benefit obligation (Note 35)	312	272	–	–
Fair value of share options granted under ESOS	54	221	34	136
Other staff related expenses	5,777	5,846	2,084	1,899
	78,078	65,296	27,009	22,597

12. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-executive				
Directors of the Company:				
Fees	663	595	435	400
Other emoluments	422	409	422	409
Total excluding benefits-in-kind	1,085	1,004	857	809
Estimated money value of benefits-in-kind	31	26	31	26
Total including benefits-in-kind	1,116	1,030	888	835
Directors of subsidiaries:				
Fees	108	108	–	–
Total excluding benefits-in-kind	108	108	–	–
Total directors' remuneration	1,224	1,138	888	835
Analysis of directors' remuneration:				
Total non-executive directors' remuneration excluding benefits-in-kind (Note 10 and 39(c))	1,193	1,112	857	809
Estimated money value of benefits-in-kind	31	26	31	26
	1,224	1,138	888	835

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

12. DIRECTORS' REMUNERATION (CONT'D)

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

	Fees RM'000	Other emoluments RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Group				
2020				
Non-executive directors:				
Datin Paduka Tan Siok Choo	148	51	31	230
Tan Sri Dato' Ahmad bin Mohd Don	96	83	–	179
Tan Jiew Hoe	96	66	–	162
Teo Leng	96	60	–	156
Dato Dr. Nik Ramlah binti Nik Mahmood	96	68	–	164
Ong Keng Siew	96	68	–	164
Tee Cheng Hua	35	26	–	61
	663	422	31	1,116
2019				
Non-executive directors:				
Datin Paduka Tan Siok Choo	148	53	26	227
Tan Sri Dato' Ahmad bin Mohd Don	85	96	–	181
Tan Jiew Hoe	96	71	–	167
Teo Leng	96	63	–	159
Dato Dr. Nik Ramlah binti Nik Mahmood	85	63	–	148
Ong Keng Siew	85	63	–	148
	595	409	26	1,030
Company				
2020				
Non-executive directors:				
Datin Paduka Tan Siok Choo	100	51	31	182
Tan Sri Dato' Ahmad bin Mohd Don	60	83	–	143
Tan Jiew Hoe	60	66	–	126
Teo Leng	60	60	–	120
Dato Dr. Nik Ramlah binti Nik Mahmood	60	68	–	128
Ong Keng Siew	60	68	–	128
Tee Cheng Hua	35	26	–	61
	435	422	31	888

12. DIRECTORS' REMUNERATION (CONT'D)

	Fees RM'000	Other emoluments RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Company (cont'd)				
2019				
Non-executive directors:				
Datin Paduka Tan Siok Choo	100	53	26	179
Tan Sri Dato' Ahmad bin Mohd Don	60	96	–	156
Tan Jiew Hoe	60	71	–	131
Teo Leng	60	63	–	123
Dato Dr. Nik Ramlah binti Nik Mahmood	60	63	–	123
Ong Keng Siew	60	63	–	123
	400	409	26	835

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 2020	2019
Non-executive directors:		
RM50,001 - RM100,000	1	–
RM100,001 - RM150,000	–	2
RM150,001 - RM200,000	5	3
RM200,001 - RM250,000	1	1

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

13. TAXATION

Major components of taxation

The major components of taxation for the financial years ended 30 April 2020 and 2019 are:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Current income tax:				
Malaysian income tax				
- Current year	2,215	2,335	248	255
- Underprovision in prior years	119	195	68	200
Real property gain tax	16,043	–	16,043	–
Withholding tax	749	–	604	–
	19,126	2,530	16,963	455
Deferred tax (Note 36):				
Reversal of temporary differences	(18,925)	(10,029)	(15,950)	(2,082)
Effect of reduction in tax rate	(6,502)	–	–	–
Under/(over)provision in prior years	28	(218)	(8)	(260)
	(25,399)	(10,247)	(15,958)	(2,342)
Taxation recognised in statements of comprehensive income	(6,273)	(7,717)	1,005	(1,887)

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

The corporate tax rates applicable to the Singapore subsidiaries and Indonesia subsidiaries of the Group are 17% (2019: 17%) and 25% (2019: 25%) respectively.

The Indonesian statutory tax rate will be reduced to 22% for financial years ending 30 April 2021 and 2022 from the current year's rate of 25%, and will be further reduced to 20% starting financial year ending 30 April 2023.

13. TAXATION (CONT'D)

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 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Accounting profit/(loss) before tax	8,281	(48,892)	36,140	(20,601)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	1,987	(11,734)	8,674	(4,944)
Different tax rates in other countries	(75)	(122)	–	–
Adjustments:				
Effect of deferred tax recognised in different tax rates	(6,502)	–	–	–
Effect of expenditure capitalised allowable for tax deduction	(29)	–	–	–
Effect of income not subject to tax	(26,510)	(3,855)	(28,774)	(3,353)
Effect of non-deductible expenses	7,917	8,017	4,398	6,470
Underprovision of income tax expense in prior years	119	195	68	200
Under/(over)provision of deferred tax in prior years	28	(218)	(8)	(260)
Real property gain tax on disposal of non-current assets held for sale	16,043	–	16,043	–
Withholding tax	749	–	604	–
Taxation recognised in statements of comprehensive income	(6,273)	(7,717)	1,005	(1,887)

14. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing profit/(loss) net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020	**2019**
Profit/(loss) net of tax for the year attributable to owners of the Company (RM'000)	16,307	(39,027)
Weighted average number of ordinary shares in issue ('000 unit)	209,724	209,684
Basic earnings/(loss) per share (sen)	7.78	(18.61)

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

14. EARNINGS/(LOSS) PER SHARE (CONT'D)

(b) Diluted earnings/(loss) per share

The share options granted under the Company's ESOS could potentially dilute basic earnings/(loss) per share but have not been included in the calculation of diluted earnings/(loss) per share because they are antidilutive. Therefore, both of the basic earnings/(loss) per share and diluted earnings/(loss) per share of the Group are the same.

15. DIVIDENDS

	Group and Company	
	2020 RM'000	**2019 RM'000**
Recognised during the financial year:		
Second interim dividend for 2018:		
- single-tier dividend of 6 sen on 209,681,201 ordinary shares	–	12,581
First interim dividend for 2019:		
- single-tier dividend of 2 sen on 209,681,201 ordinary shares	–	4,193
Second interim dividend for 2019:		
- single-tier dividend of 6 sen on 209,691,201 ordinary shares	12,581	–
First interim dividend for 2020:		
- single-tier dividend of 2 sen on 209,769,201 ordinary shares	4,196	–
	16,777	16,774

On 23 June 2020, the directors declared a second interim single-tier dividend of 6 sen per ordinary share in respect of the financial year ended 30 April 2020 on 209,769,201 ordinary shares, amounting to approximately RM12,586,000 which is payable on 14 August 2020. 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 2021.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Long term leasehold 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									
2020									
At cost:									
At 1 May 2019	108,875	710,332	531,061	117,952	76,364	11,196	48,475	68,447	1,672,702
Effect of adopting MFRS 16 Leases (Note 3)	–	(710,332)	–	(3,737)	–	–	–	–	(714,069)
At 1 May 2019 (adjusted)	108,875	–	531,061	114,215	76,364	11,196	48,475	68,447	958,633
Additions	–	–	27,358	63,271	2,375	1,991	8,272	4,106	107,373
Disposals	–	–	–	–	(5)	(6)	(1,626)	–	(1,637)
Written off	–	–	(2,802)	(739)	(611)	(178)	(1,818)	–	(6,148)
Reclassifications	–	–	–	40,746	17,829	194	9,107	(67,876)	–
Reclassified (to)/from held for sale	–	–	(10)	–	–	11	–	–	1
Exchange differences	–	–	(688)	(1,369)	(219)	(28)	(166)	579	(1,891)
At 30 April 2020	108,875	–	554,919	216,124	95,733	13,180	62,244	5,256	1,056,331

Notes to the financial statements
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16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Long term leasehold 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 (cont'd)									
2020 (cont'd)									
Accumulated depreciation/impairment:									
At 1 May 2019	–	22,225	172,194	19,719	41,279	6,769	35,114	–	297,300
Effect of adopting MFRS 16 Leases (Note 3)	–	(22,225)	–	(93)	–	–	–	–	(22,318)
At 1 May 2019 (adjusted)	–	–	172,194	19,626	41,279	6,769	35,114	–	274,982
Depreciation charge for the year:	–	–	25,760	13,538	7,293	1,357	4,761	–	52,709
- Recognised in statements of comprehensive income (Note 10)	–	–	25,760	12,232	6,843	1,296	4,405	–	50,536
- Capitalised in bearer plants (Note 16(b))	–	–	–	967	298	45	276	–	1,586
- Charged to Plasma receivables (Note 40(a))	–	–	–	339	152	16	80	–	587
Disposals	–	–	–	–	(5)	(6)	(1,241)	–	(1,252)
Written off	–	–	(2,802)	(482)	(611)	(123)	(1,772)	–	(5,790)
Impairment recognised in statements of comprehensive income (Note 10)	–	–	56,813	–	–	–	–	–	56,813
Reclassifications	–	–	–	–	(4,277)	–	4,277	–	–
Reclassified from held for sale	–	–	–	–	–	8	–	–	8
Exchange differences	–	–	(119)	(86)	(34)	(7)	(37)	–	(283)
At 30 April 2020	–	–	251,846	32,596	43,645	7,998	41,102	–	377,187
Net carrying amount:									
At 30 April 2020	108,875	–	303,073	183,528	52,088	5,182	21,142	5,256	679,144

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

	Freehold land RM'000	Long term leasehold 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 (cont'd)									
2019									
At cost:									
At 1 May 2018	167,664	711,034	531,230	96,662	73,163	9,645	50,141	17,666	1,657,205
Acquisition of subsidiaries	–	–	–	–	–	5	–	–	5
Additions	–	–	12,935	8,067	4,456	1,679	1,977	64,156	93,270
Disposals	–	–	–	–	(24)	(13)	(3,123)	–	(3,160)
Written off	–	–	(1,551)	(10)	(172)	(158)	(2,317)	–	(4,208)
Reclassifications	–	–	–	13,344	(453)	34	1,683	(14,608)	–
Reclassified as held for sale (Note 29)	(58,789)	(702)	(14,846)	(691)	(867)	(43)	–	–	(75,938)
Exchange differences	–	–	3,293	580	261	47	114	1,233	5,528
At 30 April 2019	108,875	710,332	531,061	117,952	76,364	11,196	48,475	68,447	1,672,702

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

	Freehold land RM'000	Long term leasehold 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
<u>**Group (cont'd)**</u>									
2019 (cont'd)									
Accumulated depreciation:									
At 1 May 2018	–	11,196	154,347	9,721	36,205	5,781	35,751	–	253,001
Acquisition of subsidiaries	–	–	–	–	–	2	–	–	2
Depreciation charge for the year:	–	11,168	24,719	10,022	5,641	1,143	4,357	–	57,050
- Recognised in statements of comprehensive income (Note 10)	–	10,699	24,719	8,930	5,055	1,056	4,043	–	54,502
- Capitalised in bearer plants (Note 16(b))	–	469	–	676	241	57	217	–	1,660
- Charged to Plasma receivables (Note 40(a))	–	–	–	416	345	30	97	–	888
Disposals	–	–	–	–	(15)	(8)	(2,808)	–	(2,831)
Written off	–	–	(1,551)	(10)	(165)	(151)	(2,236)	–	(4,113)
Reclassifications	–	–	–	–	(7)	7	–	–	–
Reclassified as held for sale (Note 29)	–	(139)	(5,635)	(116)	(506)	(33)	–	–	(6,429)
Exchange differences	–	–	314	102	126	28	50	–	620
At 30 April 2019	–	22,225	172,194	19,719	41,279	6,769	35,114	–	297,300
Net carrying amount:									
At 30 April 2019	108,875	688,107	358,867	98,233	35,085	4,427	13,361	68,447	1,375,402

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

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	Freehold land RM'000	Long term leasehold 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
<u>Company</u>									
2020									
At cost:									
At 1 May 2019	68,225	349,802	269,427	43,769	9,923	5,301	20,903	1,279	768,629
Effect of adopting MFRS 16 Leases (Note 3)	–	(349,802)	–	–	–	–	–	–	(349,802)
At 1 May 2019 (adjusted)	68,225	–	269,427	43,769	9,923	5,301	20,903	1,279	418,827
Additions	–	–	3,511	382	291	252	1,821	34	6,291
Disposals	–	–	–	–	(5)	(6)	(1,564)	–	(1,575)
Written off	–	–	(1,792)	(372)	(5)	(107)	(502)	–	(2,778)
Reclassifications	–	–	–	1,200	9	42	11	(1,262)	–
Reclassified (to)/from held for sale	–	–	(10)	–	–	11	–	–	1
At 30 April 2020	68,225	–	271,136	44,979	10,213	5,493	20,669	51	420,766

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

	Freehold land RM'000	Long term leasehold 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 (cont'd)									
2020 (cont'd)									
Accumulated depreciation/impairment:									
At 1 May 2019	–	12,164	82,598	7,769	4,876	3,671	16,628	–	127,706
Effect of adopting MFRS 16 Leases (Note 3)	–	(12,164)	–	–	–	–	–	–	(12,164)
At 1 May 2019 (adjusted)	–	–	82,598	7,769	4,876	3,671	16,628	–	115,542
Depreciation charge for the year:	–	–	13,031	3,020	867	505	1,210	–	18,633
- Recognised in statements of comprehensive income (Note 10)	–	–	13,031	2,942	835	496	1,158	–	18,462
- Capitalised in bearer plants (Note 16(b))	–	–	–	78	32	9	52	–	171
Disposals	–	–	–	–	(5)	(6)	(1,224)	–	(1,235)
Written off	–	–	(1,792)	(130)	(5)	(62)	(499)	–	(2,488)
Impairment recognised in statements of comprehensive income (Note 10)	–	–	56,813	–	–	–	–	–	56,813
Reclassified from held for sale	–	–	–	–	–	8	–	–	8
At 30 April 2020	–	–	150,650	10,659	5,733	4,116	16,115	–	187,273
Net carrying amount:									
At 30 April 2020	68,225	–	120,486	34,320	4,480	1,377	4,554	51	233,493

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

	Freehold land RM'000	Long term leasehold 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
<u>Company (cont'd)</u>									
2019									
At cost:									
At 1 May 2018	127,014	350,504	280,068	37,843	10,488	5,070	21,584	1,536	834,107
Additions	–	–	4,205	400	169	290	1,077	6,205	12,346
Disposals	–	–	–	–	(24)	(12)	(1,032)	–	(1,068)
Written off	–	–	–	(3)	(14)	(38)	(763)	–	(818)
Reclassifications	–	–	–	6,220	171	34	37	(6,462)	–
Reclassified as held for sale (Note 29)	(58,789)	(702)	(14,846)	(691)	(867)	(43)	–	–	(75,938)
At 30 April 2019	68,225	349,802	269,427	43,769	9,923	5,301	20,903	1,279	768,629

Notes to the financial statements
For the financial year ended 30 April 2020
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16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Long term leasehold 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
<u>Company (cont'd)</u>									
2019 (cont'd)									
Accumulated depreciation:									
At 1 May 2018	–	6,165	75,469	3,867	4,507	3,196	16,427	–	109,631
Depreciation charge for the year:	–	6,138	12,764	4,021	902	553	1,757	–	26,135
- Recognised in statements of comprehensive income (Note 10)	–	5,799	12,764	3,722	835	512	1,626	–	25,258
- Capitalised in bearer plants (Note 16(b))	–	339	–	299	67	41	131	–	877
Disposals	–	–	–	–	(15)	(8)	(800)	–	(823)
Written off	–	–	–	(3)	(12)	(37)	(756)	–	(808)
Reclassified as held for sale (Note 29)	–	(139)	(5,635)	(116)	(506)	(33)	–	–	(6,429)
At 30 April 2019	–	12,164	82,598	7,769	4,876	3,671	16,628	–	127,706
Net carrying amount:									
At 30 April 2019	68,225	337,638	186,829	36,000	5,047	1,630	4,275	1,279	640,923

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

(a) Assets pledged as security

(i) All the assets of the Company are negative pledged to secure the Company's USD term loan and revolving credits which are used by the Company to part finance the acquisition of subsidiaries and as working capital (Note 33(b)(i)).

(ii) Certain buildings and plant and machinery of a subsidiary with net carrying amount of RM83,873,000 will be pledged to secure the IDR term loan (Note 33(b)(ii)).

(iii) Certain long term leasehold land of the Company in Sabah with net carrying amount of RM300,584,000 (2019: RM304,390,000) are mortgaged to secure the Company's loan from a subsidiary (Note 37(d)).

(b) Capitalisation of depreciation and amortisation

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

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Depreciation of property, plant and equipment capitalised	1,586	1,660	171	877
Amortisation of prepaid land lease payments capitalised (Note 17)	–	1,098	–	–
Depreciation of right-of-use assets capitalised (Note 18)	1,693	–	100	–
Amortisation of intangible asset capitalised (Note 21)	224	–	–	–
	3,503	2,758	271	877

(c) Capitalisation of interest expense

Included in additions of capital work-in-progress during the financial year are:

	Group	
	2020 RM'000	**2019 RM'000**
Interest expense capitalised (Note 9)	270	1,230

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

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

(d) Additions of property, plant and equipment

For the purpose of statement of cash flows, property, plant and equipment purchased by the Group and the Company during the financial year were by means of:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Total additions of property, plant and equipment	107,373	93,270	6,291	12,346
Less:				
Depreciation of property, plant and equipment capitalised	(1,586)	(1,660)	(171)	(877)
Amortisation of prepaid land lease payments capitalised (Note 17)	–	(1,098)	–	–
Depreciation of right-of-use assets capitalised (Note 18)	(1,693)	–	(100)	–
Amortisation of intangible asset capitalised (Note 21)	(224)	–	–	–
Total cash outflows on additions of property, plant and equipment	103,870	90,512	6,020	11,469

(e) Impairment of bearer plants

During the current financial year, the Company carried out a review on the recoverable amount of the bearer plants which are located in Sabah due to the unsatisfactory performance of the said bearer plants in the past few years. The said bearer plants have been revalued at the reporting date by an independent professional valuer. The valuation was determined by reference to open market value on an existing use basis.

The fair value of bearer plants is determined based on the value-in-use calculations using cash flow projections, covering a 25 years period. The discount rate used is based on the expected rate of return of the biological assets, determined by the accredited independent professional valuer.

As a result, an impairment of RM56,813,000 represented the write-down of the value of bearer plants was recognised in statements of comprehensive income (Note 10).

17. PREPAID LAND LEASE PAYMENTS

	Group 2020 RM'000	Group 2019 RM'000
At cost:		
At beginning of financial year	147,278	132,796
Effect of adopting of MFRS 16 Leases (Note 3)	(147,278)	–
At beginning of financial year (adjusted)	–	132,796
Additions	–	10,831
Exchange differences	–	3,651
At end of financial year	–	147,278
Accumulated amortisation:		
At beginning of financial year	16,344	11,823
Effect of adopting of MFRS 16 Leases (Note 3)	(16,344)	–
At beginning of financial year (adjusted)	–	11,823
Amortisation for the year:	–	4,246
- Recognised in statements of comprehensive income (Note 10)	–	3,148
- Capitalised in bearer plants (Note 16(b))	–	1,098
Exchange differences	–	275
At end of financial year	–	16,344
Net carrying amount	–	130,934
Amount to be amortised:		
- Not later than one year	–	4,246
- Later than one year but not later than five years	–	16,982
- Later than five years	–	109,706
	–	130,934

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

18. RIGHT-OF-USE ASSETS

	Long term leasehold land RM'000	Prepaid land lease payments RM'000	Buildings RM'000	Total RM'000
Group				
At cost:				
At 1 May 2019	–	–	–	–
Effect of adopting of MFRS 16 Leases (Note 3)	710,332	147,278	3,737	861,347
At 1 May 2019 (adjusted)	710,332	147,278	3,737	861,347
Additions	–	4,511	3,997	8,508
Exchange differences	–	(583)	–	(583)
At 30 April 2020	710,332	151,206	7,734	869,272
Accumulated depreciation:				
At 1 May 2019	–	–	–	–
Effect of adopting of MFRS 16 Leases (Note 3)	22,225	16,344	93	38,662
At 1 May 2019 (adjusted)	22,225	16,344	93	38,662
Depreciation charge for the year:	11,113	4,628	278	16,019
- Recognised in statements of comprehensive income (Note 10)	10,813	3,235	278	14,326
- Capitalised in bearer plants (Note 16(b))	300	1,393	–	1,693
Exchange differences	–	(90)	–	(90)
At 30 April 2020	33,338	20,882	371	54,591
Net carrying amount:				
At 30 April 2020	676,994	130,324	7,363	814,681

18. RIGHT-OF-USE ASSETS (CONT'D)

	Long term leasehold land RM'000	Total RM'000
Company		
At cost:		
At 1 May 2019	–	–
Effect of adopting of MFRS 16 Leases (Note 3)	349,802	349,802
At 1 May 2019 (adjusted)	349,802	349,802
Additions	–	–
At 30 April 2020	349,802	349,802
Accumulated depreciation:		
At 1 May 2019	–	–
Effect of adopting of MFRS 16 Leases (Note 3)	12,164	12,164
At 1 May 2019 (adjusted)	12,164	12,164
Depreciation charge for the year:	6,082	6,082
- Recognised in statements of comprehensive income (Note 10)	5,982	5,982
- Capitalised in bearer plants (Note 16(b))	100	100
At 30 April 2020	18,246	18,246
Net carrying amount:		
At 30 April 2020	331,556	331,556

Additions of right-of-use assets

For the purpose of statement of cash flows, right-of-use assets purchased by the Group and the Company during the financial year were by means of:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Total additions of right-of-use assets	8,508	–	–	–
Less:				
Additions under lease liabilities	(3,997)	–	–	–
Total cash outflows on additions of right-of-use assets	4,511	–	–	–

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

19. GOODWILL ON CONSOLIDATION

	Group	
	2020	**2019**
	RM'000	**RM'000**
At net carrying amount	82,474	82,474

Goodwill of RM18,628,000 has been allocated to the Group's cash generating units identified according to the individual subsidiaries, namely Syarikat Penanaman Bukit Senorang Sdn. Bhd. and South-East Pahang Oil Palm Berhad, both of which are principally involved in plantation activities.

Impairment test for goodwill on consolidation

Goodwill of RM63,846,000 has been allocated to the Group's cash generating units identified according to the individual subsidiaries, namely 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.

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 25 years period. The following describes each key assumption 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 increased for expected efficiency improvements.

(b) Discount rate

The pre-tax discount rates used range from 9% to 14% (2019: 10% to 15%) 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.

20. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 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	318,614
	460,331	459,568

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest held by the Group 2020	% of ownership interest held by the Group 2019	% of ownership interest held by non-controlling interests 2020	% of ownership interest held by non-controlling interests 2019	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	–	–	Property development (currently dormant)
Melaka Pindah Properties Sdn. Bhd. [i]	Malaysia	100	100	–	–	Property development (currently dormant)

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of subsidiaries	Country of incorporation/ Principal place of business	% of ownership interest held by the Group 2020	2019	% of ownership interest held by non-controlling interests 2020	2019	Principal activities
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	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
Held through Clifton						
PT Bintang Gemilang Permai ("BGP") [ii]	Indonesia	65	65	35	35	Investment holding
Held through BGP						
PT Wana Rindang Lestari ("WRL") [iii]	Indonesia	60	60	40	40	Agroforestry plantations

i Audited by Ernst & Young PLT.
ii Audited by a firm other than Ernst & Young PLT.
iii Audited by member firm of Ernst & Young Global.

(a) Establishment of new subsidiary

On 26 April 2019, the Company announced the establishment of a foreign investment limited liability company by the name of PT Usaha Mulia Bahagia in Indonesia. The initial paid-up capital of PT Usaha Mulia Bahagia will be Indonesian Rupiah ("Rp") 4.3 billion (equivalent to RM1,250,000) to be held 60% by the Company and 40% by Masjid Tanah Properties Sdn. Bhd. (a wholly-owned subsidiary of the Company). The principal activity of PT Usaha Mulia Bahagia is providing management consultancy services to the Group's subsidiaries in Indonesia.

During the current financial year, the injection of the abovementioned paid-up capital of Rp4.3 billion by the Company and Masjid Tanah Properties Sdn. Bhd. was completed.

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Summarised statements of comprehensive income										
Revenue	–	–	80,197	28,331	–	–	–	–	80,197	28,331
Profit/(loss) net of tax	512	423	(9,210)	(12,563)	(60)	(41)	(568)	(119)	(9,326)	(12,300)
Profit/(loss) net of tax attributable to:										
- The Company	452	373	(7,645)	(10,427)	(39)	(27)	(341)	(71)	(7,573)	(10,152)
- Non-controlling interests	60	50	(1,565)	(2,136)	(21)	(14)	(227)	(48)	(1,753)	(2,148)
	512	423	(9,210)	(12,563)	(60)	(41)	(568)	(119)	(9,326)	(12,300)

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of subsidiaries which have non-controlling interests (cont'd)

	INR		LAK		BGP		WRL		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Summarised statements of comprehensive income (cont'd)										
Other comprehensive (loss)/income for the year	(197)	1,053	(630)	5,627	(1)	(1)	(44)	88	(872)	6,767
Other comprehensive (loss)/income for the year attributable to:										
- The Company	(174)	929	(523)	4,670	(1)	(1)	(26)	53	(724)	5,651
- Non-controlling interests	(23)	124	(107)	957	–	–	(18)	35	(148)	1,116
	(197)	1,053	(630)	5,627	(1)	(1)	(44)	88	(872)	6,767
Total comprehensive income/(loss) for the year attributable to:										
- The Company	278	1,302	(8,168)	(5,757)	(40)	(28)	(367)	(18)	(8,297)	(4,501)
- Non-controlling interests	37	174	(1,672)	(1,179)	(21)	(14)	(245)	(13)	(1,901)	(1,032)
	315	1,476	(9,840)	(6,936)	(61)	(42)	(612)	(31)	(10,198)	(5,533)

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of subsidiaries which have non-controlling interests (cont'd)

	INR		LAK		BGP		WRL		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Summarised statements of financial position										
Non-current assets	139,187	139,187	233,790	170,213	–	–	5,631	3,099	378,608	312,499
Current assets	44,067	41,779	93,578	80,995	4,200	10	1,924	111	143,769	122,895
Total assets	183,254	180,966	327,368	251,208	4,200	10	7,555	3,210	522,377	435,394
Non-current liabilities	–	–	77,951	70,369	–	–	257	–	78,208	70,369
Current liabilities	505	429	165,514	82,719	4,312	62	5,452	791	175,783	84,001
Total liabilities	505	429	243,465	153,088	4,312	62	5,709	791	253,991	154,370
Net assets/(liabilities)	182,749	180,537	83,903	98,120	(112)	(52)	1,846	2,419	268,386	281,024
Equity attributable to:										
- The Company	161,782	159,607	69,405	81,950	(73)	(34)	1,109	1,437	232,223	242,960
- Non-controlling interests	20,967	20,930	14,498	16,170	(39)	(18)	737	982	36,163	38,064
	182,749	180,537	83,903	98,120	(112)	(52)	1,846	2,419	268,386	281,024

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of subsidiaries which have non-controlling interests (cont'd)

	INR		LAK		BGP		WRL		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Summarised statements of cash flows</u>										
Net cash (used in)/ from operating activities	(13)	(81)	67,294	(24,581)	11	1	4,096	514	71,388	(24,147)
Net cash (used in)/ from investing activities	–	–	(83,843)	(69,106)	–	8	(2,620)	(429)	(86,463)	(69,527)
Net cash from financing activities	–	–	12,080	45,762	–	–	–	–	12,080	45,762
Net change in cash and cash equivalents	(13)	(81)	(4,469)	(47,925)	11	9	1,476	85	(2,995)	(47,912)
Effect of foreign exchange rate changes	1	4	(56)	903	(1)	1	(23)	3	(79)	911
Cash and cash equivalent at beginning of financial year	13	90	17,625	64,647	10	–	88	–	17,736	64,737
Cash and cash equivalent at end of financial year	1	13	13,100	17,625	20	10	1,541	88	14,662	17,736

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21. INTANGIBLE ASSET

	Group 2020 RM'000	Group 2019 RM'000
At cost:		
At beginning of financial year	30,049	–
Acquisition of subsidiaries	–	30,040
Exchange differences	(1)	9
At end of financial year	30,048	30,049
Accumulated amortisation:		
At beginning of financial year	375	–
Acquisition of subsidiaries	–	17
Amortisation for the year:	537	357
- Recognised in statements of comprehensive income (Note 10)	313	357
- Capitalised in bearer plants (Note 16(b))	224	–
Exchange differences	–	1
At end of financial year	912	375
Net carrying amount	29,136	29,674

Intangible asset represents the cost of investment of business licence “Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Industri” (“HTI Licence”) owned by a newly acquired subsidiary, PT Wana Rindang Lestari, over 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.

22. OTHER ASSET

	Group 2020 RM'000	Group 2019 RM'000
At cost:		
At beginning of financial year	2,702	–
Acquisition of subsidiaries	–	2,339
Additions	935	274
Exchange differences	(21)	89
At end of financial year	3,616	2,702

Other asset represents the expenses incurred in connection with the development of agroforestry plantation 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 21.

Notes to the financial statements
For the financial year ended 30 April 2020
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23. INVENTORIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost:				
Produce stocks	7,667	–	–	–
Nursery stocks	4,273	6,613	274	690
Estate and palm oil mill stores	13,675	12,278	2,104	2,620
	25,615	18,891	2,378	3,310
At net realisable value:				
Produce stocks	10,170	5,147	–	–
	35,785	24,038	2,378	3,310

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company was RM56,151,000 (2019: RM37,342,000) and RM17,053,000 (2019: RM12,512,000) respectively.

24. BIOLOGICAL ASSETS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At carrying amount:				
At beginning of financial year:	3,937	4,857	1,326	1,736
Transferred to produce stocks	(3,937)	(4,857)	(1,326)	(1,736)
Fair value changes	5,486	3,937	1,946	1,326
Exchange differences	(32)	–	–	–
At end of financial year	5,454	3,937	1,946	1,326
Oil palm fresh fruit bunches production (tonne)	34,030	30,613	12,693	11,505

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.

24. BIOLOGICAL ASSETS (CONT'D)

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.

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Trade receivables:				
Amount due from a subsidiary	–	–	1,439	859
Third parties	11,233	19,950	2,464	4,570
	11,233	19,950	3,903	5,429
Other receivables:				
Amounts due from subsidiaries	–	–	4,625	1,883
Loans to subsidiaries	–	–	134,647	73,895
Deposits	398	390	259	266
GST receivable	202	318	33	100
Prepayments:				
- Operating expenses	2,141	961	144	694
- Capital expenditure	–	11,520	–	–
- Real property gain tax (Note 25(d))	–	5,254	–	5,254
Interest receivable	17	156	2	32
Plasma receivables (Note 40(a))	49,673	33,032	–	–
Sundry receivables	5,440	8,753	789	945
	57,871	60,384	140,499	83,069
	69,104	80,334	144,402	88,498

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2019: 15 to 30 days) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Notes to the financial statements
For the financial year ended 30 April 2020
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25. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Neither past due nor impaired	11,233	19,950	3,903	5,429

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.

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 Malaysia 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% (2019: 6.7%) and repayable upon demand.

(d) Prepayment - real property gain tax

This represents prepayment of real property gain tax upon receiving 10% of the total cash consideration of RM175,145,285 for disposal of plantation assets. The disposal of plantation assets has been completed during the financial year and the details of disposal are disclosed in Note 29 and 46(b).

26. OTHER INVESTMENT

Other investment consist of deposit with a licensed financial institution with maturity period of more than three months as follows:

	Group	
	2020 RM'000	2019 RM'000
Deposit with a licensed commercial bank	–	19

26. OTHER INVESTMENT (CONT'D)

(a) Interest rate of other investment

The weighted average effective interest rate of other investment at the reporting date was as follows:

	Group	
	2020	2019
	%	%
Deposit with a licensed commercial bank	–	4.05

(b) Varying period of other investment

The varying period of other investment at the reporting date was as follows:

	Group	
	2020	2019
	days	days
Deposit with a licensed commercial bank	–	181

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of investment in income trust funds placed with a licensed investment bank in Malaysia which are highly liquid and readily convertible to cash as follows:

	Group			
	Carrying amount		Fair value	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
- income trust funds	23,412	5,603	23,412	5,603

	Company			
	Carrying amount		Fair value	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
- income trust funds	20,500	5,603	20,500	5,603

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28. CASH AND BANK BALANCES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash at banks and on hand	6,429	2,882	721	459
Deposits with:				
- Licensed commercial banks	28,692	36,714	5,362	14,224
- Licensed investment banks	–	7,258	–	–
	35,121	46,854	6,083	14,683

(a) Interest rates of cash and bank balances

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 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Deposits with:				
- Licensed commercial banks	2.73	4.95	2.16	4.02
- Licensed investment banks	–	3.42	–	–

(b) Varying periods of deposits

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

	Group 2020 days	Group 2019 days	Company 2020 days	Company 2019 days
Deposits with:				
- Licensed commercial banks	4 - 30	2 - 92	7 - 14	2 - 30
- Licensed investment banks	–	7 - 27	–	–

29. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets classified as held for sale on the statements of financial position of the Group and of the Company at the reporting date are as follows:

	Group and Company	
	2020	**2019**
	RM'000	**RM'000**
Property, plant and equipment (Note 16):		
At net carrying amount		
Freehold land	–	58,789
Long term leasehold land	–	563
Bearer plants	–	9,211
Buildings	–	575
Plant and machinery	–	361
Office equipment, furniture and fittings	–	10
	–	69,509

On 3 January 2019, UMB has entered into 3 separate conditional sale and purchase agreements to dispose off the abovementioned plantation assets for a cash consideration of RM175,145,285. The disposal of abovementioned plantation assets has been completed during the financial year and the details of the disposal are diclosed in Note 46(b).

There are no liabilities directly associated with the above non-current assets held for sale.

30. SHARE CAPITAL AND SHARE PREMIUM

		Amount		
	Number of ordinary shares '000	**Share capital RM'000**	**Share premium RM'000**	**Total share capital and share premium RM'000**
Group and Company				
At 1 May 2018	209,681	212,084	42,795	254,879
Shares issued pursuant to ESOS	10	56	–	56
Transfer share premium to share capital	–	42,795	(42,795)	–
At 30 April 2019 and 1 May 2019	209,691	254,935	–	254,935
Shares issued pursuant to ESOS	78	440	–	440
At 30 April 2020	209,769	255,375	–	255,375

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

30. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

(a) Share capital

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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.

The Company has an employee share option plan under Employee Share Option Scheme ("ESOS") where options to subscribe for the Company's ordinary shares have been granted to eligible directors and employees of the Group as disclosed in Note 38.

In addition, the Company also has an Executive Share Incentive Plan ("ESIP") where ordinary shares of the Company have been granted to selected executives of the Group as disclosed in Note 38.

(b) Share premium

During the previous financial year, share premium was transferred to share capital accounts pursuant to section 618(2) of the Companies Act 2016.

31. OTHER RESERVES

	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Group			
2020			
At 1 May 2019	(12,294)	1,400	(10,894)
Other comprehensive (loss)/income:			
Exchange differences on translation of foreign operations	(942)	–	(942)
Less: Non-controlling interests	156	–	156
	(786)	–	(786)
Transactions with owners:			
Fair value of share options granted to eligible employees	–	54	54
Shares issued pursuant to ESOS	–	(40)	(40)
Employee share options forfeited	–	(82)	(82)
	–	(68)	(68)
At 30 April 2020	(13,080)	1,332	(11,748)

31. OTHER RESERVES (CONT'D)

	Foreign currency translation reserve RM'000	Employee share option reserve RM'000	Total RM'000
Group (cont'd)			
2019			
At 1 May 2018	(17,881)	2,083	(15,798)
Other comprehensive income/(loss):			
Exchange differences on translation of foreign operations	6,690	–	6,690
Less: Non-controlling interests	(1,103)	–	(1,103)
	5,587	–	5,587
Transactions with owners:			
Fair value of share options granted to eligible employees	–	221	221
Shares issued pursuant to ESOS	–	(5)	(5)
Employee share options forfeited	–	(121)	(121)
Employee share options expired	–	(778)	(778)
	–	(683)	(683)
At 30 April 2019	(12,294)	1,400	(10,894)

	Company 2020 RM'000	Company 2019 RM'000
Employee share option reserve		
At beginning of financial year	1,400	2,083
Transactions with owners:		
Fair value of share options granted to eligible employees	54	221
Shares issued pursuant to ESOS	(40)	(5)
Employee share options forfeited	(82)	(121)
Employee share options expired	–	(778)
	(68)	(683)
At end of financial year	1,332	1,400

Notes to the financial statements
For the financial year ended 30 April 2020
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31. OTHER RESERVES (CONT'D)

(a) Foreign currency translation reserve

Foreign currency translation reserve represents 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.

(b) Employee share option reserve

Employee share option reserve represents the fair value of equity-settled share options granted to the eligible directors and employees under ESOS (Note 38). This reserve is made up of the cumulative value of services receive from the eligible directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the forfeiture or exercise of the share options.

32. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

33. BANK BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured:				
Long term borrowings				
- Term loan (in USD)	–	20,683	–	20,683
- Term loan (in IDR)	56,821	46,639	–	–
	56,821	67,322	–	20,683
Short term borrowings				
- Revolving credits (in USD)	73,185	79,893	73,185	79,893
- Term loan (in USD)	21,525	62,048	21,525	62,048
- Term loan (in IDR)	1,581	–	–	–
	96,291	141,941	94,710	141,941
	153,112	209,263	94,710	162,624
Analysis by maturity:				
- Less than one year	96,291	141,941	94,710	141,941
- More than one year and less than two years	5,406	22,548	–	20,683
- More than two years and less than five years	34,285	20,055	–	–
- More than five years	17,130	24,719	–	–
	153,112	209,263	94,710	162,624

33. BANK BORROWINGS (CONT'D)

(a) Interest rates of bank borrowings

(i) The USD term loan carries an interest rate based on the bank's cost of funds + 0.75% to 1% per annum.

(ii) The IDR term loan carries an interest rate based on the 1-month Jakarta Interbank Offered Rate ("JIBOR") + 3.45% per annum.

(iii) The USD revolving credits carry interest rates based on the bank's cost of funds + 0.75% to 1% per annum.

(b) Assets pledged as security

(i) The USD term loan and revolving credits are secured by negative pledge over all the assets of the Company (Note 16(a)).

(ii) The IDR term loan is secured by the corporate guarantees provided by the Company (Note 44(a)). In addition, certain buildings and plant and machinery of a subsidiary with net carrying amount of RM83,873,000 will be pledged to secure this IDR term loan.

(c) Changes in liabilities arising from financing activities

	At 1 May 2019 RM'000	Drawdown/ (repayment) RM'000	Exchange differences RM'000	At 30 April 2020 RM'000
2020				
Group				
Revolving credits	79,893	(8,930)	2,222	73,185
Term loans	129,370	(52,411)	2,968	79,927
	209,263	(61,341)	5,190	153,112
Company				
Revolving credits	79,893	(8,930)	2,222	73,185
Term loans	82,731	(64,492)	3,286	21,525
	162,624	(73,422)	5,508	94,710

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(cont'd)

33. BANK BORROWINGS (CONT'D)

(c) Changes in liabilities arising from financing activities (cont'd)

	At 1 May 2018 RM'000	Drawdown/ (repayment) RM'000	Exchange differences RM'000	At 30 April 2019 RM'000
2019				
Group				
Revolving credits	–	79,161	732	79,893
Term loans	137,218	(18,731)	10,883	129,370
	137,218	60,430	11,615	209,263
Company				
Revolving credits	–	79,161	732	79,893
Term loans	137,218	(64,493)	10,006	82,731
	137,218	14,668	10,738	162,624

34. LEASE LIABILITIES

	Group 2020 RM'000	2019 RM'000
At beginning of financial year	–	–
Effect of adopting of MFRS 16 Leases (Note 3)	3,605	–
At beginning of financial year (adjusted)	3,605	–
Additions	3,997	–
Accretion of interest recognised in statements of comprehensive income (Note 9)	257	–
Payment of principal portion	(310)	–
Payment of interest	(257)	–
At end of financial year	7,292	–
Breakdown:		
Current	535	–
Non-current	6,757	–
	7,292	–

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For the financial year ended 30 April 2020
(cont'd)

34. LEASE LIABILITIES (CONT'D)

	Group 2020 RM'000	Group 2019 RM'000
Analysis by maturity:		
- Less than one year	535	–
- More than one year and less than two years	567	–
- More than two years and less than five years	1,913	–
- More than five years	4,277	–
	7,292	–

35. RETIREMENT BENEFIT OBLIGATION

	Group 2020 RM'000	Group 2019 RM'000
At beginning of financial year	654	469
Expenses recognised statements of comprehensive income (Note 11)	312	272
- Current service cost	353	237
- Interest cost	55	35
- Settlement cost	(96)	–
Actuarial gain recognised in other comprehensive income	(45)	(103)
Payment during the financial year	(113)	–
Exchange differences	(3)	16
At end of financial year	805	654

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35. RETIREMENT BENEFIT OBLIGATION (CONT'D)

	Group 2020 RM'000	Group 2019 RM'000
Present value of obligation/recognised liability for retirement benefit obligation	805	654

(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 Law No. 13/2003 (the "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 2020 and 2019 is determined based on the actuarial valuations performed by an independent actuary on 22 June 2020 and 31 May 2019 respectively.

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

	2020	2019
Discount rate (% p.a.)	5.46 - 8.42	8.53
Future salary increase (% p.a.)	5.00	5.00
Retirement age (years)	55.00	55.00
Mortality rate (% p.a.)	0.025 - 0.585	0.038 - 0.707

(d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the reporting date, assuming if all other assumptions were held constant:

		Increase/(decrease) in retirement benefit obligation 2020 RM'000	2019 RM'000
Discount rate	+ 1%	(76)	(58)
	- 1%	88	67
Future salary	+ 1%	95	72
	- 1%	(82)	(63)

36. DEFERRED TAX LIABILITIES

Deferred tax as at 30 April relates to the following:

	At 1 May 2019 RM'000	Effect of adopting of MFRS 16 Leases RM'000	Recognised in statements of comprehensive income RM'000	Underprovision in prior years RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 30 April 2020 RM'000
<u>Group</u>							
2020							
Deferred tax assets:							
Provisions	(428)	–	(128)	–	(1)	1	(556)
Unabsorbed capital allowances and tax losses	(8,612)	–	(2,137)	17	–	42	(10,690)
	(9,040)	–	(2,265)	17	(1)	43	(11,246)
Deferred tax liabilities:							
Property, plant and equipment	211,834	(133,595)	(16,103)	11	–	(30)	62,117
Prepaid land lease payments	22,967	(22,967)	–	–	–	–	–
Biological assets	948	–	350	–	–	(1)	1,297
Right-of-use assets	–	156,562	(7,409)	–	–	(88)	149,065
	235,749	–	(23,162)	11	–	(119)	212,479
	226,709	–	(25,427)	28	(1)	(76)	201,233

36. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 May 2018 RM'000	Recognised in statements of comprehensive income RM'000	Overprovision in prior years RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 30 April 2019 RM'000
Group (cont'd)						
2019						
Deferred tax assets:						
Provisions	(1,278)	834	–	26	(10)	(428)
Unabsorbed capital allowances and tax losses	(2,047)	(6,486)	–	–	(79)	(8,612)
	(3,325)	(5,652)	–	26	(89)	(9,040)
Deferred tax liabilities:						
Property, plant and equipment	215,210	(3,392)	(218)	–	234	211,834
Prepaid land lease payments	23,023	(761)	–	–	705	22,967
Biological assets	1,170	(224)	–	–	2	948
	239,403	(4,377)	(218)	–	941	235,749
	236,078	(10,029)	(218)	26	852	226,709

36. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 May 2019 RM'000	Effect of adopting of MFRS 16 Leases RM'000	Recognised in statements of comprehensive income RM'000	Overprovision in prior years RM'000	At 30 April 2020 RM'000
<u>Company</u>					
2020					
Deferred tax assets:					
Provisions	(59)	–	(101)	–	(160)
Unabsorbed capital allowances	(1,374)	–	(1,098)	–	(2,472)
	(1,433)	–	(1,199)	–	(2,632)
Deferred tax liabilities:					
Property, plant and equipment	96,243	(52,367)	(13,691)	(8)	30,177
Biological assets	318	–	149	–	467
Right-of-use assets	–	52,367	(1,209)	–	51,158
	96,561	–	(14,751)	(8)	81,802
	95,128	–	(15,950)	(8)	79,170

36. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 May 2018 RM'000	Recognised in statements of comprehensive income RM'000	Overprovision in prior years RM'000	At 30 April 2019 RM'000
Company (cont'd)				
2019				
Deferred tax assets:				
Provisions	(653)	594	–	(59)
Unabsorbed capital allowances	–	(1,374)	–	(1,374)
	(653)	(780)	–	(1,433)
Deferred tax liabilities:				
Property, plant and equipment	97,707	(1,204)	(260)	96,243
Biological assets	416	(98)	–	318
	98,123	(1,302)	(260)	96,561
	97,470	(2,082)	(260)	95,128

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(11,246)	(9,040)	(2,632)	(1,433)
Deferred tax liabilities	212,479	235,749	81,802	96,561
	201,233	226,709	79,170	95,128

37. TRADE AND OTHER PAYABLES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Other payable:				
Balance outstanding on acquisition of office lots	1,530	–	–	–
Current				
Trade payables:				
Third parties	34,042	14,595	2,743	2,514
Other payables:				
Advance from customers	6,234	–	–	–
Deposit received on disposal of plantation assets	–	17,515	–	17,515
Directors' fees and other emoluments	1,272	989	857	723
Amount due to a subsidiary	–	–	34	2
Loan from a subsidiary	–	–	500	500
Balance outstanding on acquisition of land	596	596	–	–
Balance outstanding on acquisition of office lots	1,371	–	–	–
Interest payable	474	610	200	610
Accruals and sundry payables	29,117	27,721	5,179	5,370
	39,064	47,431	6,770	24,720
	73,106	62,026	9,513	27,234
Total trade and other payables	74,636	62,026	9,513	27,234

(a) Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days (2019: 30 to 60 days) terms.

(b) Deposit received on disposal of plantation assets

This represents 10% of the total cash consideration of RM175,145,285 received for disposal of plantation assets. The details of disposal are disclosed in Note 29 and 46(b).

(c) Amount due to a subsidiary

This amount is unsecured, non-interest bearing and repayable on demand.

(d) 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 and secured by a first mortgage over certain of the Company's long term leasehold lands (Note 16(a)). The loan is repayable on demand.

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38. EMPLOYEE BENEFITS

Employee Share Scheme

The Company's Employee Share Scheme ("ESS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 29 August 2009. The ESS was implemented on 18 June 2010 and is in force for a period of 10 years from the date of implementation.

The ESS comprises Employee Share Option Scheme ("ESOS") and Executive Share Incentive Plan ("ESIP") for the directors and eligible employees of the Company and its subsidiaries. However, the Board of Directors has decided that non-executive directors of the Company will not participate in the ESS effective from the financial year ended 30 April 2018.

Under the ESOS, an eligible employee will be offered an option which entitles the eligible employee to subscribe for and/or acquire a certain number of shares of the Company at a future date at pre-determined prices, subject to meeting certain prescribed conditions.

Under the ESIP, the selected executive will be granted the right to have a certain number of ordinary shares in the Company vested in and transferred to the selected executive at a future date, subject to meeting certain prescribed conditions, including the achievement of pre-determined service conditions and/or performance targets.

The salient features of the By-Laws are as follows:

(a) The maximum number of new or existing shares of the Company to be made available under the ESS during the duration of the ESS shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any one time. Not more than fifty percent (50%) of the total shares of the Company available under the ESS shall be allocated, in aggregate, to directors and senior management of the Group. Further, not more than ten percent (10%) of the total shares of the Company available under the ESS shall be allocated to any individual selected executive or eligible employee, who either singly or collectively through persons connected with him holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.

(b) Any director of the Company or employee of any company within the Group shall be eligible to be considered for the grant and/or offer under the ESS.

(c) Option price (the price at which an eligible employee shall be entitled to subscribe for or acquire shares of the Company upon the exercise of the option under the ESOS) and the grant price (the reference price adopted in determining the number of shares of the Company to be vested in and transferred to the selective executives pursuant to the right under the ESIP) shall be determined by the ESS Committee at its discretion based on the five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer and/or date of grant by the ESS Committee, provided the said option and/or grant price shall not be lower than 10% from the five (5)-day weighted average market price of the underlying shares immediately prior to the date of offer and/or date of grant and the par value of the shares of the Company.

    Notwithstanding the above, with the implementation of the Companies Act 2016 effective 31 January 2017, the concept of par value of share capital was abolished. Therefore, the par value of the shares of the Company as one of the option or grant price determinant is to be disregarded.

(d) Any new shares of the Company to be allotted and issued upon any exercise of the option shall, upon issue and allotment, rank pari passu in all respects with existing ordinary shares of the Company save and except that the shares shall not be entitled to participate in any dividends, rights, allotments and/or others distributions that may be declared, where the entitlement date precedes the date of allotment.

38. EMPLOYEE BENEFITS (CONT'D)

Employee Share Scheme (cont'd)

Employee Share Option Scheme ("ESOS")

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	2020		2019	
	No.	**WAEP (RM)**	**No.**	**WAEP (RM)**
Outstanding at beginning of financial year	1,840,800	5.54	2,781,100	5.79
- Exercised	(78,000)	5.13	(10,000)	5.13
- Forfeited	(93,200)	5.70	(244,300)	5.95
- Expired	–	–	(686,000)	6.42
Outstanding at end of financial year	1,669,600	5.55	1,840,800	5.54
Exercisable at end of financial year	1,669,600	5.55	993,700	5.56

- The weighted average fair value of options granted during the financial year was RM0.75 (2019: RM0.78).
- The weighted average share price at the date of exercise of the options during the financial year was RM5.26 (2019: RM5.50).
- The range of exercise prices for options outstanding at the end of financial year was RM5.13 to RM5.79 (2019: RM5.13 to RM5.79). The weighted average remaining contractual life for these options is 0.05 year (2019: 1.05 years).

During the financial year, options for 78,000 (2019: 10,000) ordinary shares of the Company were exercised at a weighted average price of RM5.13 each (2019: RM5.13 each), with a total cash consideration of approximately RM400,000 (2019: RM51,000) paid to the Company.

Fair value of share options granted

The fair value of the share options granted under ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

No options under ESOS have been granted to directors and employees during the current financial year.

The expected life of the options is based on indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessary be the actual outcome.

During the financial year, fair value of share options granted amounting to RM54,000 (2019: RM221,000) for the Group and RM34,000 (2019: RM136,000) for the Company were charged to statements of comprehensive income. No cash outflows was incurred for this charge to statements of comprehensive income.

Executive Share Incentive Plan ("ESIP")

Movement of ordinary shares granted during the financial year

During the current financial year, no ordinary shares have been granted to the directors and selected executives of the Company and its subsidiaries.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

39. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

In addition to the related party transactions information as disclosed in Note 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	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Subsidiaries				
- Sale of oil palm fresh fruit bunches	–	–	14,058	13,221
- Administrative expenses charged	–	–	5,247	4,339
- Fair value of share options granted to eligible employees charged	–	–	20	85
- Sale of property, plant and equipment	–	–	95	75
- Purchase of property, plant and equipment	–	–	45	60

(b) Balances with related parties

Information regarding other outstanding balances arising from related party transactions as at 30 April 2020 and 30 April 2019 are disclosed in Note 25 and 37.

(c) Compensation of key management personnel

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

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Short-term employee benefits	4,115	3,972	3,262	2,446
Contributions to defined contribution plan	361	246	361	246
Social security contributions	6	3	6	3
Fair value of share options granted under ESOS	27	120	27	120
	4,509	4,341	3,656	2,815

39. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

Included in the total compensation of key management personnel of the Group and of the Company was non-executive directors' remuneration amounting to RM1,193,000 (2019: RM1,112,000) and RM857,000 (2019: RM809,000) respectively (Note 12).

Directors' interest in Employee Share Option Scheme ("ESOS")

During the current and previous financial years, no share options under ESOS have been granted to the directors.

Directors' interest in Executive Share Incentive Plan ("ESIP")

During the current and previous financial years, no ordinary shares have been granted to the directors.

40. 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, our subsidiary, PT Lifere Agro Kapuas is commited to developing plantations under the Plasma Scheme through two cooperatives. The funding for the development of the plantations under the Plasma Scheme is currently advanced by the subsidiary. This advance is repayable to the subsidiary upon the cooperatives obtaining a loan from a commercial bank. This includes the subsidiary providing corporate guarantees for the loans advanced by the bank to the cooperatives.

When the oil palm matures, the cooperatives are obliged to sell their entire crop to the subsidiary and a portion of the resulting proceeds will be used to repay the loans from the bank and the subsidiary.

The accumulated development costs net of funds receives are presented as Plasma receivables under trade and other receivables (Note 25) and classified in the plantation segment. An analysis of the movement in the Plasma receivables is as follows:

	Group	
	2020 RM'000	2019 RM'000
At beginning of financial year	33,032	13,262
Additional development and maintenance costs, net of proceeds from fresh fruit bunches	16,388	23,245
Depreciation of property, plant and equipment charged (Note 16)	587	888
Payment of Plasma receivables during the financial year	–	(5,104)
Exchange differences (IDR to RM)	(334)	741
At end of financial year	49,673	33,032

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

40. COMMITMENTS (CONT'D)

(b) Capital commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure approved and contracted for:				
Bearer plants	98	–	–	–
Construction of new oil mills	–	26,432	–	–
Purchase of other property, plant and equipment	4,193	4,781	2,374	–
	4,291	31,213	2,374	–
Capital expenditure approved but not contracted for:				
Bearer plants	28,061	35,698	2,692	3,682
Construction of new oil mills	–	56,402	–	–
Purchase of other property, plant and equipment	24,752	52,973	7,204	15,199
	52,813	145,073	9,896	18,881
	57,104	176,286	12,270	18,881

41. SEGMENT INFORMATION

(a) Business segments

Segment information is presented in respect of the Group's business segments as follows:

(i) Plantation - cultivation of oil palm and palm oil milling
(ii) Investment holding

The primary format of business segments is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Non-recurring items such as gain on disposal of non-current assets held for sale and impairment of bearer plants 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 year to acquire segment assets that are expected to be used or hold 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.

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

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
30 April 2020			
Revenue:			
Total sale of oil palm products	328,942	–	328,942
Inter-company sales	(34,960)	–	(34,960)
Total revenue	293,982	–	293,982
Results:			
Segment results	(30,303)	(7,799)	(38,102)
Gain on disposal of non-current assets held for sale			103,196
Impairment of bearer plants			(56,813)
Profit before tax			8,281
Taxation			6,273
Profit net of tax			14,554
Assets:			
Segment assets	1,732,464	58,539	1,791,003
Other segment information:			
Material income			
Fair value changes on biological assets (net)	1,549	–	1,549
Interest income	–	1,030	1,030
Management fee received	1,105	–	1,105
Net realised fair value gains on financial assets at fair value through profit or loss	–	1,471	1,471
Net realised foreign exchange gain	–	2,529	2,529

Notes to the financial statements
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(cont'd)

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
30 April 2020 (cont'd)			
Other segment information (cont'd):			
Material expenses			
Amortisation of intangible asset	313	–	313
Depreciation of property, plant and equipment	50,536	–	50,536
Depreciation of right-of-use assets	14,326	–	14,326
Interest expense	5,558	5,749	11,307
Net realised foreign exchange loss	–	6,971	6,971
Additions to non-current assets			
Purchase of property, plant and equipment	107,373	–	107,373
Additions of:			
- other asset	935	–	935
- right-of-use assets	8,508	–	8,508
30 April 2019			
Revenue:			
Total sale of oil palm products	234,811	–	234,811
Inter–company sales	(31,070)	–	(31,070)
Total revenue	203,741	–	203,741
Results:			
Segment results/loss before tax	(38,532)	(10,360)	(48,892)
Taxation			7,717
Loss net of tax			(41,175)
Assets:			
Segment assets	1,802,719	52,523	1,855,242

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Plantation RM'000	Investment holding RM'000	Consolidated RM'000
<u>30 April 2019 (cont'd)</u>			
Other segment information:			
<u>Material income</u>			
Interest income	–	2,661	2,661
Management fee received	1,061	–	1,061
Net realised fair value gains on financial assets at fair value through profit or loss	–	587	587
Net realised foreign exchange gain	–	2,843	2,843
<u>Material expenses</u>			
Amortisation of intangible asset	357	–	357
Amortisation of prepaid land lease payments	3,148	–	3,148
Depreciation of property, plant and equipment	54,502	–	54,502
Fair value changes on biological assets (net)	920	–	920
Fair value of share options granted to eligible employees expensed off	221	–	221
Interest expense	–	7,165	7,165
Net realised foreign exchange loss	–	8,601	8,601
<u>Additions to non-current assets</u>			
Purchase of property, plant and equipment	93,270	–	93,270
Additions of:			
- other asset	274	–	274
- prepaid land lease payments	10,831	–	10,831

(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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	213,785	175,410	1,133,878	1,215,406
Indonesia	80,197	28,331	475,173	405,780
	293,982	203,741	1,609,051	1,621,186

Notes to the financial statements
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(cont'd)

41. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments (cont'd)

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

	2020 RM'000	2019 RM'000
Property, plant and equipment	679,144	1,375,402
Prepaid land lease payments	–	130,934
Right-of-use assets	814,681	–
Goodwill on consolidation	82,474	82,474
Intangible asset	29,136	29,674
Other asset	3,616	2,702
	1,609,051	1,621,186

42. FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets

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

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade and other receivables *	25	66,963	62,599	144,258	82,550
Other investment	26	–	19	–	–
Financial assets at fair value through profit or loss	27	23,412	5,603	20,500	5,603
Cash and bank balances	28	35,121	46,854	6,083	14,683
		125,496	115,075	170,841	102,836

* Excluding prepayments of the Group and of the Company amounting to RM2,141,000 (2019: RM17,735,000) and RM144,000 (2019: RM5,948,000) which are not recoverable in cash.

42. FINANCIAL ASSETS AND LIABILITIES (CONT'D)

(b) Financial liabilities

Total financial liabilities carried at amortised cost of the Group and of the Company at the reporting date consist of the following:

		Group		Company	
	Note	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Bank borrowings	33	153,112	209,263	94,710	162,624
Lease liabilities	34	7,292	–	–	–
Trade and other payables	37	74,636	62,026	9,513	27,234
		235,040	271,289	104,223	189,858

43. FAIR VALUE MEASUREMENT

(a) Financial instruments that are carried at fair value

The following are the classes of financial instruments that are carried at fair value which is determined directly by reference to their published market bid price at the reporting date:

	Note
Financial assets at fair value through profit or loss	27

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

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

	Note
Trade and other receivables *	42(a)
Other investment	42(a)
Bank borrowings	42(b)
Lease liabilities	42(b)
Trade and other payables	42(b)

* Excluding prepayments.

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(cont'd)

43. FAIR VALUE MEASUREMENT (CONT'D)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

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 is reasonable approximations of fair value due to the insignificant impact of discounting.

The fair value of term loan is estimated by discounting expected future cash flows at market incremental lending rate for similar type of borrowing arrangement at the reporting date.

(c) Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 - techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 - techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

At the reporting date, the Group and the Company held the following financial instruments carried at fair value in the statements of financial position:

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
30 April 2020				
Biological assets	–	–	5,454	5,454
Financial assets at fair value through profit or loss: In Malaysia - income trust funds	23,412	–	–	23,412
30 April 2019				
Biological assets	–	–	3,937	3,937
Financial assets at fair value through profit or loss: In Malaysia - income trust funds	5,603	–	–	5,603

43. FAIR VALUE MEASUREMENT (CONT'D)

(c) Fair value hierarchy (cont'd)

	Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 April 2020				
Biological assets	–	–	1,946	1,946
Financial assets at fair value through profit or loss: In Malaysia - income trust funds	20,500	–	–	20,500
30 April 2019				
Biological assets	–	–	1,326	1,326
Financial assets at fair value through profit or loss: In Malaysia - income trust funds	5,603	–	–	5,603

No transfers between any levels of the fair value hierachy took place during the current financial year. There were also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

44. 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 unit trust funds and equity instruments, other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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(cont'd)

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Corporate guarantees for bank borrowing facilities granted by financial institution to a subsidiary (Note 33(b))	58,402	46,639	58,402	46,639
Corporate guarantees for bank borrowing facilities granted by financial institution to cooperatives under Plasma Scheme in Indonesia (Note 40(a))	77,246	84,166	–	–
	135,648	130,805	58,402	46,639

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 25(a).

Investment in unit trust funds, equity instruments 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.

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(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.

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 2020				
Group				
Bank borrowings	103,179	53,494	17,607	174,280
Lease liabilities	1,069	9,237	11,569	21,875
Trade and other payables	73,106	1,530	–	74,636
Total undiscounted financial liabilities	177,354	64,261	29,176	270,791
Company				
Bank borrowings	96,748	–	–	96,748
Trade and other payables	9,513	–	–	9,513
Total undiscounted financial liabilities	106,261	–	–	106,261

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	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 2019				
Group				
Bank borrowings	152,157	58,790	26,807	237,754
Trade and other payables	62,026	–	–	62,026
Total undiscounted financial liabilities	214,183	58,790	26,807	299,780
Company				
Bank borrowings	147,415	21,381	–	168,796
Trade and other payables	27,234	–	–	27,234
Total undiscounted financial liabilities	174,649	21,381	–	196,030

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.

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their term loans. 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 2020. 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 classified as cash and bank balances.

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM382,000 (2019: RM299,000) and RM108,000 (2019: RM236,000) lower/higher respectively, arising mainly as a result of higher/lower interest expense on term loan 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 is 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 RM94,710,000 (2019: RM162,623,000).

Sensitivity analysis for foreign currency risk

The hypothetical sensitivity of the Group's and the Company's profit net of tax to every 1% change in USD exchange rate at the reporting date against RM (base rate 2020: USD1 = RM4.3050; 2019: USD1 = RM4.1365), assuming all other variables remain unchanged, is RM947,000 (2019: RM1,626,000).

(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
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(cont'd)

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(e) Market price risk (cont'd)

(i) Commodity price risk (cont'd)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Increase/(decrease) on profit net of tax				
Malaysian operations				
Base CPO price: RM2,259 (2019: RM2,051)				
- CPO price 10% higher	9,844	9,392	4,351	4,259
- CPO price 10% lower	(9,844)	(9,392)	(4,351)	(4,259)
Base PK price: RM1,310 (2019: RM1,455)				
- PK price 10% higher	1,418	1,630	583	680
- PK price 10% lower	(1,418)	(1,630)	(583)	(680)
Indonesian operations				
Base CPO price: RM2,194 (2019: RM1,860)				
- CPO price 10% higher	2,279	1,189	–	–
- CPO price 10% lower	(2,279)	(1,189)	–	–
Base PK price: RM1,125 (2019: RM1,151)				
- PK price 10% higher	143	150	–	–
- PK price 10% lower	(143)	(150)	–	–

(ii) Equity price risk

The Group's and the Company's investment in unit trust funds (comprising income trust funds) and equity instruments (comprising quoted shares listed on Bursa Malaysia Securities Berhad and outside Malaysia) are subject to fluctuation in net asset values of the unit trust funds and market prices of equity instruments. These instruments are classified as other investments or financial assets at fair value through profit or loss.

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(e) Market price risk (cont'd)

(ii) Equity price risk (cont'd)

For investment in unit trust funds, the Group's objective is to manage market price risk by investing in unit 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 unit trust funds are required to provide write-ups of the funds' holdings and investment strategies for the management's review regularly.

Sensitivity analysis for equity price risk

The analysis below is performed for reasonably possible price movements in investment in unit trust funds which classified as financial assets at fair value through profit or loss at the reporting date:

	Group	
	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
30 April 2020		
Financial assets at fair value through profit or loss:		
Investment in income trust funds		
- Market value + 10%	2,341	2,341
- Market value - 10%	(2,341)	(2,341)
30 April 2019		
Financial assets at fair value through profit or loss:		
Investment in income trust funds		
- Market value + 10%	560	560
- Market value - 10%	(560)	(560)

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(e) Market price risk (cont'd)

(ii) Equity price risk (cont'd)

Sensitivity analysis for equity price risk (cont'd)

	Company	
	Increase/ (decrease) on profit before tax RM'000	Increase/ (decrease) on equity RM'000
30 April 2020		
Financial assets at fair value through profit or loss:		
Investment in income trust funds		
- Market value + 10%	2,050	2,050
- Market value - 10%	(2,050)	(2,050)
30 April 2019		
Financial assets at fair value through profit or loss:		
Investment in income trust funds		
- Market value + 10%	560	560
- Market value - 10%	(560)	(560)

45. 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 2020 and 2019.

45. CAPITAL MANAGEMENT (CONT'D)

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.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bank borrowings	153,112	209,263	94,710	162,624
Lease liabilities	7,292	–	–	–
Trade and other payables	74,636	62,026	9,513	27,234
Less: - Cash and bank balances	(35,121)	(46,854)	(6,083)	(14,683)
- Other investment	–	(19)	–	–
- Financial assets at fair value through profit or loss	(23,412)	(5,603)	(20,500)	(5,603)
Net debt	176,507	218,813	77,640	169,572
Equity attributable to owners of the Company	1,317,762	1,318,526	1,018,904	1,000,092
Capital and net debt	1,494,269	1,537,339	1,096,544	1,169,664
Gearing ratio	12%	14%	7%	14%

46. SIGNIFICANT EVENTS

(a) Establishment of new subsidiary

On 26 April 2019, the Company announced the establishment of a foreign investment limited liability company by the name of PT Usaha Mulia Bahagia in Indonesia. The initial paid-up capital of PT Usaha Mulia Bahagia will be Indonesian Rupiah ("Rp") 4.3 billion (equivalent to RM1.25 million) to be held 60% by the Company and 40% by Masjid Tanah Properties Sdn. Bhd. (a wholly-owned subsidiary of the Company). The principal activity of PT Usaha Mulia Bahagia is providing management consultancy services to the Group's subsidiaries in Indonesia.

During the current financial year, the injection of the abovementioned paid-up capital of Rp4.3 billion by the Company and Masjid Tanah Properties Sdn. Bhd. was completed.

(b) Proposed sale of plantation assets for an aggregate cash consideration of RM175.1 million

On 12 November 2018, the Company, United Malacca Berhad ("UMB") announced its intention to sell 4 plantation estates located in Melaka and Negeri Sembilan through an open tender process.

Notes to the financial statements
For the financial year ended 30 April 2020
(cont'd)

46. SIGNIFICANT EVENTS (CONT'D)

(b) Proposed sale of plantation assets for an aggregate cash consideration of RM175.1 million (cont'd)

On 3 January 2019, UMB entered into 3 separate conditional sale and purchase agreements ("CSPA(s)") to sell the following plantation land including all immoveable assets and buildings erected thereon (collectively, the "Plantation Assets") measuring an aggregate land area of approximately 1,021.06 hectares for a total cash consideration of RM175,145,285, subject to the terms and conditions of the CSPAs:

(i) CSPA with Huat Lai Broiler Breeders Sdn Bhd for the proposed sale of the following plantation land with a combined area of 568.09 hectares for a total cash consideration of RM96,793,900:

- 11 lots of land with a total area of 354.64 hectares in Mukim Ramuan China Besar and Mukim Sungei Baru Ilir, District of Alor Gajah, Melaka ("Masjid Tanah Estate") for a cash consideration of RM61,078,150; and

- 18 lots of land with a total area of 213.45 hectares in Mukim Selandar, District of Jasin, Melaka ("Selandar Estate") for a cash consideration of RM35,715,750;

(ii) CSPA with HLRB Broiler Farm Sdn Bhd for the proposed sale of 2 lots of land with a total area of 298.91 hectares in Mukim Gemencheh, District of Tampin, Negeri Sembilan ("Tampin Estate") for a cash consideration of RM51,703,400; and

(iii) CSPA with HLRB Processing Sdn Bhd for the proposed sale of 3 lots of land with a total area of 154.06 hectares in Mukim Pilin and Mukim Kundor, District of Rembau, Negeri Sembilan ("Pelin Estate") for a cash consideration of RM26,647,985.

A total deposit of RM17.51 million or 10% of the combined sale proceeds was received on 3 January 2019. On 29 March 2019, UMB announced that it had exercised its right to extend the Approval Period (as defined in the CSPAs) for a period of 3 months from 2 April 2019 to 2 July 2019.

On 3 June 2019, UMB entered into 3 supplemental agreements, one for each of the CSPA(s), in which both parties agreed the completion of the sale of Masjid Tanah Estate and Selandar Estate would not be conditional upon and subject to the fulfilment of the conditions precedent in the CSPA(s) for the Pelin Estate and the Tampin Estate and would proceed without the simultaneous completion of the sale of the Pelin Estate and sale of the Tampin Estate. Both parties also agreed the completion of the sale of Pelin Estate and sale of Tampin Estate would still be simultaneous and subject to the fulfilment of the conditions precedent in the CSPA(s) for the Pelin Estate and the Tampin Estate.

46. SIGNIFICANT EVENTS (CONT'D)

(b) Proposed sale of plantation assets for an aggregate cash consideration of RM175.1 million (cont'd)

On 27 June 2019, UMB announced the CSPA for the Masjid Tanah Estate and the Selandar Estate had become unconditional and that it had exercised its right to extend the Approval Period for the CSPAs for the Tampin Estate and Pelin Estate for a further period of Three (3) months from 2 July 2019 to 2 October 2019.

On 4 July 2019, UMB announced it had received the balance sale consideration of RM87,114,510.00 for the Masjid Tanah Estate and Selandar Estate. With this payment, the CSPA for Masjid Tanah Estate and Selandar Estate was deemed completed.

On 1 August 2019, UMB announced the approvals of the Estate Land Board of Negeri Sembilan for the sale of the Tampin Estate and Pelin Estate was obtained and the CSPA for the Tampin Estate and Pelin Estate had become unconditional.

On 2 October 2019, UMB announced receipt of the balance sale consideration of RM70,516,246.50 for the Tampin Estate and Pelin Estate. Therefore the CSPA(s) for the Tampin Estate and Pelin Estate had been completed.

(c) COVID-19 outbreak

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. Consequently, there is additional uncertainty in estimating the impact of the outbreak's near-term and long-term effects and the Government's efforts to combat the outbreak and to support businesses.

As the Group and the Company are principally involved in planting oil palms which is regarded as an essential service, there was no disruption to the palm oil industry. COVID-19 has no material impact on the operations and financial statements of the Group and the Company at the reporting date. The Company continues to monitor the impact of COVID-19 pandemic and its impact on the Group, the Company and its shareholders.

47. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 April 2020 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 August 2020.

LIST OF PROPERTIES HELD

AS AT 30 APRIL 2020

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2020 RM'000
MALAYSIA					
Machap Estate 76100 Durian Tunggal Melaka	Freehold Leasehold (expiring on: 20-12-2024 25-04-2025 21-03-2038)	244.5 215.7 153.0 240.2	Oil palm estate	2017 *	42,657
Batu Anam Estate Batu Anam P.O. 85100 Batu Anam Segamat, Johor	Freehold	866.9	Oil palm estate	2017 *	53,423
Malaka Pinda Estate Alor Gajah P.O. 78000 Alor Gajah Melaka	Freehold Leasehold (expiring on: 21-03-2038 22-10-2048 25-10-2053)	68.0 112.1 20.3 123.8	Oil palm estate	2017 *	19,581
Leong Hin San Estate 71200 Rantau Negeri Sembilan	Freehold	844.7	Oil palm estate	2017 *	48,265
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 *	77,831
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 *	73,109
Marmahat Estate Labuk Sugut Beluran District 90000 Sabah	Lease land (expiring between: 2031 and 2032 2097 and 2099)	 30.1 1,396.5	Oil palm estate	2017 *	69,005

List of Properties Held
As at 30 April 2020
(cont'd)

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2020 RM'000
MALAYSIA (Cont'd)					
Paitan and Tanjung Nipis Estates Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring between: 2098 and 2102) Lease land (expiring between: 2031 and 2035 2098 and 2100)	918.1 979.2 1,222.8	Oil palm estate and palm oil mill	2017 *	137,021
Tengkarasan Estate Labuk Sugut Beluran District 90000 Sabah	Leasehold (expiring on 2100) Lease land (expiring between: 2031 and 2035 2098 and 2100) (expiring on: 08-01-2043)	68.2 938.1 1,291.9 508.3	Oil palm estate	2017 * 2013	100,185
Millian-Labau Estate Sungai Millian-Labau Kinabatangan District 89950 Nabawan Sabah	Leasehold (expiring on: 31-12-2098)	10,126.3	Oil palm estate	2020 *	426,492
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: 14 years)	2017 *	10,586
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: 10 years)	2017 *	1,206
Office Building Lot 130, One Avenue 10 Mile 6, North Road 90000 Sandakan, Sabah	Leasehold (expiring on: 31-12-2081)	2,242 sq. ft.	Shophouse (Age of building: 5 years)	2017 *	757

List of Properties Held
As at 30 April 2020
(cont'd)

Location	Tenure	Titled Hectarage	Description	Year of Acquisition/ Revaluation *	Carrying Amount of Properties # as at 30 April 2020 RM'000
MALAYSIA (Cont'd)					
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: 19 years)	2017 *	766
Awana Condominium Unit 5542 Awana Condominium 8th Mile, Genting Highlands 89000 Genting Highlands Pahang	Freehold	1,258 sq. ft.	Holiday condominium (Age of building: 33 years)	2017 *	642
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: 20 years)	2017 *	665
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)	24,937.4	Oil palm estate and palm oil mill	2017 *	342,690
Office Lots OTA03, Unit Nos. 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: 1 year)	2020	4,408
				TOTAL	**1,409,289**

Include freehold land, bearer plants, buildings and right-of-use assets.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JULY 2020

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	237	11,700	0.01
100 to 1,000	945	742,965	0.35
1,001 to 10,000	4,248	16,965,862	8.09
10,001 to 100,000	1,216	32,807,864	15.64
100,001 to less than 5% of issued capital	144	94,951,044	45.26
5% and above of issued shares	4	64,289,766	30.65
	6,794	209,769,201	100

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	7,571,843	*1	5.77
Tan Sri Dato' Ahmad bin Mohd Don	110,500	0.05	–		–
Tan Jiew Hoe	356,625	0.17	2,525,021	*2	1.20
Teo Leng	70,000	0.03	7,000	*3	0.003
Dato Dr. Nik Ramlah Binti Nik Mahmood	–	–	–		–
Ong Keng Siew	–	–	–		–
Tee Cheng Hua	–	–	7,544,300	*4	3.60
Dato' Sri Tee Lip Sin	668,400	0.32	6,492,000	*5	3.09

Name of Chief Executive Officer	Direct shareholdings	% of issued shares	Indirect shareholdings	% of issued shares
Peter A/L Benjamin	100,000	0.05	–	–

Notes:

1. *Deemed interested through her family members.*
2. *Deemed interested by virtue of his interests in associate companies and his late father's estate.*
3. *Deemed interested through his spouse.*
4. *Based on the announcement made to Bursa Malaysia on 13 August 2020, the indirect/deemed shareholdings of Mr. Tee Cheng Hua has increased from 7,544,300 to 44,068,100 shares arising from his deemed interests in the shares of the Company held by Prosper Palm Oil Mill Sdn Bhd, Prosper Trading Sdn Bhd, Tee Cheng Hua Holdings Sdn Bhd, Cheekah-Kemayan Plantations Sdn Bhd, Mergeboom (M) Sdn Bhd and his family members.*
5. *Based on the announcement made to Bursa Malaysia on 13 August 2020, the indirect/deemed shareholdings of Dato' Sri Tee Lip Sin has increased from 6,492,000 to 45,164,600 shares arising from his deemed interests in the shares of the Company held by Prosper Palm Oil Mill Sdn Bhd, Prosper Trading Sdn Bhd, Cheekah-Kemayan Plantations Sdn Bhd, Mergeboom (M) Sdn Bhd and his family members.*

Analysis of Shareholdings
As at 30 July 2020
(cont'd)

SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings registered in the name of the substantial shareholders	Shareholdings in which the substantial shareholders are deemed to be interested		Total	% of issued shares
Oversea-Chinese Banking Corporation Limited	–	29,577,888	*1	29,577,888	14.11
Great Eastern Life Assurance (Malaysia) Berhad	28,185,701	–		28,185,701	13.44
Prosper Palm Oil Mill Sdn Bhd	15,925,600	7,607,700	*2	23,533,300	11.22
The Hongkong And Shanghai Corporation Limited (“HBAP”)	–	17,738,485		17,738,485	8.46
Cheekah-Kemayan Plantations Sdn Bhd	13,018,700	–		13,018,700	6.21
Datin Paduka Tan Siok Choo	4,527,197	7,571,843	*3	12,099,040	5.77

1. Oversea-Chinese Banking Corporation Limited is deemed interested in the shareholdings registered in the following holder:-
   - Citigroup Nominees (Tempatan) Sdn Bhd for Great Eastern Life Assurance (Malaysia) Berhad – 28,185,701
   - Citigroup Nominees (Asing) Sdn. Bhd. for CB Singapore GW for Orient Holdings Private Limited – 1,392,187

2. Prosper Palm Oil Mill Sdn Bhd is deemed interested through shares held by Prosper Trading Sdn Bhd.

3. Datin Paduka Tan Siok Choo is deemed interested through shares held by her siblings.

Analysis of Shareholdings
As at 30 July 2020
(cont'd)

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)	22,050,523	10.51
2)	HSBC Nominees (Asing) Sdn Bhd - Exempt An for The HongKong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)	15,944,686	7.60
3)	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for OCBC Securities Private Limited (CLIENT A/C-NR)	13,275,857	6.33
4)	Cheekah-Kemayan Plantations Sdn Bhd	13,018,700	6.21
5)	Prosper Palm Oil Mill Sdn Bhd	9,548,500	4.55
6)	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	7,514,000	3.58
7)	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Prosper Palm Oil Mill Sdn Bhd	6,377,100	3.04
8)	Prosper Trading Sdn Bhd	6,057,200	2.89
9)	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (M09)	4,241,900	2.02
10)	Tan Siok Lee	3,979,738	1.90
11)	Datin Paduka Tan Siok Choo	3,900,197	1.86
12)	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	3,600,138	1.72
13)	Tan Siok Eng	3,502,480	1.67
14)	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (SHF)	2,535,040	1.21
15)	Klebang Investments Pte Ltd	1,854,000	0.88
16)	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Bank Julius Baer & Co. Ltd (Singapore BCH)	1,843,799	0.88
17)	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,697,700	0.81
18)	Prosper Trading Sdn Bhd	1,550,500	0.74
19)	Citigroup Nominees (Asing) Sdn Bhd - CB Spore GW for Orient Holdings (Private) Limited	1,392,187	0.66

Analysis of Shareholdings
As at 30 July 2020
(cont'd)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)
(without aggregating securities from different securities accounts belonging to the same person)

		No. of shares	% of issued shares
20)	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for OCBC Securities Private Limited (Client A/C-R ES)	1,092,387	0.52
21)	Chee Bay Hoon & Co Sdn Bhd	1,060,000	0.51
22)	Tee Cheng Hua Holdings Sdn Bhd	1,000,000	0.48
23)	Citigroup Nominees (Asing) Sdn Bhd - CBNY For Dimensional Emerging Markets Value Fund	941,000	0.45
24)	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (TEE0063C)	932,200	0.44
25)	Amanahraya Trustees Berhad - Public Smallcap Fund	913,800	0.44
26)	Tan Kee Lock Sdn Bhd	888,900	0.42
27)	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	817,293	0.39
28)	Seah Mok Khoon	800,000	0.38
29)	Nora Ee Siong Chee	718,875	0.34
30)	Amanahraya Trustees Berhad - Public Strategic Smallcap Fund	698,900	0.33
		133,747,600	**63.76**

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

FORM OF PROXY

I/We .... NRIC/Company No ....
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

being a member of UNITED MALACCA BERHAD hereby appoints ....

.... NRIC/Company No ....
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

or failing him/her .... NRIC/Company No ....
(FULL NAME IN CAPITAL)

of ....
(FULL ADDRESS)

or the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 106th Annual General Meeting of the Company to be held on Tuesday, 29 September 2020 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be cast. If no specific instruction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

Resolution	**Relating to:**	**For**	**Against**
No. 1	Approval for payment of Directors' fees for the financial year ended 30 April 2020		
No. 2	Approval for payment of Directors' remuneration (excluding Directors' fees) for the year ended 30 April 2020		
No. 3	Re-election of Mr. Teo Leng, a Director retiring by rotation pursuant to Clause 130 of the Company's Constitution		
No. 4	Re-election of Dato Dr Nik Ramlah Binti Nik Mahmood, a Director retiring by rotation pursuant to Clause 130 of the Company's Constitution		
No. 5	Re-election of Mr. Ong Keng Siew, a Director retiring by rotation pursuant to Clause 130 of the Company's Constitution		
No. 6	Election of Mr. Tee Cheng Hua, a Director retiring pursuant to Clause 135 of the Company's Constitution		
No. 7	Re-appointment of Auditors and fixing of their remuneration		
No. 8	Approval for Mr. Tan Jiew Hoe to continue in office as an Independent Non-Executive Director		

Dated .... day of 2020

No. of Shares Held
CDS Account No.

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

Notes:

1. *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 appoint two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
2. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at United Malacca Berhad Building, 6th Floor, No. 61, Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka not less than 24 hours before the time appointed for holding the Meeting or any adjournment thereof for the proxy to be valid.*
3. *Only members whose name appear in the Register of Members or registered in the General Meeting Record of Depositors on or before 5.00 p.m. on 21 September 2020 shall be eligible to attend the Annual General Meeting.*
4. *Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.*
5. *All the Resolutions will be put to vote by poll.*

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Stamp

The Company Secretary

United **Malacca** Berhad

Registration No. 191001000010 (1319-V)

6th Floor, No. 61, Jalan Melaka Raya 8,

Taman Melaka Raya,

75000 Melaka.

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Cover photo shows egrets standing on and flying over fresh fruit bunches in Meridian Estates, Sabah.